

DEVELOPMENT OF MACRO LEVEL INDICATORS OF RESTRUCTURING AND WORKERS' HEALTH

– Report –

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Abbreviations

AMNE	Activities of Multinational Enterprises
BRICs	Brazil, Russia, India and China
foreign CA	foreign-controlled affiliate
GDP	Gross Domestic Product
ERM	European Restructuring Monitor
FDI	Foreign direct investment
ICT	Information and communication technologies
MNEs	Multinational enterprises
R&D	Research and development
SES	Socio-economic status
SMEs	Small and medium-sized enterprises
TNCs	Transnational corporations

EXECUTIVE SUMMARY(M. Harvey Brenner)

This report is on a project intended to identify major indicators of economic change and health status, among European Union countries and other industrialized nations. The original proposal was devised for the purpose of determining whether problems of job insecurity, employment and income loss, linked to the downsizing of firms in the process of restructuring, would also give rise to damage to population health status and loss of life expectancy. From a policy viewpoint, the question then became, whether these problems of restructuring of firms could be ameliorated so as to mitigate the problems of population health status and long-term potential loss of worker productivity. The process of developing an international database for these purposes involves consideration, by the project partners, to determine the principal epidemiological questions and policy factors that would ideally be the source of measures to deal with the implications of economic change for population health and wellbeing.

It was of course realized that the enhancement of government or firm health policies to improve the health of workers, or the subjects of job loss, and requirements for retraining, etc., would require significant public and private sector financing. But for such financing to take place, it was also recognized that the required funds would need to be sequestered from an, ideally, growing national economy. But suppose the economy ceased to grow? Would such an unlikely scenario be reasonable in industrialized economies with rapid technological change and massive globalization? In fact, as this project approached its middle phase, that is exactly what happened. The world, starting with North America, began to become engulfed in a severe international recession which we are still experiencing.

Given the dual set of problems arising from industrial restructuring and international recession, it was necessary to revise somewhat the basic rationale for this project. Nevertheless, we have been able to develop an international database which, to a considerable extent, can be used to examine the problems, at the international level, of the implications of economic change for population health and wellbeing.

Context and Purposes of the Project

1. It is especially since the 1980s that we have begun to see more accelerated movements in the restructuring of industries in the industrialized countries. These restructuring developments have been an essential element in the new patterns of economic growth that involve technological changes that speed the movement from economies dominated by manufacturing to those dominated by services. And it has involved in an increasingly prominent way the globalization of manufacturing and, increasingly, services industries that are heavily comprised of information technology. These technological and worldwide developments have, according to mainstream economists, been instrumental in economic growth, and thus a net increase in the standard of living of individual nations and the world population. Such increases in the standard of living

have been assumed by epidemiologists, until perhaps the 1970s, to result in improved health and life expectancy for citizens of industrialized as well as developing nations.

2. During the last decade, or so, in several European countries and the European Union, major questions have been raised about the seemingly very high frequency of economic and social changes associated with these structural developments in industry, which, it is feared, may be increasingly causing disruptions to health and wellbeing resulting from abrupt changes in ways of life, cultural patterns, migration patterns and losses of income and security especially among the least occupationally-skilled segments of society. It is feared that large-scale losses of employment, especially in traditional manufacturing, has been moved to midlevel developing countries and Eastern Europe as well as downsizing of firms due to rapid technological changes – especially the IT revolution – which has perhaps eliminated the career prospects of even many skilled workers who, if they are to be reemployed, find themselves in far less secure positions in much smaller firms with lower wages/salaries and benefits as well as retirement prospects. Thus, there is a sense that while economic growth may well benefit the “average” of the population, it may also cause net harm to many distinctive and large population subgroups who experience loss as a result of skill obsolescence and sweeping changes in the international division of labour. Many researchers believe that job insecurity is no longer a mere temporary break in an otherwise predictable work-life pattern but rather a structural feature of the new labour market.

3. There are two important epidemiological literatures which point to potentially major problems resulting from job loss due to technological change or globalization. The first of these directly concerns unemployment itself. The research literature actually began in the 1970s with macroeconomic studies showing that economic recessions – especially measured by increased unemployment rates preceded mortality increases beginning at 1-2 years after the recession and extending to as long as 10 years following the peak of unemployment. These findings were observed for the United States (Brenner 1975, 1984), the United Kingdom (Brenner 1979, 1982) and several other industrialized countries (France, Germany, Italy, Denmark, Sweden, Finland, Australia and New Zealand).

4. These macroeconomic studies raised the question as to whether such findings could be obtained epidemiologically – i.e., at the individual level of analysis. These questions then gave rise to an entire generation of epidemiological studies of the impact of unemployment on mental and physical health – especially cardiovascular mortality in Western European countries and the United States. In over 100 epidemiological studies reviewed since the 1970s, there was virtually uniform consensus that unemployment is important risk factor for premature mortality (e.g. Kasl, 2000).

5. The widespread consistent epidemiological findings on the implications of unemployment for increased mortality lead to the question of whether job loss resulting from restructuring and downsizing was also a risk factor for higher morbidity and mortality rates. In recent years, a series of several studies in Scandinavia and the United King-

dom uniformly reinforced the more general findings on unemployment and mortality rates.

6. Longitudinal epidemiological studies have also revealed high human costs in the so-called “survivors” – i.e. workers still employed in the organizations after the large-scale downsizing. Health outcomes include increased rates of hospital admission, increased sickness absence, decline in self-rated health, elevated risks of cardiovascular deaths, increased use of psychotropic drugs, as well as higher risks of permanent disability retirement, musculoskeletal disorders and trauma. The pathways linking major organizational restructuring and poor health are not yet sufficiently understood. The evidence suggests that the negative impact of downsizing on health can be basically mediated by stress and physical hazards.

7. With this solid empirical basis, the question now becomes very serious and important as to whether economic restructuring, due to technological change and globalization, can produce increases in poor health for a significant portion of the population. If this were true, it would mean that, while economic growth remains a very powerful long-term force for increases in life expectancy, the instabilities in that group – not only recessions but structural changes as well – tend to offset the health and wellbeing benefits of economic growth, unless policies are introduced to mitigate the effects of structural change with downsizing and major recessions.

8. The next major point of concern goes beyond unemployment due to structural change. The entire world is now faced with an international recession that is the largest we have experienced since the 1930s. The European Commission and other international and national government institutions must now raise the question of what policies to introduce so as to ameliorate the joint effects of economic restructuring and international recession. The prime difficulty is that the international recession greatly reduces the financial basis for the provision of services which would then mitigate the effects of structural change and job loss. Such policies would include health care financing, enlargement of unemployment payments, retraining, and other active labour market policies, increased financing of social welfare and retirement.

9. In order to provide evidence of (1) the need for social protection and active labour market policies and (2) the potential benefit that could be accomplished by such policies, it is useful to determine whether empirical relations actually exist at the national level to support these assumptions.

10. In order to investigate these relationships between economic restructuring and job loss due to downsizing in relation to health, we have developed a large database covering the industrialized countries and emphasizing the European Union. The database consists of measures of (1) economic restructuring, (2) downsizing, (3) technological change, (4) globalization, (5) international recession, (6) health indicators and (7) economic and social policies intended to ameliorate the effects of these deleterious economic changes.

11. This database now allows us to set the framework for studies of basic relationships between economic change and health. It allows us to forecast the state of future health of countries and subpopulations based on the current and historical economic activity of the regions involved. It makes possible the simulation of conditions involving policy e.g. expanded unemployment insurance – to observe what, other things held constant, would occur in the health domain if, responding to policy initiatives, unemployment benefits would be expanded in monetary amounts or duration. Much of the effort of the scientific partners in this study has been to develop perspectives on what would be the most important questions to inquire of this database if, from the policy standpoint, one would wish to maximize population health and wellbeing in the immediate context of profound patterns of economic restructuring and the current international recession.

12. The major questions that can, or perhaps should, be used to interrogate the newly available database include the following areas of research: (1) the mechanisms explaining how economic changes, including restructuring and international recession, actually affect the health of populations; (2) more precisely, the strength of the relationships and linkages, whereby unemployment and job insecurity influence health; (3) whether the speed of structural change (or societal development) is a factor in beneficial, harmful, or optimal human adaptation in terms of health; (4) whether it is possible to observe the basic relationships between the economy and health at regional and urban levels (but below the national level); (5) to what degree are there established policies, at the level of the European Union, or member states, that are now in play or should be used to further ameliorate the damaging aspects of structural change or economic recession.

13. We have not, in the present report, detailed the wide variety of quantitative and qualitative methodological approaches that could be used to analyze the impact of economic change on health, to forecast population health based on both beneficial and harmful aspects of economic life, or to evaluate the current or potential impact of policies on optimizing population health in the context of economic changes. But given the current report, we feel that the fundamental data are now available to assess, at the level of nations, the most important implications of economic growth, structural change, globalization or the health of Europeans and the industrialized world in general.

SOMMAIRE

(M. Harvey Brenner)

Ce rapport reprend les grandes lignes d'un projet dont l'objectif est d'identifier les principaux indicateurs du changement économique et d'état de la santé, à la fois dans les pays européens et dans d'autres nations industrialisées. À l'origine, ce rapport avait pour objet de déterminer si les problèmes d'insécurité de l'emploi, de perte d'emploi et de revenus, liés à des réductions d'effectifs, pouvaient avoir des répercussions sur la santé des populations et sur l'espérance de vie. La question s'est alors posée de savoir si ces problèmes de restructuration des entreprises pouvaient être atténués de façon à ce qu'ils aient moins d'impact sur l'état de santé des populations et sur la perte de productivité potentielle à long terme des salariés. La création d'une base de données internationale qui servirait ces objectifs implique, de la part des participants au projet, qu'ils définissent les principales questions épidémiologiques et les facteurs politiques à partir desquels, idéalement, des mesures pourraient être prises afin de traiter les implications du changement économique sur la santé et le bien-être des populations.

Il devint alors évident que les améliorations à apporter aux politiques de santé dans les administrations et les entreprises, ou l'attention qu'il faudrait porter aux questions des suppressions d'emplois, tout comme les besoins de recyclage, etc. nécessiteraient des financements importants, aussi bien de la part du secteur public que du secteur privé. Toutefois, pour qu'un tel financement soit possible, il fut également admis que les fonds requis ne pourraient être obtenus, idéalement, que si les économies nationales étaient prospères. Mais que se passerait-il si la croissance économique n'était pas au rendez-vous ? Un scénario aussi improbable était-il raisonnable dans des économies industrialisées où les mutations technologiques sont rapides et la mondialisation massive ? En fait, alors que notre projet en était à peu près à mi-parcours, c'est exactement ce qui s'est passé. Le monde, à commencer par l'Amérique du Nord, est entré dans une récession internationale sévère, qui n'est pas encore terminée.

Étant donné les problèmes engendrés par les restructurations industrielles d'une part et la récession internationale d'autre part, il fallut réviser le raisonnement logique qui sous-tendait ce projet. Toutefois, nous sommes parvenus à créer une base de données internationale que nous utilisons en grande partie pour étudier les implications de la situation économique mondiale au niveau de la santé et du bien-être des populations.

Contexte et objectifs du projet

1. Dans les pays industrialisés, les restructurations se sont intensifiées depuis les années 1980. De ce fait, elles sont alors devenues un élément essentiel des nouveaux schémas de croissance économique, lesquels englobent les mutations technologiques qui ont précipité l'évolution des économies du secteur secondaire (la fabrication) vers le secteur tertiaire (les services). Par ailleurs, ces schémas ont dû prendre en compte

la mondialisation de la fabrication, qui n'a cessé de s'intensifier, ainsi que le développement du secteur des services, composé essentiellement d'entreprises informatiques. Pour la majorité des économistes, ces mutations technologiques, qui correspondent à un phénomène mondial, ont été l'un des ressorts de la croissance économique et à ce titre elles ont participé notablement à la hausse du niveau de vie des différents pays et de la population mondiale. Selon les épidémiologistes, de telles hausses du niveau de vie se sont traduites par une meilleure santé et une plus grande espérance de vie pour les citoyens, aussi bien dans les pays industrialisés que dans les pays en développement.

2. Ces dix dernières années, dans plusieurs pays d'Europe et dans l'Union européenne notamment, des questions majeures ont été soulevées ; elles portaient sur la corrélation entre, d'une part, la fréquence apparemment très élevée des mutations économiques et sociales et, d'autre part, les changements structurels des entreprises évoqués plus haut. Il est à craindre que l'association de ces deux phénomènes cause de plus en plus de perturbations au niveau de la santé et du bien-être des populations en raison des changements brusques que cela induit en termes de mode de vie, d'habitudes culturelles, de mouvements migratoires, de pertes de revenus et de sécurité de l'emploi, surtout parmi les couches de la société les moins qualifiées. On peut s'inquiéter du fait que des emplois supprimés sur une grande échelle, surtout dans les secteurs traditionnels de l'industrie manufacturière, aient été déplacés vers des pays en développement de à revenu intermédiaire et vers l'Europe de l'Est ; on peut aussi regretter que des réductions d'effectifs dues aux mutations technologiques rapides, en particulier la révolution informatique, aient mis à mal de nombreux espoirs de carrière, y compris ceux de salariés qualifiés qui, s'ils sont réemployés, se retrouvent à des postes offrant une bien moindre sécurité, dans des entreprises plus petites et avec des salaires plus modestes, de moindres avantages sociaux et des perspectives de retraite moins intéressantes. Ainsi, on a le sentiment que, bien que la croissance économique profite à la majorité de la population, elle peut vraiment porter atteinte à de nombreux sous-groupes, bien spécifiques et numériquement importants, pour lesquels la perte d'un emploi est vécue comme le résultat de compétences devenues obsolètes et de bouleversements dans la division internationale du travail. De nombreux chercheurs pensent que l'insécurité de l'emploi n'est plus un phénomène temporaire dans un plan de carrière tout tracé, mais plutôt une caractéristique structurelle du nouveau marché de travail.

3. Il existe deux courants importants de littérature épidémiologique qui mettent l'accent sur des problèmes potentiellement majeurs résultant de la perte d'un emploi due aux mutations technologiques ou à la mondialisation. Le premier traite du chômage lui-même. Les recherches dans ce domaine ont véritablement commencé dans les années 1970. Elles portaient sur des études macroéconomiques qui montraient que les récessions – qui se traduisaient par des taux de chômage en hausse – étaient marquées par une augmentation de la mortalité qui se manifestait entre 1 à 2 ans après la fin de la période de récession et pouvait s'étendre jusqu'à 10 ans après le pic

de chômage. Ces résultats concernent les États-Unis (Brenner 1975, 1984), le Royaume-Uni (Brenner 1979, 1982) et plusieurs autres pays industrialisés (France, Allemagne, Italie, Danemark, Suède, Finlande, Australie et Nouvelle-Zélande).

4. Ces études macroéconomiques ont soulevé la question de savoir si de tels résultats pouvaient être obtenus épidémiologiquement, c'est-à-dire à un niveau individuel de l'analyse. Ces questions ont ensuite donné lieu à toute une série d'études épidémiologiques qui ont porté sur l'impact du chômage sur la santé mentale et physique – et plus particulièrement sur la mortalité cardiovasculaire dans les pays d'Europe occidentale et aux États-Unis. Dans plus de 100 études épidémiologiques menées depuis les années 1970, il apparaît de façon pratiquement unanime que le chômage est un facteur de risque important de mortalité précoce (par ex. Kasl, 2000).

5. Ces résultats épidémiologiques, cohérents entre eux et unanimement admis, montrant l'incidence du chômage sur un taux plus élevé de mortalité ont soulevé une autre question : les suppressions d'emplois résultant de restructurations et de réductions d'effectifs représentent-elles également un facteur de risque entraînant des taux de mortalité et de morbidité plus élevés ? Ces dernières années, plusieurs études réalisées en Scandinavie et aux Royaume-Uni n'ont fait que renforcer ces conclusions plus générales établissant un lien étroit entre taux de chômage et mortalité.

6. Des études épidémiologiques longitudinales ont également révélé des coûts humains élevés parmi ceux que l'on a coutume d'appeler les « survivants » ou « rescapés », autrement dit les salariés restés en poste dans les entreprises après que les réductions d'effectifs importantes ont eu lieu. Ces résultats font apparaître des taux plus élevés d'hospitalisation, davantage de jours d'absence pour cause de maladie, une plus mauvaise auto-évaluation de la santé, des risques élevés de décès par maladies cardio-vasculaires, un usage accru de psychotropes, ainsi que des risques plus élevés de départ anticipé pour incapacité permanente, de troubles ou accidents musculo-squelettiques. Les liens entre restructurations d'entreprise et mauvaise santé ne sont pas encore très bien compris. Selon les données disponibles, il semble que l'impact négatif des réductions d'effectifs sur la santé soit dû avant tout au stress et aux risques physiques.

7. Sur la base de ces données empiriques mais fiables une question importante et très sérieuse se pose : les restructurations économiques, dues aux mutations technologiques et à la mondialisation, peuvent-elles avoir des incidences négatives sur la santé d'une partie importante de la population ? Si cela s'avérait exact, cela voudrait dire que, alors que la croissance économique favorise considérablement et à long terme l'allongement de l'espérance de vie, les turbulences qui peuvent affecter ce groupe de population – à savoir, non seulement les récessions mais aussi les changements structurels – tendent à gommer les bénéfices de la croissance économique sur la santé et le bien-être, à moins que des mesures ne soient prises pour atténuer les effets des changements structurels induits par les restructurations et les récessions majeures.

8. Outre le chômage qui résulte des changements structurels, il existe cependant un autre sujet de préoccupation majeur, qui semble encore plus préoccupant. Le monde entier doit faire face à une récession internationale qui s'avère être la plus importante depuis celle qui avait secoué le monde dans les années 1930. La Commission européenne et d'autres institutions internationales et des gouvernements nationaux doivent désormais se poser la question de savoir quelles politiques et mesures mettre en place afin de parer aux effets conjoints des restructurations économiques et de la récession internationale. Le fait est, et c'est là la principale difficulté, que la récession internationale réduit considérablement les capacités des différents pays à financer des dispositions qui pourraient atténuer les effets des changements structurels et des suppressions d'emplois. Parmi ces dispositions, citons le financement des soins de santé, l'extension des allocations chômage, le recyclage, et d'autres actions concernant le marché du travail, un meilleur financement des prestations sociales et des retraites.

9. Si l'on veut prouver (1) que des mesures de protection sociale et des actions sur le marché du travail sont nécessaires et (2) que l'on peut tirer de ces mesures des avantages potentiels, il convient de déterminer si des relations empiriques existent réellement au niveau national pour étayer ces suppositions.

10. Afin de pouvoir mener à bien nos recherches sur l'impact des restructurations économiques et des suppressions d'emplois dues aux restrictions d'effectifs sur la santé, nous avons créé une énorme base de données qui englobe les pays industrialisés, en accordant toutefois une large place à l'Union européenne. Cette base de données contient d'innombrables informations sur (1) les restructurations économiques, (2) les réductions d'effectifs, (3) les mutations technologiques, (4) la mondialisation, (5) la récession internationale, (6) les indicateurs de santé, ainsi que (7) les mesures économiques et sociales censées atténuer les effets de ces changements économiques déléters.

11. Grâce à cette base de données, nous disposons à présent d'un cadre de travail qui nous permet de mener des études sur les relations entre les mutations économiques et la santé. Ainsi, nous sommes à même de prédire l'état de santé futur des pays et groupes de population en nous appuyant sur l'activité économique actuelle et passée des régions concernées. Nous pouvons simuler des conditions en y incluant certaines mesures, comme par exemple une extension de l'assurance chômage, afin d'observer ce qui se passerait dans le domaine de la santé, toutes les autres choses étant égales par ailleurs, si, pour répondre à des initiatives politiques, les allocations chômage étaient améliorées, que ce soit au niveau du montant ou de la durée. Dans cette étude, nos partenaires scientifiques se sont surtout efforcés de développer des perspectives à partir des questions les plus importantes qui pourraient être posées en s'appuyant sur cette base de données si, d'un point de vue politique, on souhaitait optimiser la santé et le bien-être des populations en tenant compte du contexte actuel, c'est-à-dire des exemples de restructuration économique et de la récession internationale prévalante.

12. Les questions essentielles qui peuvent, ou pourraient, être formulées pour exploiter cette nouvelle base de données portent sur les domaines de recherche suivants : (1) définir les mécanismes qui font que les mutations économiques, et notamment les restructurations et la récession internationale, affectent réellement la santé des populations ; (2) plus précisément, évaluer dans quelle mesure le chômage et l'insécurité de l'emploi influencent la santé, en somme définir l'intensité de la relation et du lien entre ces éléments ; (3) savoir si la rapidité de ces changements structurels (ou évolutions sociétales) joue un rôle dans l'adaptation des populations en termes de santé et, dans l'affirmative, savoir si ce rôle est bénéfique, délétère ou optimal ; (4) s'il est possible d'observer ces relations de base entre l'économie et la santé à un niveau régional et urbain (à un niveau qui, de toute façon, soit en-dessous du niveau national) ; (5) dans quelle mesure des politiques ont été définies au niveau de l'Union européenne ou des états membres, si ces mesures sont appliquées ou si elles devraient être utilisées pour atténuer les effets délétères des changements structurels ou de la récession économique.

13. Dans ce rapport, nous n'avons pas détaillé la grande variété des approches méthodologiques quantitatives et qualitatives qui pourraient être utilisées pour analyser l'impact des mutations économiques sur la santé, prévoir la santé des populations en se basant sur les effets à la fois bénéfiques et préjudiciables de la vie économique, ou évaluer l'impact actuel ou potentiel des actions politiques pour améliorer la santé des populations dans le contexte de changements économiques. Toutefois, sur la base de ce rapport, nous pouvons affirmer que des données fondamentales sont désormais disponibles pour évaluer, au niveau des nations, les implications les plus importantes de la croissance économique, des changements structurels et de la mondialisation sur la santé des Européens et du monde industrialisé en général.

ZUSAMMENFASSUNG

(M. Harvey Brenner)

Dieser Bericht beschreibt ein Projekt, das in der Absicht auf den Weg gebracht worden war, die Hauptindikatoren des ökonomischen Wandels und der gesundheitlichen Entwicklung in den Ländern der Europäischen Union und anderen Industriestaaten zu bestimmen. Das ursprüngliche Vorhaben sah vor, herauszufinden ob Probleme der Unsicherheit des Arbeitsplatzes sowie Beschäftigungs- und Einkommensverluste, die durch den Stellenabbau bei Unternehmen im Rahmen von Umstrukturierungsprozessen hervorgerufen werden, zu erhöhten gesundheitlichen Beeinträchtigungen und verringerter Lebenserwartung führen. Für die Entscheidungsfindung auf politischer Ebene ergab sich daraus die Frage, inwieweit die Probleme der Restrukturierung von Unternehmen durch ergänzende Maßnahmen so beeinflusst werden können, dass Gesundheitsprobleme und ein möglicher langfristiger Verlust von Arbeitsproduktivität abgemildert werden können. Die Entwicklung einer internationalen, projektspezifischen Datenbank wurde durch die Überlegungen der Projektpartner geleitet, die wichtigsten epidemiologischen Fragestellungen und politischen Einflussfaktoren zu ermitteln, aus denen sich dann im besten Falle Maßnahmen ableiten ließen, welche es erlauben würden die Auswirkungen des ökonomischen Wandels auf Gesundheit und Wohlergehen besser zu bewältigen.

Selbstverständlich musste zur Kenntnis genommen werden, dass erhebliche staatliche und private Finanzierungsleistungen erforderlich wären, um eine Ausweitung von Maßnahmen der staatlichen oder betrieblichen Gesundheitspolitik durchzuführen, welche Verbesserungen für die Gesundheit von Beschäftigten oder für die von Arbeitslosigkeit Betroffenen sowie bei den Erfordernissen von Umschulungsmaßnahmen etc. bewirken. Es wurde aber auch erkannt, dass für die Umsetzung solcher Finanzierungsmaßnahmen die erforderlichen Finanzmittel aus einer im Idealfall wachsenden Volkswirtschaft entnommen werden müssten. Aber, angenommen, die Wirtschaft würde nicht mehr weiter wachsen? Wäre ein so unwahrscheinliches Szenario plausibel, für industrialisierte Ökonomien mit schnellem technischen Wandel und weitreichender Globalisierung? In der Tat, als dieses Projekt seinen mittleren Teilabschnitt erreichte war dies genau das, was eintrat. Die Welt, beginnend mit den USA, versank in einer schweren Rezession, die immer noch anhält.

Vor dem Hintergrund einer nun doppelten Problemstellung, die sich aus der industriellen Restrukturierung und einer internationalen Rezession ergibt, war es erforderlich das Grundkonzept des Projektes etwas abzuändern. Dennoch waren wir in der Lage eine internationale Datenbank zu entwickeln, die in einem erheblichen Umfang dazu genutzt werden kann, die Auswirkungen des ökonomischen Wandels auf die Gesundheit und das Wohlergehen im internationalen Kontext zu untersuchen.

Kontext und Zweck des Projektes

1. Besonders seit den achtziger Jahren konnte in den Industrienationen eine beschleunigte Entwicklung der industriellen Restrukturierung wahrgenommen werden. Diese Entwicklung der Restrukturierung war ein wichtiges Element der neuen wirtschaftlichen Wachstumsmuster welche einen technologischen Wandel beinhalteten, der die Entwicklung von einer industriell dominierten Wirtschaft zu einer von Dienstleistungen dominierten Wirtschaft beschleunigte. Und dies beinhaltete in einem immer stärkeren und bedeutenderen Maß die Ausrichtung auf eine Globalisierung der Industrie und mehr und mehr auch des Dienstleistungssektors, an dem die Informationstechnologie einen großen Anteil hat. Diese technologischen und weltweiten Entwicklungen waren, nach Aussage etablierter Ökonomen, maßgeblich förderlich für das Wirtschaftswachstum und dadurch für einen Nettoanstieg des Lebensstandards einzelner Nationen und der Weltbevölkerung. Bis etwa in die siebziger Jahre hinein gingen Epidemiologen davon aus, dass ein solcher Anstieg des Lebensstandards eine Verbesserung des Gesundheitszustands und eine Verlängerung der Lebenserwartung sowohl für die Bürger der Industriestaaten als auch die der Entwicklungsländer bewirkt.

2. Während des letzten Jahrzehnts, in etwa, wurden in verschiedenen europäischen Ländern und in der Europäischen Union wesentliche Fragen über die hohe Dynamik des ökonomischen und sozialen Wandels und den damit zusammenhängenden strukturellen wirtschaftlichen Entwicklungen aufgeworfen. Es wird befürchtet, dass diese Entwicklungen in zunehmenden Maße Beeinträchtigungen der Gesundheit und des Wohlergehens verursachen können, welche von den plötzlichen Veränderungen des Lebensstils, der kulturellen Verhaltensmuster, der Migration und besonderes ausgeprägt in der Gesellschaftsschicht mit der schlechtesten Berufsausbildung, dem Verlust an Einkommen und Sicherheit ausgelöst werden. Es wird befürchtet, dass sich umfangreiche Beschäftigungsverluste, besonders in den traditionellen Industriesektoren, auf Länder mittlerer Entwicklungsstufe und Osteuropa ausgebreitet haben. Dies betrifft auch den Stellenabbau in Unternehmen aufgrund des schnellen technologischen Wandels – besonders aufgrund der Revolution in der Informationstechnik – die vielleicht sogar die Berufsaussichten von vielen gut ausgebildeten Arbeitnehmern zerstört haben. Diese befinden sich, wenn sie wieder Beschäftigung gefunden haben, in einer viel unsicheren beruflichen Position, d.h. in kleineren Unternehmen mit geringeren Löhnen/Gehältern und Zusatzleistungen und mit verschlechterten Aussichten für den Renteneintritt. Dementsprechend wird nun wahrgenommen, dass während das Wirtschaftswachstum der „Durchschnittsbevölkerung“ zu Gute kommt, es aber auch deutlich erkennbaren, großen Untergruppen der Bevölkerung Schaden zufügen kann. Diese erleiden Verluste aufgrund der Entwertung ihrer beruflichen Qualifikationen und des „bereinigenden“ Wandels der internationalen Arbeitsteilung. Viele Forscher sind der Ansicht, dass die Unsicherheit des eigenen Arbeitsplatzes nicht nur eine vorübergehende Unterbrechung eines ansonsten vorhersehbaren Arbeitsleben ist, sondern dass dies ein Strukturmerkmal des neuen Arbeitsmarktes darstellt.

3. Die epidemiologische Literatur hat zwei Quellen, die auf mögliche wesentliche Probleme verweisen, die sich aus dem Verlust des Arbeitsplatzes aufgrund des technischen Wandels oder der Globalisierung ergeben können. Das erste dieser Probleme betrifft direkt die Arbeitslosigkeit selbst. Seit Beginn der siebziger Jahre finden sich in der Forschungsliteratur makroökonomische Studien, die zeigen, dass ökonomische Rezessionen, insbesondere gemessen durch gestiegene Arbeitslosenraten, einem Anstieg der Mortalität vorausgehen. Die Mortalität fängt etwa 1-2 Jahre nach der Rezession an zuzunehmen und bleibt auch nach dem Höhepunkt der Arbeitslosigkeit noch für so lange Zeiträume wie 10 Jahre auf erhöhtem Niveau. Diese Erkenntnisse wurden in den Vereinigten Staaten beobachtet (Brenner 1975, 1984), im Vereinigten Königreich (Brenner 1979, 1982) und in anderen Industrieländern (Frankreich, Deutschland, Italien, Dänemark, Schweden, Finnland, Australien und Neuseeland).

4. Diese makroökonomischen Studien warfen die Frage auf, ob solche Erkenntnisse auch mit epidemiologischen Methoden gewonnen werden könnten, d.h. mit Analysen von Individualdaten. Diese Fragen waren der Anlass für eine vollständig eigene Generation von epidemiologischen Studien über den Einfluss von Arbeitslosigkeit auf die psychische und physische Gesundheit – insbesondere auf die kardiovaskuläre Mortalität in westeuropäischen Ländern und in den Vereinigten Staaten. Aus über 100 epidemiologischen Studien die seit den siebziger Jahren begutachtet worden waren, ergab sich der praktisch übereinstimmende Konsens, dass Arbeitslosigkeit ein wichtiger Risikofaktor für einen vorzeitigen Tod darstellt (z.B. Kasl 2000).

5. Die umfassenden, übereinstimmenden epidemiologischen Erkenntnisse über die Auswirkungen der Arbeitslosigkeit auf eine erhöhte Mortalität führten zu der Frage ob Arbeitsplatzverluste durch Restrukturierung und Stellenabbau auch ein Risikofaktor für höhere Erkrankungs- und Sterberaten sind. In den letzten Jahren hat eine Reihe verschiedener Studien in Skandinavien und im Vereinigten Königreich die Erkenntnisse der allgemeinen Studien über Arbeitslosigkeit und Mortalität übereinstimmend bekräftigt.

6. Epidemiologische Längsschnittstudien haben außerdem hohe Humankosten bei den so genannten „Überlebenden“ aufgezeigt. Dies sind Arbeitnehmer, die in den Organisationen nach massivem Stellenabbau ihren Arbeitsplatz behalten konnten. Die gesundheitlichen Auswirkungen umfassten erhöhte Krankenhauseinweisungen, erhöhte Fehlzeiten aufgrund von Erkrankungen, eine Verschlechterung des selbst bewerteten Gesundheitszustandes, ein erhöhtes Risiko für kardiovaskuläre Mortalität, ein erhöhter Gebrauch von Psychopharmaka sowie höhere Risiken für Frühverrentung wegen Arbeitsunfähigkeit, Muskel-Skelett-Erkrankungen und Verletzungen. Die ursächlichen Beziehungen zwischen größeren organisatorischen Umstrukturierungen und schlechter Gesundheit sind bis jetzt nicht hinreichend geklärt. Die vorhandenen Belege verweisen darauf, dass der negative Einfluss eines Stellenabbaues auf die Gesundheit durch Stress und physische Risiken vermittelt wird.

7. Mit dieser verlässlichen empirischen Basis, ergibt sich nun die sehr ernste und wichtige Frage inwieweit ökonomische Restrukturierung aufgrund von technischem Wandel und Globalisierung für bedeutende Teile der Bevölkerung eine Verschlechterung des Gesundheitszustandes bewirken kann. Falls dies zutrifft, dann würde dies bedeuten, dass das Wirtschaftswachstum zwar langfristig eine sehr starke treibende Kraft für die Verlängerung der Lebenserwartung wäre, aber dass Instabilitäten – nicht nur Rezessionen sondern auch der Strukturwandel – den Nutzen des wirtschaftlichen Wachstums für die Gesundheit und das Wohlergehen mindern, wenn nicht politische Maßnahmen eingesetzt werden, welche die Effekte des Strukturwandels mit Stellenabbau und starken Rezessionen abmildern.

8. Der nächste wichtige Problempunkt geht über Arbeitslosigkeit aufgrund von Strukturwandel hinaus. Die gesamte Welt sieht sich augenblicklich mit der stärksten Rezession seit den dreißiger Jahren konfrontiert. Die Europäische Kommission und andere internationale und nationale Regierungsinstitutionen müssen sich nun die Frage stellen mit welchen politischen Maßnahmen die gemeinsamen Effekte des ökonomischen Strukturwandels und der internationalen Rezession abgemildert werden können. Das Hauptproblem besteht darin, dass die internationale Rezession erheblich die finanziellen Grundlagen für Hilfsmaßnahmen reduziert, welche die Auswirkungen des Strukturwandels und des Verlustes von Arbeitsplätzen abschwächen könnten. Solche Maßnahmen würden folgendes beinhalten: Finanzierung der Gesundheitsversorgung, Ausweitung der Arbeitslosenunterstützung, Umschulungen und andere Maßnahmen der aktiven Arbeitsmarktpolitik, höhere Ausgaben für Sozialhilfe und Ruhestandsregelungen.

9. Um Erkenntnisse zu gewinnen, für (1) die Notwendigkeit von sozialem Schutz und aktiver Arbeitsmarktpolitik und (2) den möglichen Nutzen, der durch solche Maßnahmen erreicht werden könnte, ist es sinnvoll zu untersuchen, ob auf nationaler Ebene tatsächlich empirische Zusammenhänge bestehen, welche diese Annahmen rechtfertigen können.

10. Um diese Beziehungen zwischen ökonomischen Strukturwandel, Arbeitsplatzverlust durch Stellenabbau und deren Beziehung zur Gesundheit zu untersuchen, wurde eine umfangreiche Datenbank aufgebaut welche die Industrieländer und insbesondere die Europäische Union abdeckt. Die Datenbank beinhaltet Kenngrößen zu den folgenden Themen: (1) ökonomischer Strukturwandel (2) Stellenabbau (3) technologischer Wandel (4) Globalisierung (5) internationale Rezession (6) Gesundheitsindikatoren (7) wirtschafts- und sozialpolitische Maßnahmen zur Minderung der schädlichen Auswirkungen des wirtschaftlichen Wandels.

11. Diese Datenbank erlaubt es uns nun, das Grundgerüst für Studien zu den wesentlichen Zusammenhängen zwischen wirtschaftlichem Wandel und Gesundheit festzulegen. Sie erlaubt es uns, auf der Grundlage von Daten zu aktuellen und historischen ökonomischen Aktivitäten der beteiligten Regionen, den zukünftigen Gesundheitszustand von Ländern und Subpopulationen vorherzusagen. Es ist möglich die

Rahmenbedingungen politischer Maßnahmen zu simulieren, wie z.B. eine Ausweitung der Arbeitslosenunterstützung und unter Konstanzhaltung anderer Faktoren zu beobachten, was sich im Gesundheitsbereich als Reaktion auf politische Initiativen ergeben würde, wenn die Arbeitslosenunterstützung hinsichtlich der Höhe oder der Bezugsdauer ausgeweitet würde. Viele der Anstrengungen der wissenschaftlichen Partner in dieser Studie waren darauf ausgerichtet, Perspektiven dazu zu entwickeln, was die wichtigsten Fragestellungen für diese Daten sind, wenn man vom politischen Standpunkt aus das Ziel verfolgt, die Gesundheit und das Wohlergehen der Bevölkerung zu maximieren und zwar im unmittelbaren Kontext mit einer tiefgehenden Ausprägung der ökonomischer Restrukturierung und der aktuellen internationalen Rezession.

12. Die wesentlichen Fragen, die mit der neu verfügbaren Datenbank beantwortet werden können, oder, die vielleicht beantwortet werden sollten, umfassen die folgenden Forschungsgebiete: (1) die Mechanismen, die erklären, wie der ökonomische Wandel, einschließlich Restrukturierung und internationaler Rezession, tatsächlich die Gesundheit der Bevölkerung beeinflusst, (2) genauer, die Stärke der Zusammenhänge und der Beziehungen über die Arbeitslosigkeit und Arbeitsplatzunsicherheit die Gesundheit beeinflussen (3) ob die Geschwindigkeit des Strukturwandels (oder der gesellschaftlichen Entwicklung) ein Faktor der nützlichen, schädlichen oder optimalen Anpassung des Menschen hinsichtlich der Gesundheit ist, (4) ob es möglich ist, diese fundamentale Beziehung auf regionaler und kommunaler Ebene (unterhalb der Ebene des Staates) zu beobachten, (5) bis zu welchen Grad, auf der Ebene der Europäischen Union oder der Mitgliedsstaaten, bereits bewährte politische Maßnahmen existieren, die bereits jetzt eine Rolle spielen oder die benutzt werden könnten, um die schädlichen Aspekte des Strukturwandels oder der ökonomischen Rezession zu mindern.

13. Wir haben, in dem hier vorliegenden Bericht, die große Vielfalt von quantitativen und qualitativen methodischen Herangehensweisen nicht genau beschrieben, die dazu benutzt werden könnten, den Einfluss des ökonomischen Wandels auf die Gesundheit zu analysieren, die Gesundheit der Bevölkerung auf der Grundlage von sowohl nützlichen als auch schädlichen Aspekten des ökonomischen Lebens vorherzusagen oder den aktuellen oder potentiellen Einfluss von politischen Maßnahmen auf die Optimierung der Gesundheit der Bevölkerung im Kontext des ökonomischen Wandels zu evaluieren. Aber vor dem Hintergrund dieses vorliegenden Berichtes glauben wir, dass jetzt die fundamentalen Daten zur Verfügung stehen, um die wichtigsten Auswirkungen von Wirtschaftswachstum, Strukturwandel und Globalisierung auf die Gesundheit von Europäern und die industrialisierte Welt im Allgemeinen, auf der Ebene von Staaten, evaluieren zu können.

INTRODUCTION (M. Harvey Brenner)

Overview of Research Questions

1. There is overwhelming evidence across industrialized and developing countries that economic growth is the single most important factor leading to improved life expectation and decreasing illness and disability rates. The means by which economic growth exerts such a fundamentally beneficial effect on health is that it provides the basic material resources, and finances the intellectual wherewithal, to produce the fundamental requirements of human life and health and the capacity to identify and control risk factors to health that occur in the natural and human-created environment.
2. Economic growth thus provides the investment for improvement in nutrition, sanitary engineering, availability of potable water, climate control, transportation and rudimentary health care. It provides the basis for financing of the industrialization process and of the monitoring and control of factors that harm the health of workers in manufacturing and other manual occupations. It provides financing for the development of technologically sophisticated health care for the management of the complex chronic and degenerative diseases as well as the basis for the development of science and technology in general and the education of mass and professional elite segments of the population. It is also the basis of financing for social welfare insurance systems, including health, employment, disability and frailty in older age as well as all other forms of social protection, including monetary support of the lowest socioeconomic groups.
3. Economic growth, however, is not without its problems in respect to human health and life expectancy. There are several reasons for this. First, and perhaps most obviously, is that economic growth itself is not represented by a smooth linear or exponential trend. Rather, economic growth typically displays patterns of economic cycles, or instabilities, which are marked by economic “booms” and recessions. There is evidence that, occasionally, the more rapid economic growth instabilities can produce some disturbances to health (e.g. traffic and construction accidents) but that economic recessions – especially with their implications for long-term unemployment – can substantially reduce the beneficial impact of long-term economic growth, and actually increase the mortality rate.
4. A second “problem” inherent in the economic growth process is that it involves structural change. In the process of economic development, this has typically involved movement from an agricultural-based economy to one dominated by manufacturing and, subsequently, to one dominated by services, and especially the knowledge-based industries which do not involve the production of physical items.
5. Weightlessness is the term used to describe the decreasing material component in the value of world output. The decline of heavy industry (“de-industrialization”) and the relative growth of the services industries in richer countries account for the decline in physical value added. In particular, it is argued, more value derives from ‘knowledge-based’ industries. The software for a computer game is the more important component

of its value, and the resources for writing the software are those that are most scarce as opposed to those deployed in the manufacture of a console on which the game is played. One important consequence of weightlessness is the potential for activity and value to flow across national boundaries without incurring a burden of transport costs; another is the tendency for workers whose main attribute in the labour market is physical strength, to suffer a relative decline in attainable income.

6. Productivity growth, through structural change, is the basis for long-term increases in GDP, and therefore of life expectancy. However, the transition of dominance from one sector to another (agriculture, manufacturing, services, etc.) involves important shifts in the nature of work available to national populations. Thus, in order for technological change to succeed, some portion of the working population must shift from performing work at the lower level of technology, to that of a higher level. However, there are some anomalies here. First of all, the shift to a higher level of technology by a firm will often involve the dismissal of employees working at the less sophisticated level and the hiring of new and younger employees at the more sophisticated level. Those employees who were dismissed are often relatively highly paid skilled workers, who are no longer needed by the firm, and, if they wish to continue to be employed must do so at a firm that will hire them at lower wages and lower occupational skill levels in the services sector (typically retailing, restaurant employment, and transportation. Thus, the restructuring process initially involves an increase in unemployment followed by reemployment at a less-skilled and well-paid level. One important alternative to this radical shift toward downward mobility on the part of formerly moderately skilled, middle-aged employees is to shift into self-employment i.e., entrepreneurship at the small business level. Of course, yet another, and very popular, alternative on the part of middle-aged former employees is to drop out of the labour force entirely on the grounds of retirement or even illness.

7. This pattern of the restructuring of firms, with downsizing consistent with economic growth, has tended to represent much of the pattern of growth in the industrialized world since the 1980s. This broad trend of continued economic growth based on technological change appears to be a principal pattern of development in the world economy, and there seems to be no end in sight to this trend of technological development. But this trend of economic development requires continued, and some say increasingly rapid, structural change in the character of work and the skilled requirements of the workforce. If our previous analysis is correct it means that such trend growth requires continued re-adaptation of the workforce to changing technological conditions, with major bouts of employment reductions (i.e., unemployment) at each major point in the structural change process.

8. This is a radical change from the economic growth of the three decades following the Second World War. From the 1950s to the 1980s it was relatively common for an individual worker or manager to have a single career – perhaps two careers – over the entire life course. Since that time three or more career changes, or at least organizational changes, is relatively common. As a general matter, economists and political scientists have not felt that such high rates of technological change accompanying

economic growth constituted a particular problem. It has now become evident, however, that the working population is not entirely adapted to such multiple changes in working life, because the interruptions, involving potentially lengthy periods of unemployment, may cause substantial costs to health and productivity that are not offset by the gains in standard of living that normally accompany economic growth. There is thus emerging a recognition on the part of some scientists and policymakers that optimal economic growth must be accompanied by minimal shocks to the employment status of the working population. This means that the working population must be sufficiently well-prepared to shift from one level of technology to another when structural change in the economy requires it. If these employees are not prepared in this manner, they then can suffer considerable losses to health and productivity and become a substantial burden to the state in terms of the needs for health care and social protection.

9. A prominent form of firm restructuring is outsourcing. Outsourcing involves the transfer of the management and/or routine execution of an entire business function to an external service provider. The client organization and the supplier enter into a contractual agreement that defines the transferred services. Under the agreement the supplier acquires the means of production in the form of a transfer of people assets or other resources from the client. The client agrees to procure the services from the supplier for the term of the contract. Business segments typically outsourced include information technology, human resources, facilities, real estate, and accounting. Many companies also outsource customer support, customer service, market research, manufacturing, designing, web development, content writing and engineering.

10. Outsourcing sends jobs to the lower income areas where work is being outsourced to, which provides jobs in these areas and has a net equalizing effect on the overall distribution of wealth. Some argue that the outsourcing of jobs exploits the lower-paid workers. A contrary view is that more people are employed and benefit from paid work.

11. Another major, if not the most dramatic, type of restructuring involves the increasing trend of globalization. Globalization involves geographical shifts in domestic economic activity around the world and away from nation states. The Organization for Economic Cooperation and Development defines globalization as “the geographic dispersion of industrial and service activity (e.g. research and development, sourcing of inputs, production and distribution) and the cross border networking of companies (e.g. through joint ventures and the sharing of assets).” The most obvious manifestations of this process are that the annual rate of growth in international trade has been consistently higher than that of work production while multinational corporations have continued to extend their operations. However, globalization no longer necessarily requires a physical presence in other countries, or even exports or imports, e.g., activity can be shifted abroad by licensing, which only needs information and finance to cross borders.

12. The motives for globalization include lower labour costs and other favourable factor endowments abroad and the circumvention of remaining tariff and non-tariff barriers to trade. Concern has been expressed that economic activity and employment in the

advanced countries will drain away to the developing countries, but the theory of international trade and past experience suggest that all nations in the globalization process will gain in the long run. That has not allayed concerns that certain sections of the population in richer countries – notably relatively unskilled workers – will lose as an abundance of unskilled labour makes itself available to the world's companies. In recent years, the globalization – or international outsourcing – of even high level technological work e.g. computer programming, technological design and research, has made it clear that the search for lower labour costs on the part of multinational organizations indeed no longer has national boundaries. While there is agreement among mainstream economists that, in the long term, the world economy benefits (as do national economies) by globalization, it is equally clear that there can be considerable short-term loss to relatively unskilled and increasingly skilled workers in the advanced industrialized countries.

13. Among mainstream economists, there is also no disagreement as to the significance of loss of standard of living in the current international recession. All that has been stated above as to the provision of basic life-sustaining goods, as well as the developments of technology, the sciences, education and health care, apply to the reverse of economic growth – namely recession. In recession, in addition we lose some of the financial capacity to invest in social protection, including unemployment insurance, active labour market policies, worker retraining, general elevation of human capital through broad education, and income support for the disabled retirees and frail elderly.

14. In summary, we face the combined problems of international recession in a context of economic growth that is heavily dependent on restructuring based on technological change and globalization. Under these conditions what are the specific set of issues that policy makers need to consider when contemplating the health implications of this combination of economic changes? The partners in this project, representing France, Germany, Greece, Hungary, Sweden, United Kingdom, International Labour Organization and the World Health Organization have furnished review papers on several of the most prominent topics bearing on the issue of economic change and health. These papers, in combination, provide a research agenda on the consequences to population health of economic restructuring and international recession.

15. The papers cover the hypothetical links between the causes of restructuring and health; basic concepts and definitions of economic globalization, its recent trends, benefits and threats, as well as quantitative indicators, the importance of the rapidity of economic restructuring; the relation between unemployment, economic growth and mortality at the level of economic regions; the consequences of recession for economic inequality, and thus for mortality; the implications of economic policy in relation to business cycles and health inequalities; and international and national policies intended to prevent or mitigate the consequences of restructuring.

16. In “hypothetical links between restructuring and health,” Brenner first describes the principal sources that have a major influence on the restructuring process. These

include globalization (via international trade), technological change (i.e. the principal source of productivity growth); government policies (involving international competitiveness high technology investments, investments in science and education, immigration policies) and management style (including the trends in “academic” managerial theories as to cost control, profit maximization, social responsibility, investment in capital goods versus human capital, etc). Potential effects that could economically harm key segments of the employed population include: deindustrialization, downsizing, outsourcing, offshoring and delocalization.

When these structural changes at the firm level are harmful, they tend to involve unemployment, downward mobility and economic inequalities. Relatively successful reemployment (typically in new industries or firms) could actually involve an expansion of economic opportunities. This could especially be the case where entrepreneurial opportunities result in an expansion of the self-employed labour force. However, a substantial proportion of the unemployed withdraw from the labour force altogether, partly as a result of being ‘discouraged’ in finding new work, or through retirement or illness/disability. Another large segment of the formerly unemployed will find new work in industries and firms where they experience downward mobility because they will enter at lower levels of wages and benefits, job status, seniority, social protection and retirement benefits. Harmful health consequences could include illnesses and injuries, mortality especially, for cardiovascular and stress-related illnesses, decreased life expectancy, decreased healthy life years and increased disability-adjusted life years. Mitigating policies by governments to offset some of the damaging health effects include: preparation of the employees, unemployment benefits, severance payments, retraining and health and safety measures.

The next section by Andreeva and Laurijssen identifies the key vectors, principal dimensions, characteristics and the recent trends of economic globalization. The authors summarize discussions on the positive and negative macroeconomic and social effects of globalization. In particular, there was a growing trend toward more speculative investments in the last decade which has been responsible for the profound crisis in financial markets. It is emphasized that enterprise restructuring is taking place too often for the purpose of – or as a result of – investment practices aimed at quick and large financial returns rather than as a stable development of the company.

17. The paper by Andreeva, Mihalyi and Theorell explore the role of speed in the restructuring process as a factor in health outcomes. They point out that modern industrialized societies are work-centred and that work is a social component of their lives. Speedy reconstruction (restructuring) by market forces as well as slower restructuring are problematic, but lack of restructuring or a very slow speed leads to slow growth, inflation and exchange rate instability. Downsizing results in negative changes in work – for instance, increased physical demands, job control and job insecurity, reduced skill discretion and physical hazards.

Organizational instability including downsizing, results in stressful, unsupportive, physically hazardous or otherwise poor working conditions which cause poor health. Job

loss follows a series of periods from gradual adaptation to the honeymoon period to psychological and biochemical stress observed leading to depression in long-term employment and to suicide risk elevations. Stress adaptability may decrease – burnout occurs over a long time period. Finally, cutting staff does not always produce the savings that are anticipated.

18. The paper by Edenharter shows that the regional dimension is important in understanding the relationship between life expectancy, restructuring and recession. Edenharter uses linear regression models as tools to monitor the regional relationship between life expectancy and two economic indicators, unemployment and income. His paper shows that there is considerable increase in the variation of life expectancy from high regional aggregation levels to low aggregation levels. Edenharter's models indicate that the historical economic background of the region impairs life expectancy at birth for both females and males. Further, scatterplots show that East German regions are disadvantaged in terms of life expectancy. Overall, male life expectancy at birth is very strongly influenced by unemployment and income; for females these effects are weaker but nevertheless prominent.

19. Theodossiou reviews the literature on the repercussions of socioeconomic inequalities on health, as well as the hidden costs of recessions. The empirical literature shows that income inequality harms the health of the poor as well as of the rich. Furthermore, regarding the poor, their low social status in the society negatively affects their health. Social status is related to both the control one has over his/her own life and the level of participation in the society. Individuals at the bottom of the social hierarchy experience higher levels of stress due to their inability to control their lives or to participate fully in all that society has to offer. Being part of a fractured society adds to the negative effects of low social participation and the detrimental effects of low control over life.

Theodossiou argues that inequalities in access to health care are not sufficient to account for the inequalities in the health of national populations. Policy initiatives should aim at cushioning the negative effects of unfavourable labour market experiences and poverty on health. Policies that reduce income inequality or policies that contribute to the elimination of "social exclusion" are likely to result in an improvement in the health of the whole population.

20. Drakopoulos discusses economic policy in relation to business cycles and resulting health inequalities. He reviews the history of economic policy with their backgrounds in economic theory since the period of the classical economists, the revolutionary Keynesians, and the New Classical and Monetarist-oriented theories up to the present time. This review demonstrates clearly how actual economic policy has been, and continues to be, subject to the theoretical perspectives of the leading economic thinkers of their era. The dominance of these theorists are then subject to the views of the political party in power.

In the last few decades, the emphasis of economic policy in most countries was towards eliminating inflation at the expense of unemployment. Many politico-economic

models start from the fact that in many countries there are two major political parties/formations: centre-right and centre-left. The centre-right party advocates free market as the way to achieve prosperity while the centre-left party advocates government intervention. There is also a socioeconomic basis of electoral success here in the sense that usually individuals who are concerned more about unemployment tend to support the centre-left party, while the ones who care more about inflation tend to support the centre-right. Lower-income, blue collar, wage-earners are more vulnerable to unemployment than are higher-income, white-collar, salary-earning workers. In the same framework, it is argued that higher income individuals have more to lose from inflation than those in lower-income jobs.

There is an acknowledged trade-off between unemployment and inflation. Given the discussion on the politico-economic choice between unemployment and inflation, it has to be noted that the costs of inflation on health are much lower than those of unemployment. Thus, low income groups are much more affected by unemployment than by inflation. Additionally, there is no empirical study which has found a robust negative effect of inflation on health. In particular, expansionary fiscal and monetary policies such as increased government spending, lowered taxation and low interest rates, which target unemployment reduction, will have a beneficial effect on health. The same holds true for employment subsidies to firms in order to maintain/increase employment levels. Moreover, policies designed to strengthen the purchasing power of low income earners, such as income and benefits transfers, will not only increase aggregate demand and alleviate unemployment pressures, but also raise their health levels given that health is a concave function of income.

21. Triomphe has produced an extensive paper reviewing mitigating policies on the part of the European Union, and several member states, of the effects of restructuring on worker dislocation and health. Restructuring has been a consistent issue for European societies since decades, considered for a long time by many as a temporary crisis that is restricted to the company level only. For managers, trade unions and employees, restructuring refers to a wide panel of changes, affecting at least a whole organizational sector or an entire company in the forms of closure, downsizing, job losses, outsourcing, off-shoring, sub-contracting, merging, delocalization, internal job mobility or other complex internal reorganizations. But, it usually means downsizing, closing factories and dismissals for employment services and territories.

Social measures, according to the European directives, introduced in the area of restructuring since in the 1970s to help bring harmonisation to existing legislation within the Member States involve three main instruments: (1) The Council Directive, (2) relocation and transfer of undertakings, (3) social guarantee funds (salaries, benefits) for workers. Additionally, The Directive relating to European Work Councils – adopted in 1994 and recently revised in December 2008 aims to make sure that management informs and consults with members of these councils in exceptional situations affecting the interests of workers, especially in terms of relocation, closure or mass layoffs.

European and national frameworks have promoted a lot of policies, legislation, agreements, arrangements and tools related to restructuring – to soften its impact and to promote social dialogue - on one hand and to protect occupational safety and health. But bridging the European and national missions is rare and typically, marginal. Few existing data show the significance of the restructuring impact on health. But the issue remains a hidden and a political one. Triomphe suggests collecting indicators and data on a limited European scale.

Structure and Content of the Main Databases

THE SOURCES OF DATA		
	Source	Country/Region
I	WHO Data	
1	WHOSIS	World Health Organization - Statistical Information System
2	WHO-GIB	WHO Global InfoBase Online
3	WHO-GHA	Global Health Atlas
4	WHO-ROS	WHO regional office statistics
II	OECD Data	
5	OECD.Stat	Organisation for Economic Cooperation and Development
III	EU Data	
6	EUROSTAT	Eurostat Data
7	European Sourcebook	European Sourcebook of Crime and Criminal Justice Statistics
IV	ILO Data	
8	KILM	ILO (International labour office) - KILM (Key Indicators of the Labour Markets)
9	LABORSTA	ILO database on labour statistics operated by the ILO Bureau of Statistics
V	World Bank Data	
10	WBDI	World Bank - World Development Indicators 2008
VI	United Nations Data	
11	UNSD	United Nations - Statistics Division
12	UN-DESA	United Nations Department of Economic and Social Affairs
13	UNODC	United Nations Office on Drug and Crime
14	UNESCO	United Nations Organization for Education, Science and Culture
15	UNICEF	United Nations Children's Fund
16	UNEP	United Nations Environment Programme
17	UNECE	United Nations Economic Commission for Europe
18	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
19	UNECA	United Nations Economic Commission for Africa
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division
VII	Other Sources	
21	USDA	United States Department of Agriculture - Foreign Agricultural Service
22	USCB	United States Census Bureau
23	IMF	International Monetary Fund
24	CIA	Central Intelligence Agency - The World Factbook
25	BS	Bertelsmann-Stiftung
26	IEA	International Energy Agency
27	JA	Johnston's Archive
28	WEF	World Economic Forum - The Global Competitiveness Report

	SOURCE-ABBREVIATION	DATABASES	MAIN TOPICS
I	World Health Organization (WHO) Data		
1	WHOSIS	WHO Statistical Information System	Mortality and burden of disease
			Health systems resources
			Health service coverage
			Inequities
			Risk factors
			Demographic and socioeconomic statistics
2	WHO-GIB	WHO Global InfoBase Online	Risk Factors for Chronic Disease
			Chronic Disease/Condition
3	WHO-GHA	WHO Global Health Atlas	Communicable diseases
			Human Resources for Health
			Noncommunicable diseases
			World Health Statistics
4	WHO-ROS	WHO Regional Office Statistics	Mortality indicators by 67 causes of death, age and sex (HFA-MDB)
			European detailed mortality database (DMDB)
			European hospital morbidity database (HMDDB)
			Centralized information system for infectious diseases (CISID)
			Alcohol control database
			Nutrition policy database
			Prison health database
			Tobacco control database
II	Organisation for Economic Cooperation and Development (OECD) Data		
5	OECD.Stat		Agriculture & Fishery Statistic
			Demography and Population
			Development Statistic
			Economic Projections
			Education & Training Statistic
			Environment
			Finance
			Statistic of globalization
			Health Data Statistic

			Industry & Services Statistic
			International Trade & Balance of Payment
			Labour Force Statistic
			Productivity
			National Account Statistic
			Prices and Purchasing Power Parities
			Public sector, Taxation and Market regulation
			Science, Technology and Patents
			Social and Welfare Statistic
6	OECD Health Data		Health Status
			Health Care Resources
			Health Care Utilization
			Long-term Care Resources and Utilization
			Expenditure on Health
			Health Care Financing
			Social Protection
			Pharmaceutical Market
			Non-medical determinants of Health
			Demographic References
			Economic References
III	European Commission Data (Eurostat) Data		
7	EUROSTAT	Structural Indicators Database	General economic background
			Employment
			Innovation and research
			Economic Reform
			Social Cohesion
			Environment
		Data for short-term economic analysis	Balance of payments
			Business and Consumers Surveys
			Consumer prices
			External Trade
			Industry, Commerce and Services (plus separate base page for Energy)

				Labour Market	
				Monetary and Financial Indicators	
				National Accounts (plus separate base page for Government Accounts)	
				Socio-Economic Development	
				Sustainable Consumption and Production	
				Social Inclusion	
				Demographic Changes	
				Public Health	
				Climate Change and Energy	
				Sustainable Transport	
				Natural Resources	
				Global Partnership	
				Good Governance	
				Government Finance Database	
				Harmonized indices of consumer prices (HICP) Database	
				Statistical Yearbooks	
IV	International labour office (ILO) Bureau of Statistics Data				
8	KILM			Key Indicators of the Labour Markets	
				Labour force participation rate	
				Employment-to-population ratio	
				Status in employment	
				Employment by sector	
				Part-time workers	
				Hours of work	
				Employment in the informal economy	
				Unemployment	
				Youth unemployment	
				Long-term unemployment	
				Unemployment by educational attainment	
				Time-related underemployment	
				Inactivity rate	

			Educational attainment and illiteracy
			Manufacturing wage indices
			Occupational wage and earning indices
			Hourly compensation costs
			Labour productivity and unit labour costs
			Employment elasticities
			Poverty, working poverty and income distribution
9	LABORSTA	ILO database on labour statistics	Total and Economically Active Population
			Employment
			Unemployment
			Hours of Work
			Wages
			Labour Cost
			Consumer Price Indices
			Occupational Injuries
			Strikes and Lockouts
			Household Income and Expenditure
			International Labour Migration
V	World Bank Data		
10	WDI	World Development Indicators 2008	I People
			Health
			Population
			Labour Force
			Income
			Education
			II Environment
			Land
			Biodiversity
			Water
			Energy
			Urbanization
			Emissions

			Adjusted Savings
			III Economy
			National account
			Purchasing power parity (PPP)
			Trade
			Government Finance Statistics (GFS)
			Money
			Balance of Payment
			IV States and Markets
			Investment
			Business
			Finance
			Taxes
			Defence
			Policy
			Infrastructure
			Technology
			V Global Links
			Integration
			Debt
			Financial Flow
			Aid Dependency
			Migration
			Tourism
VI	United Nations Data		
11	UNCTAD	United Nations Conference on Trade and Development	Commodity Price Statistics
			Global databank on world trade in creative products
			Handbook of Statistics
			Foreign Direct Investment
			Information and Communication Technology Statistics
			Millennium Indicators
			Trade Analysis and Information system (TRAINS)

12	UNSD	United Nations - Statistics Division	
13	UN-DESA	United Nations Department of Economic and Social Affairs	
13	UNODC	United Nations Office on Drug and Crime	
14	UNESCO	United Nations Organization for Education, Science and Culture	
15	UNICEF	United Nations Children's Fund	
16	UNFCCC	United Nations Framework Convention on Climate Change	
17		United Nations regional office statistics	United Nations Economic Commission for Europe (UNECE)
18			United Nations Economic and Social Commission for Asia & the Pacific (UN-ESCAP)
19			United Nations Economic Commission for Africa (UNECA)
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division	
21	UNAIDS	Joint United Nations Programme on HIV/AIDS	
22	UNDP	United Nations Development Programme	
23	UNHCR	United Nations High Commissioner for Refugees	
VII	Other Sources		
24	ICAO	International Civil Aviation Organization	
25	ITU	International Telecommunications Union	
26	IEA	International Energy Agency	
27	WIPO	World Intellectual Property Organization	

28	USDA	United States Department of Agriculture	Foreign Agricultural Service
29	USCB	United States Census Bureau	
30	IMF	International Monetary Fund	
31	CIA	Central Intelligence Agency	The World Factbook
32	BS	Bertelsmann-Stiftung	Bertelsmann transformation index
33	JA	Johnston's Archive	
34	WEF	World Economic Forum	The Global Competitiveness Report

Summaries of the Main Research Papers

Globalisation and restructuring: General Aspects and Indicators

In the first section Brenner identifies the principal external factors that are thought to have a major influence on the restructuring process. These include globalization (via international trade), technological change (i.e. the principal source of productivity growth), government policies (involving international competitiveness, high technology investments, investments in science and education, immigration policies) and management style (including the trends in “academic” managerial theories as to cost control, profit maximization, social responsibility, investment in capital goods versus human capital etc). Potential effects that could economically harm key segments of the employed population include: deindustrialization, downsizing, outsourcing, offshoring and delocalization.

There is an extensive research literature on the impact of unemployment on diminished health and increased mortality. This literature has generally been concerned with recessions or near recessions – i.e. relatively slow economic growth. This literature would lead to the inference that restructuring of industry – which has become quite common in the last 20 years – which typically has involved job loss, would also lead to higher illness and mortality rates. This would be true even though such restructuring would not be associated with recessions. In fact, there have resulted from these inferences about job loss, a small group of studies in Scandinavia and the U.K., involving firm restructuring with employment loss that does indicate increased illness and mortality rates. This new type of study will be continuing at the epidemiological level in the near and long-term future.

The question for this study is whether similar types of patterns of restructuring leading to unemployment and then to increased morbidity and mortality, could be observed for many different countries in Europe and the industrialized world in general. The related question is whether such relationships could be observed at the national level, so that one could recognize that national-level policies might, in some way, alter or mitigate that relationship. What makes this issue truly complex at the national level is that the restructuring process has usually been based either on important technological developments in industry or on the current pattern of globalization which has been shifting employment largely in manufacturing, but also in some services, from the traditional “industrialized” societies to the midlevel developing countries, and from Western to Eastern Europe.

The type of industrial restructuring associated with technological change can be broadly seen in the shift from the dominant proportion of the GDP and the labour force in agriculture to that in manufacturing industry and finally to services, and the more deeply “knowledge-based” economy especially associated with high technology and information sciences. This type of technological change is a clear representation of standard economic growth patterns, known as economic development, and usually is used

to describe the type of growth that is found in developing countries. However, in developed societies the great shift is between a manufacturing-dominated economy to one heavily dominated by services. This type of growth is clearly associated with the expansion of life expectancy and the long-term reduction in age-adjusted mortality.

While technologically-based growth is a prime factor in the long-term increase in life expectancy, departure from that growth, mainly in the form of shocks (e.g., oil shocks) and recessions have the effect of increasing the mortality rate within 1-5 years.

We know less about the long-term impact of economic growth that is associated with globalization. There is a wide-spread belief among some economists that globalization leads to greater income inequality, and that increased income inequality serves to increase the mortality rate. On the other hand, there are those who object to this view, and argue that increased GDP per capita is related to increased income on the part of the lowest quintile of the population. In that case, economic growth, and the restructuring associated with it, would not necessarily lead to expanded economic inequality or increased mortality. However this is at odds with the observation, at the level of the firm, that the lowest educated, and sometimes midlevel employees (managers) are much more greatly harmed by economic loss than those in higher positions.

The next section by Andreeva and Laurijssen identifies the key vectors, principal dimensions, characteristics and the recent trends of economic globalization. Basically, globalization can be described in a few key words: it is a dynamic and multidimensional process involving economic integration and internationalization of markets, increase in foreign direct investments, removing obstacles to market access, increasing interdependency of national economies, increasing international mobility of national resources, increased competition between countries and companies, as well as enlarging scale and changing nature of international trade.

In some respects, globalisation can be seen as a microeconomic phenomenon, driven by the strategies of firms in response to changes in global economic markets. The words “competition” and “competitiveness” represent more than just a survival strategy in this context; they are taken to be the ultimate goal of enterprises, states and society. The fierce competitive environment has pushed firms towards organisational restructuring, involving, for instance, offshoring and outsourcing.

The globalisation process creates a lot of benefits: It promotes open societies and open economies and encouraged a freer exchange of goods, ideas and knowledge. Nearly all economists agree that free trade increases overall economic welfare in a country. However, there are some losers within countries, as labour is reallocated from the sectors that lost out from global competition to those that benefited from it. The drive for increased competitiveness and productivity also puts more pressure on wages and working conditions.

There are debates on negative social effects of globalisation including marginalisation and social exclusion, destruction of security nets, over-use of natural resources and increasing technological and economic disparities between the rich and poor countries.

The often discussed negative macroeconomic effects include a fall in real wages for certain categories of workers, deteriorations in the terms of trade, possible decline in capacity for innovation, loss of tax revenues, negative regional effects and a growing trend toward more speculative investments which has been responsible for the profound crisis in financial markets. It is emphasized that enterprise restructuring is taking place too often for the purpose of – or as a result of – investment practices aimed at quick and large financial returns rather than as a stable development of the company.

The section on quantitative indicators and available data sources offers an overview of groups of indicators related to the process of globalization. The first category – reference indicators – is used most commonly. These indicators are constructed to standardise the most relevant measurement of economic globalisation. They allow for a sound comparison of globalisation elements over time and across countries. A significant share of these indicators is currently available in most national and international data sources. This group includes, for instance, foreign direct investments, economic activities of multinational enterprises, international globalisation of technology, and trade.

Supplemental and experimental indicators have been developed to provide additional information. They are proposed to stimulate further research on the issues, concepts and methods that require further work. Examples are given by various globalisation indices, as well as experimental indicators of structural change, deindustrialisation and job loss / delocalisation.

Speed Matters

Andreeva and colleagues tackle the problem of why restructuring often harms so many individuals, families and communities in its wake. Understanding where the harm lies can affect the formulation of policies to mitigate the effects of globalization, restructuring and recession.

The paper identifies the adaptations required of a worker who loses a job because a plant closes or moves elsewhere. The authors note that assumptions about the human capacity to learn new skills and cognitive abilities are flawed. There are both biological and social constraints to learning. Today's labour market requires cognitive skills such as software design, or social skills such as advertising and sales, versus the muscular strength and dexterity skills needed at an earlier stage of economic development. Skills needed by the existing labour market are usually acquired during certain stages of life, via the institutions of family, school or workplace. For example, the family teaches values and social skills, how to behave and how to handle stress. Undergraduate education introduces science, language, math, while higher education prepares the individual for specialized areas of work, such as health care, engineering, management, etc. The workplace instructs the individual in the tasks necessary to produce a specific product, that is, "learning by doing".

The authors emphasize that humans are genetically programmed to acquire socially determined average skills at particular stages of their life cycle. Since these stages are

irreversible, missed opportunities are either missed forever or extremely difficult to make up. It is true that in the last decade we have learned a great deal about neuroplasticity, and the brain's ability to make new connections, so it is possible to learn new skills and recover cognitive abilities lost through disuse or stroke. However, such learning is very labour intense, and requires hours of repetitive practice, and usually within a special rehabilitation setting. By and large, the educational and training process for workforce creation is generational.

The present global economic crisis sheds light on a change that had almost gone unnoticed by mainstream economists. Beginning in the 1980s, in the USA and then in Europe and on, there was a slimming of the workforce. Industrial jobs gave way to service jobs. Industries closed, or eliminated jobs, or attempted to remain economically competitive by moving where production costs were lower. Countries have started to examine and update their labour market policies in light of the new economic order introduced by globalization.

We know that globalization, and associated restructuring, places extreme pressure on adaptation of affected workers, families and communities. Research shows that by the age of 30, today's workers have had an average of 8 different employers. Age, education and gender impact adaptation to globalization. With age, the individual worker becomes less resilient, and loses more by change. (Poorly educated males suffer the most under the pressure of restructuring.) Mobility, too, is critical to adaptation. The capacity to move from one job location or region to another, affects families and community stability, but may be the only solution for a person who is out of work.

When firms are forced to speedy reconstruction by market forces, the number of dismissed workers rises by a much larger percentage than in the past. This surge of unemployment exerts large pressure on markets and government institutions, especially if the economic downturn is fast and deep. Some argue for slowing down restructuring in the private sector and delaying the restructuring of central, state and local government. But, history has shown us that lack of restructuring or restructuring at very slow speed leads to slow growth, inflation and exchange rate instability. We can not make that choice. Rapid restructuring is a fact of life for modern, industrialised, highly interconnected, technologically innovative societies.

A hypothesis that needs testing is the belief that negative impacts of restructuring on workers' health are proportional to the length of the economic downturn. Prolonged recessions have been accompanied by an increase in unhealthy behaviours. And we know that prolonged unemployment can lead to the unemployed leaving the labour market, and experiencing chronic physical and mental illness. There is reason to argue for a speedy restructuring of firms and government-run institutions where there is no chance in the long-term to keep the present levels of employment. Over the long term, the human psychological and biochemical stress of job loss, or job insecurity, results in depression in susceptible individuals, and elevated suicide risk.

Downsizing is another aspect of today's labour market which can introduce negative changes for those who remain employed, such as heavier workload, unsafe working

conditions, physical hazards, and job insecurity. Andreeva and colleagues review the main effects of downsizing reported on in the epidemiological and occupational health literature for two groups of workers – displaced workers and those who remain employed (“survivors”). Organizational instability during restructuring fosters stressful, unsupportive working conditions. Workers in affected enterprises often felt a lack of predictability, certainty, or adequate support when faced with rapid changes – e.g., less than a month between notification and redundancy. Affected workers criticized planning and communications – two core capacities that are critical during periods of rapid change, destabilization and insecurity. Clearly, there is room for improvement in the level of preparedness for management of downsizing and other restructuring efforts.

Market forces drive restructuring, but the degree of managerial preparedness in the core capacities and professionalism needed in organizing restructuring processes, are within the control of industry leadership, management schools, and labour departments. All in all, evidence suggests that redundancy is perceived as a major life crisis. Massive reorganization and restructuring, performed in a socially unrecognized, chaotic and poorly communicated manner is likely to cause more harm, while managerial wisdom and preparedness can influence health outcomes.

Globalisation, Restructuring and Recession: the Regional Dimension

As described, our research review first established the relationship (at both macro and microeconomic levels) of unemployment and income to health status. The next step was to see if it was possible to monitor the health consequences of relocation or closing of plants and other such economic developments at regional level. Edenharter’s paper describes a very interesting exploratory case study of the impact of economic development on life expectancy at regional levels. Since the measure “life expectancy at birth” is applied very commonly for international comparisons at national levels, it seemed it might be possible to explore the variation of life expectancy at different levels of regional aggregation. The case study utilized regional data from Germany. The German government obtains the data from administrative and non-administrative regional units categorized by definitions of size and level, and uses the data for official regional planning and analysis purposes. (This is similar to the regional categorization used by the European Union.)

This paper introduces scatter-plots as a tool to monitor regional development over time. Linear regression generated the scatter-plots indicating the relationship between life expectancy and two economic indicators, unemployment rate and income, in each of the regions in the case study.

An exploratory cross-sectional analysis was done to model life expectancy at birth. Four bivariate linear regression models were calculated using female and male life expectancy as dependent variables and unemployment rate and income as independent variables. There is a pronounced positive relationship of income on male life expectancy and a weaker but clear positive relationship between income and female life expect-

tancy. Overall, male life expectancy at birth is very strongly influenced by unemployment and income. For females, these effects are weaker but nevertheless prominent.

There was considerable variation of life expectancy found at different levels of regional aggregation, especially moving from the level of federal states to lower levels of counties and cities. There is a strong gradient which runs from the south-west to the north-east, with lower life expectancy in the north-east than in the south-west.

Models indicate that the historical economic background of the region impairs life expectancy at birth for both females and males. Unemployment rates show a remarkable contrast between south and north for West Germany with higher levels in the north. East and West Germany are very well separated by their levels of unemployment; Sixteen years after the historic fall of the Wall, unemployment rates are still much higher in East Germany than in West Germany. Scatter plots show that East German regions are a disadvantaged region in terms of life expectancy. On the other hand, successful economic regions in the federal state of Saxony (e.g., Dresden), East Germany show higher life expectancy than their regional neighbours.

This case study has showed it is possible to study how globalization, restructuring and recession have affected various regions in Germany. For example, there are regions in the Ruhr area, North Rhine-Westphalia, which have been affected by de-industrialization and have high levels of unemployment. In Bavaria there are isolated regions within the highest quintile of unemployment surrounded by regions within the lowest quintile of unemployment. This signals that economic development of these isolated regions has decoupled from their regional neighbourhood. In 1994, the region Pirmasens (located in the federal state Saarland close to the German frontier with France) experienced a form of de-industrialisation of old industries but has not been able to replace lost jobs by jobs in newer modern industries. In 2006, the region recorded an unemployment rate of 16.9%; in effect, the process of restructuring has not been successful. Scatter-plots show life expectancy at birth, for both females and males in Pirmasens, was impaired dramatically by globalization.

From our experiences with this case study we believe that regional analysis of health outcomes seems to be a promising approach to analyse in more detail the consequences of globalisation, restructuring and recession on health. We plan to continue the life expectancy analysis of the German regional data, and examine not only regional differences in life expectancy at birth but also at higher ages. We also plan a sub-project that will highlight the gender-specific aspects of economic development in an era of globalisation. Finally, we plan to gather information that will allow us to study the feasibility of this kind of regional analysis on a wider EU scope.

The Repercussions of Socioeconomic Inequalities on Inequalities in Health: the Hidden Costs of Recessions

Theodossiou reviews the research in Europe and the US on the relationship between individual socio-economic status (SES) and physical and mental health. The review suggests mechanisms, or pathways, for how recession and economic upheaval foster

socioeconomic inequalities and unemployment, which, in turn, impact on physical and mental health.

In recent decades public health professionals thought that improving health care access would diminish health inequalities. However, despite improved health care access, and greater technological developments in detection and cure of illness, health inequalities have increased. Research shows that inequalities in access to health care are not sufficient to account for inequalities in the health of the population. Instead, the studies find a mix of social, economic and labour market considerations explain a great deal of the disparities in health, taking into account lifestyle behaviours. Better identification of these pathways provides guidance for the design of policies to cushion the effects that recessions have on decreasing SES of affected individuals, and mitigating associated health inequalities.

The majority of investigators report a strong link between physiological health and social factors or “social determinants”: income, wealth, class, education, occupation, employment, access to health care, material living conditions, and lifestyle behaviours (e.g., smoking, alcohol and drug use, diet, unsafe sex). In reviewing this complex literature, Theodossiou cautions us to be aware of methodological issues that affect interpretation of findings and cites indicator selection and measurement as two such issues, including econometric specifications used to model the SES-health relationship. (Economists tend to neglect the multi-dimensional character of health, while social scientists conducting health research, tend not to control for confounders in their economic models, and often misinterpret temporal relationships, and endogeneity or direction of causality. This is understandable given the research bridges two separate disciplines.) At the macroeconomic levels, the view that mortality increases during economic expansions does not find support. This judgment is buttressed by considerable evidence at the microeconomic level associating unfavourable economic circumstances with unfavourable health outcomes.

The review of the empirical literature identifies unemployment as a key socioeconomic determinant of health, particularly for men. However, unemployment does not only affect unemployed individuals but also their spouses and children. A main policy implication of this review of evidence is the long term and even intergenerational effect of poverty and unemployment. Childhood deprivation due to poverty and unemployment of their parents have long lasting detrimental effects on the health of individual that are visible at later ages of working life. This has repercussions for the overall current and future health bill borne by the national health services.

A loss of income particularly affects those at the upper income levels. Nevertheless, the empirical literature shows that income inequality harms the health of the poor as well as the rich. The poor experience higher levels of stress, suggesting their low social status gives them less capacity to mitigate stress – that is, persons of low status have less control over their lives, and less participation in the larger society, thus forgo social support. In addition to financial hardship, there are shaming experiences associated

with unemployment, such as a poor social life, and loss of self-confidence. The unemployed poor experience what is called, “social exclusion”.

Overall the research evidence points toward the view that population health improvements can follow from macroeconomic and microeconomic policies that seek to reduce unemployment, poverty and social exclusion. Policy initiatives should seek to cushion the negative effects of unfavourable labour market experiences and poverty on health, and ensure that social health differentials do not increase with age.

Economic Policy, Cycles and Health Inequalities

The paper by Drakopoulos reviews differing ideas about the role of macroeconomic policy in governing major western countries, and the interplay of economic theories with political choices made over the past 80 years to control inflation or unemployment. This brief but helpful review also considers how the various instruments of economic policy differ in their impact on health inequalities.

As Drakopoulos tells us, the classical school of economics was the dominant view of the proper role of economic conduct, in the first decades of the 20th century. The classical school argued that any policies that aim to shift aggregate demand to the right will cause an increase in the general price index, and if continued, will have an inflationary effect. However, in the 1930s, Keynes’ work became influential. Keynes challenged the theory that free-market tends towards full-employment equilibrium and demonstrated that the natural tendency was underemployment equilibrium. He rejected the classical belief in perfect price and wage flexibility. He argued that macroeconomic policy measures are necessary in order to ensure full or near full employment equilibrium, or in general, to smooth out the economic cycles. Over the following 40 years, most western countries adopted Keynesian views of the role of economic policies. Indeed, the U.K. and U.S. governments in the first post war years set an explicit priority goal of maintaining a high level of employment (e.g., the Kennedy-Johnson administration adopted a full employment goal of 4 percent unemployment).

The early 1970s brought a cultural shift in the public’s view of the proper thrust of economic policy. The oil crisis of that period, and the accompanying stagflation in many countries increased both inflation and unemployment levels, and undercut public confidence in Keynesian oriented economic policies. The economist, Friedman, called for an abandonment of active government intervention in economic policies. He argued that the role of monetary policy is the increase of money supply to keep up with increases in real output in order to keep inflation at minimum levels, that is, a Monetarist policy. The New Classical School, argued that only *microeconomic* policies can increase output. In particular governments must create incentives for firms and workers to produce more output by reducing marginal tax rates and social benefits. The new Classical and Monetarist oriented economists adopted the notion of the natural rate of unemployment.

There were political changes as well as changes in economic theory. Conservative governments gradually gained political dominance, and they emphasized inflation con-

trol according to Monetarist/Neoclassical macroeconomic theories. Drakopoulos recounts this fascinating interplay between political formation and major economic stance. He notes that in many countries there are two major political formations: centre-right and centre-left. The centre-right party advocates a free market to achieve prosperity while the centre-left party believes government oversight and intervention necessary. Those who are more concerned about unemployment tend to support the centre-left party, while those who are more concerned about inflation tend to be on the centre-right. In general, as governments became more conservative, the emphasis of their economic policies shifted towards eliminating inflation at the expense of unemployment. As the 20th century ended, and the 21st began, in most western countries inflation control had replaced unemployment as the most important macroeconomic policy.

Of course, in a multi-factoral world, issues are not either/or. In actuality, there is a trade-off between unemployment and inflation that is best expressed as a Phillips curve, shown in the paper. In addition, Drakopoulos observes that the costs of inflation on health are much lower than those of unemployment. And, low income groups are much more affected by unemployment than by inflation. He notes further that there is no empirical study which has found a robust negative effect of inflation on health.

What are the particular economic policies which have a beneficial impact on health? These include policies targeted to reducing unemployment, including increased government spending, lowered taxation and low interest rates as well as employment subsidies to firms in order to maintain/increase employment levels. Education and training funds directed toward capacity building of the workforce to fill new industries and address critical shortages improves human capital and also increases productivity. Moreover, policies designed to strengthen the purchasing power of low income earners, such as income and benefits transfers, also raise health levels given that health care access and utilization are concave functions of income.

Policies directly related to preventing or mitigating consequences of restructuring

Triomphe indicates that restructuring has been a consistent issue for European societies since decades, considered for a long time by many as a temporary crisis that is restricted to the company level only. For managers, trade unions and employees, restructuring refers to a wide panel of changes, affecting at least a whole organizational sector or an entire company in the forms of closure, downsizing, job losses, outsourcing, off-shoring, sub-contracting, merging, delocalization, internal job mobility or other complex internal reorganizations. But, it means mostly downsizing, closing factories and dismissals for employment services and territories.

Macro-statistics involves two categories namely (1) closing down of companies and (2) dismissals – mainly collective. From a practitioner's point of view, Triomphe sees restructuring as a sudden phenomenon, including dismissals or significant reorganisation

having a concrete impact on employees: job modifications or new jobs, new working conditions.

Social measures according to the European directives introduced in the area of restructuring since the 1970s to help bring harmonisation to existing legislation within the Member States involves three main instruments: (1) The Council Directive, (2) relocation and transfer of undertakings, (3) social guarantee funds (salaries, benefits) for workers. Additionally, The Directive relating to European Work Councils – adopted in 1994 and recently revised in December 2008 – aims to make sure that management informs and consults with members of these councils in exceptional situations affecting the interests of workers, especially in terms of relocation, closure or mass layoffs.

The framework directive on health and safety (1989/391/CE) could play a role in this area thanks to three main concepts: (1) a wide definition of occupational health, (2) the concept of risk assessment, (3) the role of employees' representatives in OSH. However, up to now, no reports have been made using these frameworks in the relationship between restructuring and health. Another policy area through which the health risks of restructuring can be raised by the social partners lies in the implementation processes of the 2004 European Framework Agreement on stress and in the new Framework Agreement on harassment and violence at work.

In the past few years, awareness of the need for corporate social responsibility (CSR) in employment has become more widespread (Segal & Triomphe 2002). Corporate social responsibility whereby organizations focus on achieving outcomes based on beneficial rather than adverse effects on pertinent corporate stakeholders should be incorporated in the restructuring process.

The EU is quite a paradox. European and national frameworks have promoted a lot of policies, legislation, agreements, arrangements and tools related to restructuring - to soften its impact and to promote social dialogue - on one hand and to protect occupational safety and health. But bridging these two areas is rare and, up to now marginal. Few existing data show how significant is the restructuring impact on health. But the issue remains a hidden and a political one. To make progress, Triomphe suggests collecting indicators and data on a limited scale (in terms of topics and probably of countries).

INTRODUCTION

(M. Harvey Brenner)

Résumé des questions soulevées dans ce rapport

1. Les preuves sont irréfutables : dans l'ensemble des pays industrialisés et en développement, si l'espérance de vie s'est améliorée, si la maladie régresse et si les taux d'invalidité sont plus bas, c'est avant tout et en grande partie à la croissance économique qu'on le doit. Mais quelles sont les raisons profondes de ces effets bénéfiques sur la santé ? La croissance économique procure les ressources matérielles de base et permet de financer les moyens intellectuels ; elle satisfait ainsi aux besoins fondamentaux de l'existence humaine et de la santé, et donne la capacité d'identifier et de contrôler les facteurs de risque susceptibles de porter atteinte à cette dernière, tant dans un environnement naturel que dans un environnement créé par l'homme.
2. Grâce à la croissance économique, il est possible d'investir pour améliorer quantité de domaines : la nutrition, le génie sanitaire, les dessertes en eau potable, le génie climatique, les transports et les soins de santé fondamentaux. C'est également grâce à la croissance qu'il est possible de financer le processus d'industrialisation et de gérer et contrôler les facteurs qui altèrent la santé des salariés du secteur industriel et, de façon plus générale, de tous ceux qui occupent des emplois manuels. C'est encore la croissance qui permet de financer le développement des soins de santé technologiquement plus sophistiqués, notamment les soins dispensés en cas de maladies dégénératives et chroniques complexes ; c'est sur elle que repose le développement de la science et de la technologie en général, l'éducation des masses comme celle des élites. Sans elle, il ne peut y avoir de financement valable des avantages sociaux et des systèmes d'aide sociale, que ce soit au niveau de la santé, de l'emploi, de l'aide aux personnes handicapées ou invalides, de l'aide aux personnes âgées, ou toute autre forme de protection sociale, notamment l'aide financière accordée aux couches socio-économiques les plus défavorisées.
3. La croissance économique, toutefois, ne va pas sans poser de problèmes à la santé et à l'espérance de vie des hommes. Il y a plusieurs raisons à cela. Tout d'abord, et c'est sans doute la raison la plus évidente, la croissance économique elle-même n'est pas un phénomène exponentiel linéaire et sans à-coups. En effet, la croissance économique se traduit par un schéma de cycles économiques, des périodes d'instabilité, marquées par une succession de « booms » et de récessions. Il est prouvé que, de temps à autre, une plus grande rapidité dans les périodes d'instabilité peut avoir des effets négatifs sur la santé (par exemple, des accidents de construction ou de circulation), mais que les récessions – plus particulièrement par leurs implications à long terme au niveau du chômage – peuvent réduire considérablement l'impact bénéfique d'une croissance économique à long terme, et accroître réellement le taux de mortalité.
4. Un second problème inhérent à la croissance économique est qu'elle induit des changements structurels. Généralement, le processus de développement économique

se traduit par une évolution qui va d'une économie basée sur l'agriculture à une économie dominée par l'industrie, pour finalement aboutir à une économie où la place des services est prépondérante ; on trouve alors essentiellement des entreprises dont l'activité est basée sur la connaissance et qui ne produisent pas d'objets physiques.

5. « Intangible » est le terme utilisé pour décrire cette économie où la production mondiale fait de moins en moins appel à la création d'objets matériels. Le déclin de l'industrie lourde (la désindustrialisation) et la croissance relative des entreprises dont l'activité est dédiée aux services dans les pays riches explique le déclin de la valeur ajoutée physique. On prétend en particulier qu'il est possible de tirer davantage de valeur des entreprises dont l'activité est « basée sur la connaissance ». Dans un jeu électronique, c'est le logiciel qui est le composant le plus important en termes de valeur ; quant aux ressources qui développent le logiciel, ce sont les ressources les plus rares, par contraste avec celles déployées pour fabriquer la console sur laquelle le jeu fonctionne. Cette intangibilité a une conséquence importante : l'activité et la valeur qui y sont associées ne sont pas limitées à des frontières nationales, elles peuvent être transférées au-delà de ces frontières sans que ce transfert occasionne des frais de transport. L'autre conséquence de cette situation, c'est que les ouvriers dont la force physique est le gagne-pain sur le marché du travail, enregistrent une relative baisse de leurs revenus.

6. La croissance de la productivité, suite aux changements structurels, engendre une hausse à long terme du PIB et, de ce fait, de l'espérance de vie. Toutefois, chaque fois qu'une économie évolue d'un secteur à un autre (agriculture, industrie, services, etc.), il s'ensuit des changements importants dans la nature du travail et donc des postes à pourvoir. Dès lors, pour que les changements technologiques soient bien acceptés, une portion de la population active doit évoluer dans son travail en passant d'un niveau de technologie inférieur à un niveau supérieur. Toutefois, il est alors possible d'observer quelques anomalies. Tout d'abord, le passage d'une entreprise au niveau technologique supérieur implique souvent le licenciement de salariés travaillant à un niveau moins sophistiqué et l'embauche de salariés plus jeunes au niveau plus sophistiqué. En ce qui concerne les salariés licenciés, il s'agit souvent de personnes qualifiées, dont le salaire est relativement élevé, mais dont l'entreprise n'a plus besoin ; s'ils veulent retrouver un travail, ils doivent accepter des salaires plus modestes et des postes moins qualifiés dans le secteur des services (le plus souvent le commerce de détail, la restauration ou encore les transports). À ses débuts, le processus de restructuration implique une hausse du chômage, suivi de réembauches à des postes moins qualifiés et moins bien rémunérés. Pour parer à ces changements radicaux qui les obligent à une mobilité vers le bas, les salariés d'âge moyen et modérément qualifiés disposent d'une solution de remplacement intéressante : se mettre à leur compte en créant une très petite entreprise dont ils seront souvent l'unique employé. Bien entendu, il existe une dernière solution à laquelle les salariés d'âge moyen ont souvent recours, c'est de quitter la vie active en prenant une retraite anticipée, ou même de se mettre en congé maladie.

7. Ce schéma de restructuration des entreprises, où la croissance économique va de pair avec la réduction d'effectifs, s'est très souvent révélé être le schéma de croissance le plus courant dans le monde industrialisé depuis les années 1980. Cette tendance majeure de la croissance économique continue s'appuyant sur les changements technologiques semble être un schéma de développement principal de l'économie mondiale, et rien ne semble vouloir mettre fin à cet élan vers le développement technologique. Cependant, cette tendance du développement économique exige des changements structurels permanents et, aux dires de certains, de plus en plus rapides dans la nature du travail et en termes d'exigence de qualification des salariés. Si notre précédente analyse est correcte, cela signifie qu'une telle croissance nécessite une réadaptation continue de la main d'œuvre pour qu'elle s'adapte aux conditions technologiques évolutives, tout en sachant que cette croissance s'accompagne de crises majeures de réductions d'emplois (c'est-à-dire de chômage) à chaque étape majeure du processus de changement structurel.

8. Les changements que nous connaissons aujourd'hui sont radicaux, comparés à ceux connus pendant la croissance économique des trois décennies qui ont suivi la seconde guerre mondiale. À partir des années 1950 et jusqu'aux années 1980, il était relativement commun qu'un salarié ou un cadre suive la même carrière tout au long de sa vie ; à la rigueur, il entreprenait une seconde carrière. Depuis cette époque, il est relativement fréquent pour un salarié de connaître trois carrières différentes, voire plus, ou du moins d'avoir traversé plusieurs changements organisationnels. En règle générale, les économistes comme les spécialistes en sciences politiques n'ont pas perçu que des taux aussi élevés de changements technologiques allant de pair avec la croissance économique constituaient un problème particulier. Mais il est maintenant évident que la population active n'est pas complètement adaptée à ces multiples changements de la vie professionnelle. Ces interruptions incluent en effet des périodes de chômage qui peuvent durer longtemps, coûter très cher en termes de santé et de productivité, et qui ne sont pas compensées par les avantages du niveau de vie normalement procurés par la croissance économique. Peu à peu, une partie des experts et des responsables politiques s'accordent à reconnaître qu'il est inévitable qu'une croissance économique optimale soit accompagnée de petites chocs au niveau de l'emploi. Cela signifie que la population active doit être suffisamment bien préparée pour passer d'un niveau technologique à l'autre chaque fois qu'un changement structurel de l'économie le nécessite. Si les salariés n'y sont pas préparés, cette situation peut avoir un impact considérable à la fois sur leur santé et sur la productivité et elle peut constituer un fardeau énorme pour les États qui devront alors faire face à des besoins importants en termes de soins de santé et de protection sociale.

9. En ce qui concerne les entreprises, l'externalisation est une forme bien connue des restructurations. L'externalisation implique le transfert de la gestion et/ou de l'exécution de tout un pan d'activité vers un fournisseur de services ou prestataire extérieur. L'entreprise du client et le fournisseur signent alors un accord contractuel qui définit le transfert de services. Selon les termes de l'accord, le fournisseur fait l'acquisition des moyens de production, via le transfert du personnel ou d'autres res-

sources du client. Le client consent alors à acheter les services du fournisseur pour la durée du contrat. Sont généralement externalisées les activités informatiques, les ressources humaines, les installations, les biens immobiliers et la comptabilité. De nombreuses entreprises externalisent également le support client, l'assistance à la clientèle, les études de marché, la fabrication, la conception, le développement de leur site Web, la rédaction de la documentation et l'ingénierie.

10. L'externalisation procure du travail à des salariés employés dans des domaines à bas revenus et cela a un effet égalisateur sur la distribution générale des richesses. Certains prétendent que l'externalisation des tâches permet d'exploiter ceux qui ont des salaires modestes. D'autres, au contraire, soutiennent que grâce à elle, davantage de gens peuvent bénéficier à la fois d'un emploi et d'un salaire.

11. Un autre type de restructuration répandu est la tendance à la mondialisation. La mondialisation se traduit par le déplacement de certaines activités économiques nationales vers d'autres régions du monde, éloignées de l'État nation concerné. L'Organisation de coopération et de développement économiques définit ainsi ce phénomène : « dispersion géographique d'une activité industrielle ou de services (comme la recherche et le développement, la recherche des sources d'approvisionnement, de la production et de la distribution) et mise en réseau d'entreprises indépendamment des frontières (par le biais, par exemple, de joint-ventures ou de mise en commun du capital) ». Ce qui caractérise le plus ce processus, c'est que le taux de croissance annuel du commerce international dépasse régulièrement celui de la production de travail, alors même que les multinationales ne cessent d'étendre leurs activités. La mondialisation, toutefois, ne nécessite plus de présence physique dans les autres pays, ni même des exportations ou des importations ; l'activité peut être déplacée à l'étranger via des accords de licence, ce qui nécessite seulement des transferts d'information et de fonds d'un pays à un autre.

12. Ce qui motive la mondialisation, c'est le coût peu élevé du travail dans certains pays étrangers, ainsi que le contournement des barrières tarifaires et non tarifaires restantes. Certains ont craint que les pays en développement ne détournent l'activité économique et l'emploi des pays industrialisés ; cependant, la théorie du commerce international et l'expérience passée semblent montrer que toutes les nations profiteront, à long terme, du processus de mondialisation. Ce dernier argument n'a toutefois pas apaisé les craintes selon lesquelles certaines couches de la population des pays riches – en particulier les salariés relativement peu qualifiés – y perdront car une abondante main d'œuvre non qualifiée sera à la disposition des entreprises du monde entier. Ces dernières années, la mondialisation, ou l'externalisation internationale, du travail technologique de haut niveau, comme la programmation, la conception et la recherche technologique a clairement montré que les multinationales qui recherchaient une main d'œuvre à bas coût ne se cantonnaient plus du tout aux frontières nationales. Bien que la grande majorité des économistes s'accordent à reconnaître que sur le long terme l'économie mondiale bénéficiera (au même titre que les économies nationales) de la mondialisation, il est également clair que ce processus peut, à court terme, se

solder par des suppressions d'emplois pour les salariés relativement peu qualifiés ou en cours de qualification des pays industrialisés avancés.

13. La plupart des économistes sont également d'accord sur les implications de cette perte de niveau de vie dans le contexte de la récession internationale actuelle. Tout ce dont nous avons parlé plus haut concernant la croissance économique, à savoir qu'elle procure les biens élémentaires indispensables à la vie et permet de développer la technologie, les sciences, l'éducation et les soins de santé, est précisément ce qui peut faire défaut dans une situation inverse, autrement dit en période de récession. Qui plus est, pendant une récession, nous perdons une certaine capacité de financement : nous ne pouvons plus investir autant dans la protection sociale, à savoir l'assurance chômage, les actions politiques en faveur du marché du travail, le recyclage des salariés, la formation extensive afin de contribuer à la valorisation générale du capital humain, ainsi que les diverses formes d'aide aux personnes justifiant de faibles revenus (retraités en invalidité et personnes âgées à la santé précaire).

14. Pour résumer, nous devons faire face aux problèmes combinés de la récession internationale et de la croissance économique, sachant que la première se déroule dans le contexte de la seconde, qui elle-même s'appuie fortement sur des restructurations dues aux mutations technologiques et à la mondialisation. Dans ces conditions, quels sont les problèmes spécifiques que les responsables politiques doivent prendre en compte lorsqu'ils analysent les implications combinées des mutations économiques sur la santé ? Les participants à ce projet, à savoir la France, l'Allemagne, la Grèce, la Hongrie, la Suède, le Royaume-Uni, l'Organisation internationale du travail (OIT) et l'Organisation mondiale de la santé (OMS), y ont contribué par diverses études portant sur les thèmes majeurs, à savoir les problèmes engendrés par les mutations économiques et la santé. L'ensemble de ces études constituent en quelque sorte un programme de recherche sur les conséquences que peuvent avoir sur la santé les restructurations économiques et de la récession internationale.

15. Ces études traitent des sujets suivants : les liens supposés entre les causes des restructurations et la santé ; les définitions et concepts de base de la mondialisation, ses récentes tendances, les bénéfices que l'on peut en attendre et les menaces qu'elle laisse peser sur les économies et les hommes, ainsi que les indicateurs quantitatifs et l'importance de la rapidité des restructurations économiques ; le lien entre chômage, croissance économique et mortalité au niveau des régions économiques ; les conséquences de la récession sur l'inégalité économique, et de ce fait sur la mortalité ; les implications de la politique économique par rapport aux cycles d'activité et aux inégalités en matière de santé ; et enfin les politiques nationales et internationales prévues ou mises en place pour prévenir ou atténuer les conséquences des restructurations.

16. Dans son exposé sur les « liens supposés entre restructurations et santé », M. Brenner commence par décrire les composantes majeures qui ont un impact important sur le processus de restructuration, à savoir la mondialisation (via le commerce international), les mutations technologiques (c'est-à-dire la principale source de croissance en termes de productivité) ; les actions politiques des Gouvernements (en ma-

tière de compétitivité internationale, d'investissements de haute technologie, d'investissements dans les sciences et l'éducation, de politiques d'immigration) et le style de management (y compris les divers courants des théories de management « académiques » sur le contrôle des coûts, la maximisation du profit, la responsabilité sociale, les investissements en capital - biens vs capital humain -, etc.). Les effets potentiels pouvant porter atteinte économiquement aux segments clés de la population active sont : la désindustrialisation, la réduction d'effectifs, l'externalisation, l'« offshoring » et la délocalisation.

Au niveau de l'entreprise, lorsque ces changements structurels sont préjudiciables, ils se traduisent généralement par le chômage, la mobilité vers le bas et les inégalités économiques. En revanche, lorsque les possibilités de réemploi sont relativement intéressantes (généralement dans les industries nouvelles ou les nouvelles entreprises), cela peut donner lieu à de nouvelles perspectives économiques. C'est particulièrement le cas lorsque des opportunités de création d'entreprise permettent à davantage de personnes de se mettre à leur propre compte. Toutefois, une partie importante des sans-emploi se retirent définitivement de la vie active, soit parce qu'ils sont découragés et sont convaincus qu'ils ne retrouveront pas du travail, soit parce qu'ils prennent leur retraite ou sont en congé maladie ou en invalidité. Enfin, parmi ceux qui se sont retrouvés au chômage, un grand nombre finit par être réembauché dans des entreprises industrielles ou du secteur tertiaire ; mais ils y font une expérience de mobilité vers le bas car ils entrent à des niveaux inférieurs en ce qui concerne le salaire, les avantages sociaux, le statut, l'ancienneté, la protection sociale et les prestations de retraite. Les conséquences délétères sur la santé sont nombreuses : maladies, accidents, voire mortalité en raison de maladies cardio-vasculaires ou liées au stress, moindre espérance de vie, vie en bonne santé écourtée ou au contraire années d'invalidité plus nombreuses. Les politiques mises en œuvre par les gouvernements pour atténuer certains de ces effets néfastes sur la santé prévoient la préparation des salariés, des allocations chômage, des indemnités de licenciement, des possibilités de recyclage, ainsi que des mesures en faveur de la santé et de la sécurité au travail.

La section suivante de cette étude, rédigée par Andreeva et Laurijssen, identifie les vecteurs clés, les dimensions et les caractéristiques principales, ainsi que les récentes tendances de la mondialisation au niveau économique. Les auteurs résument divers débats qui se sont tenus sur les effets sociaux et macroéconomiques, à la fois positifs et négatifs, de la mondialisation. On a noté, en particulier, la tendance de cette dernière décennie à réaliser des investissements plus spéculatifs, ce qui a causé la grave crise des marchés financiers que nous traversons. Cette étude dénonce les restructurations d'entreprise qui sont trop souvent menées dans le but d'obtenir des retours financiers sur investissement importants et rapides – ou comme une conséquence de tels investissements – plutôt que pour financer un développement stable de l'entreprise.

17. Le rapport rédigé par Andreeva, Mihalyi et Theorell s'intéresse plus particulièrement à la rapidité dans le processus de restructuration et à son effet sur la santé. Ils font remarquer que les sociétés industrialisées modernes sont centrées sur le travail et

que celui-ci est une composante sociale de la vie dans ces sociétés. Une reconstruction rapide (une restructuration) induite par les forces du marché, tout comme une restructuration lente, sont problématiques ; toutefois une absence de restructuration ou encore une restructuration très lente entraîne une croissance lente, déclenche l'inflation et l'instabilité des taux de change. Les réductions d'effectifs ont des effets négatifs sur le travail, par exemple contraintes physiques accrues, moins d'autonomie, davantage d'insécurité et de risques physiques, moins de discernement dans l'utilisation des compétences.

L'instabilité organisationnelle, et notamment les réductions d'effectifs, génère des conditions de travail stressantes, décourageantes, physiquement dangereuses, et déplorables sur bien d'autres points, qui ont un effet négatif sur la santé. La perte d'un emploi est précédée d'une série de périodes : il s'agit d'abord d'une adaptation progressive, puis vient la « lune de miel », et pour finir le stress psychologique et biochimique, qui conduit à la dépression (dans un emploi à long terme) et à une augmentation des risques de suicide. La capacité d'adaptation au stress peut s'affaiblir et mener, à la longue, à l'épuisement total. En fin de compte, les coupes dans le personnel ne permettent pas toujours à l'entreprise de réaliser les économies attendues.

18. Dans son étude, Edenharter montre que la dimension régionale est un élément important pour comprendre le lien entre espérance de vie, restructurations et récession. Edenharter utilise des modèles de régression linéaire comme outils permettant de vérifier le lien entre l'espérance de vie et les deux indicateurs économiques que sont le chômage et les revenus. L'auteur démontre que, en ce qui concerne l'espérance de vie, on note une augmentation considérable dans la variation de l'espérance de vie entre les hauts et les bas niveaux d'agrégation régionale. Les modèles d'Edenharter indiquent que le contexte historico-économique de la région affecte l'espérance de vie dès la naissance, pour les hommes comme pour les femmes. En outre, les diagrammes de dispersion montrent que les régions d'Allemagne de l'Est sont désavantagées en termes d'espérance de vie. Dans l'ensemble, l'espérance de vie des hommes est très fortement influencée par le chômage et les revenus ; ces effets, bien que moins marqués au niveau des femmes, restent toutefois importants.

19. Theodossiou, quant à lui, s'est intéressé à la littérature traitant des répercussions des inégalités socio-économique sur la santé et aux coûts cachés des récessions. Cette littérature empirique montre que les inégalités de revenus ont un impact sur la santé des pauvres, mais aussi sur celle des riches. Qui plus est, concernant les pauvres, leur statut social modeste a une incidence négative sur leur santé. Le statut social est lié à la fois au contrôle que l'on a sur sa propre vie et à son niveau de participation dans la société. Les personnes qui se trouvent au bas de l'échelle sociale éprouvent des niveaux de stress beaucoup plus élevés en raison de leur incapacité à contrôler leur vie ou à profiter pleinement de tous les bienfaits qu'offre la société. Être du mauvais côté de la fracture sociale ajoute aux effets négatifs d'une participation sociale réduite et aux effets délétères d'un contrôle insuffisant sur sa propre vie.

Theodossiou soutient qu'un accès inégal aux soins de santé ne suffit pas à expliquer les inégalités au niveau de la santé des populations nationales. Les initiatives politiques doivent viser à atténuer les effets négatifs que la pauvreté et les expériences malheureuses vécues sur le marché du travail ont sur la santé. Les mesures qui réduisent les inégalités de revenus ou qui contribuent à éliminer l'« exclusion sociale » sont de nature à améliorer la santé de l'ensemble de la population.

20. Drakopoulos débat de la relation entre la politique économique d'une part et d'autre part les cycles d'activité et les inégalités qui en résultent en termes de santé. Il retrace l'historique de la politique économique en la replaçant dans le contexte de la théorie économique, depuis les économistes classiques jusqu'à notre époque, en passant par la révolution keynésienne, et les théories néoclassiques et monétaristes. Cet exposé montre en quoi la politique économique actuelle s'inspire de ces grands courants de pensée. L'auteur fait par ailleurs remarquer que la préférence d'une théorie sur une autre reste soumise aux vues du parti politique au pouvoir.

Au cours de ces dernières décennies, dans la plupart des pays, la politique économique avait essentiellement pour objectif d'éliminer l'inflation au détriment du chômage. De nombreux modèles politico-économiques reposent sur cette constatation : dans la plupart des pays, il existe deux formations politiques majeures, le centre droit et le centre gauche. Les partis de centre droit prônent l'économie de marché comme seule voie vers la prospérité, alors que les partis de centre gauche sont en faveur de l'intervention de l'État. Cette distinction a aussi une base socio-économique qui s'exprime au niveau des élections. Habituellement, les personnes qui sont préoccupées davantage par le chômage ont tendance à voter pour le parti de centre gauche, alors que celles qui se soucient surtout de l'inflation votent davantage pour le parti de centre droit. Les bas-revenus et les ouvriers, sont plus vulnérables par rapport au chômage que les hauts-revenus et les employés de bureau. Il est souvent avancé que les personnes ayant des revenus élevés ont plus à perdre de l'inflation que celles occupant des emplois moins rémunérateurs.

En réalité, il existe un compromis entre l'inflation et le chômage. Suite au débat sur le choix politico-économique entre ces deux facteurs, on notera que les coûts de l'inflation sur la santé sont bien moins élevés que ceux du chômage, et que les groupes à revenus modestes sont davantage éprouvés par le chômage que par l'inflation. En outre, aucune étude empirique n'a jamais fait ressortir, de façon fiable et convaincante, que l'inflation pouvait avoir des effets négatifs sur la santé. En particulier, les politiques monétaires ou fiscales qui se traduisent par une hausse des dépenses de l'État, une baisse des impôts et des taux d'intérêt dans le but de réduire le taux de chômage auront des effets bénéfiques sur la santé. Les aides à l'emploi à l'intention des entreprises afin de maintenir ou accroître le niveau de l'emploi auront les mêmes effets. De même, les politiques conçues pour renforcer le pouvoir d'achat des populations à bas revenus, telles que le transfert de revenus et d'allocations, non seulement augmenteront la demande agrégée et soulageront les pressions du chômage mais aussi amélioreront le niveau de santé, cette dernière étant une fonction concave du revenu.

21. M. Triomphe a produit une étude détaillée qui porte sur les effets des restructurations sur les salariés (déstabilisation et santé), dans laquelle il passe en revue les politiques mises en œuvre par l'Union européenne et par plusieurs États membres pour atténuer ces effets. Depuis plusieurs décennies, les restructurations sont un problème récurrent des sociétés européennes ; pendant longtemps, elles ont été considérées comme de simples crises temporaires qui ne touchaient que les entreprises. Pour l'encadrement, les syndicats et les salariés, les restructurations génèrent toute une série de changements ; elles affectent au minimum tout un secteur organisationnel ou au pire une entreprise entière et prennent les formes les plus diverses : fermeture, réduction d'effectifs, suppressions d'emplois, externalisation, « offshoring », sous-traitance, fusion, délocalisation, mobilité interne ou tout autre réorganisation interne complexe. Mais généralement, pour les régions et les services de l'emploi, les restructurations se résument à des réductions d'effectifs, des fermetures d'usines et des licenciements.

Conformément aux directives européennes, les mesures sociales introduites dans le domaine des restructurations depuis les années 1970 ont aidé à harmoniser les législations des États membres ; pour ce faire, trois instruments principaux ont été mis en place : (1) Une directive du Conseil, (2) la relocalisation et le transfert des entreprises, (3) des fonds de garantie sociale (salaires, avantages sociaux) à l'intention des salariés. Ajoutée à cela, la Directive relative aux Comités d'entreprise européens – adoptée en 1994 et révisée en décembre 2008 – vise à s'assurer que la direction informe et consulte les membres de ces conseils chaque fois que des situations exceptionnelles affectent les intérêts des salariés, surtout lorsqu'il s'agit de relocalisation, de fermeture ou de plans de licenciements.

Les institutions nationales et européennes ont élaboré et mis en place quantité de politiques, de lois, d'accords, de dispositions et d'outils liés aux restructurations, afin de limiter l'impact de ces dernières et de favoriser le dialogue social d'une part, et de veiller au respect de la sécurité et de la santé au travail d'autre part. Cependant, le rapprochement entre les missions nationales et européennes est exceptionnel et de manière générale, marginal. Rares sont les données qui témoignent de l'importance de l'impact des restructurations sur la santé. Pourtant, ce problème caché demeure un problème politique. M. Triomphe suggère de recueillir à la fois des indicateurs et des données à l'échelle européenne, mais à une échelle limitée.

Structure et contenu des principales bases de données

THE SOURCES OF DATA		
Source		Source names
I	WHO Data	
1	WHOSIS	World Health Organization - Statistical Information System
2	WHO-GIB	WHO Global InfoBase Online
3	WHO-GHA	Global Health Atlas
4	WHO-ROS	WHO regional office statistics
II	OECD Data	
5	OECD.Stat	Organisation for Economic Cooperation and Development
III	EU Data	
6	EUROSTAT	Eurostat Data
7	European Sourcebook	European Sourcebook of Crime and Criminal Justice Statistics
IV	ILO Data	
8	KILM	ILO (International labour office) - KILM (Key Indicators of the Labour Markets)
9	LABORSTA	ILO database on labour statistics operated by the ILO Bureau of Statistics
V	World Bank Data	
10	WBDI	World Bank - World Development Indicators 2008
VI	United Nations Data	
11	UNSD	United Nations - Statistics Division
12	UN-DESA	United Nations Department of Economic and Social Affairs
13	UNODC	United Nations Office on Drug and Crime
14	UNESCO	United Nations Organization for Education, Science and Culture
15	UNICEF	United Nations Children's Fund
16	UNEP	United Nations Environment Programme
17	UNECE	United Nations Economic Commission for Europe
18	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
19	UNECA	United Nations Economic Commission for Africa
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division
VII	Other Sources	
21	USDA	United States Department of Agriculture - Foreign Agricultural Service
22	USCB	United States Census Bureau
23	IMF	International Monetary Fund
24	CIA	Central Intelligence Agency - The World Factbook
25	BS	Bertelsmann-Stiftung
26	IEA	International Energy Agency
27	JA	Johnston's Archive
28	WEF	World Economic Forum - The Global Competitiveness Report

	SOURCE-ABBREVIATION	DATABASES	MAIN TOPICS
I	World Health Organization (WHO) Data		
1	WHOSIS	WHO Statistical Information System	Mortality and burden of disease
			Health systems resources
			Health service coverage
			Inequities
			Risk factors
			Demographic and socioeconomic statistics
2	WHO-GIB	WHO Global InfoBase Online	Risk Factors for Chronic Disease
			Chronic Disease/Condition
3	WHO-GHA	WHO Global Health Atlas	Communicable diseases
			Human Resources for Health
			Noncommunicable diseases
			World Health Statistics
4	WHO-ROS	WHO Regional Office Statistics	Mortality indicators by 67 causes of death, age and sex (HFA-MDB)
			European detailed mortality database (DMDB)
			European hospital morbidity database (HMDDB)
			Centralized information system for infectious diseases (CISID)
			Alcohol control database
			Nutrition policy database
			Prison health database
			Tobacco control database
II	Organisation for Economic Cooperation and Development (OECD) Data		
5	OECD.Stat		Agriculture & Fishery Statistic
			Demography and Population
			Development Statistic
			Economic Projections
			Education & Training Statistic
			Environment
			Finance
			Statistic of globalization
			Health Data Statistic

			Industry & Services Statistic
			International Trade & Balance of Payment
			Labour Force Statistic
			Productivity
			National Account Statistic
			Prices and Purchasing Power Parities
			Public sector, Taxation and Market regulation
			Science, Technology and Patents
			Social and Welfare Statistic
6	OECD Health Data		Health Status
			Health Care Resources
			Health Care Utilization
			Long-term Care Resources and Utilization
			Expenditure on Health
			Health Care Financing
			Social Protection
			Pharmaceutical Market
			Non-medical determinants of Health
			Demographic References
			Economic References
III	European Commission Data (Eurostat) Data		
7	EUROSTAT	Structural Indicators Database	General economic background
			Employment
			Innovation and research
			Economic Reform
			Social Cohesion
			Environment
		Data for short-term economic analysis	Balance of payments
			Business and Consumers Surveys
			Consumer prices
			External Trade
			Industry, Commerce and Services (plus separate base page for Energy)

				Labour Market	
				Monetary and Financial Indicators	
				National Accounts (plus separate base page for Government Accounts)	
				Socio-Economic Development	
				Sustainable Consumption and Production	
				Social Inclusion	
				Demographic Changes	
				Public Health	
				Climate Change and Energy	
				Sustainable Transport	
				Natural Resources	
				Global Partnership	
				Good Governance	
				Government Finance Database	
				Harmonized indices of consumer prices (HICP) Database	
				Statistical Yearbooks	
IV	International labour office (ILO) Bureau of Statistics Data				
8	KILM			Key Indicators of the Labour Markets	
				Labour force participation rate	
				Employment-to-population ratio	
				Status in employment	
				Employment by sector	
				Part-time workers	
				Hours of work	
				Employment in the informal economy	
				Unemployment	
				Youth unemployment	
				Long-term unemployment	
				Unemployment by educational attainment	
				Time-related underemployment	
				Inactivity rate	

			Educational attainment and illiteracy
			Manufacturing wage indices
			Occupational wage and earning indices
			Hourly compensation costs
			Labour productivity and unit labour costs
			Employment elasticities
			Poverty, working poverty and income distribution
9	LABORSTA	ILO database on labour statistics	Total and Economically Active Population
			Employment
			Unemployment
			Hours of Work
			Wages
			Labour Cost
			Consumer Price Indices
			Occupational Injuries
			Strikes and Lockouts
			Household Income and Expenditure
			International Labour Migration
V	World Bank Data		
10	WDI	World Development Indicators 2008	I People
			Health
			Population
			Labour Force
			Income
			Education
			II Environment
			Land
			Biodiversity
			Water
			Energy
			Urbanization
			Emissions

			Adjusted Savings
			III Economy
			National account
			Purchasing power parity (PPP)
			Trade
			Government Finance Statistics (GFS)
			Money
			Balance of Payment
			IV States and Markets
			Investment
			Business
			Finance
			Taxes
			Defence
			Policy
			Infrastructure
			Technology
			V Global Links
			Integration
			Debt
			Financial Flow
			Aid Dependency
			Migration
			Tourism
VI	United Nations Data		
11	UNCTAD	United Nations Conference on Trade and Development	Commodity Price Statistics
			Global databank on world trade in creative products
			Handbook of Statistics
			Foreign Direct Investment
			Information and Communication Technology Statistics
			Millennium Indicators
			Trade Analysis and Information system (TRAINS)

12	UNSD	United Nations - Statistics Division	
13	UN-DESA	United Nations Department of Economic and Social Affairs	
13	UNODC	United Nations Office on Drug and Crime	
14	UNESCO	United Nations Organization for Education, Science and Culture	
15	UNICEF	United Nations Children's Fund	
16	UNFCCC	United Nations Framework Convention on Climate Change	
17		United Nations regional office statistics	United Nations Economic Commission for Europe (UNECE)
18			United Nations Economic and Social Commission for Asia & the Pacific (UN-ESCAP)
19			United Nations Economic Commission for Africa (UNECA)
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division	
21	UNAIDS	Joint United Nations Programme on HIV/AIDS	
22	UNDP	United Nations Development Programme	
23	UNHCR	United Nations High Commissioner for Refugees	
VII	Other Sources		
24	ICAO	International Civil Aviation Organization	
25	ITU	International Telecommunications Union	
26	IEA	International Energy Agency	
27	WIPO	World Intellectual Property Organization	

28	USDA	United States Department of Agriculture	Foreign Agricultural Service
29	USCB	United States Census Bureau	
30	IMF	International Monetary Fund	
31	CIA	Central Intelligence Agency	The World Factbook
32	BS	Bertelsmann-Stiftung	Bertelsmann transformation index
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Résumés des principales études

Mondialisation et restructurations : aspects généraux et indicateurs

Dans la première partie de son étude, M. Brenner identifie les principaux facteurs externes considérés comme ayant une influence majeure sur le processus de restructuration, à savoir la mondialisation (via le commerce international), les mutations technologiques (c'est-à-dire la principale source de croissance en termes de productivité) ; les actions politiques des Gouvernements (en matière de compétitivité internationale, d'investissements de haute technologie, d'investissements dans les sciences et l'éducation, de politiques d'immigration) et le style de management (y compris les divers courants des théories de management « académiques » sur le contrôle des coûts, la maximisation du profit, la responsabilité sociale, les investissements en capital - biens vs capital humain -, etc.). Les effets potentiels pouvant porter atteinte économiquement aux segments clés de la population active sont : la désindustrialisation, la réduction d'effectifs, l'externalisation, l'« offshoring » et la délocalisation.

Les études détaillées consacrées aux effets négatifs du chômage sur la santé et sur le taux de mortalité sont nombreuses. Cette littérature s'est surtout intéressée à l'impact des récessions ou des « quasi-récessions » (ces dernières étant caractérisées par une croissance économique relativement lente). Ces études concluaient invariablement que les restructurations d'entreprise – relativement fréquentes au cours de ces 20 dernières années –, qui se soldaient généralement par des suppressions d'emplois, entraînaient également une hausse des taux de maladie et de mortalité. Cette constatation s'avérait exacte même lorsque ces restructurations n'étaient pas associées à des récessions. En fait, de ces conclusions sur les suppressions d'emplois émerge un petit groupe d'études, réalisées en Scandinavie et au Royaume-Uni, qui portent sur des restructurations d'entreprise avec perte d'emplois confirmant des taux de maladie et de mortalité plus élevés. Ce nouveau type d'études au niveau épidémiologique sera poursuivi à court et à long termes.

En fait, M. Brenner pose la question de savoir si des schémas de restructuration similaires conduisant d'abord au chômage, puis à une plus grande morbidité ou mortalité, pourraient être observés dans différents pays d'Europe et du monde industrialisé en général. Cette première question en amène une autre : un tel lien peut-il être observé au niveau national et dans ce cas, les politiques menées à ce niveau peuvent-elles, d'une façon ou d'une autre, altérer ou atténuer ce lien ? Ce qui rend cette question réellement complexe au niveau national, c'est que le processus de restructuration s'est généralement appuyé sur des progrès technologiques importants dans l'industrie, ou sur le schéma de mondialisation actuel ; rappelons que ce dernier a dans une large mesure déplacé les emplois dans l'industrie manufacturière, parfois aussi de façon plus sélective dans le secteur des services, les transférant des sociétés industrialisées traditionnelles vers les pays en développement à revenu intermédiaire, mais aussi de l'Europe de l'Ouest vers l'Europe de l'Est.

La restructuration industrielle associée à une évolution technologique est un type de restructuration que l'on observe très souvent lorsqu'une partie importante du PIB et de la main d'œuvre passe de l'agriculture vers l'industrie manufacturière, et finalement vers les services, et une économie davantage basée sur la connaissance, associée plus spécifiquement à la haute technologie et aux sciences de l'information. Ce type d'évolution technologique est la parfaite représentation des schémas de croissance économique standard, appelés aussi « développement économique », habituellement utilisés pour décrire le type de croissance qui prévaut dans les pays en développement. Cependant, dans les pays développés, ce changement important s'opère entre une économie dominée par l'industrie manufacturière et une économie reposant avant tout sur le secteur des services. Ce type de croissance est clairement lié à une augmentation de l'espérance de vie et à une réduction sur le long terme de la mortalité liée à l'âge.

Alors qu'une croissance basée sur la technologie est un facteur fondamental d'une augmentation sur le long terme de l'espérance de vie, une modification du rythme de croissance sous forme de chocs (comme les chocs pétroliers) et de récessions a pour effet d'accroître le taux de mortalité dans les 1 à 5 ans qui suivent.

Nous en savons moins sur l'impact à long terme de la croissance économique associée à la mondialisation. Certains économistes s'accordent à reconnaître que la mondialisation engendre une plus grande inégalité de revenus, laquelle entraîne à son tour une hausse du taux de mortalité. En revanche, d'autres économistes ne partagent pas ce point de vue ; ils avancent qu'une augmentation du PIB par habitant se traduit par un accroissement des revenus pour le quintile le bas de la population. Dès lors, la croissance de l'économie et les restructurations allant de pair avec elle ne contribueraient pas nécessairement à aggraver les inégalités économiques et à augmenter le taux de mortalité. Toutefois, au niveau de l'entreprise, les faits semblent contredire ce point de vue ; on y observe en effet que les salariés les moins diplômés, et parfois même les cadres moyens, subissent beaucoup plus fortement les chocs économiques que les personnes occupant des positions plus élevées.

La section suivante du rapport, rédigée par Andreeva et Laurijssen, identifie les vecteurs clés, les dimensions et les caractéristiques principales, ainsi que les récentes tendances de la mondialisation au niveau économique. Pour définir la mondialisation en quelques mots clés, nous dirons qu'il s'agit d'un processus dynamique et multidimensionnel qui porte sur l'intégration et l'internationalisation des marchés, favorise les investissements directs étrangers, supprime les obstacles qui entravent le commerce international, accroît l'interdépendance des économies nationales, ainsi que la mobilité internationale des ressources nationales, attise la concurrence entre les pays et les entreprises, tout en développant le commerce international et en modifiant sa nature.

Dans une certaine mesure, la mondialisation peut être perçue comme un phénomène microéconomique, alimenté par les stratégies des entreprises en réponse aux changements que connaissent les marchés économiques de la planète. Dans ce contexte, les termes « concurrence » et « compétitivité » représentent plus qu'une simple stratégie de survie ; ils sont l'expression même du but ultime des entreprises, des États et de

la société. La concurrence sans merci à laquelle se livrent les entreprises les pousse à la restructuration organisationnelle, et notamment à l'« offshoring » et à l'externalisation.

Le processus de mondialisation est assorti de nombreux avantages : il favorise une plus grande ouverture des sociétés et des économies, et facilite et encourage l'échange des marchandises, des idées et des connaissances. Pratiquement tous les économistes s'accordent à dire que le libre-échange améliore la situation économique et le bien-être de tous dans un pays. Toutefois, il produit aussi des perdants car, dans ce contexte, la main d'œuvre est réaffectée et passe des secteurs qui souffrent de la concurrence internationale vers ceux à qui elle profite. Cette course vers la compétitivité et la productivité augmente aussi la pression sur les salaires et les conditions de travail.

La mondialisation nourrit également des débats sur les effets sociaux négatifs qu'elle peut engendrer, notamment la marginalisation et l'exclusion sociale, la disparition des réseaux de sécurité, la surexploitation des ressources naturelles et l'accentuation des disparités économiques et technologiques entre les pays riches et les pays pauvres.

Les effets macroéconomiques négatifs les plus souvent avancés portent sur la baisse des salaires réels pour certaines catégories de salariés, la détérioration des termes de l'échange, un possible déclin de la capacité d'innovation, une perte des recettes fiscales, des effets régionaux négatifs, ainsi qu'une tendance à procéder à davantage d'investissements spéculatifs, ce qui a occasionné la grave crise des marchés financiers que nous connaissons. Il est aussi rappelé que les restructurations d'entreprise sont trop souvent menées dans le but d'obtenir des retours financiers sur investissement importants et rapides – ou comme une conséquence de tels investissements – plutôt que pour financer un développement stable de l'entreprise.

La section du rapport sur les indicateurs quantitatifs et les sources de données disponibles présente les groupes d'indicateurs liés au processus de mondialisation. La première catégorie, composée des indicateurs de référence, est la catégorie la plus souvent utilisée. Ces indicateurs contribuent à standardiser les mesures les plus pertinentes de la mondialisation économique. Ils permettent d'établir une comparaison fiable entre les éléments de la mondialisation, à la fois dans le temps et entre les différents pays. La plupart de ces indicateurs sont présents dans les sources de données nationales et internationales ; parmi eux, citons les investissements directs étrangers, les activités économiques des entreprises multinationales, la mondialisation de la technologie et les échanges.

Des indicateurs complémentaires et expérimentaux ont été définis afin de recueillir des informations supplémentaires. Ils ont pour but de stimuler la recherche sur des problèmes, des concepts et des méthodes qui nécessitent une étude plus approfondie. Comme exemples, citons différents indices de mondialisation, ainsi que des indicateurs expérimentaux portant sur les changements structurels, la désindustrialisation, les suppressions d'emplois et la délocalisation.

Questions de rapidité

Mme Andreeva et ses collègues se sont intéressés à la question de savoir pourquoi les restructurations ont des répercussions négatives sur un si grand nombre d'individus, de familles et de communautés. Si l'on comprend d'où vient le problème, il est alors possible de définir et de mettre en place des politiques et des mesures capables d'atténuer les effets de la mondialisation, des restructurations et de la récession.

Un salarié qui perd son emploi suite à la fermeture ou à la délocalisation de son usine doit savoir d'adapter de différentes façons. C'est précisément ces adaptations que ce rapport tente de définir. Les auteurs font remarquer que l'idée selon laquelle les êtres humains sont capables d'acquérir de nouvelles compétences et d'améliorer leurs capacités cognitives a ses limites. Il existe en effet des contraintes à la fois sociologiques et biologiques à l'apprentissage. Aujourd'hui, sur le marché du travail, il est indispensable d'avoir des compétences intellectuelles, en conception logicielle par exemple, ou encore des compétences sociales, en publicité ou en ventes ; ce qui est bien différents de la force musculaire et des compétences manuelles requises par l'étape précédente du développement économique. Les compétences dont les salariés ont besoin sur le marché du travail actuel sont généralement acquises à certaines étapes de la vie via les institutions que sont la famille, l'école ou l'entreprise. Par exemple, la famille enseigne compétences sociales et des valeurs, comment se comporter et comment gérer le stress. L'éducation primaire et secondaire apporte un fonds commun de connaissances telles que les sciences, les langues et les mathématiques, alors que les études d'enseignement supérieur spécialise l'individu et le prépare à un métier, comme les soins de santé ou la médecine, l'ingénierie, la gestion, ou autres. L'entreprise, quant à elle, forme l'individu aux tâches qui sont les siennes pour produire un travail spécifique ou créer un produit, en d'autres termes, elle lui apporte les connaissances pratiques.

Les auteurs font remarquer que les êtres humains sont génétiquement programmés pour acquérir une somme de compétences moyennes, socialement déterminées, à certaines époques de leur vie. Étant donné que ces époques sont irréversibles, les opportunités qui ne sont pas saisies au bon moment sont perdues à jamais ou extrêmement difficiles à rattraper. Il est vrai que pendant la décennie qui vient de s'écouler, nous avons beaucoup appris sur la neuroplasticité et sur la capacité du cerveau à établir de nouvelles connexions neuronales ; nous savons qu'il est donc possible d'acquérir de nouvelles compétences ou de récupérer des capacités cognitives perdues suite à une attaque ou pour ne pas avoir été utilisées. Toutefois, ce type d'apprentissage nécessite beaucoup de travail et des heures de pratique répétée, habituellement dans un cadre de réhabilitation précis. Dans l'ensemble, le processus de formation et d'éducation qui permet de produire la main d'œuvre est générationnel.

La crise économique mondiale actuelle met en lumière un changement qui était presque passé inaperçu aux yeux de la plupart des économistes. Dès le début des années 1980 et jusqu'à présent, aux États-Unis puis en Europe, on a assisté à une réduction de la main d'œuvre. Les postes dans l'industrie ont peu à peu cédé la place aux postes dans les services. Des entreprises ont fermé ou supprimé des emplois, ou

encore elles se sont efforcées de rester compétitives en déplaçant la production là où les coûts étaient plus bas. Les pays ont commencé à examiner et à mettre à jour leur politique en matière de marché du travail à la lumière du nouvel ordre économique instauré par la mondialisation.

Nous savons que la mondialisation et les restructurations qui y sont associées imposent une très grande pression aux salariés, à leurs familles et aux communautés en termes d'adaptation. Les recherches montrent que les salariés d'aujourd'hui, à l'âge de 30 ans ont déjà connu en moyenne 8 différents employeurs. L'âge, l'éducation et le sexe ont un impact sur l'adaptation à la mondialisation. Avec l'âge, les salariés sont moins résistants et ils sont davantage perdants vis-à-vis du changement. (Les hommes peu instruits souffrent plus de la pression que leur imposent les restructurations.) La mobilité, également, est un critère déterminant en matière d'adaptation. La capacité d'aller d'un site ou d'une région à une autre affecte l'équilibre des familles et des communautés, cependant cela peut être la seule solution pour une personne qui se retrouve au chômage.

Lorsque les forces du marché obligent les entreprises à une reconstruction rapide, le nombre de salariés licenciés augmente pour atteindre un pourcentage plus fort que par le passé. La forte augmentation du chômage exerce une pression importante sur les marchés et sur les institutions gouvernementales, tout particulièrement en cas de récession économique rapide et sévère. Certains prétendent qu'il faut ralentir le rythme des restructurations dans le secteur privé et retarder les restructurations dans les administrations centrales, d'état ou locales. L'expérience prouve toutefois que le manque de restructuration ou une restructuration menée à un rythme très lent engendrent une croissance lente, l'inflation et l'instabilité des taux de change. Or ce choix n'est pas un bon choix. Les restructurations rapides sont une réalité de la vie dans les sociétés modernes, industrialisées, étroitement reliées et technologiquement innovantes.

L'opinion selon laquelle les répercussions négatives des restructurations sur la santé des travailleurs sont proportionnelles à la longueur de la récession économique est une hypothèse à vérifier. Les récessions qui durent se sont toujours accompagnées d'une hausse des comportements délétères. Nous savons qu'un chômage prolongé peut conduire la personne qui en est victime à abandonner le marché du travail et également que cette dernière peut être sujette à des maladies physiques chroniques ou mentales. Il y a donc de bonnes raisons de plaider en faveur des restructurations rapides, à la fois dans les entreprises et les administrations, lorsqu'il est clair qu'il ne sera pas possible sur le long terme d'y maintenir le même niveau d'emploi. À long terme, le stress psychologique et biochimique ressenti par l'être humain suite à la perte de son emploi ou tout simplement en raison de l'insécurité de l'emploi se traduit, chez les personnes fragiles, par la dépression et par un risque élevé de suicide.

La réduction d'effectifs est une autre réalité de notre époque sur le marché du travail, qui peut entraîner des changements négatifs pour ceux qui conservent leur emploi : charge de travail plus lourde, conditions de travail dangereuses, risques physiques et insécurité de l'emploi. Mme Andreeva et ses collègues ont procédé à une étude des principaux effets que peuvent avoir les réductions d'effectifs ; ces effets qui sont rap-

portés dans la littérature épidémiologique et sur la santé au travail ont été observés sur deux groupes de salariés : les salariés déplacés et ceux qui gardent leur emploi, autrement appelés les « survivants » ou les « rescapés ». L'instabilité organisationnelle lors des restructurations favorise des conditions de travail stressantes et décourageantes. Les salariés des entreprises concernées, lorsqu'ils étaient confrontés à des changements rapides (avec moins d'un mois entre le préavis et le licenciement), se sont souvent sentis démunis car ils devaient faire face à l'imprévisible, avaient un sentiment d'incertitude et se sentaient livrés à eux-mêmes, sans le bénéfice d'aucune aide. Les salariés concernés se montraient alors critiques vis-à-vis des plans et des communications – deux éléments essentiels pendant ces périodes de changement rapide, de déstabilisation et d'insécurité. En clair, cela signifie que les salariés doivent être mieux préparés aux réductions d'effectifs et autres efforts de restructuration.

Si les forces du marché imposent les restructurations, il revient en revanche aux responsables d'entreprise, aux écoles de management et aux différents ministères du travail de préparer le terrain en utilisant les moyens de communication de base à leur disposition et en faisant preuve de professionnalisme pour organiser les processus de restructuration. En définitive, les faits montrent que les licenciements sont perçus comme une crise majeure de la vie. Les réorganisations massives et les restructurations menées de façon inadéquate, c'est-à-dire sans dimension sociale humaine, en s'appuyant sur des communications insuffisantes ou désordonnées, risquent de causer beaucoup de tort aux salariés, alors que la sagesse des responsables et le fait de préparer les salariés à ces événements peuvent influencer favorablement les résultats sur la santé.

Mondialisation, restructurations et récession : la dimension régionale

Comme nous l'avons montré, notre rapport a d'abord établi la relation (tant au niveau macro- que microéconomique) entre le chômage et les revenus d'une part et l'état de santé d'autre part. À l'étape suivante, nous nous sommes demandés s'il était possible de contrôler les conséquences des relocalisations ou des fermetures d'usines, et autres mesures économiques, sur la santé au niveau régional. L'étude d'Edenharter décrit le cas très intéressant d'une étude de cas exploratoire, menée sur l'impact du développement économique sur l'espérance de vie au niveau régional. Étant donné que la mesure « Espérance de vie à la naissance » est très souvent appliquée à des comparaisons internationales faites au niveau national, il semble qu'il soit possible d'explorer les variations d'espérance de vie à différents niveaux de l'agrégation régionale. L'étude de cas en question utilisait des données régionales allemandes. Le Gouvernement allemand obtient ces données d'unités régionales administratives et non administratives classées par définitions de taille et de niveau ; il les utilise à des fins de planification régionale officielle et aussi à des fins d'analyse. (Cela est semblable au classement régional par catégorie utilisé par l'Union européenne.)

Ce rapport utilise des diagrammes de dispersion comme outil permettant de contrôler le développement régional au fil du temps. La régression linéaire a généré des diagrammes de dispersion montrant la relation entre l'espérance de vie et deux indica-

teurs économiques, le taux de chômage et les revenus, dans chacune des régions considérées dans l'étude de cas.

Une analyse exploratoire transversale a été réalisée afin de modéliser l'espérance de vie à la naissance. Elle a permis de calculer quatre modèles de régression linéaire bi-variée utilisant des données sur l'espérance de vie des hommes et des femmes comme variables dépendantes et des données sur le taux de chômage et les revenus comme variables indépendantes. Cette analyse a fait ressortir une relation positive marquée entre les revenus et l'espérance de vie des hommes ; cette relation, bien que moins significative chez les femmes, reste cependant nette. De façon générale, l'espérance de vie des hommes à la naissance est fortement influencée par le chômage et les revenus ; chez les femmes, ces effets sont moins marqués, mais restent toutefois importants.

On remarque une variation considérable de l'espérance de vie à différents niveaux de l'aggrégation régionale, plus particulièrement lorsqu'on compare les données recueillies au niveau des états fédéraux avec celles des niveaux inférieurs, à savoir les comtés et les villes. On note un fort gradient qui correspond à une ligne allant du Sud-Ouest au Nord-Est et qui témoigne d'une moindre espérance de vie dans le Nord-Est que dans le Sud-Ouest. Les modèles indiquent que le contexte historico-économique de la région affecte l'espérance de vie dès la naissance, pour les hommes comme pour les femmes. Les taux de chômage révèlent un fort contraste entre le Nord et le Sud de l'Allemagne de l'Ouest, les niveaux les plus élevés étant dans le Nord. En outre, il existe une forte disparité des taux de chômage entre l'Est et l'Ouest de l'Allemagne. Seize ans après la chute historique du Mur, les taux de chômage sont encore beaucoup plus élevés en Allemagne de l'Est qu'en Allemagne de l'Ouest. Les diagrammes de dispersion font apparaître que les régions d'Allemagne de l'Est sont désavantagées en termes d'espérance de vie. Par ailleurs, les régions économiquement fortes de la Saxe (par exemple la région de Dresde), en Allemagne de l'Est, font ressortir une espérance de vie plus élevée que dans les régions voisines.

Cette étude de cas montre bien qu'il est possible d'étudier l'impact de la mondialisation, des restructurations et de la récession dans les différentes régions d'Allemagne. Ainsi, certaines régions de la Ruhr, de la Rhénanie-du-Nord-Westphalie, ont été touchées par la désindustrialisation et ont de forts taux de chômage. En Bavière, des régions isolées se trouvent dans le quintile d'emploi le plus élevé, par rapport aux régions environnantes qui, elles, se trouvent dans le quintile le plus bas. Cela prouve que le développement économique de ces régions isolées s'est démarqué de celui des régions voisines. En 1994, la région de Pirmasens (située dans l'État fédéré de la Sarre, qui jouxte la frontière avec la France) a connu une forme de désindustrialisation au niveau de ces anciennes industries, mais elle n'est pas parvenue à remplacer les emplois perdus par d'autres emplois dans des secteurs industriels modernes. En 2006, la région enregistrait un taux de chômage de 16,9 % ; en effet, le processus de restructuration n'a pas eu les effets escomptés. Des diagrammes de dispersion montrent que l'espérance de vie à la naissance des hommes et des femmes de la région de Pirmasens a considérablement souffert de la mondialisation.

L'examen de cette étude de cas nous amène à penser que l'analyse de ces résultats régionaux sur la santé constitue une approche prometteuse en vue d'une analyse plus approfondie des conséquences de la mondialisation, des restructurations et de la récession sur la santé. Nous prévoyons de poursuivre l'analyse sur l'espérance de vie portant sur les données régionales allemandes, et d'analyser non seulement les disparités régionales au niveau de l'espérance de vie à la naissance, mais d'y inclure également d'autres âges de la vie. Par ailleurs, nous avons l'intention de lancer un sous-projet qui mettrait en lumière les aspects du développement économique propres à chaque sexe à l'époque de mondialisation. Enfin, nous souhaiterions rassembler des informations pour étudier la faisabilité de ce type d'étude régionale à l'échelle de l'Union européenne.

Les répercussions des disparités socio-économiques sur les inégalités en matière de santé : les coûts cachés des récessions

Theodossiou s'est penché sur la recherche menée en Europe et aux États-Unis sur les relations entre le statut socio-économique des individus d'une part et la santé physique et mentale d'autre part. Il en ressort que la récession et les bouleversements économiques induisent des mécanismes, ou passerelles, qui génèrent des inégalités socio-économiques et du chômage qui, à leur tour, ont des répercussions sur la santé physique et mentale des individus.

Depuis plusieurs décennies, les professionnels de la santé publique pensent qu'en améliorant l'accès aux soins, il sera possible de réduire les inégalités au niveau de la santé. Toutefois, malgré un meilleur accès aux soins et des progrès technologiques importants en termes de détection et de guérison des maladies, les disparités de santé ne cessent d'augmenter. Cela montre que les inégalités d'accès aux soins de santé ne suffisent pas à expliquer les inégalités au niveau de la santé des populations. En revanche, ces études montrent que ce sont à la fois des considérations sociales, économiques et liées au marché du travail qui expliquent une grande partie des disparités au niveau de la santé, sans oublier les comportements liés au mode de vie. Grâce à une meilleure identification de ces liens, il sera plus facile de définir les politiques qui permettront d'atténuer les effets des récessions sur le statut socio-économique des individus affectés, et de ce fait il sera également plus facile de réduire les inégalités en matière de santé, qui sont liées à ce statut.

La majorité des chercheurs ont décelé un lien étroit entre la santé physiologique et les facteurs sociaux ou « déterminants sociaux » que sont les revenus, la fortune, la classe sociale, l'éducation, la profession, l'emploi, l'accès aux soins de santé, les conditions de vie matérielles et les comportements liés au mode de vie (comme fumer, boire de l'alcool, consommer des drogues, faire un régime, avoir des rapports non protégés). Après avoir étudié cette littérature complexe, Theodossiou nous met en garde : nous ne devons pas ignorer les problèmes méthodologiques qui affectent l'interprétation de ces résultats, et il cite la liste et la mesure des indicateurs associés à ces problèmes, y compris les spécifications économétriques utilisées pour modéliser la relation entre le statut socio-économique et la santé. (Les économistes tendent à né-

gliger le caractère multidimensionnel de la santé, alors que les spécialistes des sciences sociales qui mènent des recherches sur la santé, ont tendance à ne pas tenir compte des facteurs parasites dans leurs modèles économiques ; ils donnent souvent une mauvaise interprétation des relations temporelles, ainsi que de l'endogénéité ou de la direction de causalité. Ceci est compréhensible étant donné que la recherche jette un pont entre deux disciplines distinctes.) Au niveau macroéconomique, l'idée selon laquelle la mortalité augmente pendant les périodes d'expansion économique n'a pas de fondement. Un faisceau de preuves vient en effet étayer ce jugement au niveau microéconomique, où l'on constate que des conditions économiques défavorables sont associées à de mauvais résultats concernant la santé.

L'étude de cette littérature empirique permet d'identifier le chômage comme un déterminant socioéconomique clé de la santé, en particulier pour les hommes. Toutefois, le chômage n'affecte pas seulement les salariés qui perdent leur emploi, mais également leur épouse et leurs enfants. L'implication principale de ces résultats est l'effet à long terme et même intergénérationnel de la pauvreté et du chômage. Les privations de l'enfance dues à la pauvreté et au chômage des parents ont des effets délétères à long terme sur la santé des individus, ces effets étant encore visibles bien plus tard dans leur vie professionnelle. Cela a également des répercussions sur les dépenses de santé actuelles et à venir des services de santé nationaux.

La perte de revenus affecte particulièrement ceux qui ont des niveaux de revenus supérieurs. Néanmoins, cette littérature empirique montre que les inégalités de revenus ont un effet négatif sur la santé des pauvres comme sur celle des riches. Les classes démunies connaissent des niveaux de stress plus élevés, ce qui laisse à penser que leur statut social inférieur ne leur permet pas de combattre aussi bien les effets du stress, car elles ont un moins grand contrôle sur leur vie et peuvent moins profiter des bienfaits qu'offre la société. Outre les difficultés financières, ces personnes connaissent les expériences humiliantes associées au chômage, notamment une vie sociale réduite et une perte de confiance en soi. Les couches pauvres et sans emploi connaissent ce qu'il est convenu d'appeler l'« exclusion sociale ».

De manière générale, les résultats de cette étude montrent que, pour améliorer la santé des populations, il convient de mener des politiques macro- et microéconomiques cherchant à réduire le chômage, la pauvreté et l'exclusion sociale. Les actions politiques doivent tenter d'atténuer les effets négatifs de la pauvreté et des difficultés vécues sur le marché du travail sur la santé, et s'assurer que les écarts de santé au niveau de la société ne se creusent pas avec l'âge.

Politique économique, cycles et disparités sur le plan de la santé

L'étude de Drakopoulos passe en revue les différentes thèses sur le rôle de la politique macroéconomique dans la gouvernance des principaux pays occidentaux, et traite de l'interaction entre les théories économiques et les choix politiques opérés ces 80 dernières années pour contrôler l'inflation et le chômage. Cette étude, brève mais fort inté-

ressante, s'attache à montrer l'influence que peuvent avoir les différents instruments de politique économique sur les disparités en matière de santé.

Comme le souligne Drakopoulos, ce sont les théories de l'École classique qui ont dicté la conduite économique des premières décennies du 20^{ème} siècle. Selon la thèse défendue par cette école, n'importe quelle politique visant à déplacer la courbe de demande agrégée vers la droite causera une augmentation de l'indice général des prix, et si cette situation perdure, elle aura un effet inflationniste. Toutefois, dans les années 1930, l'influence des travaux de Keynes a commencé à se faire sentir. Keynes a remis en question la théorie selon laquelle l'économie de marché tend vers le plein emploi et il a démontré que la tendance naturelle est plutôt au sous-emploi. Il a rejeté la théorie classique de la flexibilité parfaite des salaires et des prix. Selon lui, des mesures macroéconomiques sont nécessaires pour assurer le plein emploi ou le quasi-plein emploi, ou de façon générale pour lisser les cycles économiques. Pendant les 40 années qui ont suivi, les pays occidentaux les plus à l'Ouest ont adopté les vues keynésiennes sur le rôle des politiques économiques. En effet, dans les premières années d'après-guerre, les Gouvernements britannique et américain ont fixé un objectif prioritaire explicite : maintenir le haut niveau de l'emploi (par ex. les administrations Kennedy et Johnson ont adopté une politique de plein emploi où le chômage ne devait pas excéder 4 %.)

Le changement culturel qui s'est produit au début des années 1970 a donné un nouvel élan à la politique économique. Le choc pétrolier et la stagflation qui l'accompagnait ont fait augmenter à la fois l'inflation et le taux de chômage dans de nombreux pays ; dès lors, la confiance publique dans les politiques économiques pro-keynésiennes s'est effritée. Un autre économiste, Friedman, a alors préconisé l'abandon de l'intervention active du gouvernement dans les politiques économiques. Selon lui, le rôle de la politique monétaire était de contrôler la croissance de la masse monétaire afin qu'elle augmente dans les mêmes proportions que la production et, ce faisant, de maintenir l'inflation à un niveau minimum ; c'est ce qu'il convient d'appeler une politique monétariste. L'École néoclassique défendait quant à elle une autre thèse : seules les politiques *microéconomiques* peuvent accroître la production. En particulier, les Gouvernements doivent prendre des mesures visant à encourager les entreprises et les salariés à produire plus en réduisant les taux d'imposition marginaux et les prestations sociales. Les économistes partisans de l'École néoclassique et de la théorie monétariste défendaient la notion de taux naturel du chômage.

L'évolution des théories économiques s'est accompagnée de changements politiques. Les gouvernements conservateurs ont progressivement pris le dessus ; ils prônaient le contrôle de l'inflation en accord avec les théories macroéconomiques de l'École néoclassique et des monétaristes. Drakopoulos rappelle ce jeu d'influence croisée entre les formations politiques et les principaux courants économiques. Il fait remarquer que dans de nombreux pays, il existe deux formations politiques majeures : le centre droit et le centre gauche. Les partis de centre droit défendent l'économie de marché comme seule voie vers la prospérité, alors que les partis de centre gauche sont en faveur de l'intervention et de la tutelle de l'État. Les personnes davantage préoccupées

par le chômage ont tendance à voter pour le parti de centre gauche, alors que celles qui se soucient surtout de l'inflation votent davantage pour le parti de centre droit. De façon générale, au fur et à mesure que les partis conservateurs arrivaient au pouvoir, ils se sont surtout attachés par leur politique économique à éliminer l'inflation au détriment du chômage. À la charnière du 20ème et du 21ème siècles, dans la plupart des pays occidentaux, le contrôle de l'inflation a laissé la place au chômage comme principal objectif de la politique macroéconomique.

Bien entendu, dans un monde où les facteurs sont multiples, les problèmes ne sont pas binaires. En réalité, il existe un compromis entre l'inflation et le chômage ; c'est la courbe Phillips, illustrée plus loin dans ce rapport, qui en est la meilleure représentation. En outre, Drakopoulos fait observer que les coûts de l'inflation sur la santé sont beaucoup moins élevés que ceux du chômage, et que les groupes à revenus modestes sont bien plus éprouvés par le chômage que par l'inflation. Il ajoute par ailleurs qu'aucune étude empirique n'a jamais fait ressortir, de façon fiable et convaincante, que l'inflation pouvait avoir des effets négatifs sur la santé.

Quelles sont donc les politiques économiques qui ont un effet bénéfique sur la santé ? Celles qui visent à réduire le chômage, y compris par une hausse des dépenses de l'État, une baisse des impôts et des taux d'intérêt, et des aides à l'emploi à l'intention des entreprises afin de maintenir ou accroître le niveau de l'emploi. Celles aussi qui visent à améliorer la capital humain et à accroître la productivité en développant les compétences de la main d'œuvre, de façon à satisfaire la demande de postes dans les industries nouvelles et ce faisant, de combler les besoins encore insatisfaits qui font du tort à l'économie. Ajoutons à cela les politiques conçues pour renforcer le pouvoir d'achat des populations à bas revenus, telles que le transfert de revenus et d'allocations, qui augmentent également le niveau de santé vu que l'accès aux soins est une fonction concave du revenu.

Politiques visant directement à prévenir ou atténuer les conséquences des restructurations

Triomphe commence son étude en précisant que les restructurations sont un problème récurrent des sociétés européennes depuis plusieurs décennies ; pendant longtemps, elles ont été considérées comme des crises temporaires qui ne touchaient que les entreprises. Pour l'encadrement, les syndicats et les salariés, les restructurations engendrent toute une série de changements ; elles affectent au minimum tout un secteur organisationnel ou au pire une entreprise entière et prennent les formes les plus variées : fermeture, réduction d'effectifs, pertes d'emplois, externalisation, « offshoring », sous-traitance, fusion, délocalisation, mobilité interne ou tout autre réorganisation interne complexe. Mais généralement, pour les régions et les services de l'emploi, les restructurations se résument à des réductions d'effectifs, des fermetures d'usines et des licenciements.

Les macro-statistiques discernent deux catégories de restructurations : (1) les fermetures d'entreprises et (2) les licenciements, essentiellement collectifs. En tant que pra-

ticien, M. Triomphe perçoit les restructurations comme un phénomène soudain, qui se traduit par des licenciements ou par une réorganisation importante qui a un impact concret sur les salariés : modifications ou créations de postes, nouvelles conditions de travail.

Conformément aux directives européennes, les mesures sociales introduites dans le domaine des restructurations depuis les années 1970 ont aidé à harmoniser les législations des États membres ; pour ce faire, trois instruments principaux ont été mis en place : (1) Une directive du Conseil, (2) la délocalisation et le transfert des entreprises, (3) des fonds de garantie sociale (salaires, avantages sociaux) à l'intention des salariés. Ajoutée à cela, la Directive relative aux Comités d'entreprise européens – adoptée en 1994 et révisée en décembre 2008 – vise à s'assurer que la direction informe et consulte les membres de ces conseils chaque fois que des situations exceptionnelles affectent les intérêts des salariés, surtout lorsqu'il s'agit de délocalisation, de fermeture ou de plans de licenciements.

La directive-cadre sur la santé et la sécurité (1989/391/CE) pourrait jouer un rôle dans ce domaine en raison de trois concepts principaux : (1) une définition élargie de la santé au travail, (2) le concept de gestion des risques, (3) le rôle des représentants des salariés dans les comités de santé et sécurité au travail. Toutefois, jusqu'ici, aucune étude ne fait état de ces concepts dans la relation entre restructurations et santé. En ce qui concerne les risques des restructurations sur la santé, il y a d'autres mesures dont la mise en œuvre pourrait être utile aux partenaires sociaux, il s'agit de l'accord-cadre européen de 2004 sur le stress au travail (2004 European Framework Agreement on work-related stress) et le nouvel accord-cadre sur le harcèlement et la violence au travail (Framework Agreement on harassment and violence at work).

Ces dernières années, la notion de responsabilité sociale de l'entreprise par rapport à l'emploi a gagné du terrain et elle est maintenant largement admise (Segal & Triomphe, 2002). Grâce à cette notion de responsabilité sociale, les entreprises s'efforcent de trouver des solutions favorables pour les salariés au lieu de leur imposer des mesures aux effets négatifs ; sur la base de ces constatations, il est donc indispensable d'intégrer cette notion au processus de restructuration.

L'attitude de l'Union européenne est vraiment paradoxale. Les institutions nationales et européennes ont élaboré et mis en place quantité de politiques, de lois, d'accords, de dispositions et d'outils liés aux restructurations, afin de limiter l'impact de ces dernières et de favoriser le dialogue social d'une part, et de veiller au respect de la sécurité et de la santé au travail d'autre part. Cependant, le rapprochement entre ces deux types de missions est exceptionnel et jusqu'ici, marginal. Rares sont les données qui montrent à quel point l'impact des restructurations sur la santé est important. Pourtant, ce problème caché demeure un problème politique. Pour faire avancer les choses, M. Triomphe suggère de recueillir à la fois des indicateurs et des données, mais à une petite échelle (tant au niveau des thèmes que des pays).

EINFÜHRUNG (M. Harvey Brenner)

Überblick über die Forschungsfragen

1. Es gibt überwältigende Evidenz, übergreifend sowohl für Industrie- als auch für Entwicklungsländer, das Wirtschaftswachstum der wichtigste Einzelfaktor ist, der zu längerer Lebenserwartung und sinkenden Erkrankungs- und Behindertenraten führt. Die Art und Weise wie Wirtschaftswachstum einen solchen fundamentalen nutzbringenden Effekt auf die Gesundheit ausübt stellt sich wie folgt dar: Zum einen stellt es die grundlegenden materiellen Ressourcen zur Verfügung. Zum anderen finanziert es die Verstandesleistungen, die notwendig sind um die Grundvoraussetzungen menschlichen Lebens und der Gesundheit herzustellen und die Kapazitäten um die gesundheitlichen Risikofaktoren zu identifizieren und zu kontrollieren die in der natürlichen und in der vom Menschen geschaffenen Umwelt auftreten.
2. Dementsprechend stellt das Wirtschaftswachstum die Investitionen bereit, die für Verbesserungen bei der Ernährung, Sanitärtechnik, der Verfügbarkeit von Trinkwasser, Klimakontrolle, Verkehrswesen und elementarer Gesundheitsversorgung erforderlich sind. Es bietet die Grundlage für die Finanzierung des Industrialisierungsprozesses und für die Überwachung und Kontrolle von Faktoren welche die Gesundheit von Arbeitnehmern im produzierenden Gewerbe und bei anderen körperlichen Tätigkeiten beeinträchtigen. Es finanziert die Entwicklung von technisch anspruchsvollen Verfahren der Gesundheitsversorgung für die Behandlung von komplexen chronischen und degenerativen Erkrankungen. Es ist die Grundlage für die Finanzierung der Entwicklung von Wissenschaft und Technik im Allgemeinen sowie die für Ausbildung der Massen und der beruflichen Elite. Es ist auch die Grundlage für die Finanzierung eines sozialen Sicherungssystems, einschließlich Gesundheit, Beschäftigung, Invalidität und Gebrechlichkeit im höheren Alter, als auch für alle anderen Formen der sozialen Sicherung, einschließlich finanzieller Unterstützung für die niedrigsten sozioökonomischen Gruppen.
3. Wirtschaftswachstum ist jedoch hinsichtlich seiner Auswirkungen auf die menschliche Gesundheit und die Lebenserwartung nicht ohne eigene Probleme. Dafür gibt es mehrere Gründe. Zuerst, und vielleicht am offensichtlichsten, ist der Umstand, dass das Wirtschaftswachstum keinem glatten linearen oder exponentiellen Trend folgt. Vielmehr zeigt das Wirtschaftswachstum typische Verläufe von ökonomischen Zyklen, oder Instabilitäten, die durch ökonomische Hochkonjunkturphasen („Booms“) und Rezessionen gekennzeichnet sind. Es liegen Erkenntnisse vor, dass schnellere zyklische Verläufe gelegentlich Gesundheitsstörungen auslösen können (z.B. Verkehrsunfälle und Unfälle im Bauwesen) aber das ökonomische Rezessionen – insbesondere mit ihren Auswirkungen auf die Langzeitarbeitslosigkeit – in erheblichen Maße den vorteilhaften Einfluss des langfristigen Wirtschaftswachstums herabsetzen können und tatsächlich einen Anstieg der Mortalität bewirken.

4. Ein zweites „Problem“, das dem ökonomischen Wachstumsprozess anhaftet, besteht darin dass er mit dem strukturellen Wandel einhergeht. Im Prozess der ökonomischen Entwicklung bestand dies typischerweise in dem Übergang von einer agrarwirtschaftlichen Ökonomie zu einer die vom industriellen Sektor beherrscht wurde um dann anschließend vom Dienstleistungssektor und insbesondere den wissensbasierten Industrien dominiert zu werden, die nicht die Produktion physikalischer Güter zum Gegenstand haben.

5. Gewichtslosigkeit ist der Ausdruck der benutzt wird um den abnehmenden materiellen Anteil am Wert der Weltproduktion zu beschreiben. Der Niedergang der Schwerindustrie („De-industrialisierung“) und das relative Wachstum des Dienstleistungssektors in den reicheren Staaten ist für den Rückgang der physischen Wertschöpfung verantwortlich. Insbesondere, wird ausgeführt, dass die „wissensbasierten“ Industrien immer mehr zur Wertschöpfung beitragen. Die Software eines Computerspiels ist sein wichtigerer Wertanteil und die Ressourcen um die Software zu schreiben sind diejenigen die besonderes knapp sind, ganz im Gegensatz zu denen die zur Produktion der Konsole aufgewandt werden auf denen das Computerspiel verwendet wird. Eine wichtige Konsequenz der Gewichtslosigkeit ist das Potential für Aktivitäten und Werte sich unbelastet von Transportkosten über Staatsgrenzen hinweg zu bewegen. Eine andere Konsequenz ist die Tendenz, dass Arbeitnehmer deren Hauptqualifikation am Arbeitsmarkt aus ihrer Körperkraft besteht, einen relativen Rückgang ihres erzielbaren Einkommens erleiden.

6. Die Erhöhung der Produktivität durch strukturellen Wandel ist die Basis für einen langfristigen Anstieg des Bruttoinlandsproduktes und damit auch für einen Anstieg der Lebenserwartung. Der Übergang von einem dominierenden Sektor zu einem anderen (Agrarsektor, Industriesektor, Dienstleistungssektor etc.) beinhaltet jedoch wichtige Verschiebungen hinsichtlich der Natur der Arbeit die den nationalen Bevölkerungen zur Verfügung steht. Deshalb muss für einen erfolgreichen technologischen Wandel ein Teil der aktiven Bevölkerung Arbeiten auf einem niedrigeren technologischen Niveau durch Arbeiten auf einem höheren technologischen Niveau ersetzen. Hier gibt es jedoch einige Anomalien. Zu allererst wird der Übergang eines Unternehmens zu einem höheren technologischen Niveau es mit sich bringen, dass Arbeitnehmer auf einen weniger anspruchsvollen Niveau entlassen werden und neue und jüngere Arbeitnehmer auf einem anspruchsvolleren Niveau werden eingestellt werden. Die entlassenen Arbeitnehmer sind oft hoch bezahlt und qualifiziert. Wenn sie von ihrem Unternehmen nicht länger benötigt werden aber weiter beschäftigt sein wollen, so müssen sie dies bei Unternehmen tun, die sie zu geringeren Löhnen auf niedrigeren Qualifikationsstufen im Dienstleistungssektor einstellen (typischerweise im Einzelhandel, Gaststätten- und Transportwesen). Deshalb beginnt der Restrukturierungsprozess mit einem Anstieg der Arbeitslosigkeit, gefolgt von einer Wiederanstellung auf geringerem Qualifikationsniveau bei schlechterer Bezahlung. Eine wichtige Alternative zu diesem radikalen Übergang der Abstiegsmobilität besteht für den nur mäßig qualifizierten Arbeitnehmer mittleren Alters darin, das er sich als Kleinunternehmer selbstständig macht. Natürlich besteht noch eine andere sehr populäre Alternative für die ehemaligen Angestellten

mittleren Alters darin, aus der Erwerbsbevölkerung aufgrund von Verrentung oder Krankheit auszuscheiden.

7. Diese Ausprägung der Unternehmensrestrukturierung, mit Stellenabbau bei gleichzeitigem Wirtschaftswachstum, ist seiner Tendenz nach das Wachstumsmuster, das sich in der industrialisierten Welt seit den achtziger Jahren zeigt. Dieser breit angelegte Trend eines kontinuierlichen Wirtschaftswachstums basierend auf technologischem Wandel scheint das Hauptentwicklungsmuster der Weltwirtschaft zu sein und für diesen Trend der technologischen Entwicklung ist kein Ende absehbar. Aber dieser Trend der ökonomischen Entwicklung erfordert einen stetigen und einige sagen einen immer schnelleren, strukturellen Wandel der Beschaffenheit der Arbeit und der Qualifikationsanforderungen der Arbeitnehmerschaft. Wenn unsere Analyse zutrifft, dann bedeutet dies, dass langfristiges Wachstum eine stetige Wiederanpassung der Arbeitnehmerschaft an sich ändernde technologische Bedingungen erfordert. Hierbei sind die wesentlichen Phasen des Strukturveränderungsprozesses auch durch bedeutende Abschnitte gekennzeichnet, in denen Beschäftigung abgebaut wird (d.h. Arbeitslosigkeit).

8. Dies ist ein radikaler Wandel im Vergleich zu den drei Jahrzehnten des Wirtschaftswachstums die dem Zweiten Weltkrieg folgten. Von den fünfziger bis zu den achtziger Jahren war es für den individuellen Arbeitnehmer oder Manager relativ weit verbreitet eine einzige berufliche Laufbahn – oder vielleicht zwei – über den ganzen Lebensweg hinweg zu haben. Seit dieser Zeit sind drei oder mehr Änderungen der beruflichen Laufbahn oder zumindest organisatorische Veränderungen relativ weit verbreitet. Im Allgemeinen haben Ökonomen und Politikwissenschaftler nicht wahrgenommen, dass solche hohen Raten des technologischen Wandels, die mit dem Wirtschaftswachstum einhergehen, ein besonderes Problem darstellen. Es ist nun offensichtlich geworden, dass die Arbeitnehmerschaft solchen häufigen Änderungen des Arbeitslebens nicht vollständig angepasst ist, da die Unterbrechungen, die auch möglicherweise lange Perioden der Arbeitslosigkeit umfassen, erhebliche Kosten für die Gesundheit und die Produktivität verursachen können. Diese Kosten werden nicht durch Gewinne im Lebensstandard ausgeglichen, die normalerweise das Wirtschaftswachstum begleiten. Von Wissenschaftlern und politischen Entscheidungsträgern wird nun anerkannt, dass von einem optimalen Wirtschaftswachstum nur möglichst geringe Schockwirkungen auf die Beschäftigung der Arbeitnehmerschaft ausgehen dürfen. Dies bedeutet, dass die Arbeitnehmerschaft hinreichend gut auf technologische Übergänge vorbereitet sein muss, wenn der Strukturwandel in der Wirtschaft dies erfordert. Wenn die Arbeitnehmer nicht auf diese Art und Weise vorbereitet werden, dann erleiden sie beträchtliche Verluste hinsichtlich ihrer Gesundheit und ihrer Produktivität und sie werden aufgrund der notwendigen gesundheitlichen Versorgung und der sozialen Sicherung eine erhebliche Belastung für den Staat.

9. Eine bedeutende Form für die Restrukturierung von Unternehmen ist das Outsourcing. Outsourcing beinhaltet die Übertragung der Leistungserstellung von Management- und/oder Routineaufgaben an einen externen Dienstleistungserbringer. Die Kundenorganisation und der Zulieferer legen in einer vertraglichen Vereinbarung die

übertragenen Dienstleistungen fest. Auf der Grundlage dieser Vereinbarung erwirbt der Zulieferer Produktionsmittel in der Form, das Personal oder andere Ressourcen vom Kunden an ihn übertragen werden. Der Kunde stimmt für die Zeit der Vertragsdauer zu, die Dienstleistungen des Zulieferers in Anspruch zu nehmen. Geschäftsfelder die typischerweise outgesourct werden sind Informationstechnik, Personalwesen, Gerätschaften, Immobilien und Buchhaltung. Viele Unternehmen outsourcen auch die folgenden Bereiche: Kundenbetreuung, Kundendienst, Marktforschung, Design, Webentwicklung, Erstellung von Inhalten und Ingenieurleistungen.

10. Outsourcing überträgt Arbeitsplätze in Gebiete mit niedrigerem Einkommen, dahin wo die Arbeit outgesourct wird. Dies schafft Arbeitsplätze in diesen Gebieten und bewirkt so eine Nettoangleichung bei der gesamten Verteilung des Reichtums. Es wird argumentiert, dass durch Outsourcing von Arbeitsplätzen schlechter bezahlte Arbeitnehmer ausgebeutet werden. Eine gegensätzliche Ansicht ist die, dass mehr Menschen beschäftigt werden und Nutzen aus bezahlter Arbeit ziehen.

11. Eine anderer wichtige, wenn nicht vielleicht sogar die einschneidendste Form der Restrukturierung betrifft den zunehmenden Trend der Globalisierung. Globalisierung betrifft die weltweite geographische Verlagerung von inländischen Wirtschaftsaktivitäten, die aus den Nationalstaaten herausgelöst werden. Die Organisation für wirtschaftliche Zusammenarbeit und Entwicklung definiert Globalisierung als „die geographische Aufteilung von Industrie- und Dienstleistungsaktivitäten (z.B. Forschung und Entwicklung, Beschaffung, Produktion und Vertrieb) und das grenzüberschreitende vernetzte Arbeiten von Unternehmen (z.B. durch Joint Ventures und gemeinsame Anlagennutzung“. Die offensichtlichste Erscheinungsform dieses Prozesses zeigt sich darin, dass die jährliche Wachstumsrate des internationalen Handels beständig höher ausfiel als der Produktionszuwachs während multinationale Unternehmen ihre Operationen stetig ausgeweitet haben. Allerdings benötigt Globalisierung nicht mehr die physische Anwesenheit in anderen Ländern, oder gar Exporte oder Importe. Aktivitäten können z.B. durch Lizenzvergaben in das Ausland verlagert werden, wobei es nur erforderlich ist, dass Informationen und Finanzmittel die Grenzen passieren.

12. Die Beweggründe der Globalisierung beinhalten niedrigere Arbeitskosten und andere Vorteile der Faktorausstattung im Ausland sowie die Umgehung von tarifären und nicht-tarifären Handelshemmnissen. Es wurden Besorgnisse geäußert, dass ökonomische Aktivitäten und Beschäftigung aus den entwickelten Ländern in die Entwicklungsländer abwandern könnten aber die Theorie des internationalen Handels und die Erfahrungen der Vergangenheit legen nahe, dass langfristig alle Staaten von der Globalisierung profitieren werden. Dies hat aber nicht die Sorgen mindern können, dass bestimmte Teile der Bevölkerung in den reichen Ländern, – insbesondere relativ schlecht ausgebildete Arbeitnehmer – zu den Verlierern gehören werden, da ungelernte Arbeitskraft den Unternehmen weltweit in großer Fülle zur Verfügung steht. In den letzten Jahren hat die Globalisierung – oder das internationale Outsourcing – von sogar technisch anspruchsvollen Tätigkeiten wie Softwareentwicklung, Technologiedesign und Forschungstätigkeiten klargemacht, dass die Suche nach niedrigeren Arbeitskosten durch die multinationalen Unternehmen tatsächlich keine nationalen Grenzen mehr

kennt. Während die etablierten Ökonomen darin übereinstimmen, dass langfristig die Weltwirtschaft (ebenso wie die nationalen Ökonomien) durch die Globalisierung Vorteile erlangen, ist ebenso klar, dass es in den hoch entwickelten Industrieländern erhebliche kurzfristige Verluste für ungelernte und in zunehmendem Maße auch für besser ausgebildete Arbeitnehmer geben kann.

13. Unter den etablierten Ökonomen gibt es keine Meinungsverschiedenheiten über den Stellenwert des Verlustes an Lebensstandard in der augenblicklichen internationalen Rezession. Alles was hier zuvor über die Bereitstellung von grundlegenden, lebenserhaltenden Gütern sowie der Entwicklung der Technologie, den Wissenschaften, der Ausbildung und der Gesundheitsversorgung ausgeführt worden ist, lässt sich auch auf das Gegenteil von Wirtschaftswachstum, nämlich die Rezession anwenden. In der Rezession verlieren wir zusätzlich einige der finanziellen Möglichkeiten in soziale Sicherung zu investieren. Dies umfasst Arbeitslosenversicherung, aktive Arbeitsmarktpolitik, Umschulungsmaßnahmen, eine allgemeine Verbesserung des Humankapitals durch breit angelegte Ausbildungsmaßnahmen und Unterstützungszahlungen für behinderte Rentner und gebrechliche Ältere.

14. Zusammengefasst lässt sich feststellen, dass wir mit einer Problemgemengelage aus internationaler Rezession im Kontext eines Wirtschaftswachstums konfrontiert sind, welches in starkem Maße vom technologischen Wandel und der Globalisierung abhängt. Was sind unter diesen Bedingungen die besonderen Problemgruppen die politische Entscheidungsträger in Betracht ziehen müssen, wenn sie über die gesundheitlichen Auswirkungen dieser verflochtenen wirtschaftlichen Veränderungen nachdenken. Die Partner in diesem Projekt, welche Frankreich, Deutschland, Griechenland, Ungarn, Schweden, das Vereinigte Königreich, die Internationale Arbeitsorganisation und die Weltgesundheitsorganisation repräsentieren, haben Übersichtspapiere zu mehreren der wichtigsten Themen zusammengestellt, die sich auf das Problem des ökonomischen Wandels und der Gesundheit beziehen.

15. Die Beiträge behandeln die folgenden Themen: die theoretischen Zusammenhänge zwischen den Ursachen der Restrukturierung und der Gesundheit; grundlegende Konzepte und Definitionen der ökonomischen Globalisierung, ihre letzten Entwicklungen, Nutzen und Bedrohungen sowie quantitative Indikatoren, die Bedeutung der Geschwindigkeit der ökonomischen Restrukturierung; die Beziehung zwischen Arbeitslosigkeit, Wirtschaftswachstum und Mortalität auf der regionalen Ebene; die Auswirkungen der Rezession auf die wirtschaftliche Ungleichheit und damit auf die Mortalität; die Auswirkungen der Wirtschaftspolitik in Beziehung zu Konjunkturzyklen und gesundheitlicher Ungleichheit; internationale und nationale politische Maßnahmen, die darauf abzielen die Konsequenzen der Restrukturierung zu verhindern oder abzumildern.

16. In „die theoretischen Zusammenhänge zwischen Restrukturierung und Gesundheit“ beschreibt Brenner zuerst die wesentlichen Ausgangspunkte, die einen starken Einfluss auf den Restrukturierungsprozess haben. Diese umfassen Globalisierung (über den internationalen Handel), den technologischen Wandel (dies ist die Haupt-

quelle des Produktivitätszuwachses); Regierungspolitik (einschließlich internationaler Wettbewerbsfähigkeit, Investitionen in Hochtechnologie, Investitionen in Wissenschaft und Ausbildung, Einwanderungspolitik) und Managementstile (einschließlich der Entwicklungen in den „akademischen“ Managementtheorien hinsichtlich Kostenkontrolle, Gewinnmaximierung, soziale Verantwortung, Investitionen in Anlagegüter vs. Humankapital etc.). Mögliche Effekte, die wichtige Teile der arbeitenden Bevölkerung beeinträchtigen könnten umfassen: Deindustrialisierung, Stellenabbau, Outsourcing, Verlagerungen in das Ausland sowie Standortverlagerungen.

Diese strukturellen Veränderungen auf der Unternehmensebene können sich insofern als schädlich erweisen, als sie Arbeitslosigkeit, Abstiegsmobilität und ökonomische Ungleichheit beinhalten. Relativ erfolgreiche Wiederbeschäftigung (typischerweise in neuen Industrien oder Unternehmen) könnte tatsächlich eine Ausweitung der wirtschaftlichen Chancen beinhalten. Dies könnte besonders dann der Fall sein, wenn unternehmerische Chancen eine Ausweitung der selbständigen Beschäftigung bewirken würde. Es wird sich jedoch ein beträchtlicher Anteil der Arbeitslosen vollständig aus der Erwerbstätigkeit zurückziehen, teilweise weil sie auf der Suche nach neuer Arbeit „entmutigt“ werden oder aufgrund von Verrentung oder Krankheit/Behinderung. Ein anderer großer Teil der ehemaligen Arbeitslosen wird neue Beschäftigung in Industrien und Unternehmen finden wobei sie Abstiegsmobilität erleben müssen weil sie mit Rückstufungen bei Gehältern und Leistungen, Beschäftigungsstatus, Dienstalter, sozialer Sicherung und Rentenansprüchen eingestellt werden. Beeinträchtigungen der Gesundheit könnten folgendes umfassen: Krankheit und Verletzungen, erhöhte Sterblichkeit aufgrund von kardiovaskulären und Stress bezogenen Erkrankungen, verringerte Lebenserwartung, verringerte gesunde Lebensjahre und gestiegene behinderungsbereinigzte Lebensjahre. Abmildernde politische Maßnahmen der Regierung, die schädliche gesundheitliche Auswirkungen kompensieren könnten, umfassen: Vorbereitung der Arbeitnehmer, Arbeitslosenunterstützung, Abfindungszahlungen, Umschulungen und Maßnahmen zur Förderung von Gesundheit und Sicherheit.

Der nächste Abschnitt von Andreeva und Laurijssen identifiziert die entscheidenden Faktoren, Hauptkomponenten, Eigenschaften und die letzten Entwicklungen der ökonomischen Globalisierung. Die Autoren fassen die Diskussionen um positive und negative makroökonomische und soziale Effekte der Globalisierung zusammen. Insbesondere gab es im letzten Jahrzehnt eine zunehmende Entwicklung hin zu mehr spekulativen Investitionen, die für die tiefgreifende Krise auf den Finanzmärkten verantwortlich war. Es wird hervorgehoben, dass die Restrukturierung von Unternehmen zu oft für den Zweck – oder als Folge von – Investitionsmethoden stattfinden, die darauf ausgerichtet sind schnelle und große finanzielle Erträge abzuwerfen, als dass sie auf die stabile Entwicklung von Unternehmen ausgerichtet sind.

17. Das Papier von Andreeva, Mihalyi und Theorell untersucht die Rolle der Restrukturierungsgeschwindigkeit als Faktor für gesundheitliche Auswirkungen. Sie verweisen darauf, dass moderne Industriegesellschaften auf die Arbeit zentriert sind und dass Arbeit eine wichtige soziale Komponente des Lebens darstellt. Ein von den Marktkräften getriebener schneller Umbau (Restrukturierung) als auch eine langsame Restrukturierung

rung werfen Probleme auf. Aber eine nicht stattfindende Restrukturierung oder eine sehr langsame führt zu langsamem Wachstum, Inflation und Wechselkursinstabilitäten. Stellenabbau bewirkt negative Veränderungen am Arbeitsplatz – zum Beispiel erhöhte körperliche Anforderungen, Arbeitsüberwachung und Arbeitsplatzunsicherheit, Einschränkung von eigenen Ermessensspielräumen sowie physische Risiken.

Organisatorische Instabilität, einschließlich Stellenabbau, bewirken mit Stress erfüllte, physisch gefährliche oder auf andere Weise schlechte Arbeitsbedingungen, die eine schlechte Gesundheit hervorrufen. Arbeitsplatzverlust verläuft mit einer Abfolge von allmählichen Anpassungen über eine Schonzeit hin zu wahrgenommenen psychologischen und biochemischen Stress der in der Langzeitarbeitslosigkeit zu Depressionen und erhöhtem Selbstmordrisiko führt. Die Anpassungsfähigkeit gegenüber Stress kann herabgesetzt werden – vollkommene Erschöpfung tritt über einen langen Zeitabschnitt ein. Und schlussendlich führen die Mitarbeiterkürzungen nicht immer zu den erwarteten Einsparungen.

18. Das Papier von Edenharter zeigt die Relevanz der regionalen Dimension für das Verständnis der Zusammenhänge zwischen Lebenserwartung, Restrukturierung und Rezession. Edenharter benutzt lineare Regressionsmodelle als Werkzeug um die regionalen Zusammenhänge zwischen Lebenserwartung und zwei ökonomischen Indikatoren, Arbeitslosigkeit und Einkommen zu beobachten. Sein Papier zeigt, dass sich erhebliche Zuwächse bei der Variabilität der Lebenserwartung ergeben wenn man von hoch aggregierten regionalen Ebenen zu geringer aggregierten regionalen Ebenen übergeht. Die Modelle von Edenharter zeigen, dass der historische ökonomische Hintergrund einer Region die Lebenserwartung sowohl für Frauen als auch für Männer beeinträchtigen kann. Darüber hinaus wird zeigen Streudiagramme dass die Regionen in Ostdeutschland hinsichtlich der Lebenserwartung benachteiligt sind. Insgesamt ergibt sich, dass die Lebenserwartung von Männern sehr stark beeinflusst wird, bei Frauen ist der Effekt schwächer aber dennoch deutlich ausgeprägt.

19. Theodossiou gibt einen Überblick über die Literatur zu den Auswirkungen der sozioökonomischen Ungleichheit auf die Gesundheit und die verborgenen Kosten der Rezession. Die empirische Literatur zeigt, dass Einkommensungleichheit sowohl der Gesundheit der Armen als auch der Reichen schadet. Darüber hinaus ergibt sich, dass der niedrige soziale Status in der Gesellschaft die Gesundheit der Armen negativ beeinflusst. Der soziale Status hängt sowohl mit der Kontrolle des eigenen Lebens als auch mit der Beteiligung am gesellschaftlichen Leben zusammen. Individuen auf der untersten Stufe der sozialen Hierarchie sind wegen der Einschränkung der Kontrolle ihres Lebens oder der beschränkten Teilhabe an dem was die Gesellschaft insgesamt zu bieten hat, einem höherem Stressniveau ausgesetzt. Einer fragmentierten Gesellschaft anzugehören, verstärkt die negativen Effekte der geringen sozialen Integration und die nachteiligen Effekte der geringen Kontrolle des eigenen Lebens.

Theodossiou argumentiert, dass die Ungleichheit im Zugang zur Gesundheitsversorgung nicht hinreichend die Ungleichheit in Bezug auf die Gesundheit der verschiedenen nationalen Bevölkerungen erklären kann. Politische Initiativen sollten darauf abzie-

len, die negativen Effekte von ungünstigen Bedingungen am Arbeitsmarkt und von Armut auf die Gesundheit abzumildern. Politische Maßnahmen, die die Einkommensungleichheit verringern oder Maßnahmen die dazu beitragen „soziale Ausgrenzung“ zu beseitigen werden wahrscheinlich zu einer Verbesserung der Gesundheit der gesamten Bevölkerung beitragen.

20. Drakopoulos diskutiert die Wirtschaftspolitik in Hinsicht auf Konjunkturzyklen und der sich daraus ergebenden Ungleichheit des Gesundheitszustandes. Er gibt einen Überblick über die Geschichte der Wirtschaftspolitik mit ihren theoretischen Hintergründen seit der Periode der klassischen Ökonomen, dem revolutionären Keynesianern und den neuen klassischen und monetaristischen Theorien bis zur heutigen Zeit. Dieser Überblick demonstriert klar, wie die jeweilige aktuelle Wirtschaftspolitik den theoretischen Perspektiven der führenden ökonomischen Denker ihrer Zeit untergeordnet war und auch weiter so sein wird. Die Dominanz dieser Theoretiker ist dann von den Ansichten der regierenden politischen Parteien abhängig.

In den letzten wenigen Jahrzehnten lag die Betonung der Wirtschaftspolitik auf der Beseitigung der Inflation was zu Lasten der Bekämpfung der Arbeitslosigkeit ging. Viele politisch-ökonomische Modelle beginnen mit der Tatsache, dass es in vielen Ländern zwei wichtige Parteien/Formationen gibt: Mitte-rechts und Mitte-links. Die Mitte-rechts Parteien vertreten eine freie Marktwirtschaft als den Weg um Wohlstand zu erreichen während die Mitte-links Parteien staatliche Intervention vertreten. Es gibt auch eine sozioökonomische Grundlage für Wahlerfolge in dem Sinne, dass Individuen die mehr über Arbeitslosigkeit besorgt sind, eher die Mitte-links Partei wählen, während diejenigen die sich mehr Gedanken um die Inflation machen eher Mitte-rechts unterstützen. Geringverdiener, Arbeiter, Lohnempfänger sind durch Arbeitslosigkeit eher gefährdet als Individuen mit höherem Einkommen, die durch Inflation mehr verlieren können als diejenigen in Beschäftigungsverhältnissen mit geringem Einkommen. In Rahmen dieses Ansatzes wird auch die Ansicht vertreten, dass Individuen mit höherem Einkommen mehr durch die Inflation zu verlieren haben, als diejenigen mit Beschäftigung in Niedriglohnbereich.

Es gibt einen anerkannten Zielkonflikt zwischen Arbeitslosigkeit und Inflation. Vor dem Hintergrund einer politisch-ökonomischen Wahl zwischen Arbeitslosigkeit und Inflation muss festgestellt werden, dass die gesundheitlichen Kosten der Inflation viel geringer sind, als die der Arbeitslosigkeit. Denn, Gruppen mit niedrigem Einkommen sind von Arbeitslosigkeit viel mehr betroffen als von Inflation. Darüber hinaus gibt es keine empirische Studie die einen robusten negativen Effekt von Inflation auf die Gesundheit gefunden hat. Insbesondere eine expansive Fiskal- und Geldpolitik, wie erhöhte Staatsausgaben, geringere Besteuerung und niedrigere Zinsen, die darauf abzielen die Arbeitslosigkeit zu vermindern, werden einen vorteilhaften Effekt für die Gesundheit haben. Das gleiche gilt für Subventionen zur Beschäftigungssicherung in Unternehmen, die das Beschäftigungsniveau aufrechterhalten/steigern. Darüber hinaus werden politische Maßnahmen die so entworfen sind, dass sie die Kaufkraft von Geringverdienern steigern, wie Einkommen- und Leistungstransfers, nicht nur die Gesamtnachfrage steigern und den Druck der Arbeitslosigkeit vermindern, sondern auch das Gesundheitsni-

veau erhöhen, vorausgesetzt das Gesundheit eine konkave Funktion des Einkommens ist.

21. Triomphe hat ein umfassendes Papier erarbeitet, in dem er einen Überblick über abmildernde politische Maßnahmen durch die Europäische Union und mehrerer Mitgliedstaaten hinsichtlich der Effekte der Arbeitsplatzverlagerung auf die Gesundheit gibt. Restrukturierung ist seit Jahrzehnten ein beständiges Problem für europäische Gesellschaften und wurde lange Zeit als eine temporäre Krise betrachtet, die auf die Ebene der Unternehmen beschränkt blieb. Für Manager, Gewerkschaften und Beschäftigte bezieht sich Restrukturierung auf ein breites Bündel von Veränderungen, die zumindest eine ganze organisatorische Einheit oder ein ganzes Unternehmen durch Schließungen, Stellenabbau, Verluste an Arbeitsplätzen, Outsourcing, Verlagerungen ins Ausland, Subunternehmertum, Zusammenschlüsse, Verlagerungen, interne Arbeitsmobilität oder andere komplexe interne Reorganisationen bestanden. Aber, üblicherweise bedeutet es für Arbeitsvermittlungen und Regionen Stellenabbau, die Schließung von Fabriken und Entlassungen.

Soziale Maßnahmen, die gemäß europäischer Richtlinien im Bereich der Restrukturierung seit den siebziger Jahren eingeführt wurden um die bestehende Gesetzgebung innerhalb der Mitgliederstaaten zu harmonisieren, beinhalten drei Hauptinstrumente: (1) Die Richtlinie des Rates (2) Verlagerung und Transfer von Unternehmen (3) Soziale Garantiefonds (Gehälter, Leistungen) für Arbeitnehmer. Zusätzlich, die Richtlinie des Europäischen Arbeitsrates – angepasst 1994 und kürzlich im Dezember 2008 mit dem Ziel revidiert, sicherzustellen, dass das Management in Ausnahmesituationen welche die Interessen der Beschäftigten betreffen die Ratsmitglieder informiert und sich mit ihnen berät, insbesondere im Falle von Verlagerungen, Schließungen und Massenentlassungen.

Europäische und nationale Rahmenprogramme haben eine Vielzahl von politischen Maßnahmen, Gesetzen, Vereinbarungen, Absprachen und Werkzeugen in Bezug auf Restrukturierungen gefördert. Einerseits, um deren Auswirkungen abzumildern und den sozialen Dialog voranzubringen – und um andererseits die Sicherheit am Arbeitsplatz und Gesundheit zu schützen. Aber das Zusammenwirken von europäischen und nationalen Aktivitäten ist selten und typischerweise eher begrenzt. Die wenigen Daten, die existieren zeigen die Bedeutung der Auswirkung der Restrukturierung auf die Gesundheit. Aber das Problem bleibt im Verborgenen und es ist ein politisches Problem. Triomphe schlägt vor, innerhalb eines begrenzten europäischen Rahmens, Indikatoren und Daten zu sammeln.

Struktur und Aufbau der wichtigsten Datenbanken

THE SOURCES OF DATA		
Source	Source names	
I WHO Data		
1	WHOSIS	World Health Organization - Statistical Information System
2	WHO-GIB	WHO Global InfoBase Online
3	WHO-GHA	Global Health Atlas
4	WHO-ROS	WHO regional office statistics
II OECD Data		
5	OECD.Stat	Organisation for Economic Cooperation and Development
III EU Data		
6	EUROSTAT	Eurostat Data
7	European Sourcebook	European Sourcebook of Crime and Criminal Justice Statistics
IV ILO Data		
8	KILM	ILO (International labour office) - KILM (Key Indicators of the Labour Markets)
9	LABORSTA	ILO database on labour statistics operated by the ILO Bureau of Statistics
V World Bank Data		
10	WBDI	World Bank - World Development Indicators 2008
VI United Nations Data		
11	UNSD	United Nations - Statistics Division
12	UN-DESA	United Nations Department of Economic and Social Affairs
13	UNODC	United Nations Office on Drug and Crime
14	UNESCO	United Nations Organization for Education, Science and Culture
15	UNICEF	United Nations Children's Fund
16	UNEP	United Nations Environment Programme
17	UNECE	United Nations Economic Commission for Europe
18	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
19	UNECA	United Nations Economic Commission for Africa
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division
VII Other Sources		
21	USDA	United States Department of Agriculture - Foreign Agricultural Service
22	USCB	United States Census Bureau
23	IMF	International Monetary Fund
24	CIA	Central Intelligence Agency - The World Factbook
25	BS	Bertelsmann-Stiftung
26	IEA	International Energy Agency
27	JA	Johnston's Archive
28	WEF	World Economic Forum - The Global Competitiveness Report

	SOURCE-ABBREVIATION	DATABASES	MAIN TOPICS
I	World Health Organization (WHO) Data		
1	WHOSIS	WHO Statistical Information System	Mortality and burden of disease
			Health systems resources
			Health service coverage
			Inequities
			Risk factors
			Demographic and socioeconomic statistics
2	WHO-GIB	WHO Global InfoBase Online	Risk Factors for Chronic Disease
			Chronic Disease/Condition
3	WHO-GHA	WHO Global Health Atlas	Communicable diseases
			Human Resources for Health
			Noncommunicable diseases
			World Health Statistics
4	WHO-ROS	WHO Regional Office Statistics	Mortality indicators by 67 causes of death, age and sex (HFA-MDB)
			European detailed mortality database (DMDB)
			European hospital morbidity database (HMDDB)
			Centralized information system for infectious diseases (CISID)
			Alcohol control database
			Nutrition policy database
			Prison health database
			Tobacco control database
II	Organisation for Economic Cooperation and Development (OECD) Data		
5	OECD.Stat		Agriculture & Fishery Statistic
			Demography and Population
			Development Statistic
			Economic Projections
			Education & Training Statistic
			Environment
			Finance
			Statistic of globalization
			Health Data Statistic

			Industry & Services Statistic
			International Trade & Balance of Payment
			Labour Force Statistic
			Productivity
			National Account Statistic
			Prices and Purchasing Power Parities
			Public sector, Taxation and Market regulation
			Science, Technology and Patents
			Social and Welfare Statistic
6	OECD Health Data		Health Status
			Health Care Resources
			Health Care Utilization
			Long-term Care Resources and Utilization
			Expenditure on Health
			Health Care Financing
			Social Protection
			Pharmaceutical Market
			Non-medical determinants of Health
			Demographic References
			Economic References
III	European Commission Data (Eurostat) Data		
7	EUROSTAT	Structural Indicators Database	General economic background
			Employment
			Innovation and research
			Economic Reform
			Social Cohesion
			Environment
		Data for short-term economic analysis	Balance of payments
			Business and Consumers Surveys
			Consumer prices
			External Trade
			Industry, Commerce and Services (plus separate base page for Energy)

				Labour Market	
				Monetary and Financial Indicators	
				National Accounts (plus separate base page for Government Accounts)	
				Socio-Economic Development	
				Sustainable Consumption and Production	
				Social Inclusion	
				Demographic Changes	
				Public Health	
				Climate Change and Energy	
				Sustainable Transport	
				Natural Resources	
				Global Partnership	
				Good Governance	
				Government Finance Database	
				Harmonized indices of consumer prices (HICP) Database	
				Statistical Yearbooks	
IV	International labour office (ILO) Bureau of Statistics Data				
8	KILM			Labour force participation rate	
				Employment-to-population ratio	
				Status in employment	
				Employment by sector	
				Part-time workers	
				Hours of work	
				Employment in the informal economy	
				Unemployment	
				Youth unemployment	
				Long-term unemployment	
				Unemployment by educational attainment	
				Time-related underemployment	
				Inactivity rate	

			Educational attainment and illiteracy
			Manufacturing wage indices
			Occupational wage and earning indices
			Hourly compensation costs
			Labour productivity and unit labour costs
			Employment elasticities
			Poverty, working poverty and income distribution
9	LABORSTA	ILO database on labour statistics	Total and Economically Active Population
			Employment
			Unemployment
			Hours of Work
			Wages
			Labour Cost
			Consumer Price Indices
			Occupational Injuries
			Strikes and Lockouts
			Household Income and Expenditure
			International Labour Migration
V	World Bank Data		
10	WDI	World Development Indicators 2008	I People
			Health
			Population
			Labour Force
			Income
			Education
			II Environment
			Land
			Biodiversity
			Water
			Energy
			Urbanization
			Emissions

			Adjusted Savings
			III Economy
			National account
			Purchasing power parity (PPP)
			Trade
			Government Finance Statistics (GFS)
			Money
			Balance of Payment
			IV States and Markets
			Investment
			Business
			Finance
			Taxes
			Defence
			Policy
			Infrastructure
			Technology
			V Global Links
			Integration
			Debt
			Financial Flow
			Aid Dependency
			Migration
			Tourism
VI	United Nations Data		
11	UNCTAD	United Nations Conference on Trade and Development	Commodity Price Statistics
			Global databank on world trade in creative products
			Handbook of Statistics
			Foreign Direct Investment
			Information and Communication Technology Statistics
			Millennium Indicators
			Trade Analysis and Information system (TRAINS)

12	UNSD	United Nations - Statistics Division	
13	UN-DESA	United Nations Department of Economic and Social Affairs	
13	UNODC	United Nations Office on Drug and Crime	
14	UNESCO	United Nations Organization for Education, Science and Culture	
15	UNICEF	United Nations Children's Fund	
16	UNFCCC	United Nations Framework Convention on Climate Change	
17		United Nations regional office statistics	United Nations Economic Commission for Europe (UNECE)
18			United Nations Economic and Social Commission for Asia & the Pacific (UN-ESCAP)
19			United Nations Economic Commission for Africa (UNECA)
20	FAOSTAT	Food and Agriculture Organization of the United Nations - Statistics Division	
21	UNAIDS	Joint United Nations Programme on HIV/AIDS	
22	UNDP	United Nations Development Programme	
23	UNHCR	United Nations High Commissioner for Refugees	
VII	Other Sources		
24	ICAO	International Civil Aviation Organization	
25	ITU	International Telecommunications Union	
26	IEA	International Energy Agency	
27	WIPO	World Intellectual Property Organization	

28	USDA	United States Department of Agriculture	Foreign Agricultural Service
29	USCB	United States Census Bureau	
30	IMF	International Monetary Fund	
31	CIA	Central Intelligence Agency	The World Factbook
32	BS	Bertelsmann-Stiftung	Bertelsmann transformation index
33	JA	Johnston's Archive	
34	WEF	World Economic Forum	The Global Competitiveness Report

Zusammenfassungen der wichtigsten Forschungspapiere

Globalisierung und Restrukturierung: Allgemeine Aspekte und Indikatoren

Im ersten Abschnitt beschreibt Brenner die wesentlichen externen Faktoren, die einen starken Einfluss auf den Restrukturierungsprozess haben. Diese umfassen Globalisierung (über den internationalen Handel), den technologischen Wandel (dies ist die Hauptquelle des Produktivitätszuwachses); Regierungspolitik (einschließlich internationale Wettbewerbsfähigkeit, Investitionen in Hochtechnologie, Investitionen in Wissenschaft und Ausbildung, Einwanderungspolitik) und Managementstile (einschließlich der Entwicklungen in den „akademischen“ Managementtheorien hinsichtlich Kostenkontrolle, Gewinnmaximierung, sozialer Verantwortung, Investitionen in Anlagegüter vs. Humankapital etc.). Mögliche Effekte, die wichtige Gruppen der arbeitenden Bevölkerung beeinträchtigen könnten umfassen: Deindustrialisierung, Stellenabbau, Outsourcing, Verlagerungen in das Ausland sowie Standortverlagerungen.

Es gibt eine umfangreiche Forschungsliteratur über den Einfluss von Arbeitslosigkeit auf eingeschränkte Gesundheit und erhöhte Mortalität. Diese Literatur hat sich im Allgemeinen mit Rezessionen oder beinahe Rezessionen, das bedeutet relativ langsames Wirtschaftswachstum, befasst. Auf der Grundlage dieser Literatur lässt sich die Schlussfolgerung ziehen, dass industrielle Restrukturierung – was in den letzten 20 Jahren immer häufiger vorkam – die typischerweise Verluste von Arbeitsplätzen mit sich bringt, auch zu höheren Erkrankungs- und Mortalitätsraten führte. Dies träfe sogar dann zu, wenn Restrukturierung nicht mit Rezessionen einherginge. In der Tat führten die Erkenntnisse über die Auswirkungen von Arbeitsplatzverlusten zu einer kleinen Anzahl von Studien in Skandinavien und dem Vereinigten Königreich. Diese fanden heraus, dass Unternehmensrestrukturierungen mit Arbeitsplatzabbau erhöhte Erkrankungs- und Mortalitätsraten bedeuten.

Die Frage für diese Studie ist, ob ähnliche Muster der Restrukturierung, die zu Arbeitslosigkeit und dann zu erhöhter Morbidität und Mortalität führen, auch in verschiedenen europäischen Ländern und der industrialisierten Welt im Allgemeinen beobachtet werden könnten. Die daran geknüpfte Fragestellung war, ob solche Beziehungen auf nationaler Ebene beobachtet werden könnten, so dass daran erkenntlich würde, dass politische Maßnahmen auf nationaler Ebene, in bestimmter Weise, diese Beziehungen verändern oder abschwächen könnten. Was diese Probleme auf nationaler Ebene wirklich sehr komplex macht, ist der Umstand, dass der Restrukturierungsprozess üblicherweise auf wichtigen technologischen Änderungen in der Industrie oder den augenblicklichen Globalisierungsmustern basiert, die größtenteils im verarbeitenden Gewerbe, aber auch in einigen Dienstleistungsbereichen, Beschäftigung von den traditionellen „industriellen“ Gesellschaften zu Entwicklungsländern mittleren Niveaus und von West- nach Osteuropa verlagern.

Dieser Typ der industriellen Restrukturierung, der von technologischem Wandel begleitet ist, kann in groben Zügen anhand der Verlagerung des maßgeblichen Anteils am Bruttoinlandsprodukt und der Erwerbsbevölkerung von der Agrarwirtschaft zur Industrie und schließlich in den Dienstleistungsbereich und der tiefer gehenden „wissensbasierten“ Ökonomie, die an Hochtechnologie und Informationswissenschaften gekoppelt ist, wahrgenommen werden. Dieser Typ technologischen Wandels repräsentiert in klarer Form ein übliches ökonomisches Wachstumsmuster, das als ökonomische Entwicklung bekannt ist und das üblicherweise dazu benutzt wird jenen Typ von Wachstum zu beschreiben, der in Entwicklungsländern vorgefunden wird. In entwickelten Gesellschaften ergibt sich jedoch die größte Verlagerung von der industriell dominierten Ökonomie zu einer, die überwiegend vom Dienstleistungsbereich dominiert wird. Dieser Typ des Wachstums ist klar an eine Verlängerung der Lebenserwartung und einem langfristigen Rückgang der altersstandardisierten Mortalität gekoppelt.

Während Technologie basiertes Wachstum einen Hauptfaktor für den langfristigen Zuwachs der Lebenserwartung darstellt, können Abweichungen von diesem Wachstumspfad, überwiegend in der Form von Schocks (z.B. Ölkrisen) und Rezessionen, den Effekt haben, dass die Mortalität über einen Zeitraum von einem bis fünf Jahren ansteigt.

Wir wissen wenig über den langfristigen Einfluss des Wirtschaftswachstums, das mit der Globalisierung einhergeht. Es gibt unter den einigen Ökonomen die weit verbreitete Ansicht, dass Globalisierung zu größerer Einkommensungleichheit führt und das eine Zunahme der Einkommensungleichheit zu höheren Mortalitätsraten führt. Andererseits, gibt es diejenigen, die diesen Standpunkt ablehnen und die argumentieren, dass ein gestiegenes Bruttoinlandsprodukt pro Kopf auch ein erhöhtes Einkommen für den Teil der Bevölkerung im untersten Quintil nach sich zieht. In diesem Fall würden Wirtschaftswachstum und die damit verbundene Restrukturierung nicht notwendigerweise zu größerer ökonomischer Ungleichheit oder höherer Mortalität führen. Dies steht jedoch im Widerspruch mit der Beobachtung auf Unternehmensebene, dass die am schlechtesten Ausgebildeten, und manchmal sogar Angestellte auf mittlerer Ebene (Manager), von ökonomischen Einbußen viel stärker betroffen werden als diejenigen auf höheren Positionen.

Der nächste Abschnitt von Andreeva und Laurijssen identifiziert die entscheidenden Faktoren, Hauptkomponenten, Eigenschaften und die letzten Entwicklungen der ökonomischen Globalisierung. Grundlegend lässt sich Globalisierung mit wenigen Schlüsselwörtern beschreiben: Es ist ein dynamischer und mehrdimensionaler Prozess, der sich aus den folgenden Komponenten zusammensetzt: ökonomische Integration und Internationalisierung der Märkte, Beseitigung von Marktzugangsbarrieren, erhöhte Interdependenz der nationalen Ökonomien, Anstieg der Direktinvestitionen im Ausland, zunehmende internationale Mobilität von nationalen Ressourcen, steigender Wettbewerb zwischen Staaten und Unternehmen sowie steigender Umfang und sich der Art nach ändernder internationaler Handel.

In mancher Hinsicht kann Globalisierung als mikroökonomisches Phänomen gesehen werden, das durch die Unternehmensstrategien vorangebracht wird, mit denen auf

Veränderungen der globalen ökonomischen Märkte reagiert wird. Die Wörter „Wettbewerb“ und „Wettbewerbsfähigkeit“ repräsentieren in diesem Kontext mehr als nur eine Überlebensstrategie; sie müssen als das letztendliche Ziel von Unternehmen, Staaten und Gesellschaften interpretiert werden. Der erbitterte Wettbewerb hat die Unternehmen zu organisatorischer Restrukturierung gedrängt, die z.B. Verlagerungen ins Ausland und Outsourcing beinhaltet.

Aus der Globalisierung ergeben sich viele Vorteile. Sie fördert offene Gesellschaften und offene Ökonomien und ermutigt einen freieren Austausch von Gütern, Ideen und Wissen. Nahezu alle Ökonomen stimmen überein, dass freier Handel die ökonomische Wohlfahrt eines Landes fördert. Es gibt jedoch Verlierer in den Ländern, da Arbeit von den Sektoren, die im globalen Wettbewerb verloren haben, zu den Sektoren verlagert wird, die von ihm profitiert haben. Die Bewegung hin zu gesteigerter Wettbewerbsfähigkeit und Produktivität übt auch mehr Druck auf Löhne und Arbeitsbedingungen aus.

Es gibt Diskussionen über negative soziale Effekte der Globalisierung. Hierzu gehören: Marginalisierung und soziale Ausgrenzung, Zerstörung von Sicherungsnetzen, Überbeanspruchung von natürlichen Ressourcen und steigende technologische und ökonomische Ungleichgewichte zwischen reichen und armen Ländern.

Die oft diskutierten negativen makroökonomischen Effekte beinhalten einen Rückgang der Reallöhne für bestimmte Kategorien von Arbeitnehmern, eine Verschlechterung der Handelsbedingungen, einen möglichen Rückgang des Innovationspotentials, den Verlust von Steuereinnahmen, negative regionale Auswirkungen und eine steigende Tendenz hin zu spekulativeren Investitionen was für die tief greifende der Finanzmärkte verantwortlich war. Es wird hervorgehoben, dass die Restrukturierung von Unternehmen zu oft für den Zweck – oder als Folge von – Investitionsmethoden stattfindet, die darauf ausgerichtet sind schnelle und große finanzielle Erträge abzuwerfen, als dass sie auf die stabile Entwicklung von Unternehmen ausgerichtet sind.

Der Abschnitt über quantitative Indikatoren und verfügbare Datenquellen bietet einen Überblick über Gruppen von Indikatoren, die mit dem Prozess der Globalisierung im Zusammenhang stehen. Die erste Kategorie – Referenzindikatoren – ist die am häufigsten benutzte. Diese Indikatoren wurden konstruiert um die wesentlichsten Kenngrößen der Globalisierung zu standardisieren. Sie erlauben einen vernünftigen Vergleich der Elemente der Globalisierung über die Zeit und zwischen den Ländern. Ein großer Teil dieser Indikatoren ist zurzeit in den meisten nationalen und internationalen Datenquellen verfügbar. Diese Gruppe beinhaltet z.B. Direktinvestitionen im Ausland, ökonomische Aktivitäten der multinationalen Unternehmen, internationale Globalisierung der Technologie und des Handels.

Ergänzende und experimentelle Indikatoren wurden entwickelt um zusätzliche Informationen zu liefern. Sie werden vorgeschlagen um weitere Forschungsaktivitäten zu diesen Problemen, Konzepten und Methoden anzuregen, die weitere Arbeiten erforderlich machen. Beispiele für verschiedene Globalisierungsindizes werden ebenso gegeben wie experimentelle Indikatoren für Strukturwandel, Deindustrialisierung und Arbeitsplatzabbau/-verlagerung.

Geschwindigkeit spielt eine Rolle

Andreeva und ihre Kollegen beschäftigen sich mit dem Problem warum als Folge von Restrukturierung so oft Individuen, Familien und Kommunen beeinträchtigt werden. Das Verständnis worin diese Beeinträchtigungen bestehen beeinflusst die Ausgestaltung von politischen Maßnahmen, die die Auswirkungen der Effekte der Globalisierung, der Restrukturierung und der Rezession abmildern sollen.

In dem Papier werden die Anpassungen beschrieben, die einem Arbeitnehmer abverlangt werden der seine Beschäftigung aufgrund einer Werksschließung oder -verlagerung verloren hat. Die Autoren stellen fest, dass die Annahmen über die menschlichen Fähigkeiten neue Fertigkeiten zu erlernen und über ihre kognitiven Fähigkeiten mit Fehlern behaftet sind. Dem Lernen sind biologische und soziale Schranken gesetzt. Der heutige Arbeitsmarkt verlangt kognitive Fähigkeiten für Prozesse wie Softwaredesign oder soziale Kompetenz für Werbung und Vertrieb, während auf früheren Stufen der ökonomischen Entwicklung physische Stärke und Handfertigkeit erforderlich waren. Fähigkeiten, die auf dem bestehenden Arbeitsmarkt benötigt werden, wurden üblicherweise während bestimmter Lebensabschnitte, vermittelt durch Institutionen wie Familie, Schule oder Arbeitsplatz erworben. Zum Beispiel vermittelt die Familie Werte und soziale Kompetenz, gutes Benehmen und wie man mit Stress umgeht. In der schulischen Grundausbildung werden Wissenschaft, Sprachen und Mathematik gelehrt während höhere Ausbildungsabschnitte das Individuum auf spezialisierte Tätigkeiten wie Gesundheitspflege, Ingenieurwesen oder Management vorbereitet. Am Arbeitsplatz wird das Individuum in die Aufgaben eingewiesen, die notwendig sind, um ein spezielles Produkt zu herzustellen, dies ist „Lernen durch Handeln“.

Die Autoren betonen, dass Menschen genetisch dazu programmiert sind, sozial festgelegte Durchschnittsfähigkeiten in einem bestimmten Abschnitt ihres Lebenszyklus zu erwerben. Wenn diese Abschnitte irreversibel sind, dann bleiben ungenutzte Entwicklungsmöglichkeiten für immer ungenutzt oder diese sind extrem schwierig nachzuholen. Es ist wahr, dass wir im letzten Jahrzehnt viel über Neuroplastizität und den Fähigkeiten des menschlichen Gehirns gelernt haben, neue Verknüpfungen zu bilden, so dass es möglich ist, kognitive Fähigkeiten wiederzuerlangen, die durch mangelnden Gebrauch oder Schlaganfall verloren gegangenen waren. Solches Lernen ist jedoch sehr arbeitsintensiv und erfordert stundenlange Wiederholungsübungen, üblicherweise in einer auf Rehabilitationsmaßnahmen ausgerichteten Einrichtung. Im Großen und Ganzen ist der Prozess für die Ausbildung und praktische Schulung der Arbeiterschaft generationenübergreifend.

Die aktuelle globale Wirtschaftskrise wirft ein Licht auf den Wandel, der nahezu unbemerkt an den etablierten Ökonomen vorbeigegangen ist. Beginnend in den achtziger Jahren in den USA und dann in Europa, erfolgte ein Abbau der Arbeiterschaft. Arbeitsplätze in der Industrie wichen Arbeitsplätzen im Dienstleistungsbereich. Industriebranchen reduzierten Arbeitsplätze oder schafften diese vollständig ab, oder versuchten durch Verlagerung zu Standorten mit niedrigeren Produktionskosten wirtschaftlich wettbewerbsfähig zu bleiben. Die Staaten haben damit begonnen, ihre Arbeitsmarktpo-

litik im Lichte der neuen ökonomischen Ordnung, die durch die Globalisierung hervorgerufen wurde, zu untersuchen.

Wir wissen, dass Globalisierung und damit einhergehende Restrukturierung einen extremen Anpassungsdruck auf die betroffenen Arbeiter, Familien und Kommunen ausübt. Forschungsergebnisse zeigen, dass die heutigen Arbeiter im Alter von 30 Jahren im Durchschnitt 8 verschiedene Arbeitgeber hatten. Alter, Ausbildung und Geschlecht beeinflussen die Anpassung an die Globalisierung. Mit zunehmendem Alter wird der einzelne Arbeiter weniger belastbar und verliert durch Veränderungen mehr. (Schlecht ausgebildete Männer leiden am schwersten unter dem durch die Restrukturierung ausgeübten Druck.) Mobilität ist ein kritischer Punkt für die Anpassung. Die Fähigkeit den Beschäftigungsstandort oder die Region zu verlassen beeinflusst die Stabilität der Familien und der Kommunen, kann aber für einen Arbeitslosen die einzige Lösung sein.

Wenn Unternehmen durch die Marktkräfte zu schneller Umstrukturierung gezwungen sind, dann steigt die Zahl der entlassenen Arbeiter um einen viel größeren Prozentsatz als in der Vergangenheit. Dieser plötzliche Anstieg der Arbeitslosen übt auf den Markt und die Regierungsinstitutionen einen großen Druck aus, insbesondere dann, wenn der ökonomische Abschwung schnell und kräftig verlief. Einige setzen sich dafür ein, die Restrukturierung im privaten Sektor zu verlangsamen und die Restrukturierung von nationalen, bundesstaatlichen und lokalen Behörden zu verzögern. Aber, die Geschichte hat gezeigt, dass unterlassene Restrukturierung oder sehr langsame Restrukturierung zu langsamen Wachstum, Inflation und Wechselkursinstabilität führt. Wir haben keine Wahl. Schnelle Restrukturierung ist ein Faktum im Leben moderner, industrialisierter, hochgradig vernetzter und technologisch innovativer Gesellschaften.

Eine zu prüfende Hypothese ist die Ansicht, dass der negative Einfluss der Restrukturierung auf die Gesundheit der Arbeiter proportional zur Länge des ökonomischen Abschwungs ist. Lang anhaltende Rezessionen werden von einem Anstieg ungesunder Verhaltensweisen begleitet. Und wir wissen, dass lang anhaltende Arbeitslosigkeit dazu führen kann, dass Arbeitslose den Arbeitsmarkt verlassen und chronische physische und psychische Krankheiten erleiden. Es ist vernünftig, sich für die schnelle Restrukturierung von Unternehmen und staatseigenen Institutionen einzusetzen wenn langfristig keine Chancen bestehen das gegenwärtige Beschäftigungsniveau zu halten. Langfristig, führt der menschliche psychologische und biochemische Stress durch Arbeitsplatzverlust oder Arbeitsplatzunsicherheit bei dafür empfänglichen Individuen zu Depressionen und einem erhöhtem Selbstmordrisiko.

Stellenabbau ist ein anderer Aspekt des heutigen Arbeitsmarktes der negative Änderungen für diejenigen bewirken kann, die weiterhin beschäftigt bleiben. Dies wären größere Arbeitsbelastung, unsichere Arbeitsbedingungen, körperliche Gesundheitsrisiken und Arbeitsplatzunsicherheit. Andreeva und ihre Kollegen erarbeiten eine Übersicht über die wesentlichen Effekte des Stellenabbaus anhand der epidemiologischen Literatur und der Literatur zur Gesundheit am Arbeitsplatz für zwei Gruppen von Arbeitnehmern – entlassenen Arbeitnehmern und solchen die ihre Beschäftigung behalten („Überlebende“). Organisatorische Instabilität während der Restrukturierung fördert

mit Stress belastete und unkooperative Arbeitsbedingungen. Arbeitnehmer in betroffenen Unternehmen empfinden Unvorhersehbarkeit, Unsicherheit oder mangelnde Unterstützung wenn sie sich mit schnellen Veränderungen konfrontiert sehen – z.B. wenn zwischen der Benachrichtigung und der Arbeitslosigkeit weniger als ein Monat vergeht. Betroffene Arbeitnehmer kritisieren Planungsabläufe und Kommunikation – zwei Kernkompetenzen die in Perioden schnellen Wandels, der Instabilität und Unsicherheit von entscheidender Bedeutung sind. Es ist klar, dass es für das Management viele Verbesserungsmöglichkeiten für den Grad der Umsetzungsbereitschaft bei Stellenabbau und anderen Restrukturierungsmaßnahmen gibt.

Marktkräfte treiben die Restrukturierung voran. Aber der Stand der betrieblichen Umsetzungsbereitschaft auf der Führungsebene, welcher als Kernkompetenz und Fachwissen benötigt wird um Restrukturierungsprozesse zu organisieren, liegen in der Verantwortung der industriellen Führung, der Managementschulen und der Personalabteilungen. Insgesamt verweisen die Erkenntnisse darauf, dass Arbeitslosigkeit als bedeutende Lebenskrise empfunden wird. Erhebliche Reorganisation und Restrukturierung, die auf sozial nicht anerkannte Weise, chaotisch und mit schlechter Kommunikation durchgeführt wird, wird wahrscheinlich größere Beeinträchtigungen hervorrufen, während von Lebensweisheit geprägte Managemententscheidungen und eine Umsetzungsbereitschaft auf höchsten Niveau die gesundheitlichen Folgewirkungen beeinflussen kann.

Globalisierung, Restrukturierung und Rezession: die regionale Dimension

Wie bereits beschrieben, haben wir im Rahmen unserer Forschungstätigkeit zuerst einen Zusammenhang (sowohl auf dem Makro- als auch dem Mikroniveau) zwischen Arbeitslosigkeit und Einkommen in Beziehung zur Gesundheit beschrieben. Der nächste Schritt bestand darin zu sehen, ob es möglich ist die gesundheitlichen Konsequenzen von Werksverlagerungen oder -schließungen und anderen ähnlichen ökonomischen Entwicklungen auf regionaler Ebene zu kontrollieren. Das Papier von Edenharter beschreibt eine sehr interessante Fallstudie, wie der Einfluss der ökonomischen Entwicklung auf die Lebenserwartung auf regionaler Ebene untersucht werden kann. Da die Kenngröße „Lebenserwartung bei Geburt“ sehr häufig für internationale Vergleiche auf nationaler Ebene herangezogen wird, erscheint es möglich die Variation der Lebenserwartung bei Geburt auf verschiedenen Ebenen regionaler Aggregation zu untersuchen. Die Fallstudie verwendet regionale Daten aus Deutschland. Die deutsche Regierung erhält diese Daten für administrative und nicht-administrative regionale Einheiten, die durch unterschiedliche Größen und Aggregationsniveaus festgelegt sind. Diese regionalen Kategorien werden für offizielle Zwecke der Regionalplanung und -analysen benutzt und stimmen zum großen Teil mit den regionalen Kategorien, wie sie von der Europäischen Union benutzt werden, überein.

Dieses Papier benutzt Streudiagramme als Werkzeug um die regionale Entwicklung im Zeitverlauf zu überwachen. Mit Hilfe linearer Regression wurden Streudiagramme er-

zeugt, welche die Beziehung zwischen der Lebenswartung und zwei ökonomischen Indikatoren, Arbeitslosigkeit und Einkommen, für jede Region der Fallstudie zeigen.

Eine explorative Querschnittsstudie wurde zur Modellierung der Lebenserwartung bei Geburt durchgeführt. Vier bivariate lineare Regressionen wurden berechnet, wobei die weibliche und männliche Lebenserwartung als abhängige Variablen und die Arbeitslosenrate und das Einkommen als unabhängige Variable verwandt wurden. Es besteht ein ausgeprägter positiver Zusammenhang zwischen Einkommen und Lebenserwartung der Männer und ein schwacher aber deutlich positiver Zusammenhang zwischen Einkommen und Lebenserwartung der Frauen. Insgesamt zeigt sich, dass die Lebenserwartung der Männer bei Geburt sehr stark durch Arbeitslosigkeit und Einkommen beeinflusst ist. Für Frauen ist sind diese Effekte schwächer aber nichtsdestoweniger deutlich ausgeprägt.

Auf unterschiedlichen Ebenen der regionalen Aggregation fand sich eine beträchtliche Variation der Lebenserwartung, mit einem besonders starken Zuwachs von der Ebene der Bundesstaaten zur niedriger aggregierten Ebene der Kreise und Städte. Es gibt einen starken räumlichen Gradienten, der von Südwesten nach Nordosten verläuft, mit geringerer Lebenserwartung im Nordosten als im Südwesten. Modelle zeigen, dass der historische ökonomische Hintergrund einer Region die Lebenserwartung von Frauen und Männern beeinträchtigen kann. Die Arbeitslosenrate zeigt für Westdeutschland einen bemerkenswerten Unterschied zwischen Süden und Norden mit höheren Arbeitslosenraten im Norden. Ost- und Westdeutschland sind durch unterschiedlich hohe Arbeitslosenraten deutlich voneinander getrennt. Sechzehn Jahre nach dem historischen Fall der Mauer sind die Arbeitslosenraten im Osten immer noch sehr viel höher als im Westen. Streudiagramme zeigen, dass die Regionen Ostdeutschlands hinsichtlich der Lebenserwartung benachteiligt sind. Andererseits zeigen ökonomisch erfolgreiche ostdeutsche Regionen in Sachsen (z.B. Dresden) eine deutlich höhere Lebenserwartung als ihre Nachbarregionen.

Diese Fallstudie hat gezeigt, dass es möglich ist zu untersuchen, inwieweit Globalisierung, Restrukturierung und Rezession, deutsche Regionen in unterschiedlicher Weise beeinflussen. Zum Beispiel gibt es Regionen im Ruhrgebiet in Nordrhein-Westfalen, die von Deindustrialisierung betroffen wurden und die eine hohe Arbeitslosenrate aufweisen. In Bayern gibt es vereinzelte Regionen, die dem höchsten Quintil der Arbeitslosigkeit zuzuordnen sind und die von Regionen umgeben sind, die zum niedrigsten Quintil der Arbeitslosigkeit gehören. Dies lässt erkennen, dass sich die ökonomische Entwicklung dieser isolierten Regionen von der Entwicklung der Nachbarregionen abgekoppelt hat. Im Jahr 1994 erlebte die Region Pirmasens (im Bundesland Saarland nahe an der französischen Grenze gelegen) eine Deindustrialisierung ihrer alten Industrien und war nicht in Lage die Arbeitsplatzverluste durch Schaffung neuer Arbeitsplätze in neuen modernen Industrien auszugleichen. Im Jahr 2006 verzeichnete die Region eine Arbeitslosenrate von 16.9%, der Restrukturierungsprozess war nicht erfolgreich. Streudiagramme zeigen wie die Lebenserwartung bei Geburt in der Region Pirmasens dramatisch durch die Globalisierung beeinträchtigt wurde.

Von unserer Erfahrung mit dieser Fallstudie glauben wir, dass die regionale Analyse von gesundheitlichen Auswirkungen einen viel versprechenden Ansatz darstellt, um die gesundheitlichen Konsequenzen von Globalisierung, Restrukturierung und Rezession in größerer Ausführlichkeit zu untersuchen. Wir planen die Analyse der Lebenserwartung mit regionalen deutschen Daten fortzusetzen und nicht nur die regionalen Unterschiede der Lebenserwartung bei Geburt sondern auch die fernere Lebenserwartung auf höheren Altersstufen zu analysieren. Wir planen auch ein Unterprojekt, das in besonderem Maße die geschlechtsspezifischen Aspekte der ökonomischen Entwicklung im Zeitalter der Globalisierung aufzeigt. Schließlich planen wir weitere Informationen zu erheben, die es uns erlauben sollen, die Machbarkeit dieser regionalen Analysen auf der gesamten EU Ebene zu beurteilen.

Die Nachwirkungen der sozioökonomischen Ungleichheit auf die gesundheitliche Ungleichheit: Die versteckten Kosten der Rezession

Theodissiou gibt einen Überblick über die Forschungsergebnisse in Europa und den USA, die den Zusammenhang zwischen individuellem sozioökonomischen Status und der physischen und mentalen Gesundheit zum Inhalt haben. Diese Auswertung verweist auf Mechanismen oder Verbindungswege, inwieweit Rezession und ökonomische Umbrüche sozioökonomische Ungleichheit und Arbeitslosigkeit fördern, was wiederum einen Einfluss auf die physische und mentale Gesundheit hat.

In den letzten Jahrzehnten haben Fachleute der Gesundheitswissenschaften angenommen, dass ein verbesserter Zugang zu gesundheitlicher Versorgung die gesundheitlichen Ungleichheiten verringern würde. Trotz verbessertem Zugang zu gesundheitlicher Versorgung und erheblichen technologischen Entwicklungen hinsichtlich der Erkennung und Heilung von Krankheiten haben sich jedoch die gesundheitlichen Ungleichheiten erhöht. Die Forschungsergebnisse zeigen, dass Ungleichheiten beim Zugang zur gesundheitlichen Versorgung nicht hinreichend die gesundheitlichen Ungleichheiten in der Bevölkerung erklären können. Stattdessen finden die Studien eine Mischung aus sozialen, ökonomischen und Arbeitsmarkt bedingter Faktoren, die einen großen Teil der gesundheitlichen Disparitäten erklären, wenn unterschiedliche Lebensstile mit berücksichtigt werden. Eine bessere Identifikation dieser Wirkungsabläufe liefert eine Anleitung für die Gestaltung politischer Maßnahmen, um die Effekte von Rezessionen auf die Herabsetzung des sozioökonomischen Status abzumildern und die damit verbundenen gesundheitlichen Ungleichheiten abzuschwächen.

Die Mehrheit der Forscher berichtet über eine starke Verbindung zwischen physischer Gesundheit und sozialen Faktoren oder „sozialen Determinanten“: Einkommen, Reichtum, Ausbildung, Beruf, Beschäftigung, Zugang zu gesundheitlicher Versorgung, materiellen Lebensbedingungen und Lebensweisen (z.B. Rauchen, Alkohol, Drogenmissbrauch, Ernährung, ungeschützter Geschlechtsverkehr). Bei der Aufarbeitung dieser komplexen Literatur warnt Theodissiou, dass wir uns der methodischen Probleme bewusst sein müssen. Er verweist auf die Selektion bei Indikatoren und Kenngrößen, als zwei dieser Probleme, einschließlich der ökonometrischen Spezifikationen, die bei der

Modellierung der Beziehung zwischen dem sozioökonomischen Status und der Gesundheit verwandt werden. (Ökonomen tendieren dazu, den multidimensionalen Charakter von Gesundheit zu vernachlässigen, während Sozialwissenschaftler, die Gesundheitsforschung betreiben, bei ihren ökonomischen Modellen dazu neigen nicht für Störfaktoren zu adjustieren und zeitliche Zusammenhänge, Endogenität oder die Richtung einer kausalen Beziehung falsch interpretieren. Dies ist verständlich, wenn man sich die Forschungsverbindungen zwischen den beiden getrennten Disziplinen vergegenwärtigt.) Auf makroökonomischer Ebene findet die Ansicht, dass während ökonomischer Wachstumsphasen die Mortalität ansteigt, keine Unterstützung. Diese Beurteilung wird durch erhebliche Erkenntnisse auf der mikroökonomischen Ebene untermauert, wonach ungünstige ökonomische Umstände mit ungünstigen gesundheitlichen Auswirkungen einhergehen.

Die Aufarbeitung der empirischen Literatur identifiziert Arbeitslosigkeit als sozioökonomische Schlüsseldeterminante der Gesundheit, insbesondere für Männer. Arbeitslosigkeit betrifft jedoch nicht nur die unbeschäftigten Individuen sondern auch deren Ehefrauen und Kinder. Eine wichtige politische Schlussfolgerung dieser Aufarbeitung von Erkenntnissen ist der langfristige und sogar generationenübergreifende Effekt von Armut und Arbeitslosigkeit. Deprivation in der Kindheit aufgrund von Armut und Arbeitslosigkeit ihrer Eltern hat einen nachhaltigen schädlichen Effekt auf die Gesundheit der Individuen, der in späteren Jahren des Arbeitslebens sichtbar wird. Dies hat Nachwirkungen auf die gesamten laufenden und zukünftigen Gesundheitskosten, die von den nationalen Gesundheitsdiensten getragen werden müssen.

Ein Einkommensverlust betrifft besonders die oberen Einkommensgruppen. Nichtsdestoweniger zeigt die empirische Literatur, dass Einkommensungleichheit sowohl die Gesundheit der Armen als auch die Gesundheit der Reichen schädigt. Die Armen erfahren in größerem Ausmaß Stress, was darauf schließen lässt, dass ihr niedriger Sozialstatus ihnen weniger Fähigkeiten verleiht, Stress abzubauen. Dies bedeutet, dass Personen mit niedrigem Sozialstatus weniger Kontrolle über ihr Leben haben und weniger an der Gesellschaft teilhaben und auf diese Weise gesellschaftliche Unterstützung verlieren. Zusätzlich zu den finanziellen Härten, kommen Erlebnisse der Scham die an die Arbeitslosigkeit gekoppelt sind, wie ein verarmtes soziales Leben und der Verlust des Selbstvertrauens. Die armen Arbeitslosen erfahren etwas, was als „soziale Ausgrenzung“ bezeichnet wird.

Insgesamt verweisen die Forschungserkenntnisse auf die Sichtweise, das Verbesserungen der Gesundheit der Bevölkerung durch makroökonomische und mikroökonomische politische Maßnahmen erreicht werden kann, die darauf ausgerichtet sind, Arbeitslosigkeit, Armut und soziale Ausgrenzung zu vermindern. Politische Initiativen sollten versuchen, die negativen Effekte von ungünstigen Erfahrungen am Arbeitsmarkt und der Armut auf die Gesundheit abzumildern und sicherstellen, dass soziale Ungleichheit nicht mit zunehmenden Alter zunimmt.

Wirtschaftspolitik, Zyklen und gesundheitliche Ungleichheit

In dem Papier von Drakopoulos werden die verschiedenen Gedankenströmungen über die Rolle der makroökonomischen Politik aufgearbeitet, die die wichtigsten westlichen Länder geleitet haben. Dies umfasst auch das Zusammenspiel der ökonomischen Theorien mit den politischen Entscheidungen zur Kontrolle von Inflation oder Arbeitslosigkeit in den letzten 80 Jahren. Dieser kurze, aber nützliche Überblick betrachtet auch, wie sich die verschiedenen Instrumente der Wirtschaftspolitik in ihrem Einfluss auf die gesundheitliche Ungleichheit unterscheiden.

Drakopoulos teilt uns mit, dass die klassische ökonomische Schule in den ersten Jahrzehnten des zwanzigsten Jahrhunderts die dominierende Anschauung für das sachgerechte ökonomische Handeln war. Die klassische Schule vertrat die Ansicht, dass jede Politik, die darauf ausgerichtet war die volkswirtschaftliche Gesamtnachfrage nach rechts zu verschieben einen Anstieg des allgemeinen Preisindex verursachen würde und dass die Beibehaltung einer solchen Politik einen inflationären Effekt haben würde. In den dreißiger Jahren gewann jedoch das Werk von Keynes an Einfluss. Keynes stellte die Theorie in Frage, wonach freie Märkte zu einem Vollbeschäftigungsgleichgewicht tendieren und zeigte, dass die natürliche Tendenz ein Gleichgewicht bei Unterbeschäftigung war. Er lehnte den klassischen Glauben an die perfekte Preis- und Lohnflexibilität ab. Er führte aus, dass makroökonomische Maßnahmen notwendig sind, um ein vollständiges oder nahezu vollständiges Arbeitsmarktgleichgewicht zu erreichen, oder um, im Allgemeinen, Konjunkturzyklen zu glätten. In den folgenden 40 Jahren übernahmen die meisten westlichen Länder die Sichtweisen von Keynes für ihre Wirtschaftspolitik. In der Tat, haben das Vereinigte Königreich und die Vereinigten Staaten in den ersten Nachkriegsjahren ausdrücklich die Aufrechterhaltung eines hohen Beschäftigungsniveaus als ausdrückliches Ziel gesetzt. (z.B. übernahm die Kennedy-Johnson Verwaltung ein Vollbeschäftigungsziel mit einer Arbeitslosenrate von 4%).

Die frühen siebziger Jahre brachten eine kulturelle Verschiebung der öffentlichen Meinung hinsichtlich der richtigen Ausrichtung der Wirtschaftspolitik. Die Ölkrise in dieser Zeit und die damit einhergehende Stagflation in vielen Ländern mit gestiegenen Inflations- und Arbeitslosenraten schwächten das öffentliche Vertrauen in die keynesianisch ausgerichtete Wirtschaftspolitik. Der Ökonom Friedman rief dazu auf, aktive staatliche Interventionen als Form der Wirtschaftspolitik aufzugeben. Er behauptete, dass es Aufgabe der Geldpolitik sei, den Anstieg des Geldangebotes dem Anstieg der realen Produktion so anzupassen, dass die Inflationsrate minimiert wird, d.h. eine monetaristische Politik zu verfolgen. Die neue klassische Schule behauptete, dass nur mikroökonomische Wirtschaftspolitik die Produktion erhöhen könnte. Insbesondere sollten die Regierungen Anreize für Unternehmen und Arbeitnehmer schaffen die Produktion zu erhöhen, indem sie den Grenzsteuersatz und Sozialleistungen reduziert. Die an der neuen Klassik und dem Monetarismus ausgerichteten Ökonomen übernahmen den Begriff der natürlichen Arbeitslosigkeit.

Es gab politische Veränderungen als auch Veränderungen der ökonomischen Theorie. Konservativ Regierungen gewannen nach und nach die politische Vorherrschaft und

sie betonten die Rolle der Inflationssteuerung gemäß den monetaristischen/neoklassischen makroökonomischen Theorien. Drakopoulos beschreibt dieses faszinierende Zusammenspiel von politischer Gestaltung und der wesentlichen ökonomischen Grundausrichtung. Er stellt fest, dass es in vielen Ländern zwei wichtige Formationen gibt: Mitte-rechts und Mitte-links. Die Mitte-rechts Parteien vertreten eine freie Marktwirtschaft als den Weg um Wohlstand zu erreichen während die Mitte-links Parteien staatlichen Aufsicht und Interventionen für erforderlich halten. Im Allgemeinen, als die Regierungen konservativer wurden, verschob sich der Schwerpunkt ihrer Wirtschaftspolitik auf die Bekämpfung der Inflation statt der Arbeitslosigkeit. Als das 20. Jahrhundert zu Ende ging und das 21te begann, hatte die Inflationskontrolle die Bekämpfung der Arbeitslosigkeit als wichtigste makroökonomische Politik abgelöst.

Selbstverständlich sind in einer multi-faktoriellen Welt Probleme nicht entweder so oder so. In der Realität gibt es einen Zielkonflikt zwischen Arbeitslosigkeit und Inflation der am besten durch die Phillipskurve beschrieben wird, was in dem Papier dargestellt wurde. Darüber hinaus bemerkt Drakopoulos, dass die gesundheitlichen Kosten der Inflation sehr viel geringer sind, als die der Arbeitslosigkeit. Weiterhin stellt er fest, dass es keine empirische Studie gibt, die einen robusten negativen Einfluss der Inflation auf die Gesundheit gefunden hat.

Was sind die besonderen wirtschaftspolitischen Maßnahmen, die einen vorteilhaften Einfluss auf die Gesundheit haben. Diese umfassen politische Maßnahmen mit dem Ziel die Arbeitslosigkeit zu verringern, einschließlich einer Erhöhung der Staatsausgaben, Steuersenkungen und niedrige Zinsen als auch Lohnsubventionen an Unternehmen um das Beschäftigungsniveau aufrechtzuerhalten oder zu steigern, Fonds zur Aus- und Weiterbildung, die die Fähigkeiten der Arbeitnehmerschaft schaffen um in neuen Industrien Beschäftigung zu finden und die kritische Mängel durch Aufwertung des Humankapitals angehen und auch die Produktivität erhöhen.

Politische Maßnahmen die direkt die Konsequenzen von Restrukturierung verhindern oder abmildern

Triomphe weist darauf hin, dass Restrukturierung seit Jahrzehnten ein beständiges Problem europäischer Gesellschaften war, das lange Zeit als zeitlich begrenzte Krise angesehen wurde, die auf die Ebene der Unternehmen beschränkt ist. Für Manager, Gewerkschaften und Beschäftigte bezieht sich Restrukturierung auf ein breites Bündel von Veränderungen, die zumindest eine ganze organisatorische Einheit oder ein ganzes Unternehmen durch Schließungen, Stellenabbau, Verluste an Arbeitsplätzen, Outsourcing, Verlagerungen ins Ausland, Subunternehmertum, Zusammenschlüsse, Verlagerungen, interne Arbeitsmobilität oder andere komplexe interne Reorganisationen bestand. Aber, üblicherweise bedeutet es Stellenabbau, die Schließung von Fabriken und Entlassungen für Arbeitsvermittlungen und Gebietseinheiten.

Die Statistiken auf der Makroebene umfassen zwei Kategorien, nämlich (1) die Schließung von Unternehmen und (2) Entlassungen – überwiegend als Massenentlassungen. Vom Standpunkt eines Praktikers aus, sieht Triomphe Restrukturierung als ein

plötzliches Ereignis, einschließlich der Entlassungen oder der erheblichen Reorganisationen, das einen konkreten Einfluss auf die Beschäftigten hat: Veränderung der Beschäftigung oder neue Beschäftigung, neue Arbeitsbedingungen.

Soziale Maßnahmen, die gemäß europäischer Richtlinien im Bereich der Restrukturierung seit den siebziger Jahren eingeführt wurden um die bestehende Gesetzgebung innerhalb der Mitgliederstaaten zu harmonisieren, beinhalten drei Hauptinstrumente: (1) Die Richtlinie des Rates (2) Verlagerung und Transfer von Unternehmen (3) Soziale Garantiefonds (Gehälter, Leistungen) für Arbeitnehmer. Zusätzlich, die Richtlinie des Europäischen Arbeitsrates – angepasst 1994 und kürzlich im Dezember 2008 mit dem Ziel revidiert, sicherzustellen, dass das Management in Ausnahmesituationen welche die Interessen der Beschäftigten betreffen die Ratsmitglieder informiert und sich mit ihnen berät, insbesondere im Falle von Verlagerungen, Schließungen und Massenentlassungen.

Die Rahmenrichtlinie über Gesundheit und Sicherheit (1989/391/CE) könnte in diesem Bereich dank ihrer drei wesentlichen Konzepte eine Rolle spielen: (1) einer weiten Definition der arbeitsbezogenen Gesundheit (2) des Konzeptes einer Risikobewertung (3) der Rolle der Arbeitnehmervertreter bei arbeitsbezogener Gesundheit und Sicherheit. Bis jetzt gibt es jedoch keinen Bericht inwieweit diese Rahmenrichtlinie in der Beziehung zwischen Restrukturierung und Gesundheit Anwendung fand. Ein anderer Bereich politischer Maßnahmen durch den die Gesundheitsrisiken auf der Ebene der Sozialpartner behandelt werden kann, liegt im Umsetzungsprozess der Europäischen Rahmenvereinbarung von 2004 über Stress und bei der neuen Rahmenvereinbarung über Belästigung und Gewalt am Arbeitsplatz.

In den letzten vergangenen Jahren hat das Bewusstsein für die Notwendigkeit der unternehmerischen sozialen Verantwortung bei der Beschäftigung stark zugenommen (Segal & Triomphe 2002). Unternehmerische soziale Verantwortung bei der die Organisationen den Schwerpunkt darauf setzen, Ergebnisse mit Hilfe von vorteilhaften statt von nachteiligen Effekten für die von den unternehmerischen Entscheidungen Betroffenen („Stakeholder“) zu erreichen, sollten in den Restrukturierungsprozess aufgenommen werden.

Die EU zeigt sich ziemlich widersprüchlich. Europäische und nationale Rahmenprogramme haben eine Vielzahl von politischen Maßnahmen, Gesetzen, Vereinbarungen, Absprachen und Werkzeugen in Bezug auf Restrukturierungen gefördert. Einerseits um deren Auswirkungen abzumildern und den sozialen Dialog voranzubringen – und um andererseits die Sicherheit am Arbeitsplatz und Gesundheit zu schützen. Aber das Zusammenwirken von europäischen und nationalen Aktivitäten ist selten und bis jetzt eher begrenzt. Die wenigen Daten die existieren zeigen die Bedeutung der Auswirkung der Restrukturierung auf die Gesundheit. Aber das Problem bleibt im Verborgenen und es ist ein politisches Problem. Um Fortschritte zu erzielen, schlägt Triomphe vor, innerhalb eines begrenzten europäischen Rahmens (nach Themengebieten und Ländern), Indikatoren und Daten zu sammeln.

1. GLOBALISATION AND RESTRUCTURING: GENERAL ASPECTS AND INDICATORS

1.1. Hypothetical Links between the Causes of Restructuring and Health (M. Harvey Brenner)

The chart below ([Figure 1](#)) describes the potential links between the international forces that influence restructuring and the possible long-term health consequences that they can engender. We refer to these as hypothetical links because (1) we are unsure of the complete set of the linkages; (2) the links we have hypothesized represent only patterns that the literature currently supports – without descriptions of how powerful these causal trajectories may actually be.

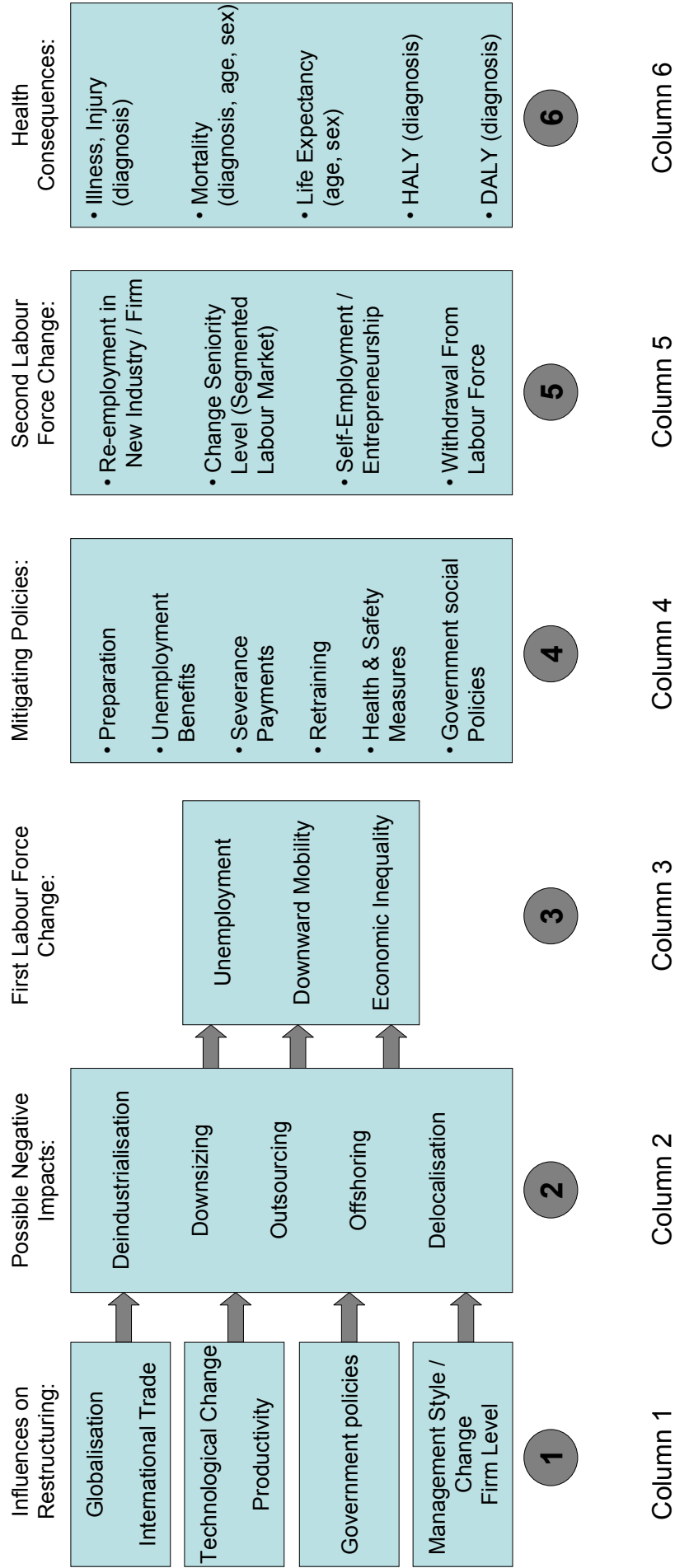
1.1.1. Influences on Restructuring

We begin with Column 1 by citing the broadest and theoretically most influential sources of restructuring. The “first” factor identified is globalization/international trade. By this is implied the more rapid movement of goods, – and even services – around the world due to radical declines in transportation costs and technological obstacles as well as satellite, cable, and computerized systems – in a word, the “information technology” revolution. To this one must add larger and more rapid international migration patterns, increased massive investments in outside countries and a large-scale increase in the international division of labour.

Column 1 also identifies technological change as a major force leading to restructuring. We refer here to the ‘knowledge’ economy and the very rapid increases in productivity in manufacturing industries. The productivity increases have sharply reduced the need for labour forces in manufacturing of almost any type of “finished” or processed goods associated with assembly-line work. Automation has largely surpassed these assembly lines, reducing the need for workers to man them, supervise them, repair and manage them. Robotization has completed this process, except that a core of skilled workers are needed to maintain the most advanced equipment. Finally, for the services industries, especially “back office” accounting, scheduling, and management of international communications channels and switches are now common. Financial activity and the processing of vast amounts of information over international networks comprise an increasingly vast and rapid means of international trade in scientific and technological content as well as simple “information”.

In addition, the development of a management style, associated with the aftermath of the “managerial revolution” has become a standard feature of the “knowledge economy”. In this situation, higher levels of management have recognized that the newer sophisticated IT technology permits them to communicate with, and manage directly, the relatively low subordinate levels of the workforce, who essentially become computer-based office workers or users of computerized machinery.

Figure 1: Hypothetical Links between the Causes of Restructuring and Health



This has meant the wholesale elimination of jobs at the middle management level. We are thus beginning to see, according to some specialists in the high technology economy, the emergence of a two-“class” system – one involving senior management who are conceptualizers, planners, and strategists, and the remainder who are front-line semi-skilled and skilled workers utilizing highly automated equipment. This is a new perspective on “social class” which does not respect the emergent views of the “middle class” that have been popular in western societies during the last 30-40 years.

The next very important influence on firm restructuring processes regards government policies and national legislation. These policies fully recognize that the traditionally highly industrialized societies are undergoing massive change due to global competition and technological advances which, under these conditions of innovation, tend greatly to reduce the semiskilled and often skilled workforce in their countries. Thus, in order to maintain continuing levels of high material wellbeing and competitive productivity, these societies must take policy actions which will not leave out important segments of the labour force that tend to be displaced. The main areas of legislation therefore, involve the support of investments in science and technology, the small business sector, secondary, tertiary and technical education, and broad programs of continuous re-education of the workforce – referred to as “lifelong learning”. These long-term policies must of course be additional to policies concerning short term financial support of the displaced workforce, including severance pay, unemployment disability insurance, health insurance and pensions.

1.1.2. Possible Negative Impacts

In this section under Column 2 we describe the major elements of the restructuring process that, according to the literature, may engender damaging health effects.

The first of these is the continuing process of the de-industrialization, in which the bulk of the workforce that has been involved over the last generations in industrial manufacturing, now find that the labour market for such workers is increasingly smaller. Part of the issue here is that global competition has forced closure of major industrial firms; some of the capital that had been invested in national industry is invested outside of the country and technological change has reduced the need for large industrial workforces. This problem can become especially serious where the causes involve poor performance of the national economy and management of large industries.

Another very common form of restructuring is referred to as “downsizing” of the labour force in particular firms. The effort here is to utilize the newer management techniques for changing organizational structures and bring about a reduced labour force that will then minimize labour costs and benefits, thus increasing profits and potential investment in innovation and acquisitions. It can also involve the style of eliminating middle management positions under more sophisticated communication linkages between management and frontline employees.

A third, and rather famous, procedure in very wide use in industrialized countries is to obtain the downsizing effect through the elimination of functions of the firm that are not

thought to be associated with its main mission. This procedure reverses a previous tendency developed over many decades to enlarge the operations of major firms consistent with economies of scale that theoretically, put them in a stronger position to compete in many markets. The more recent tendency is to sharpen the specificity of the firm's mission, and to retain only those functions which make the firm unique and give it a comparative advantage. In that case various suppliers and other accounting and managerial functions can be placed with smaller firms. This permits the outsourcing firm to retain fewer employees on the payroll and make fewer commitments to long-term salaries, wages, and benefits.

The next source of restructuring typologies that have a potential negative impact on health involve "offshoring", a procedure that has become extremely common and well known. In this case the branches of firms, or the firms themselves, relocate to another country. This can be done by simply closing down the national site and exporting capital to other countries. It can also mean the actual development of new branches of the firm in other countries e.g. closer to their markets—rather than maintaining the same or a larger workforce in the home country. This can be consistent with new stages of innovation, or can simply mean that the cost of transportation and labour costs in the target country are sufficiently low to make for an efficient change in the location of a firm's employees.

Delocalization refers to the same process as offshoring, except that a substantial portion of the firm's employees are moved to another region of the same country, rather than to other countries.

1.1.3. First Labour Force Change

Under Column 3 we have listed three of the major typologies of potentially damaging labour force situations that can engender an altered health status of the population. The first of these is increased unemployment that can result from any of the types of restructuring identified above (de-industrialization, downsizing, outsourcing, offshoring and delocalization). The problem of unemployment begins with employees' learning of impending loss of work, with the potential for anxiety over job loss. Such job loss may involve not only loss of wages and benefits, but loss of seniority, pensions, and the termination of a general progression in work career. Epidemiological studies show important declines in mental and physical health and increased mortality rates associated with unemployment.

The unemployment literature in epidemiology usually refers to the unemployment status itself. This means it typically does not refer to the status of former employees once they have been reemployed. In this second situation, referred to as downward mobility, employees do re-enter the workforce, but in new occupations or industries where they do not have previous social relationships, where their wages or benefits are considerably lower, and where job status and career potentials are appreciably lower. In this case there is a medium-long-term decline in socioeconomic status of the employee. In

that case literature indicates, that with lower socioeconomic status, a broad variety of health problems are likely, and life expectancy is lowered.

Finally, if downward mobility occurs, there tends to be a wider separation between displaced employees, who nevertheless re-entered the workforce, and employees who were never displaced. In this situation, there is a widening of economic inequalities between these two groups of employees. This situation magnifies the already disturbing condition of increasing income inequality among workers in industrialized countries since the 1970s. Studies show that it is also associated with increasing morbidity and mortality rates nationwide.

1.1.4. Mitigating Policies

We refer here, in Column 4, to policies at the level of individual governments, international Federations, such as the European Union or the United Nations agency of the International Labour Organization – which offers guidelines on potential national policies.

1.1.5. Preparation

These are policies that are intended to mitigate the processes of restructuring—or even ameliorate unemployment more generally – especially under the influence of economic slowdowns or recession. The most common of these is “preparation” whereby, if a firm intends to reduce its workforce, and the reduction exceeds a certain threshold, the firm is required to notify its employees. The notification period may be as long as a year or less than half that. The underlying assumption is that to optimize the reemployment process, employees should be given a reasonable period to seek new employment – befitting their work skills, seniority, and regional location – so as to minimize major economic hardship or prolonged unemployment. A key element, of course, is that during the delay period employees continue to be paid. Equally important, employees or their representatives have, during this period, an opportunity to negotiate with employers to potentially alter the restructuring regime.

1.1.6. Unemployment Benefits

Unemployment benefits are a standard source of non-wage benefit to employees in most of the industrialized world. The policy questions involve over how long a period, and with what magnitude, unemployment benefits will be paid. Individual countries have alternate policies as to whether the former employee must be registered and must be continuing to seek work and respond to published lists of available positions. The intention is, again, to optimize the job seeking process so that in the interest of society former employees may obtain jobs at the highest skill and seniority level, with minimal damage to their financial situation.

1.1.7. Severance Payments

A frequent consideration of national policy and more typically of individual firm policy is whether and to what degree payments will be offered to job losers. These payments may turn out to be voluntary, so that only those who accept the payments are involved in the job loss sequence. Severance payments are also very typical of management strategy to reduce the workforce in a manner that will be more acceptable to employees, but will actually particularly target employees with relatively high wage, benefits, health insurance, or pension programs.

1.1.8. Retraining

Retraining is a fairly standard procedure usually introduced in large firms either to prevent the need for downsizing or to offer the dismissed workforce a means of potentially preparing for new work at the same firm (perhaps at another location) or for work at a firm in another industry or location. These retraining procedures can be mandated at the inter-governmental level as part of “active labour market policy”.

1.1.9. Health and Safety Measures

Health and safety regulations are a standard feature of employment in both manufacturing and services industries, and also extend to agricultural employment. At issue is the safe operation of equipment, proper ergonomics and minimal exposure to biohazards, chemical or other environmental toxins. These are standard features of occupational health and safety. However, in periods of restructuring, it is foreseeable that less attention might be paid to standard measures of health and safety since the structure of the firm is undergoing change and new organizational procedures may be added. This requires special diligence on the part of health and safety managers. More important, since the restructuring process often involves considerable downsizing, critical employees responsible for health and safety management may no longer be employed—or may need to turn over their responsibilities to less qualified employees. Finally, if the downsizing is partly the result of economic recession or other damage to the financial structure of the firm, it is possible that investment in new safety devices, consistent with technological change, may be in scarce supply. These are several reasons that health and safety procedures may suffer as a result of restructuring. Therefore, it follows that well financed and expert health and safety measures are important assets minimizing negative health outcomes resulting from restructuring.

1.1.10. Second Labour Force Change

It is most likely that the person who experienced unemployment as a result of restructuring will ultimately be reemployed, as in Column 5. However, unlike in a recessionary phase of the business cycle where reemployment in the same firm or the same industry is likely, in the restructuring situation reemployment will probably take place in a new firm and very likely in a new industry. In that case the reemployment will occur in indus-

tries and firms that are emerging into new areas as a part of the international or technological change process that brought about restructuring in the first instance.

1.1.11. Change Seniority Level (Segmented Labour Market)

In the case of reemployment in an emerging industry or firm, it is likely that the former employee will enter the firm at a comparatively low level of skill and job status. Often this situation is similar to the middle-aged or older employee entering employment for the first time. It is not untypical for such employees to enter a relatively prosperous and well capitalized firm at a lower seniority level. Also quite possible, however, is the situation where the former employee enters a much smaller, less stable firm, or a start-up business. This situation is often referred to as the “segmented labour market”, where more highly skilled and trained employees enter high wage career-based employment, while the less skilled and experienced employee will enter less stable, more risky employment in terms of long-term career. Both of these processes of reemployment are important as a result of the process of restructuring.

1.1.12. Self Employment/Entrepreneurship

The process of re-entry of downsized employees into new employment may also take on a much more fortunate and promising perspective. This is a case when an experienced and skilled employee either fears downsizing or loses work as a result of restructuring. In that situation – and where the general economy is still prosperous and growing – there will often be opportunity to start new businesses on the basis of self employment and bank or family financing. This type of opportunity is especially significant under the condition mentioned earlier of “outsourcing” – where larger firms downsize their workforces by shifting work that was previously internal to smaller outside firms. In that case more experienced employees in the ways of the restructuring firm have an important advantage in gaining self employment work as a result of outsourcing.

1.1.13. Withdrawal from Labour Force

An extremely common mode of terminating employment as a result of restructuring is through withdrawal from the labour force. Not untypical is simply retiring from work (perhaps through early retirement), with reasonably adequate pension or severance pay. Often, however, such a withdrawal is not at all voluntary and signifies considerable financial loss in conjunction with an inability to find new employment at a plausible wage. This will be especially true of the older male or female worker. These individuals who, as a result, suffer considerable financial damage are a very special risk of serious chronic illness and elevated mortality rates.

1.1.14. Health Consequences

For the most part, the health consequences identified in Column 6 refer to potential implications of emotional stress, which is known to adversely influence the full range of health problems. These include mental ill health, especially depression, rage, exhaustion, withdrawal, and substance abuse, as well as damage to the immune system, cardiovascular and metabolic effects, and injuries due to accidents. We have therefore listed indicators that can be found in the WHO ICD list of diagnoses, as well as mortality by diagnoses. Age and gender are also important, since it is expected that the stress effects of restructuring will vary in intensity according to these categories.

And since heightened mortality rates are likely to be a response to such stress, overall life expectancy changes will also be a result. Some would argue, however, that it would be more relevant (socially) to consider “health” itself. In that case, our best measures involve “healthy life years” or, more precisely, health-adjusted life years. Finally, for other policy considerations involving societal costs (financial as well as emotional), some scholars prefer measures of the “burden of illness”. The WHO has also created these estimates on a world-wide basis as disability-adjusted life years.

1.2. Economic Globalisation: Basic Concepts and Definitions (Elena Andreeva and Eddy Laurijssen)

1.2.1. Interdependent Economies

An excellent description of the economic globalisations has been given by Robert Reich (1992):

“With the decrease in the cost of transport, the extraordinary development of telecommunications and the inevitable opening up of iron tiers, the economy is becoming globalised. In this new environment, traditional large firms are gradually giving way to world networks of firms whose operating procedures are very different. In looking at the superb finished product of the latest Mazda, you could think that it is the proof of Japanese supremacy in this field. In fact, the bodywork was designed in California; the parts, manufactured in England and assembled in Mexico, include electronic components designed in New Jersey and manufactured in Japan. This example poses the question of the interdependence and the interlocking of our economies”.

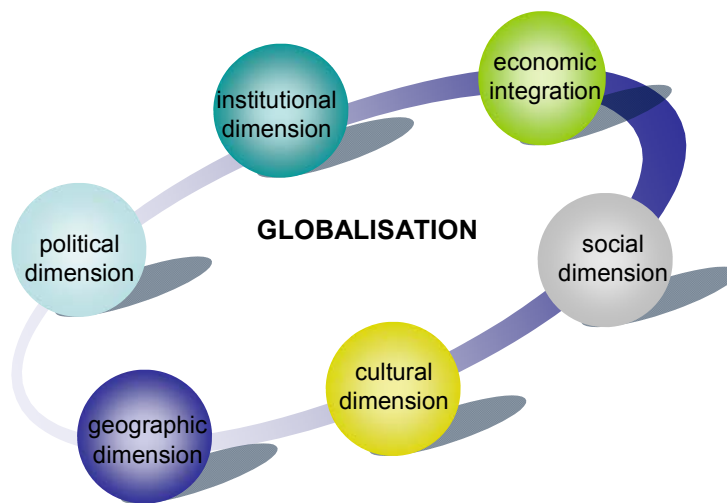
In a further example, \$10 000 paid for an “American car” might be distributed as follows: \$3 000 to South Korea (for routine labour and assembly); \$1 750 to Japan (for advanced components); \$750 to Germany (for styling and design engineering); \$250 to Britain (for advertising and marketing); \$50 to Ireland and Barbados (for data processing) and \$400 to Taiwan, Singapore and Japan (for small components). “This leaves less than \$4 000 to strategists in Detroit, lawyers and bankers in New York, lobbyists in Washington, insurance and health-care workers all over the country, and

General Motors shareholders – most of whom live in the United States, but an increasing number of whom are foreign nationals”.

1.2.2. Key Vectors, Principal Dimensions and Characteristics

Economic integration is clearly a dominant feature of the globalisation process, but there are other significant dimensions (Figure 2) – social, cultural, geographic, political and institutional. Their intensity and forms have been variable over the course of time.

Figure 2: Globalisation – Principal Dimensions



Globalisation has occurred and continues to evolve through transnational corporations (TNCs), also called multinational corporations or multinational enterprises (MNEs). They are recognised as a key vector of the globalisation process. The term “transnational corporation” is perhaps more comprehensive for two reasons. First, it emphasises the fact that companies like Nokia or Microsoft are international primarily because they operate in several countries, and not because they are ultimately owned by nationals of more than one country. Second, the term TNC makes a strong reference that these firms are mostly incorporated, and therefore they have a particular legal and decision-making structure.

According to UNCTAD (2008: p249) definition, TNCs “are incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake. An equity capital stake of 10% or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered the threshold for the control of assets”. Contrary to the widely spread assertions, some of the large TNCs are not privately owned. Even today, after the large privatization waves of the 1980s and 1990s, the national state is the largest single shareholder in

many TNCs. Such examples are Electricité de France, Gazprom in Russia, Petrochina etc.

On average, the largest TNCs have affiliates in 41 foreign countries. Deutsche Post (Germany) leads with 111 host economies for their affiliates, followed by the Royal Dutch Shell Group with presence in 98 countries (UNCTAD 2008: p28). Some of TNCs existed already at the beginning of the 20th century – such as Michelin, Bayer and Kodak. In this respect, globalisation is not a recent phenomenon, although the term has been coined in the international business world in the 1960s.

A particularly new characteristic of the globalisation process is the explosion of information and communication technologies (ICT) and the opportunity to immediately transfer the information at very low costs. In 1860, sending two words across the Atlantic cost the equivalent of \$40 in today's terms; in 2001, this amount of money would be enough to transmit the contents of the entire Library of Congress. The cost of a telephone call from London to New York has decreased since 1930 by a factor of 1500. The price of computing power has dropped in real terms by 99.999 per cent since 1970 (Kolodko 2001).

The ICT and the growing number of knowledge intensive technologies created a solid basis for the activities of “high-value” businesses which include, first of all, design and engineering, research and development, education and communication, and marketing and management industries (Reich 1992). In these and many other knowledge-intensive businesses, the university-trained “knowledge workers” are engaged in problem identification, problem solving and strategic brokering. “Unlike machinery that gradually wears out, raw materials that become depleted, patents and copyrights that grow obsolete, and trademarks that lose their ability to comfort, the skills and insights that come from discovering new linkages between technologies and needs actually increase with practice.” As globalisation progresses, the nature of business change in the advanced industrialised economies: standardised mass production is giving way to specialised or unique products. Reich calls this a shift from “high-volume” to “high-value” production.

1.2.3. Definitions and Recent Trends

The term “globalisation” refers above all to a dynamic and multidimensional process of economic integration whereby national resources become more and more internationally mobile while national economies become increasingly interdependent.

This term has also been widely used to describe the increasing internationalisation of financial markets, markets for labour, goods and services, the financial system, corporations and industries, technology and competition (OECD 2005).

Industries are affected by the economic globalisation to a different extent. High- and medium-technology industries are generally more internationalised than less technology-intensive industries. In particular, high-technology products have become more complex, and because firms no longer have all the necessary knowledge in house,

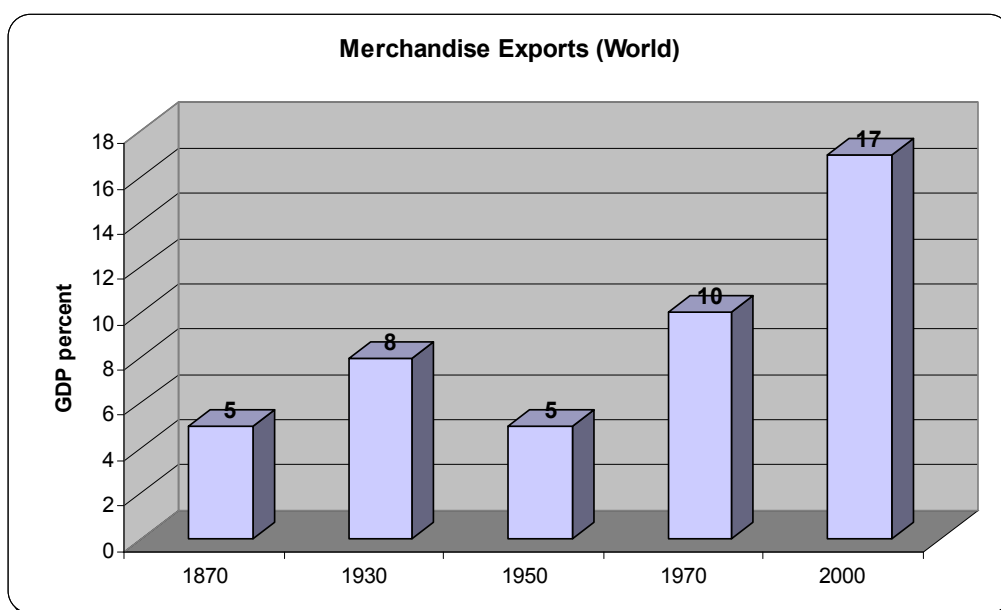
they have to buy it from others. Export ratios and import penetration are highest – and have generally risen fastest – for computers, scientific instruments, aircraft and spacecraft, radio/TV/communications equipment and pharmaceuticals, but also for more traditional industries like textiles.

In the recent years, there has been increasing internationalisation and off-shoring of service. Services now account for around two-thirds of foreign direct investment (FDI) in most developed countries and up to 20-25% of total international trade. The importance of international trade in services remains comparatively modest because many traditional services remain non-tradable. One of the main channels through services are traded is commercial presence via affiliates (OECD 2007a).

Globalisation in a more narrow sense is taken to mean the changing scale and nature of international trade and increase in foreign direct investment (Storrie & Ward 2007).

Looking at changes in the **SCALE OF INTERNATIONAL TRADE**, Storrie and Ward (2007) give the following figures: In terms of merchandise exports as a percentage of GDP, world trade grew from 5% in 1870 up to 8% by 1930, only to fall to 5% by 1950. It then increased up to around 10% in 1970, reaching 17% by the turn of the millennium ([Figure 3](#)). Measured in these terms, the globalisation process has significantly accelerated over the past decades.

Figure 3: Changing Scale of International Trade



The **NATURE OF TRADE** has shifted significantly since David Ricardo expounded the theory of comparative advantage, which, as he exemplified in the trade of English cloth for Portuguese wine, was largely in finished products.

Originally, trade was largely between countries with quite different productive capacities, often based on their different natural resources. Over time, trade has taken place at ever finer levels of specialisation of the global supply chain.

By the 1960s, it was increasingly between developed nations, exchanging quite similar types of products (Krugman 1981).

Around the 1980s, the key trend was the emergence of various Asian Tiger economies – first Hong Kong, South Korea, Taiwan, Singapore and subsequently Indonesia, Malaysia, the Philippines and Thailand. These countries delivered intermediate products with increasingly high-skill content to the developed world at low cost.

Particularly, Japanese manufacturers began to offshore the labour-intensive parts of their manufacturing production to these low-wage countries in the immediate proximity. This led to a “triangle trade” in which Japanese companies produced some high-tech parts in Japan, carried out the labour-intensive processes in the Tiger economies and then exported to the West. Closely related to this phenomenon were the managerial advances which enabled the efficient use of supply firms, particularly in car manufacturing. This “offshore outsourcing” became a key factor in maintaining the competitiveness of Japanese manufacturing. Even in the US, this phenomenon became significant, with the labour-intensive part of the work being carried out, for example, in Mexico.

Similar trends can also be observed in the European Union. European companies increasingly utilise international production networks. There are enlarged imports of intermediary goods from medium-income economies and the growing skill content of these of intermediate purchases.

From the mid-1990s to the early 2000s, the trade positions of “Tigers” and other catching-up economies in the EU markets changed considerably by industry types, as these economies have made significant inroads in industrial areas which require medium – or higher – technology inputs.

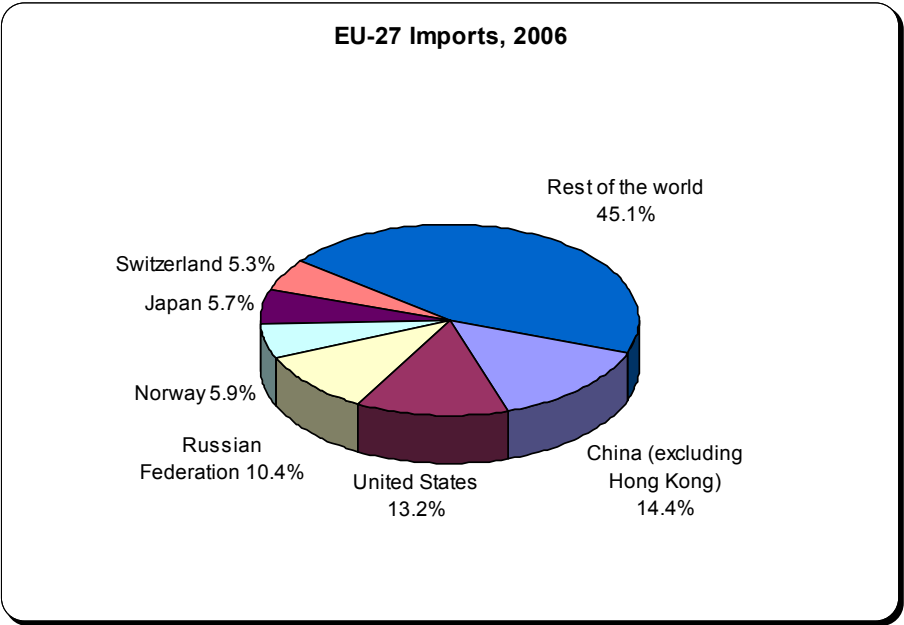
The integration of financial and product markets and the reduction of entry barriers facilitated cross-border corporate integration – for instance, through mergers and acquisition – and had led to an increased importance of **FOREIGN DIRECT INVESTMENT** flows. Foreign direct investments have played an essential role in the development of catching-up Tiger economies and more recently in China and India.

China and India have become nearly the major trade partners for the majority of OECD countries. In the European Union, imports from China, India and other emerging economies have considerably increased over the period 1999-2006. As a result, China outran the United States as the single largest supplier of goods to the EU-27 ([Figure 4](#)).

Growth projections point to greatly **INCREASING SHARE OF THE EMERGING ECONOMIES I N WORLD GDP** in the coming decades. Goldman Sachs (2003) for example indicated that in less than forty years the BRICs (Brazil, Russia, India and China) taken together, could be larger than the G6 (the United States, Japan, Germany, the United Kingdom,

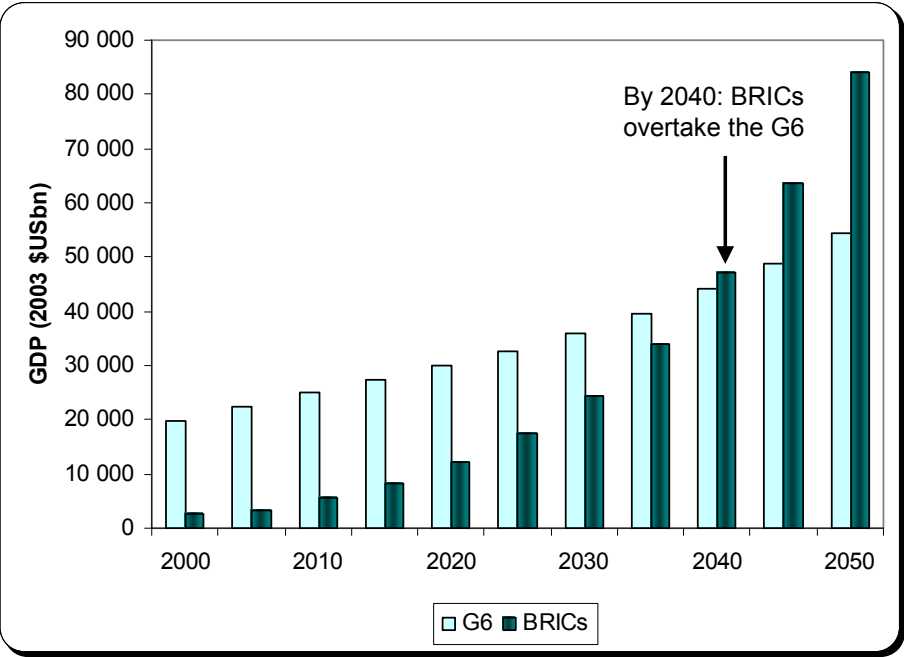
France and Italy) in GDP (Figure 5), yet in 2000 they accounted for less than 15% of the GDP of the G6 (OECD 2007a).

Figure 4: Main Trading Partners of the EU-27 (% Share of Extra-EU-27-Trade)



Data source: Eurostat (2008)

Figure 5: BRICs Have a Larger GDP than the G6 in Less Than 40 Years



Data source: Goldman Sachs (2003)

Currently, most of the catching-up economies make major efforts in relation to human resource development, as follows from their public spending on education and school enrolment rates. This suggests that they may facilitate their competitiveness in higher-skilled product markets. Some of them – e.g., Tigers of the earlier generation – managed to come close in wage rates and productivity to the most advanced economies.

The disappearance of frontiers which were obstacles to the **FREE MOVEMENT OF CAPITAL** has led to competition between the states to attract money or prevent the flight of capital. Multinational enterprises can move their funds instantaneously towards countries where taxation is less heavy and according to the fluctuations of exchange rates. The investments of administrators of foreign share funds have tripled over the five year period preceding 2004 (UNESCO 2004).

Therefore, the contemporary globalisation process – understood in terms of economic openness, financial integration and trade policies – has been largely facilitated by:

1. the liberalisation of capital movements and deregulation of financial services in particular;
2. the further opening of markets to trade and investment, spurring the growth of international competition; and
3. the essential role played by information and communication technologies (ICT) in the economy (OECD 2005).

Apart from the cross-border transfer of capital, goods and services, the **MOVEMENT OF LABOUR** is another channel contributing to economic globalisation. In 2004, approximately 3.75 millions foreigners entered OECD countries (OECD 2007a). The largest increase in the inflow of foreign nationals has been recorded in Australia, Canada, Italy and the UK.

In the European Union, migration is the main source of population growth. According to the Communication from the Commission (2007), 86% of population growth between 2000 and 2005 was due to migration.

In conclusion, the key words used to characterise the process of globalisation are given in [Box 1](#).

Box 1: Globalisation – Key Words

- dynamic and multidimensional process
- economic integration
- internationalisation of markets
- increase in foreign direct investments
- removing obstacles to market access
- increasing interdependency of national economies
- increasing international mobility of national resources
- increased competition between countries and companies
- changing scale of international trade
- changing nature of international trade

1.2.4. Economic Globalisation and Restructuring: Benefits and Threats

In some respects, globalisation could be seen as a microeconomic phenomenon, driven by the strategies of firms in response to changes in global economic markets. The words “**COMPETITION**” and “**COMPETITIVENESS**” represent more than just a survival strategy in this context; they are taken to be the ultimate goal of enterprises, states and society (Milani & Dehlavi 1996). The aim for each firm is to reduce production costs and increase its share of the world market for certain categories of products.

The fierce competitive environment has pushed firms towards **ORGANISATIONAL RE-STRUCTURING**, increased **SPECIALISATION**, focussing on their core competencies and outsourcing of their non-core businesses. For example, Nokia (Finland), the top mobile telephone manufacturer which supplies nearly one-third of the world market, turned itself from a conglomerate producing paper and other materials into a telecommunications company in the early 1990s (Sakai 2002). Another example is General Electric (GE), arguably a financial company with a manufacturing arm. Over a half of its revenue is derived from financial services. Through most of the 1960s, GE was also one of the major computer companies; in 1970, GE sold its computer division to Honeywell.

Important trends in the adjustment of firms to changes in global economic markets are given by offshoring (relocations) and outsourcing (sub-contracting). In **OFFSHORING**, business processes – such as production or services – are shifted abroad, while the original producer company remains in its home country. The offshored activities may either continue to be owned by the company or may be outsourced.

OUTSOURCING occurs when some economic activity ceases to be performed within the company – in-house – and is instead purchased from another company. The key issue is whether the company obtains intermediary goods or services through hierarchical control within a single organisation or through the market. Various dimensions of offshoring and outsourcing for the European Union are given in [Table 1](#).

Table 1: Offshoring and Outsourcing – Dimensions of Location and Control

CHANGE OF LOCATION	CHANGE OF OWNERSHIP	
	No change – own company	Change to another company
Same country	Internal relocation	Outsourced
Other EU country	Off-shored	Off-shored and outsourced
Outside the EU	Off-shored	Off-shored and outsourced

Source: Storrie (2006, p.22)

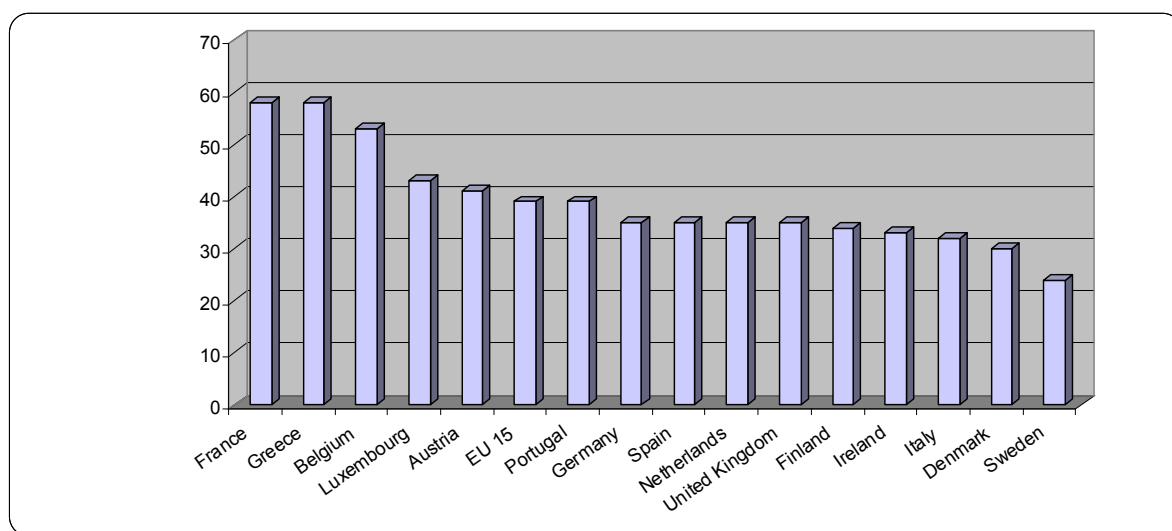
These strategies are sometimes accompanied by seeking a dominant position or a monopoly in a sector in order to increase the security of the firm – and at long term, the profits (examples: Microsoft, Intel, General Motors, Boeing, Coca-Cola, Mc Donald's etc). To increase the effect of “size” and resist the competitors, firms are looking for purchases and **CONCENTRATIONS** (examples: Daimler-Benz and Chrysler, Total-Fina

and Elf). There is a similar situation in the baking sector (Banque Nationale de Paris (BNP) and Paribas) and chemical-pharmaceutical industries (Hoechst and Rhône-Poulenc).

The globalisation process creates a lot of benefits: It promotes open societies and open economies and encouraged a freer exchange of goods, ideas and knowledge (UNESCO 2004). The term “open society” has been introduced by Karl Popper (1945); and it implies a multiplicity of view points based *inter alia* upon multiple scientific evidence. The high performance of the world economy since the mid-1990s was indeed some indication of these overall positive effects of globalisation. Nearly all economists agree that free trade increases overall economic welfare in a country. However, there are some losers within countries, at least in the short term, as labour is reallocated from the sectors that lost out from the global competition to those that benefited from it. The drive for increased competitiveness and productivity also puts more pressures on wages and working conditions.

Many workers in Europe believe that globalisation threatens their jobs (Figure 6), as revealed by the Eurobarometer Study of 2003. However, the perception of threat differs by countries, with the majority – 58% – of French and Greece respondents viewing globalisation as a threat to employment and companies in their countries. In Belgium, 53% of citizens are of the same opinion. Two of the Nordic countries rank lowest on the threat perception scale with 24% of Swedish and 30% of Danish respondents confirming that they believe that the opening-up of markets represents a threat to employment and companies in their countries.

Figure 6: Perceptions of the Threat of Globalisation for Jobs (%)



“Globalisation represents a threat to employment and companies in our country”

Source: Flash-Eurobarometer 151b “Globalisation” (2003)

This subjectively perceived threat of **JOB DESTRUCTION** has not been fully corroborated by the evidence from the European Restructuring Monitor (ERM), which indicates just

about 8% of jobs having been lost due to e.g., offshoring between 2003 and 2006, and there was no sign of any major increase prior to the beginning of the current recession.

In the past decades, the clearest example of massive job destruction was the fate of the European shipbuilding in the 1970s and 1980s due to competition – largely from South-East Asia. During the same period, jobs in the European textiles, iron and steel were also affected. The shifts in the international division of labour had extremely severe consequence for certain European regions, possibly more serious than the job losses currently being experienced.

Free trade and globalisation have been suggested as a possible cause of “jobless growth”. In this view, during lean times companies are more likely to move units and jobs offshore to cut costs. After the economy improves, these jobs generally do not come back (Schultze 2004).

There are debates on **NEGATIVE SOCIAL EFFECTS** of globalisation including income inequality, marginalisation and social exclusion, destruction of security nets, over-use of natural resources and increasing technological and economical disparities between the rich and poor countries (Milani & Dehlavi 1996; Stiglitz 2003). As concluded by Neutel and Heshmati (2006), the pro-globalisation camp and contra- globalisation camp are far from reaching consensus with respect to globalisation and poverty discussions.

The lopsided distribution of income growth in relation to the globalisation process in developed countries has been subject to both empirical investigations and policy discussions of the last decades.

The ILO Director-General (2008) quotes the most frequently cited explanations proposed for the increasing inequality. On the one hand, there is a sharp rise in earnings of the highest paid, particularly, of the top 1 percent of income earners. The wage premium for skilled workers in high demand in the labour market has probably been “bid up”, perhaps due to the combined effects of skill-biased technological change, trade liberalization and financial openness. On the other hand, labour market reforms designed to promote flexibility and lower labour costs, cuts to welfare benefits, less progressive tax policies, weaker collective bargaining and social dialogue, and the neglect of minimum wages, have all contributed to weakening the position of the lower 50 per cent of income earners in most countries.

In the developed economies and the EU, globalisation combined with rapid technological advances is seen as a challenge for labour markets (ILO 2008). Those in low-skilled labour jobs seem to be most affected by rapid changes, because they are less well trained and educated. In addition, it is often their type of job that is either transferred to other countries or is threatened by labour migration.

Widening inequality is one of the driving forces of the labour migration. It raises the incentive for educated people of poor countries to migrate to the rich countries. However, it may also raise the incentive for unskilled people to seek illegal entry. Polls show that more than two-thirds of respondents agree that there should be fewer “foreigners” living in their countries (Demeny 2003).

The neo-liberal arguments underline the positive effects of inequality. As Margaret Thatcher stated, “It is our job to glory in inequality and see that talents and abilities are given vent and expression for the benefit of us all” (cited in George 1997). The only reason to be worried about raising inequality is when it makes the poor worse off than otherwise. In this respect, the evidence of the past decades gives no reasons for apprehension, since the number of people living on less than \$1 a day has fallen by 200 million, after rising steadily for 200 years (World Bank 2002).

Wade (2004) gives the counterargument that productive effects apply only at moderate, Scandinavian, levels of inequality. At higher levels – e.g. in the United States over the past two decades – it is likely to be “swamped by social costs”. In addition, high inequality creates a socially corrosive, unsafe and unpleasant society due to higher violence rates (Hsieh & Pugh 1993; Lee & Bankston 1999; Daly et al 2001; Scheper-Hughes 2004; Wilkinson 2004; Schwartz 2005; Pickett et al 2005). The pathways linking inequality and violence are supposed to operate through inability of men with low social status to play traditional economic and social roles, including a plausible contribution to family income.

While economists do generally believe that trade liberalisation does enhance economic welfare, Samuelson (2004) showed the opposite in his paper. In developed countries, a permanent loss of per capita real income can be induced by an increase in productivity in China. Specifically, this refers to products for which developed countries have a comparative advantage, e.g. high-tech activities. Thus, economic welfare can be maintained in Europe only if it continues to maintain a productivity gap with China in high-productivity activities. As China is continually increasing productivity even in the high-tech sectors, the only viable strategy for Europe is to ensure that it remains ahead of the high-tech pack (Storrie & Ward 2007).

The debates on the macroeconomic impacts of globalisation in a country – particularly concerning the effects of offshoring and outsourcing – underline the complexity of the phenomenon and difficulties in quantifying various threats and benefits. The principal **POSITIVE MACROECONOMIC EFFECTS** are described by OECD (2007b) as follows:

- If relocated goods and services are imported at a lower price that would have been applied in the case of domestic production, there might be growth in consumers' incomes.
- The growth in income will increase consumption and possibly saving. The growth in consumption may have a favourable impact on employment if it is mainly oriented toward goods and services produced in the domestic market.
- On the other hand, jobs which might be created due to additional consumption may concern sectors and jobs very different from those lost due to offshoring.
- Improved price competitiveness of enterprises might result in increase of their profits. The impact on employment will largely depend on the strategy adopted by the firms and also on the macroeconomic environment. If domestic demand is growing, the enterprises will be encouraged to produce and invest more, and will indirectly

create new jobs. If domestic demand is weak, but export markets are expanding, it might depend on the choice made by the enterprises: either to export or to establish new production units in foreign markets.

- Improved productivity of enterprises may not necessarily have an immediate favourable impact on employment. However, it encourages investments in new technology and indirectly the creation of higher skilled jobs.
- Offshoring of certain activities can stimulate export growth. Empirical studies show that at macroeconomic level, foreign investment often complement trade and generates additional exports, and indirectly job creation. Moreover, the growth in incomes in the countries of relocation, which are increasingly integrated in the world economy, creates additional demand which could be satisfied by new exports from the countries behind the relocations.
- Reducing costs is one of the chief justifications for offshoring. This reduction will contribute to better control of inflation and a slowdown in consumer price rises. This will encourage a flexible monetary policy and keeping real interest rates fairly low. Indirectly, low interest rates will stimulate investment and thus job creation.
- Offshoring may contribute to better returns on capital.

The **NEGATIVE MACROECONOMIC EFFECTS** include (OECD 2007b):

- Fall in real wages for certain categories of workers:

Depending on the nature of offshoring, the importing of goods and services at lower prices will result in lower wages for workers who produce these goods and services. In the initial phase, when offshoring involved mostly goods and services with low added value, it was low-skilled workers who were concerned. The real relative wages of these workers fell markedly and unemployment among them rose. It is likely that this phenomenon led certain countries to introduce minimum wages. However, the increase in cheaper skilled labour abroad, combined with offshoring of goods and services that needed that labour, also resulted in a fall in the real wages of the skilled workers in the countries where activities are offshored.

- Deterioration in the terms of trade:

Offshoring of activities is generally advantageous for a country to the extent that it leads to a further fall in the price of imported goods and services. However, that could cause a deterioration of that country's terms of trade, especially if the exported goods and services are in a similar range. The chief cause will be inflation of the world supply at low prices of the goods and services normally exported by the country in question.

- Possible decline in capacity for innovation:

This applies essentially in the case of offshoring of research and development laboratories. Such relocation occurs more often in the context of group restructuring, or following a merger, and most often concerns enterprises under foreign control. The scale of

this effect depends on the nature of the research carried out by the laboratories. If the research is done for foreign affiliates or enterprises, the impact will be more modest and would be limited mainly to “spill over” effects.

- Loss of tax revenues:

Loss of tax revenues can occur in the context of relocation of parent companies or head offices of multinationals, to the extent that a large part of the profits of the groups concerned will be transferred and taxed in other countries, with resulting taxation at a lower level or no taxation at all.

- Regional effects:

The closure of a factory and its relocation abroad might only have relatively minor consequences at national level, but the consequences for a particular region can be serious, especially when unemployment in the region is high and the factory was the chief centre of economic activity in the region.

In addition, negative macroeconomic effects include:

- Trend towards more speculative investments as opposed to productive investments (reason for many restructuring events e.g., mergers):

The current crisis in the financial markets is a clear illustration of this trend. In the traditional concept and functioning of an enterprise, capital accumulated as a result of good business and profits can be re-invested in the development, expansion, improvement, etc of the company. That is productive investment. However, there has been a growing trend in the last decade or so whereby the real control and decision power in the company lies with shareholders who often seek quick and big financial returns for their investments, rather than a stable development strategy of the company. This leads to speculative practices like massive shares peddling, artificial creation of relative shortages – recently of oil, certain basic foodstuffs, and capital – as well as to overly risky or purely financially motivated business operations – some take-overs and mergers of competing companies – and unethical financial constructions and operations. In this context, enterprise restructuring is taking place too often for the purpose of – or as a result of – speculative rather than productive investment practices.

1.3. Quantitative Indicators and Overview of Data Sources Available (Elena Andreeva)

1.3.1. Basic Categories

Recently, a comprehensive methodological work has been done by the OECD (2005; 2007a; 2007b) to identify some indicators providing an insight into the globalisation process. The basic indicators are defined as statistical tools that measure the extent and intensity of the globalisation process. They are classified into three categories:

reference indicators, supplemental indicators and experimental indicators (OECD 2005).

The first category – **REFERENCE INDICATORS** – is used most commonly. These indicators are constructed to standardise the most relevant measurement of the economic globalisation. They allow for a sound comparison of the globalisation elements over time and across countries and industry sectors. A significant share of these indicators is currently available in most OECD countries even if further harmonisation is necessary. The proposed “core set” of reference indicators cover the following areas:

- foreign direct investment
- the economic activity of multinational firms
- the international dissemination of technology and
- the globalisation of trade.

In order to provide comparability between countries, these indicators are mostly computed as ratios and expressed as percentage. Their trend over time is considered to correspond to an increase or a decrease in the extent and/or intensity of economic globalisation. For example, an increase in the share of employment in enterprises under foreign control might suggest that an economy’s foreign dependence (intensity) is increasing.

SUPPLEMENTAL INDICATORS have been developed to provide additional information. These indicators are, in theory, desirable but may be difficult or costly to implement in practice (e.g. activity of MNEs abroad). For these reasons, supplemental indicators have lower priority as compared to reference indicators. An example is given by the Herfindahl concentration index which provides an inverse measure of the extent of geographic diversification (globalisation). This index indicates a higher degree of globalisation when ratios are lower.

EXPERIMENTAL INDICATORS have been proposed to stimulate a further research and development in the context of globalisation measures. However, statistical concepts and methods require further work (e.g. new forms of international economic alliances).

The indicators referred to in this report are mostly reference indicators. Some supplemental and experimental indicators are also discussed.

1.3.2. Foreign Direct Investment

There are many reasons to consider FDI as a key element in the international economic integration and in the rapidly evolving globalisation process (OECD 2005):

- FDI provides a means for creating direct, stable and long-lasting links between economies.
- It can serve as an important vehicle for local enterprise development.
- It may also help improve the competitive position of the recipient (“host”) economy.
- FDI encourages the transfer of technology and know-how between countries.

- FDI provides an opportunity for the host economy to promote its products more widely in international markets.
- FDI has acted as an important additional source of capital in a range of host and home countries.
- FDI also has a positive effect on the development of international trade.

The significant growth of FDI in recent decades and its international pervasiveness reflect an increase in the size and in the number of individual transactions as well as their growing diversification across countries and sectors. Large MNEs are traditionally the dominant players in such cross-border transactions. This development coincided with an increased propensity for MNEs to participate in foreign trade. Moreover, in recent years small and medium-sized enterprises (SMEs) have become increasingly involved in foreign direct investment.

Eurostat (2008) defines FDI in agreement with the OECD (1999) Benchmark Definition of Foreign Direct Investment Third Edition, which is in turn fully consistent with the IMF (1993) Balance of Payments Manual Fifth Edition:

FDI is the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise). The lasting interest is deemed to exist if the direct investor acquires at least 10% of the voting power of the direct investment enterprise.

A **FOREIGN DIRECT INVESTOR** is an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which have a direct investment enterprise operating in a country other than the country or countries of residence of the direct investor or investors.

A **DIRECT INVESTMENT ENTERPRISE** is an enterprise in which a foreign investor owns 10% or more of voting power or has an effective voice in the management of the enterprise.

FDI statistics record separately:

- Inward FDI (or FDI in the reporting economy), namely investment by foreigners in enterprises resident in the reporting economy.
- Outward FDI (or FDI abroad), namely investment by residents entities in affiliated enterprises abroad.

An increase in inward investments by foreign direct investors implies additional capital injected into the economy. Therefore, it is likely to have an impact on the economic performance of the domestic market. On the other hand, the size of outward investment transactions indicates the extent of penetration of the resident direct investor in other markets.

FDI can be measured in terms of flows and positions (or stocks). FDI flows provide information for a given period, while FDI positions data indicate the levels at a given point in time.

OECD (2005) suggests a breakdown of FDI reference indicators into three main groups:

- (1) Degree of globalisation via FDI
- (2) Contribution of investing and host economies and of economic sectors to globalisation
- (3) Return on FDI

Below, these indicators are described in accordance with OECD (2005). The summary overview for the core set of reference indicators is given in [Table 2](#).

Table 2: Foreign Direct Investment – Core Set of Reference Indicators

(1) DEGREE OF GLOBALISATION VIA FDI
<ul style="list-style-type: none"> • inward FDI financial flows as a percentage of GDP • outward FDI financial flows as a percentage of GDP • inward FDI income flows as a percentage of GDP • outward FDI income flows as a percentage of GDP • inward FDI positions as a percentage of GDP • outward FDI positions as a percentage of GDP
(2) CONTRIBUTIONS OF INVESTING AND HOST COUNTRIES BY ECONOMIC SECTOR TO GLOBALISATION
<ul style="list-style-type: none"> • relative share of inward FDI financial flows by partner country as a percentage of total inward FDI flows • relative share of outward FDI financial flows by partner country as a percentage of total outward FDI flows • relative share of inward FDI positions by partner country as a percentage of total inward FDI positions • relative share of outward FDI positions by partner country as a percentage of total outward FDI position • relative share of inward FDI financial flows by economic sector as a percentage of total inward FDI flows • relative share of outward FDI financial flows by economic sector as a percentage of total outward FDI flows • relative share of inward FDI positions by economic sector as a percentage of total inward FDI position • relative share of outward FDI positions by economic sector as a percentage of total outward FDI position
(3) RETURNS ON INWARD AND OUTWARD FDI
<ul style="list-style-type: none"> • Inward FDI equity income debits [debits for (a) dividends/distributed branch profits, plus (b) reinvested earnings/undistributed branch profits] as a percentage of inward FDI position [rate of return for total inward FDI or by economic sector or investing country] • Outward FDI equity income credits [credits for (a) dividends/distributed branch profits, plus (b) reinvested earnings/undistributed branch profits] as a percentage of outward FDI position [rate of return for total outward FDI or by economic sector or investing country]

Source: OECD (2005)

(1) DEGREE OF GLOBALISATION VIA FDI

(1.1) FDI FINANCIAL FLOWS (inward and outward) as a percentage of GDP indicate the degree of globalisation of an economy based on the economic framework for a given time period, i.e. the changes between two periods. This indicator provides preliminary information on the relative attractiveness of economies (both domestic and foreign) and industries for new investments after allowing for the withdrawal of investments during the period. FDI flows are compiled in many countries on a quarterly basis or on a monthly basis, with a view to allowing a timely monitoring of the FDI activities.

(1.2) FDI INCOME FLOWS (inward and outward) as a percentage of GDP provide information on the relative importance of the earnings of direct investment enterprises both in the reporting economy and abroad.

(1.3) FDI POSITIONS (inward and outward) as a percentage of GDP indicate the extent of globalisation at a given point in time. These structural indicators designate the interdependence of economies. The ratio for inward FDI positions indicates the extent of foreign ownership (of foreign presence) in an economy. The ratio for outward investment indicates the degree of ownership (of presence abroad) of economic agents in other markets. They also illustrate, respectively, the level of dependence of the domestic economy on foreign economies and their capacity of penetration in foreign markets. A comparison of the results obtained for inward and outward FDI will designate the comparative importance of the country as an exporter or recipient of FDI.

(2) CONTRIBUTION OF INVESTING AND HOST ECONOMIES AND OF ECONOMIC SECTORS TO GLOBALISATION

(2.1) BY PARTNER COUNTRY: Expressed as ratios (as percentage of totals within each category of FDI), the results reflect the process of globalisation of the economies by their level of financial expansion abroad and their dependence to financing from abroad. The indicator related to investing and host economies shows the evolution of the share of individual economies as origin of direct investment (outward investment by reporting economy) or as host of direct investment (inward investment by non-residents to the reporting economy). The ratio based on FDI flows allows an analysis of the changes between two periods while the ratio based on positions indicates the structural developments over time. The geographical analysis can be further deepened by measuring the share of the sub-component FDI equity capital in such investments by partner country. An increase of this ratio could indicate a greater contribution to globalisation by the host or investing economy.

(2.2) BY ECONOMIC SECTOR: The indicator based on economic sectors is similar to the previous indicator (by partner country) but the focus this time is on the economic sector for both inward and outward investments. This indicator describes the relative contribution of different economic sectors to the international economic system by the measurement of the share of FDI positions by eco-

economic sector abroad or by the measurement of the dependence of the economic sectors on investments from abroad. An increase of this ratio indicates a greater contribution to globalisation by individual economic sectors.

Furthermore, the analysis can be refined by examining the statistics by partner country and economic sector of the reporting country. However, such statistics, although of analytical interest, are still quite scarce within the OECD countries.

(3) RETURN ON FDI

The indicator, based on FDI equity income, provides information regarding the profitability of the direct investment enterprises. For example, when the rate of return of inward FDI [FDI equity income debits – i.e. debits for a) dividends and distributed branch profits, plus b) debits for reinvested earnings and undistributed branch profits – as a percentage of total inward FDI positions] increases, it implies that the resident direct investment enterprises are more profitable and increasingly attractive for investors.

However, observations based purely on the results of the statistical ratios are not sufficient to draw conclusions on the competitiveness of enterprises (or an economy). Many other factors should also be taken into account such as cyclical or structural factors, variation of stock value developments in the sector of economic activity as well as other factors related to the global strategy of the investing enterprise(s).

(4) HERFINDAHL CONCENTRATION INDEX - SUPPLEMENTAL INDICATOR

As described by OECD (2005), one way to measure the degree of concentration of international investment, in terms of flows or stocks, is to use the Herfindahl index. This index is discussed as a supplemental indicator and it offers the advantage that the information necessary to compute it is in most cases available. For example, to compare the degree of geographic concentration of stocks of foreign direct investment by a compiling country, it is necessary to add the squares of the country's market share of FDI for each of the countries (markets) in which that country has invested. In other words, the Herfindahl index for Country A (H_A) would be equal to:

$$H_A = \left(\frac{FDI_1}{\sum_{i=1}^n FDI_i} \right)^2 + \left(\frac{FDI_2}{\sum_{i=1}^n FDI_i} \right)^2 + \dots + \left(\frac{FDI_n}{\sum_{i=1}^n FDI_i} \right)^2 = \sum_{i=1}^n \left(\frac{FDI_i}{\sum_{i=1}^n FDI_i} \right)^2$$

where:

FDI_i = the value of Country A's stock of foreign direct investment in each destination country i .

$\sum_{i=1}^n FDI_i$ = the sum of Country A's stocks of foreign direct investment in all countries i .

If Country A had invested the same value in terms of stocks in each host country, i.e. if: $FDI_1 = FDI_2 = \dots FDI_n$

then the value of the Herfindahl index would be equal to $\frac{1}{n}$.

It is easy to deduce that the lower Country A's market shares are, the more negligible their values would be, and the calculations could disregard them. Herfindahl indices can be calculated to measure the geographic concentration of foreign direct investment (stocks or flows) between two or more countries, between different sectors of a given country or between different countries in respect of a particular sector. Countries or sectors having a low Herfindahl index will be less geographically concentrated and thus more highly internationalised. The indices can be adjusted to factor in the geographic distance between the investing Country A and the countries i in which Country A makes its investments. The more distant the countries in which Country A invests, the greater the degree of globalisation may be.

FDI: MAIN SOURCES OF BASIC DATA

Basic data are collected by the national statistical offices that are then compiled by international organisations such as the IMF, the WTO, UNCTAD, the World Bank, EUROSTAT or the OECD through use of questionnaires that request specific tabulations of the data (OECD 2005).

Data on direct investment refer to flows and stocks of each country's inward and outward investments corresponding to equity stakes of at least 10% in host country firms. However, not all countries do uniformly apply the 10% ownership criterion to define instances of foreign direct investment.

At the international level, the main data sources are the IMF, OECD and Eurostat.

IMF: The IMF has long been collecting data on: (a) flows and stocks of direct investment for all countries in the world in connection with the balance of payments. It also gathers statistics on (b) portfolio investments; (c) other investments; and (d) financial derivatives, according to the standard balance of payments components.

(a) Flows and stocks of direct investment, see also: Balance of Payments Statistics Yearbook, which publishes portfolio investment data from numerous countries, broken down into: i) assets and liabilities; ii) instruments (equity investments and debt instruments), the latter being further broken down into bonds and other debt instruments, and money market instruments; iii) sectors (other monetary authorities, government, banks and other sectors).

- (b) Direct investments are broken down into: i) equity capital, ii) reinvested earnings and iii) other capital.
- (c) Other investments: This is a residual item encompassing all transactions involving financial assets and liabilities not included in items corresponding to direct investment, portfolio investments or reserve assets. They include commercial credit, loans, currency and deposits and other assets and liabilities.
- (d) Reserve assets: This category includes monetary gold, reserve positions in the IMF, holdings of foreign exchange and other claims.

OECD-EUROSTAT: FDI statistics are based on a joint survey and the database covers 30 OECD members (including 15 EU countries). The data provide detailed information on inward and outward FDI income and financial flows and FDI positions. They are presented according to i) partner country (geographical breakdown); and ii) economic sector (industry breakdown using the two-digit ISIC Revision 3). Moreover, the database is designed to cover in detail all the subcomponents of direct investment [FDI financial flows and positions: equity capital, reinvested earnings and other capital; FDI income: income on equity and income on debt (interest)].

UNCTAD: The Division on Investment, Technology and Enterprise Development established a database on the inward and outward flows and stocks of foreign direct investment classified by type of investment, by industry and by region for more than 180 countries. It maintains also a database based on data from Thompson Financial that reports cross border mergers and acquisitions.

1.3.3. The Economic Activity of Multinational Enterprises (AMNE)

AMNE indicators should cover the overall operations of affiliates and parent companies. As proposed by OECD (2005), the reference indicators related to MNEs measure the extent of (1) foreign-controlled affiliate (foreign-CAs') and (2) parent companies' activities in the compiling country. The sum of these two categories of business indicators provides therefore an estimate of the (3) extent of economic activities related to MNEs in the compiling country. [Table 3](#) gives a summary overview for the core set of AMNE indicators. Below, the indicators are described in more detail in accordance with OECD (2005).

(1) EXTENT OF FOREIGN CONTROL IN THE COMPILING ECONOMY

(1.1) FOREIGN-CAS' SHARE OF VALUE ADDED IN THE COMPILING COUNTRY : Value added, the portion of an enterprise's output that originates within the enterprise itself, is perhaps the most comprehensive measure of economic activity that can be derived from AMNE data and a particularly useful measure from the perspective of globalisation analysis. Value added concerning all the components of a country's economy adds up to its gross domestic product (GDP), the most widely available aggregate measure of the size of an economy and its

growth. Thus, the share of GDP, in a given country's total GDP, and by industrial sector, that is accounted for by foreign-CAs, is an important indicator for measuring the extent to which economic globalisation has taken place in a domestic economy.

(1.2) FOREIGN CAs' SHARE OF TURNOVER (SALES) OR GROSS OUTPUT: While in some cases value-added is not available, almost all enterprises collect data concerning turnover (sales) or gross production. Value-added is the preferred measure, but gross output can be used to reflect the value of the economic activity being generated. Gross output includes the purchases of intermediate output and as such when summed across countries includes considerable double counting, limiting its utility as an economy-wide measure.

(1.3) FOREIGN-CAs' SHARE OF GROSS FIXED CAPITAL FORMATION (GFCF) IN THE COMPILING COUNTRY: In a majority of OECD countries, the share of gross fixed capital formation by foreign-CAs in the manufacturing sector corresponds to the proportion of those enterprises' gross output in the respective national totals. However, in some countries, these shares are proportionately greater than those CAs' share of gross output in their respective compiling countries' manufacturing industries. In view of this, it could be interesting, to identify the sectors concerned. If fixed capital investment is greater in certain sectors, it could also be useful to analyse the reasons and measure, for example, productivity, export capacity and contribution to growth of these enterprises and sectors.

(1.4) FOREIGN-CAs' SHARE OF EMPLOYMENT IN COMPILING COUNTRY: For employment in foreign-CAs, which must be defined in the same way as total industrial employment, the relevant ratio may reflect the importance of foreign investment in maintaining or creating employment in a compiling country.

(1.5) FOREIGN-CAs' SHARE OF COMPENSATION OF EMPLOYEES IN COMPILING COUNTRY: These ratios are of particular interest since they can show: a) if average pay in foreign-CAs is higher or lower than pay levels in enterprises controlled by the residents of the compiling country, and b) if average pay in foreign-CAs in the same sector differs significantly between countries of control. In most countries, average pay in foreign-CAs is higher than in enterprises controlled by residents of the compiling country, essentially for two reasons: 1) foreign-CAs tends to be larger than enterprises controlled by residents, which include many SMEs, and 2) because of the choice of sectors in which foreign control is concentrated. In many cases these are high-tech or medium-high-tech sectors that are very capital-intensive and use mostly high-skilled labour. Pay differentials associated with country of foreign control for foreign-CAs in the same sector can be attributed to the same causes, notably differences in enterprise size, pattern of organisation, productivity levels and workforce skills.

(1.6) FOREIGN-CAs' SHARE OF THE NUMBER OF (CONSOLIDATED) ENTERPRISES IN COMPILING COUNTRY: In the case of inward investment, the number of foreign-CA enterprises is of interest when compared with the total number of enterpris-

es in a country mainly at the sectoral level. The analytical relevance of the number of foreign-CAs enterprises when compared with total turnover or employment is that it can provide some indication of the average size of foreign-CAs (turnover/number of affiliates or total employment/number of affiliates). These comparisons, even if rather approximate, may show that in most countries the average size of foreign-CAs is considerably larger than that of enterprises controlled by the residents of the compiling country. From this standpoint, it is interesting to identify whether foreign investors prefer to control enterprises of medium size or to concentrate their investment on a few big enterprises and also whether there are significant differences across sectors.

(2) EXTENT OF PARENT COMPANIES' ACTIVITIES IN THE COMPILING COUNTRY

The reference indicators related to parent companies' activities measure the importance, in the compiling country, of foreign direct investment enterprises located in this country and controlling enterprises abroad. These enterprises are in principle controlled by the residents of this country, but some may be under foreign control.

Indicators of parent companies' activity in compiling country are important for two reasons. First, because strategic decisions for a corporate group are usually taken by the parent companies who exercise close supervision of certain strategic activities such as finance, R&D and innovation. The second reason is that parent companies are a useful group for comparison, constituting a population which can be more readily compared with foreign-CAs than other categories of enterprises controlled by residents of the compiling country. In host countries, the performances of affiliates under foreign control are generally better than the average. On the other hand, when the performances of these affiliates are compared with those of parent companies controlled by residents of the compiling country, most of the differences tend to diminish because of the relatively similar profiles of the two categories of enterprises in terms of size, economies of scale and organisation in world markets.

(2.1) PARENT COMPANIES' SHARE OF VALUE ADDED IN THE COMPILING COUNTRY:

The share of value added, in total and by industrial sector, that is accounted for by enterprises controlled by residents with CAs abroad, is a powerful measure of the extent to which enterprises controlled by residents of the compiling country have globalised their economic activity abroad.

(2.2) PARENT COMPANIES' SHARE OF TURNOVER (SALES) IN THE COMPILING COUNTRY:

Sales or turnover are very similar to gross output in terms of interpretation. The double-counting issue affects this variable. Moreover, shares based on sales tend to give more weight to wholesale enterprises than would gross output or value added, as only the wholesale margins are included in these latter concepts. Industry level analysis is therefore recommended for the shares based on this variable.

(2.3) PARENT COMPANIES' SHARE OF GROSS FIXED CAPITAL FORMATION (GFCF) IN THE COMPILING COUNTRY : The data for parent companies on GFCF could help assess their fixed investment propensity.

(2.4) PARENT COMPANIES' SHARE OF EMPLOYMENT IN COMPILING COUNTRY : The share of employment accounted for by parent companies in the compiling country could go up as these companies increase their activities as a result of acquiring control of other enterprises or increase their market shares inside and outside the compiling country. Comparing this indicator with the share of value added accounted for by parent companies can reveal the labour productivity of these companies relative to others.

(2.5) PARENT COMPANIES' SHARE OF COMPENSATION OF EMPLOYEES IN COMPILING COUNTRY: this share measures the degree of "outward" globalisation of multinational enterprises controlled by residents. It could go up as the size of these enterprises grows and they increase their world market shares. The analytical value of this indicator is enhanced when compared to the corresponding employment share, as it reveals information about relative average pay. For example, if the share of compensation of employees accounted for by parent companies grows faster than the corresponding ratio for employment, it shows that average compensation grows faster in enterprises with CAs abroad than for all compiling country enterprises.

(3) EXTENT OF MNES' ACTIVITIES IN THE COMPILING COUNTRY

These more global reference indicators are simply the summation of the corresponding indicators for foreign-CAs and parent companies. They represent the share of economic activity in the compiling country that is accounted for by multinationals located in this country.

AMNE: MAIN SOURCES OF BASIC DATA

OECD Activity of Foreign Affiliates (AFA): This database corresponds to the OECD Secretariat's annual surveys. In 2005, it covered 18 countries and 18 variables in manufacturing. Some variables, like intra-firm trade or local procurement by foreign affiliates in host countries, are available only for a small number of countries. This database covers both inward and outward investments, but the number of countries having data on the activities of their offshore affiliates is more limited, as is the number of variables collected.

OECD-EUROSTAT Foreign Affiliates Trade in Services (FATS) : These data are collected jointly between OECD and EUROSTAT. The database contained 2005 statistics on the activity of multinationals of 19 OECD countries of which 12 from the European Union, for both inward and outward investments in services, and covered five variables (turnover or production, number of employees, value added, exports and imports). The breakdown by sector follows the ISIC Revision 3 classification or NACE Revision 1 and covered 38 industries, and the geographical breakdown comprised 120 partners.

EUROSTAT: This database contains data on the economic activity of foreign affiliates in the EU Member States broken down by individual country of ownership. It covers manufacturing industry and services at a detailed level of disaggregation and contains information on ten variables.

UNCTAD: Database on FDI/TNC (Foreign Direct Investment/Operations of Transnational Corporations): This database contains data on the economic activity of majority-owned, as well as minority-owned foreign affiliates, applying where possible the principle of ultimate beneficiary ownership. The classification by industries is based on the ISIC Rev. 3. Data availability can vary across countries.

Table 3: Economic Activities of Multinational Enterprises – Core Set of Reference Indicators

(1) EXTENT OF FOREIGN CONTROL IN THE COMPILING COUNTRY (TOTAL AND BY INDUSTRY)	
<ul style="list-style-type: none"> foreign-CAs¹ share of value added foreign-CAs' share of turnover (sales) or gross production foreign-CAs' share of gross fixed capital formation foreign-CAs' share of employment foreign-CAs' share of compensation of employees foreign-CAs' share of the number of (consolidated) enterprises 	
(2) EXTENT OF PARENT COMPANIES' ACTIVITIES IN THE COMPILING COUNTRY (TOTAL AND BY INDUSTRY)	
<ul style="list-style-type: none"> parent companies' share of value added parent companies' share of turnover (sales) parent companies' share of gross fixed capital formation parent companies' share of employment parent companies' share of compensation of employees 	
(3) EXTENT OF MNEs' ACTIVITIES IN THE COMPILING COUNTRY (TOTAL)	
<ul style="list-style-type: none"> MNEs' share of value added MNEs' share of gross fixed capital formation MNEs' share of employment MNEs' share of compensation of employees MNEs' share of number of consolidated enterprises 	

Source: OECD (2005)

1.3.4. The Internationalisation of Technology

The indicators proposed by OECD (2005) to measure the internalisation of technology cover three important forms:

- that of industrial R&D,
- intangible trade in technology (technology balance of payments) and
- trade in high-technology products (technology embodied in the goods).

¹ foreign CAs' share = the share of foreign-controlled affiliate

These three forms of internationalisation of technology are interdependent, but also take place upstream and downstream from the process of technological development and internationalisation.

Industrial R&D is the main technological input that can be developed by a firm or parent company in a particular country, or else under the control of the latter it could be developed in various countries via a network of affiliates and R&D centres.

Trade in non-embodied technology in the form of patents, licences, know-how, technical studies or R&D usually represents the results of this research. So the technology used by multinational firms' affiliates abroad could either originate from R&D developed locally by these affiliates, or be the result of a transfer by the parent company of technology it has developed or purchased from other firms.

The third form of internationalisation of technology via trade in technology-intensive products (high-technology products) is located downstream from the process of technological development.

OECD (2005) assigns the highest priority to the group of reference indicators because they are relevant and available in a large number of countries. They are briefly summarised in [Table 4](#).

Table 4: Degree of Globalisation of Technology – Core Set of Reference Indicators

(1) DEGREE OF INTERNATIONALISATION OF THE R&D OF MULTINATIONAL FIRMS IN THE COMPILING COUNTRY
<ul style="list-style-type: none"> • share of R&D expenditure by foreign-controlled affiliates • share of the number of researchers in foreign-controlled affiliates • share of industrial R&D expenditure financed from abroad • share of value added attributable to foreign-controlled affiliates whose main activity is R&D • share of turnover attributable to foreign-controlled affiliates whose main activity is R&D • share of employment attributable to foreign-controlled affiliates whose main activity is R&D • share of parent companies in R&D expenditure • share of the number of parent company researchers • share of R&D expenditure and researchers in multinational firms (parent companies and foreign CAs)
(2) DEGREE OF INTERNATIONALISATION OF THE DIFFUSION OF TECHNOLOGY IN THE COMPILING COUNTRY (TOTAL AND BY INDUSTRY)
<ul style="list-style-type: none"> • technology payments as a percentage of GDP • technology payments as a percentage of R&D expenditure • technology receipts as a percentage of GDP • technology receipts as a percentage of R&D expenditure
(3) DEGREE OF INTERNATIONALISATION OF TRADE IN TECHNOLOGY-INTENSIVE PRODUCTS IN COMPILING COUNTRIES (TOTAL AND BY INDUSTRY)
<ul style="list-style-type: none"> • share of foreign-controlled affiliates' high-technology manufacturing exports in high-technology manufacturing output • share of foreign-controlled affiliates' and parent companies' high-technology manufacturing exports and imports in total high-technology exports and imports

Source: OECD (2005)

(1) DEGREE OF INTERNALISATION CONCERNING MULTINATIONAL FIRMS IN COMPILING ECONOMIES

(1.1) SHARE OF R&D EXPENDITURE PERFORMED BY FOREIGN -CONTROLLED AFFILIATES AND OF THE NUMBER OF RESEARCHERS in the said affiliates in the business sector total in the compiling country: This indicator shows the share of industrial R&D which is under foreign control and that which is controlled by the residents of the compiling countries. In the majority of countries, the ratio is between 18% and 30%. In some countries, it is in excess of 70%, when the firms controlled by residents do little research and there are large numbers of foreign affiliates. The higher the ratio, the more a country's domestic market is internationalised and reflects its interdependence with other countries. The same could be said with regard to the number of researchers.

(1.2) SHARE OF INDUSTRIAL R&D FUNDED FROM ABROAD: The object of these indicators is to determine whether a country finances its own R&D investment or if a certain proportion is funded from abroad. It needs to be made clear that funding from abroad in this context implies funds that cross borders and does not refer to local financing from foreign-controlled affiliates located inside a country. At present, data collected through national surveys and, above all, communicated to the OECD, differentiate between R&D financing by publicly-funded companies, private financing (partly from equity capital) and financing from abroad. This distinction, which is also made at sectoral level, makes no reference either to lenders or to categories of recipient firm.

(1.3) SHARE OF THE VALUE ADDED, TURNOVER AND EMPLOYMENT OF FOREIGN -CONTROLLED AFFILIATES WHOSE MAIN ACTIVITY IS R&D: in the compiling country's total for these variables: Amongst service enterprises, there is one category in which firms' main activity is R&D. The research performed by these companies, which are legally independent, could be intended to meet either the needs of their own group of companies, or those of other non-affiliated companies that are controlled by compiling country residents or are under foreign control. In the latter two cases, what is involved are services offered to firms in the form of R&D studies (case of R&D sub-contracting). The object, via these indicators, is to gauge the importance of these firms' value added, turnover and employment compared with the same aggregates for all compiling country firms.

(1.4) SHARE OF R&D EXPENDITURE PERFORMED BY PARENT COMPANIES IN THE R&D EXPENDITURE OF THE COMPILING COUNTRY: This indicator measures the share of total business R&D expenditure accounted for by a given country's own multinationals (resident-controlled and foreign-controlled parent companies).

(1.5) SHARE OF THE NUMBER OF PARENT COMPANY RESEARCHERS IN THE TOTAL NUMBER OF BUSINESS SECTOR RESEARCHERS: The comments concerning parent

company R&D expenditure could also be made about the number of researchers.

(1.6) SHARE OF R&D EXPENDITURE AND RESEARCHERS OF MULTINATIONAL FIRMS (PARENT COMPANIES AND FOREIGN CAS) IN THE TOTAL FOR THE BUSINESS SECTOR: This ratio makes it possible to determine what share of a country's industrial R&D is performed by multinational firms and what is the share of these firms' researchers.

(2) DEGREE OF INTERNATIONALISATION OF TECHNOLOGY DIFFUSION IN THE COMPILING COUNTRY (TOTAL AND BY INDUSTRY)

(2.1) TECHNOLOGY PAYMENTS AND RECEIPTS AS A PERCENTAGE OF GDP: These ratios give an idea, for all of a country's firms, of the value of trade (sales and purchases) in patents, licences, know-how, designs, technical assistance and R&D studies in GDP. The reference to GDP makes the sums involved more comparable between countries, bearing in mind that their volume depends on the size of the countries involved and their technology effort.

(2.2) TECHNOLOGY PAYMENTS AND RECEIPTS AS A PERCENTAGE OF R&D EXPENDITURE: The comparison between trade in technology (non-embodied) and R&D expenditure is of interest in that it makes it to some extent possible to calculate whether trade in technology is substantial or on a small scale.

More specifically, when the ratio of technology receipts to R&D expenditure is high, it could mean that the R&D effort is contributing to substantial technology-exporting capacity. In other words, a country is unlikely to be in a position to export technologies without making a considerable R&D effort. When the ratio in question is low, it could be either that the R&D results are not sufficiently significant, or that they are not exportable.

When the ratio of technology payments to R&D expenditure is high, it implies a development strategy based on imports of foreign technology rather than the use of native technology. This sort of situation occurs in countries whose industrial research is not sufficiently developed, but in which there are a great many foreign multinationals buying the technology that they use abroad (from their parent companies or from other non-affiliated firms abroad).

When the technology payments/R&D expenditure ratio is low, it could mean that the domestic R&D effort to a large extent satisfies a country's technology requirements. Conversely, when the domestic R&D expenditure of the country in question is similarly very low and the country imports little foreign technology, it could mean that the country is finding it difficult to absorb the said technologies. This latter situation is mainly encountered in developing countries.

Generally speaking, the above indicators reflect the scale of the technological internationalisation of the economies concerned, first because they relate to international transactions, but also because trade in technology is very closely correlated with the presence of multinational firms.

(3) DEGREE OF INTERNATIONALISATION OF TRADE IN TECHNOLOGY-INTENSIVE PRODUCTS IN COMPILING COUNTRIES

(3.1) SHARE OF HIGH-TECHNOLOGY MANUFACTURING EXPORTS IN HIGH-TECHNOLOGY MANUFACTURING OUTPUT (TOTAL AND BY INDUSTRY): This indicator reflects a country's propensity to export high-technology products. The more a country exports a large share of its high-technology output and directs it towards a large number of partner countries, the more internationalised it is from the point of view of trade. Exports of embodied technologies compared with R&D expenditure and technology payments may indicate whether the technology used for such exports is native or is largely imported.

(3.2) SHARE OF HIGH-TECHNOLOGY MANUFACTURING EXPORTS AND IMPORTS BY FOREIGN-CONTROLLED AFFILIATES AND THEIR PARENT COMPANIES IN THE COMPILING COUNTRY'S HIGH-TECHNOLOGY MANUFACTURING EXPORTS AND IMPORTS: In other words, the object is to measure the share of high-technology exports and imports attributed to foreign-controlled affiliates and parent companies. Identifying the role of multinationals in this type of trade is of particular interest in that these firms play a decisive role in high-technology production and exports, and also because it is of interest to know whether or not a large proportion of the high-technology products imported by a given country comes from its own affiliates abroad.

INTERNATIONALISATION OF TECHNOLOGY: MAIN SOURCES OF BASIC DATA

Databases relating directly to the globalisation of technology are developed at the international level essentially by the OECD, and in part by EUROSTAT.

OECD: RESEARCH AND DEVELOPMENT: The R&D data collected in conjunction with globalisation surveys deal with R&D performed in the countries by foreign affiliates (expenditures and researchers) and R&D performed by offshore affiliates of domestic firms. Data on foreign financing of all domestic enterprises are collected during regular surveys and are available in the MSTI and R&D databases.

OECD: INTERNATIONALISATION OF PATENTS: These indicators can be constructed from data that is contained in, or that is being incorporated into, the OECD database on patents. This database is compiled from data forwarded by national patent offices (European Patent Office, US Patents and Trademarks Office, Japanese Patent Office). When it is completed, the OECD patent database can be used to compute indicators such as: the number of patents issued to OECD country inventors, by technological category or by industry, patents issued jointly to inventors from more than one country and citation counts.

OECD: TECHNOLOGY BALANCE OF PAYMENTS: The OECD Secretariat's annual survey of technology receipts and payments fulfils a significant portion of the need for the indicators. Even so, and despite their importance, data on transactions between parent companies and affiliates are available for only a limited number of countries.

OECD: CO-OPERATION AGREEMENTS AND TRANSNATIONAL ALLIANCES: The basic data are collected by private sources which in many cases favour certain categories of agreements and alliances; this explains the multiplicity of sources and the diversity of their contents.

EUROSTAT databases contain information on certain categories of R&D, including data by region, but it does not distinguish the R&D activity of multinational firms. The data on trade in high-tech products contained in the Eurostat database are the same as the OECD's data. With regard to patents, the Eurostat database contains information on patent applications by region and technological classes.

1.3.5. The Globalisation of Trade

This section outlines the trade-related reference indicators which reflect:

- the importance of the trade in national economies and
- the role played by multinational enterprises in that trade.

OECD (2005) proposed eight reference indicators: The first four measure the extent of trade globalisation in the compiling country, while the last four refer to the importance of foreign CAs in the compiling country's trade. These indicators are presented in [Table 5](#) and described below in accordance with the OECD (2005) source.

Table 5: The Globalisation of Trade – Core Set of Reference Indicators

(1) EXTENT OF TRADE GLOBALISATION IN THE COMPILING COUNTRY (TOTAL)	
<ul style="list-style-type: none"> • share of total exports in GDP • average of exports and imports in GDP • share of domestic final demand met by total imports • share of GDP linked to domestic exports 	
(2) EXTENT OF TRADE GLOBALISATION RELATED TO FOREIGN-CAs IN THE COMPILING COUNTRY (TOTAL)	
<ul style="list-style-type: none"> • foreign-CAs' share of total exports • foreign-CAs' share of total imports • intra-firm exports of goods by foreign-CAs in total exports of goods • intra-firm imports of goods by foreign-CAs in total imports of goods 	

Source: OECD (2005)

(1) EXTENT OF TRADE GLOBALISATION IN THE COMPILING COUNTRY

(1.1) SHARE OF TOTAL EXPORTS IN GDP: This is probably the most frequently used indicator of trade integration, since it provides a measure of the degree of dependence of domestic producers on foreign markets, and their trade orientation. It is based on well-established concepts and the relevant data are readily available. The share of exports in GDP can be analysed in terms of level and in terms of growth. For some countries, this indicator may not show significant

growth if, during the reference period, services that are not traded internationally and that are included in GDP grow more rapidly than exports.

In terms of level, this ratio may indicate the intensity of a country's trade. However, it must be interpreted in light of i) a country's geographical proximity to its main trading partners; and here the importance that costs, such as transport and marketing, may have for trade flows; and ii) size of the economy. In this regard, smaller economies are often obliged to specialise in certain activities, which may result in a relatively high share of exports in GDP.

Furthermore, independently of specialisation, larger economies tend to show lower export to GDP ratios because the relative importance of foreign markets with respect to domestic demand is lower.

However, the negative correlation between GDP and the share of exports in GDP is not particularly strong, suggesting that other factors influence the ratio, especially in the cases of small countries where large disparities across countries exist. This indicator includes both domestic exports and re-exports that correspond to different globalisation dynamics.

(1.2) AVERAGE OF EXPORTS AND IMPORTS IN GDP: This indicator is often used to measure a country's integration in the world economy. This is the weight of the country's total trade in its economy, i.e. the average of exports and imports in GDP. However, it should be pointed out that this indicator should not be interpreted as a measure of openness to international trade since two countries can have the same values for this ratio but enforce differing levels of restrictions and tariff and non-tariff barriers.

(1.3) SHARE OF DOMESTIC FINAL DEMAND MET BY TOTAL IMPORTS: Another way of evaluating a country's integration in the world economy is to measure the share of total domestic final demand which is met by imports. As was the case with the share of total exports to GDP ratio some care should be made in interpretation. For example, small economies or those rich in mineral resources may tend to specialise in their production, and so import higher proportions of goods to meet total domestic final demand than would be the case in relatively large economies. Other factors are likely to affect the relationship too, for example the relative size of the service sector.

(1.4) SHARE OF GDP LINKED TO DOMESTIC EXPORTS : This indicator serves to measure the contribution of exports to GDP in terms of the revenue they generate to the economy, rather than as a share of GDP (X/GDP). Its interest lies in that it shows that two different countries may have identical export rates (X/GDP), but that the share of GDP directly and indirectly linked to exports may be very different in the two countries; reflecting differences in the import content of their exports (that is imports used in the production process to make exports).

(2) EXTENT OF TRADE GLOBALISATION RELATED TO FOREIGN-CAS IN THE COMPILING COUNTRY

(2.1-2.2) FOREIGN-CAS' SHARE OF TOTAL EXPORTS AND OF TOTAL IMPORTS: These two indicators measure the importance of foreign-CAs in total exports and imports of the compiling country. In many countries, foreign-CAs have a propensity to export (exports/gross production) that is higher than the national average, and a propensity to import (imports/gross production) that is also higher than the national average.

With regard to the importance of foreign-CAs in total imports of the compiling country, it needs to be stressed that many parent companies sell their products through their foreign affiliates for reasons of commercial strategy, which means that those affiliates have a high propensity to import. It would also be interesting to look at the contribution that foreign-CAs make to the host country's overall trade balance.

(2.3-2.4) INTRA-FIRM EXPORTS OF GOODS BY FOREIGN-CAS IN TOTAL EXPORTS OF GOODS AND INTRA-FIRM IMPORTS OF GOODS BY FOREIGN-CAS IN TOTAL IMPORTS OF GOODS: These are indicators used to measure a particular category of trade by multinationals – trade between an affiliate and its other parent company and other foreign affiliates of the same group (intra-firm trade). These indicators were developed exclusively for total goods and it would also be possible to construct them by industrial sector and country of origin and destination. It would, on the other hand, be more difficult to construct them for services.

This category of trade is a sub-category of the total trade by foreign-CAs, but it is of particular interest in that it reveals the intensity of commercial links between affiliates and parent companies. When an affiliate has a commercial or distribution function, its parent company's exports to that affiliate could represent the bulk of this trade. If the affiliate is rather a producer of semi-finished goods (intermediate goods), the parent company probably imports them to a large extent in order to manufacture finished goods, possibly for re-export to other destinations.

GLOBALISATION OF TRADE: MAIN SOURCES OF BASIC DATA

Trade data are collected in each country by a variety of public agencies, including customs authorities, banks, ministries of trade and industry, and national statistical services. At the international level, such data are centralised by the United Nations, OECD, WTO, IMF and EUROSTAT.

The categories of trade data include customs statistics (on manufactured and non-manufactured goods), balance of payments data on both goods and services (collected in most countries by central banks), national accounts data which combine customs and balance of payments statistics (compiled by national statistical services) and data on the trade of multinational firms (goods and services) which are collected in OECD and EUROSTAT surveys of the member countries.

UNITED NATIONS (COMTRADE DA TABASE) encompasses all countries in the world and covers manufactured and non-manufactured goods. Data from the 30 OECD countries are collected by the OECD and subsequently forwarded to the UN. These data, which are also broken down by countries of origin and destination, correspond exclusively to customs data classified by product (using SITC Revisions 2 and 3 and, more recently, the Harmonised System).

OECD FOREIGN TRADE STATISTICS (FTS) is product database covering the 30 OECD countries as reporting countries, plus three non-OECD countries (including China). The data are broken down according to the following classification systems: SITC Revisions 2 and 3, and the Harmonised System for recent statistics.

OECD TARIFFS AND TRADE DATABASE: The query and reporting system brings together trade data from the OECD's ITS database and corresponding tariffs for OECD member countries at the Harmonised System six-digit level. Tariff data have been elaborated using available sources and have been approved by OECD countries. The system also provides users with useful statistics on tariffs and analytical tools, including revealed comparative advantage measures and trade intensity indices.

OECD BILATERAL TRADE (BILAT): This database covers the 30 OECD countries as reporting countries and corresponds to a conversion of product data to industry data, through a conversion key from SITC Revision 3 to ISIC Revision 2 and Revision 3.

OECD STATISTICS ON INTERNATIONAL SERVICES TRANSACTIONS (SIST): This contains data exclusively on trade in services compatible with the breakdown in the IMF's BPM5 and national accounts data. It covers 29 OECD reporting countries and the European Union. Data are collected jointly with EUROSTAT.

OECD ACTIVITY OF FOREIGN AFFILIATES (AFA): This is the trade-related segment of the aforementioned database on foreign-controlled multinational manufacturers, arranged by sector and not by product. The data use ISIC Revision 3 and also include intra-firm trade for some countries.

OECD-EUROSTAT FOREIGN AFFILIATES TRADE IN SERVICES (FATS) contains data on trade in services by majority-controlled foreign affiliates, from the database presented above. The data differ from those of SIST insofar as they relate solely to majority-owned affiliates (and not to all firms, as is the case for balance of payments statistics) and are broken down according to ISIC Revision 3, which differs from the BPM5 (balance of payments) classification.

OECD-EUROSTAT HIGH TECHNOLOGY TRADE (HIGH TECH): This database covers exports and imports of high-tech products (about 150 manufactured products) broken down by countries of origin (the 30 OECD countries) and destination and by geographic regions, using the SITC Revision 3 classification. It also

contains unit values for this trade. It will also encompass trade by range of high-tech products and will include data using the Harmonised System.

WTO INTEGRATED DATA BASE (IDP): This database contains information on WTO Members' tariffs and imports, linked at the level of tariff lines. On the trade side, the IDB contains imports by country of origin, in value and quantity, by tariff line. On the tariff side, it contains MFN (Most Favoured Nation) current bound duties and MFN current applied duties. For some countries, information covering preferential duties is also included. Product descriptions at the tariff line level are also part of the database. Access is restricted to WTO Members only.

EUROSTAT COMEXT DATABASE: This is a database containing monthly trade data reported to Eurostat by each of the 15 Member States in the European Union (exports and imports), with 250 partner countries as well as information concerning the mode of transport. The products are classified according to the Combined Nomenclature (more than 10 000 codes) on the tariff nomenclature in case of extra-community imports (more than 20 000 codes). Information is further analysed to produce price and volume indices.

1.3.6. Globalisation Indices

As globalisation is a complex and multi-dimensional phenomenon, there exist different approaches for its measurement. Dreher (2006) and Dreher et al (2008) present the KOF (Swiss Economic Institute) Index of Globalisation which is based on economic, social and political indicators. This is an overall index measuring the globalisation status of countries. Sub-indices are separately available that cover the economic, social and political dimension, in addition to the raw data from which the indices had been constructed. The index can be considered as an experimental indicator of an overall globalisation. Data for the KOF index of globalisation are available on a yearly basis for 122 countries over the period 1970 - 2005. The set-up of the KOF Index of Globalisation is described in [Table 6](#). The use of a complex index may well be appropriate when it is used as a control variable. For policy analysis simple indices or single variables may be preferred as their interpretation is more easily understood and recommendations can be more precise.

The KOF Index of Globalisation has been extensively used in various analytical papers. Koster (2008) applied a multi-level approach combining the macro data from the KOF Index of Globalisation and the International Monetary Fund (IMF) with the individual level data from the European Social Survey (ESS). The author tested the compensation hypothesis on a relationship between economic openness (macro level), job insecurity (micro level) and the welfare state (macro level). Economic openness was found to be associated "with a more extensive welfare state". The hypothesis arguing that economic openness is positively related to job insecurity – i.e. the higher the economic openness of a country, the higher the job insecurity – was not confirmed in this study.

Table 6: 2008 KOF Index of Globalisation – Experimental Indicator

INDICES AND VARIABLES	WEIGHTS
A. Economic Globalization	[36%]
i) Actual Flows	(50%)
Trade (percent of GDP)	(18%)
Foreign Direct Investment, flows (percent of GDP)	(21%)
Foreign Direct Investment, stocks (percent of GDP)	(22%)
Portfolio Investment (percent of GDP)	(19%)
Income Payments to Foreign Nationals (percent of GDP)	(20%)
ii) Restrictions	(50%)
Hidden Import Barriers	(24%)
Mean Tariff Rate	(28%)
Taxes on International Trade (percent of current revenue)	(27%)
Capital Account Restrictions	(20%)
B. Social Globalization	[38%]
i) Data on Personal Contact	(30%)
Outgoing Telephone Traffic	(13%)
Transfers (percent of GDP)	(6%)
International Tourism	(28%)
Foreign Population (percent of total population)	(26%)
International letters (per capita)	(28%)
ii) Data on Information Flows	(35%)
Internet Users (per 1000 people)	(25%)
Cable Television (per 1000 people)	(25%)
Trade in Newspapers (percent of GDP)	(21%)
Radios (per 1000 people)	(29%)
iii) Data on Cultural Proximity	(35%)
Number of McDonald's Restaurants (per capita)	(40%)
Number of Ikea (per capita)	(41%)
Trade in books (percent of GDP)	(19%)
C. Political Globalization	[25%]
Embassies in Country	(35%)
Membership in International Organizations	(36%)
Participation in U.N. Security Council Missions	(29%)

Source: Dreher (2006); updated in Dreher et al (2008)

Bergh & Nilsson (2008) used the KOF-index of globalisation in addition to other variables in order to examine whether globalisation and economic liberalisations are linked to increases in income inequality within countries. The authors found a positive link of inequality and liberalisation for certain types of reforms, namely trade liberalisations, deregulation of product and labour markets and economic globalisation.

Raab et al (2008) suggested an overall sociological index of globalisation called the GlobalIndex which builds on previous work by Dreher (2006) and OECD (2005). Like the KOF Index, the GlobalIndex includes the economic and political dimensions, as well as cultural aspects. The authors ascribed the key role to the dimension of socio-technological interconnectedness indicating the exchange of individuals and information around the world – e.g., through the spread of cell phones, English language, import and export of books and periodicals. Measured with the GlobalIndex, globalisation has been on the rise over 1970-2002 for 97 countries, albeit with varying extent for countries and continents. For the selected modern societies – Germany and UK – globalisation has been found to significantly increase the labour market insecurities for young adults.

1.3.7. Indicators of Processes Discussed in Relation to the Economic Globalisation: Structural Change, Deindustrialisation, Delocalisation and Job Destruction

STRUCTURAL CHANGE / DEINDUSTRIALISATION

Generally, deindustrialisation is a part of a large, long-term process of structural change which is closely related to the economic development. In the initial stages of this process, agriculture typically accounts for the major part of GDP and employment, as is still the case in many developing countries. Subsequently, its share in total value added and employment declines and manufacturing sector grows as economies industrialise. In later stages of economic development, services become more important at the expense of manufacturing.

During 1960s, a theoretical approach has been formulated by Kaldor (1966; 1978) relating employment and productivity in the manufacturing – at that time much larger sector in the developed economies – to overall GDP growth. The supremacy of manufacturing has been postulated by three “laws” (Drakopoulos & Theodossiou 1991).

- (1) There is a positive relationship between the growth of manufacturing output and the growth of GDP. This has been empirically supported, for instance, for Greece, where the growth of manufacturing output explained 81% of the total variation of the GDP growth over the period 1967-1988 (Drakopoulos & Theodossiou 1991).

Further, there must be a strong correlation between the GDP rate of growth and the growth of services’ output with a regression coefficient not statistically different from unity. This is because the demand for services has been considered

as a by-product of the demand for manufacturing output. However, when GDP growth is regressed against the agricultural output growth, the results are very poor.

(2) In the manufacturing sector, there is a positive relation between the rates of growth in labour productivity and in output (Verdoorn law). The manufacturing expansion will result in increasing productivity. The general notation is as follows:

$$p_j = c_1 + b_1 q_j$$

where p_j and q_j are the growth rates of manufacturing labour productivity and output, respectively, of region j , usually calculated over periods of about a decade. The coefficient b_1 is the Verdoorn coefficient, and it traditionally takes a value of around 0.5, which has been interpreted as implying substantial increasing returns to scale. If the estimated coefficient b_1 is not significantly different from zero, this implies constant returns to scale.

(3) The third law relates the rate of growth in manufacturing employment with the rate of GDP growth. Since the manufacturing sector is the most important for the growth of an economy, there has to be a correlation between output growth and the transfer of workers from diminishing or constant returns activities to the manufacturing sector.

Kaldor used this approach to explain the relatively poor performance of the British economy, which, as he argued, has been caused by a chronic shortage of labour in the manufacturing sector. Since Britain, unlike its rivals, does not possess a large surplus of agricultural labour available for employment in industry, he concluded that, if potential economies of scale are to be realised, labour must be found elsewhere. Kaldor pointed to service sector as to a potential source of labour, and to force labour out of this sector into industry Kaldor devised the Selective Employment Tax.

While the overall validity of this approach is subject to discussions (e.g., Rowthorn 1975), many attempts have been made to examine both the theoretical and empirical foundations of Kaldor's law. In an earlier study on the diffusion of knowledge, Gomulka (1971) argued that international differences in productivity growth can be best understood by starting from the notion of technological gaps. He provided both theoretical arguments and empirical evidence to suggest that the diffusion of techniques from advanced to backward producers is an important determinant of technical progress, and that the rate of diffusion is itself influenced by social, cultural and political factors which are in principle subject to change. Gomulka also argued that in the present epoch the effects of diffusion far outweigh the effects, if any, of Kaldor's law. In the longer run, to be measured in centuries or millennia, he concedes that Kaldor's law may hold, although clearly this conclusion must be seen as highly tentative in view of the underdeveloped state of long-run growth theory.

If Kaldor's law holds nowadays, it should be modelled for expanded production networks within globalised economies. A recent paper by Angeriz and co-authors (2008) examined the degree of localised increasing returns for European regional manufacturing over the period 1986–2002 for a sample of fifty-nine European NUTS1 regions. The scholars estimated both demand- and supply-side versions of the Verdoorn law: "While the demand-side version sees causation as running from the growth of demand for local products and output to the growth of productivity, the supply-side version sees it as running from the growth of local factor supplies to the growth of productivity".

Using total factor productivity (TFP) growth, rather than labour productivity growth, as the dependent variable, the study explicitly controlled for labour productivity growth attributable to capital accumulation. The paper augmented the law to allow for the possibility that both technological diffusion and agglomeration economies act as independent sources of local productivity growth. Further, the estimation of the law was embedded within a spatial econometric framework that allows for both "substantive" and "nuisance" sources of spatial autocorrelation. The former may arise because of the potential for cross-regional spillover effects in the regional growth process. These include, for instance, the possibility that fast output growth in one region not only helps to stimulate TFP growth in that region but, through knowledge spillovers, also in neighbouring regions. The latter may occur because the definition of NUTS regions is based on administrative boundaries rather than on any set of functional criteria. This makes nuisance spatial autocorrelation in the form of spatial measurement error a likely feature of the data set.

The "preferred" results have been obtained with demand-side specification of the Verdoorn law. They provided strong support for the presence of substantial static and dynamic returns to scale at a local level. Furthermore, the results indicated the existence of both a significant technological diffusion effect from the rest of the world and the surrounding regions and a significant dynamic agglomeration effect.

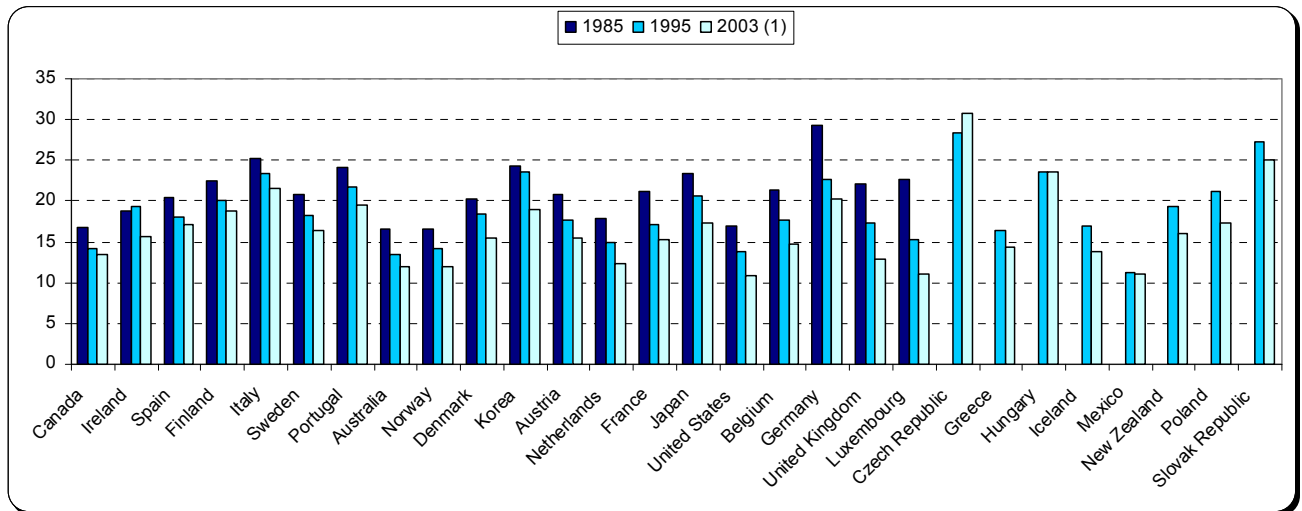
Most of the OECD countries have experienced a decline in the share manufacturing in total employment since the 1970s, or even 1960s in the UK case. Between 1985 and 2003, the process of deindustrialisation was especially evident in Germany, the United Kingdom and Luxembourg ([Figure 7](#)). The most recent trends indicate that the move out of industry and into services continues in the developed economies and the European Union. In 2007, 24.5 percent of all jobs were found in industry, compared to 71.5 percent in the service sector (ILO 2008).

The developed economies have reached the peak of their relative manufacturing employment at different periods, but perhaps at rather close values of real GDP per capita. For six OECD countries – Finland, Italy, Japan, Korea, Portugal and Spain – the peak was reached in a range of approximately \$8 000-\$14 000 (Boulhol & Fontagné 2006).

If relative manufacturing employment has fallen in the OECD countries, what had happened in the non-OECD economies? Have jobs been "delocalised" thereto? The available data are not readily comparable, but there is limited evidence to suggest that the

share of manufacturing in total employment increased in China or Brazil (Figure 8). In the new millennium, this indicator remained relatively stable in Indonesia and slightly grew in Thailand, whereas the data from Hong Kong show a clear downward trend.

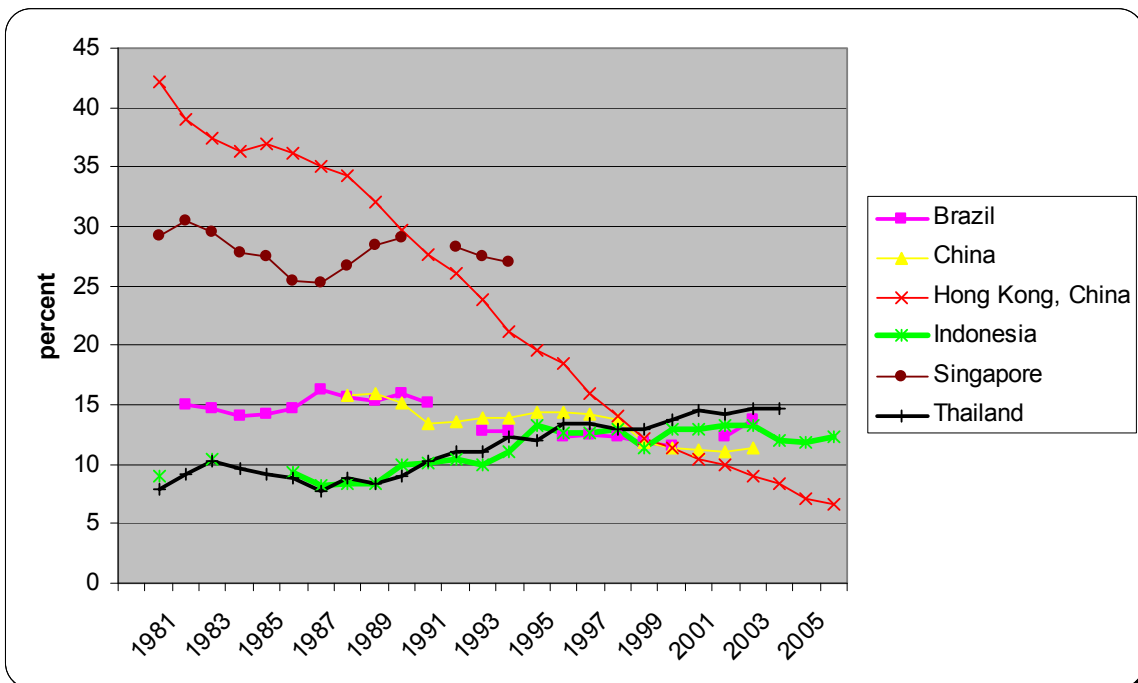
Figure 7: Share of Manufacturing in Total Employment (%), OECD economies



(1) 2003 or latest available year

Source: OECD STAN Indicators Database (2006)

Figure 8: Share of Manufacturing in Total Employment (%), non-OECD economies



Source: KILM (2007): ISIC 2 revision

The evidence summarised by OECD (2007a) points that a shift of manufacturing production to the emerging economies played a role in the decline of manufacturing employment – at least in some of the developed countries and for some sectors.

Due to the impact of the economic globalisation and increased competition some labour-intensive activities became unprofitable in developed countries. Increasing openness – particularly, to trade with low-wage economies – has been estimated to account for less than 20 percent of deindustrialisation in the United States and the EU for the period 1970-1994; post 1994, the contribution of globalisation has increased (Rowthorn & Ramaswamy 1997; Rowthorn & Coutts 2004). These estimations have been replicated by Boulhol and Fontagné (2006), according to which the contribution of trade with low-wage economies explains on average one fifth of the observed decline in the manufacturing employment share for 16 OECD countries. The authors also calculated what would be manufacturing employment in 2002, if the countries had maintained their trade ratios with low-wage countries at the 1970 level. For the USA, Japan and France, this trade led to the displacement of around 3.3 million, 1.4 million and 350 000 manufacturing jobs respectively.

Manufacturing sectors were affected to a different extent. Over the past three decades, most of the decline in the employment of G7 countries has occurred in only two activities – textiles and metal products. This happened first of all due to the international competition from low-cost countries. In several activities, notably food products, paper products, chemicals, motor vehicles and other manufacturing, manufacturing employment in the G7 countries has been relatively stable. In some others, such as wood products and machinery, it has only declined a little (Pilat et al 2006).

There are two factors underlying the declining employment share in manufacturing – an absolute decline in the number of manufacturing workers and the rapid employment growth in the services (OECD 2007a; Wölfl 2005). The latter situation has been recently observed in Spain, where the absolute number of manufacturing workers is actually even rising, and total employment is growing – in particular, due to services sector, but the manufacturing share in total employment decreases (Rowthorn & Coutts 2004).

Deindustrialisation results not only in decline in the share of manufacturing in total employment. In addition, it causes a slow decline in the share of manufacturing in value added at current prices due to price effects (Wölfl 2005; OECD 2007a). Much of the sector is characterised by high productivity growth, but prices of manufacturing products tend to increase little over time and may even fall. This contrasts with the experience in many parts of the services sectors, where productivity growth has been slower, and prices tend to rise more strongly over time. Due to the gradual deindustrialisation, services account for the largest share of value added created in OECD economies. While some countries are more oriented towards services – e.g., the United States, others have still a large manufacturing sector – e.g., Ireland and Korea, or a significant agricultural sector – e.g., Turkey. By 2002, services accounted for about 72% of OECD value added, whereas the share of manufacturing was only about 17% (OECD 2007a).

Deindustrialisation does not, however, mean that manufacturing production and value added have been falling in absolute terms. In some of the G7 countries, especially in Canada and the United States, they exhibit a strong growth in constant prices. Manufacturing value added has also increased rapidly in Finland, Hungary, Korea, Mexico, Poland and Sweden. In Germany, the UK and Italy, manufacturing value added has grown little in recent years. This is also the case for Japan since the early 1990s (OECD 2007a).

JOB LOSS / DELOCALISATION

Enterprises face new and more acute pressures due to intensified competition in the world of expanding trade, of global production systems and of international capital movements. As stated by the ILO Director-General (2008), “the balance of power has shifted to the detriment of labour, favouring in particular enterprises that can outsource production. The enterprises have become more sensitive to labour costs and to fixed costs in general, particularly in more employment-intensive sectors”.

For the countries of the European Union, the information on outsourcing and other recent events of organisational restructuring is mostly given by the European Labour Force Survey (ELFS) and the European Restructuring Monitor (ERM). The “operational definition” of restructuring focuses exclusively on a change in the number of jobs (Storrie 2006). Net employment change from these sources can be examined as an experimental indicator of restructuring.

In this respect, the critical point refers to a difficulty observers have in judging whether all job loss due to economic reasons can be fully attributed to structural reasons without reference to the business cycle. It is often difficult to distinguish between cyclical and structural phenomena. Essentially, job creation is pro-cyclical while job destruction is counter-cyclical. However, the correlation is much stronger for job destruction, which is heavily concentrated in the trough of the recession. It is likely that most structural problems will become apparent and so enacted when the business cycle is poor.

Both data sources are not free of limitations, which are discussed in detail by Storrie (2006). For instance, the ELFS includes some measure of the negative employment effects of restructuring, but since many of those who lose their jobs due to restructuring soon find a new job, it cannot provide information on the extent of job loss due to restructuring.

The ERM picks up the initial announcements of restructuring events as reported by the press. Therefore, cases not reported in the press are not taken into account. Once reported in the press, the decisions announced by the companies may be changed for various reasons without giving rise to a second press article. Therefore, the notification data may not exactly reflect actual job loss.

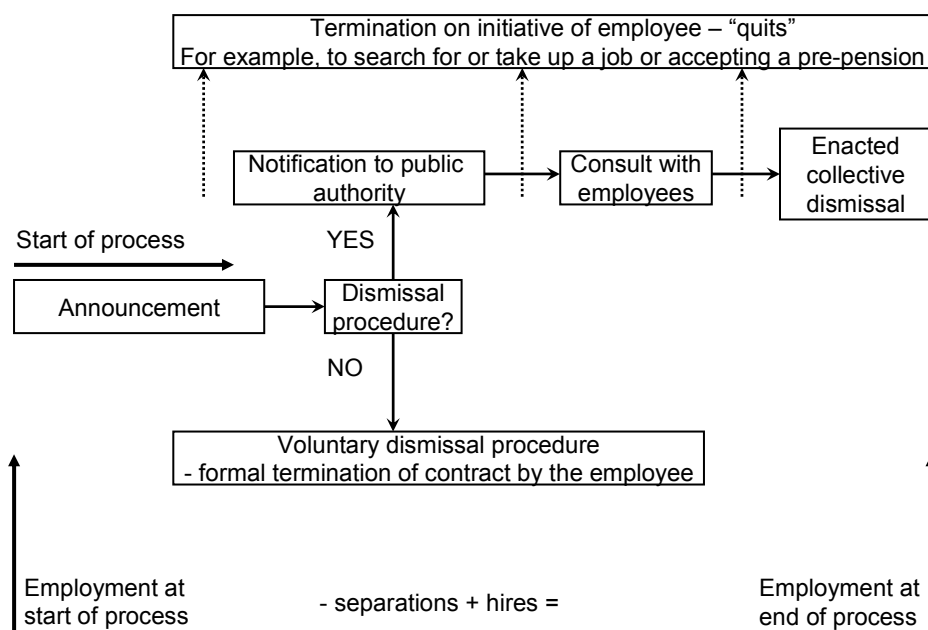
Despite these limitations, both data sources might supply valuable information for examining the overall employment effects of restructuring. The ELFS can provide data on the total number of workers affected – and their characteristics – whereas the notifica-

tion based data offer the company level information for various types of restructuring events.

Storrie (2006) gives a general outline of job loss at restructuring ([Figure 9](#)), in which a distinction can be made between:

1. “quits” – i.e. terminations on initiative of employee – for example, to search for or take up a job or accepting a pre-pension;
2. voluntary dismissal procedure – i.e. formal termination of contract by the employee and
3. enacted collective dismissals.

Figure 9: Outline of Job Loss at Restructuring



Source: adapted from Storrie (2006, p. 9)

The first indication that the company is to reduce its workforce is the initial announcement and it is this stage which is picked up by the **EUROPEAN RESTRUCTURING MONITOR (ERM)**. Following the formal dismissal procedure, the next step is notification to the relevant authorities, followed by some form of negotiation or consultation, and finally the enactment stage whereby the employer terminates the employment contract.

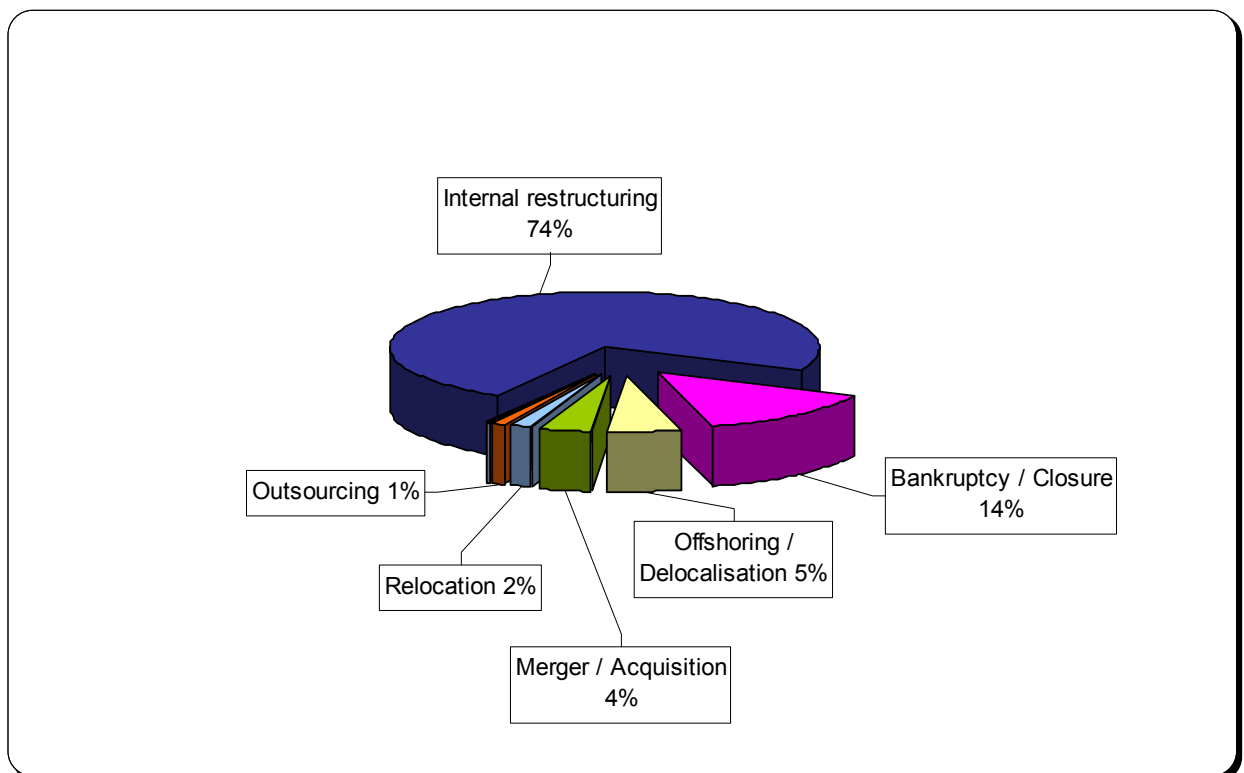
Since 2002, the ERM recorded over 8000 cases for eight types of restructuring events:

1. Relocation, when the activity stays within the same company, but is transferred to another location within the same country;
2. Outsourcing, in which the activity is subcontracted to another company within the same country;

3. Offshoring / delocalisation, whereby the activity is relocated or out-sourced outside of the country's borders;
4. Bankruptcy / closure, when an industrial site is closed or a company goes bankrupt for economic reasons not directly connected to relocation or outsourcing;
5. Merger / acquisition which then involves an internal restructuring programme aimed at rationalising organisation by cutting personnel;
6. Internal restructuring in which a company undertakes a job-cutting plan not linked to another type of restructuring defined above;
7. Business expansion, when a company extends its business activities, hiring new workforce;
8. Other, when a company undergoes a type of restructuring that is none of the above.

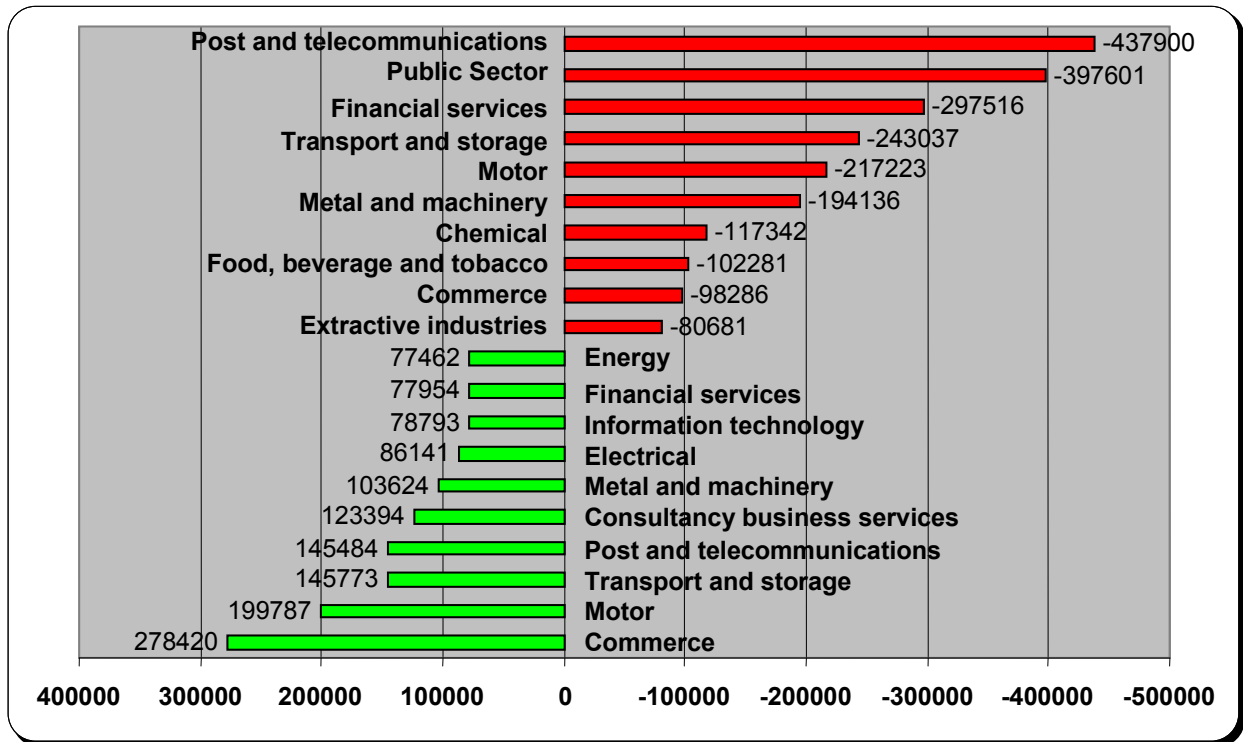
Cases are recorded for the 27 EU Member States and Norway, if they entail reduction – or creation – of at least 100 jobs, or they involve sites employing more than 250 people and affecting at least 10% of workforce.

Figure 10: Job Reductions by Type of Restructuring (%)



Source: ERM (2008), cases announced 1.1.2002-5.9.2008 for the 27 EU Member States and Norway

Figure 11: Job Creation and Reduction, by Sector (Top 10 Sectors)



Source: ERM (2008), cases announced 1.1.2002-5.9.2008 for the 27 EU Member States and Norway, of large-scale job reduction or creation (≥ 100 jobs), or involving large sites (≥ 250 workers) with at least 10% of workforce affected

“Internal restructuring” is the largest source of job losses over 2002-2008 ([Figure 10](#)). [Figure 11](#) illustrates the top 10 economic sectors with respect to job reduction and creation, as reported by the ERM from 1st December 2002 to 5th September 2008. Post and telecommunications reported the most job losses, followed by public sector, financial services and transport and storage. In terms of job creation, the leading sectors were commerce, motor, transport and storage and post and telecommunications. Job creation in the sectors of post and telecommunication, as well as transport and storage did not counterbalance job losses.

In accordance with the description by Storrie (2006), the main advantages of the ERM include:

- reporting both job reductions and job creations;
- process of structural change can be observed at company level;
- availability of information in the public domain; no issues with privacy;
- early warning feature: availability of information long before the reduction of the workforce is implemented;
- monitoring events very early in the dismissal process.

The ERM disadvantages are as follows (Storrie 2006):

- almost certain overestimation of the actual number of workers affected by the restructuring
- questionable representativeness of macro picture for job loss at restructuring in general (to be determined by comparing the ERM data with other possible data sources), particularly:
 - a “company size bias due to the ERM thresholds – i.e., over-representation of large companies and / or more extensive job losses;
 - potential over-representation of manufacturing compared with services;
 - potential bias with respect to region and gender due to the over-representation of manufacturing;
- inconsistencies over time, if company size varies over time;
- inconsistencies between countries with different company size distributions (to consider the ongoing restructuring of agriculture in the new Member States);
- expectation of larger restructuring impact for smaller Member States – e.g., Malta and Cyprus – as they have very few companies of the size corresponding to the ERM threshold:
 - poor information on restructuring in smaller Member States
- “capital city” or regional bias, if media coverage is not evenly spread throughout the country;
- “country size” bias with an unknown direction of impact:
 - potentially more frequent job loss in large countries (in absolute numbers); more bigger companies in larger countries;
 - potentially higher reporting frequency in smaller countries;
- potentially higher rate of reporting of job losses relative to the reporting of job creation.

NOTIFICATION DATA: According to the EU directive on collective redundancies, written information should be given to a competent public authority when the employer is “contemplating” collective redundancies, and this information should consist of the:

1. reasons for the projected redundancies;
2. number of categories of workers to be made redundant;
3. number and categories of workers normally employed;
4. period over which the projected redundancies are to be put into effect;
5. criteria proposed for the selection of the workers to be made redundant, in so far as national legislation and/or practice grants the employer such a power.

The legislation stipulates that the projected collective redundancies shall take effect not earlier than 30 days after the notification. While there is no obvious non-compliance with the requirements of this directive in the Member States, preliminary and unpublished investigations conducted by the European Monitoring Centre for Change

(EMCC) indicate that the potential to use the information reported to the public authorities as a basis for statistics has not been developed in many Member States.

As Storrie (2006) noticed with Swedish data, the notification data reflect the time trend for collective redundancies very well. Both the notification data and the unemployment rate exhibit a very similar cyclical variation and are closely correlated. A further indication that the notification data are credible is that they appear to lead the unemployment series by about a year.

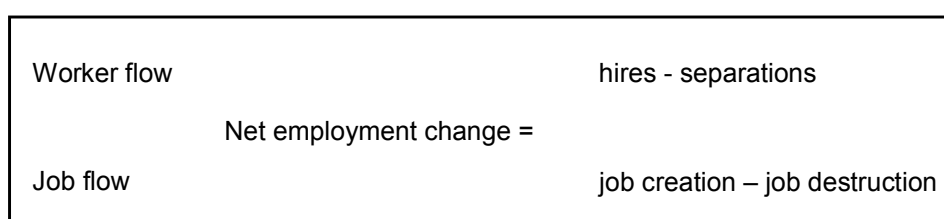
The major factor behind such data not being used throughout the EU appears to be the fact that the authorities have not used the full potential of such a resource, rather than the fact that the employer fails to report details to the public authorities.

ESTABLISHMENT OR COMPANY REGISTERS provide statistics measuring the impact of structural change on employment at company or establishment level.

These registers may have been based on registers of companies used in national accounting, or for administering social security contributions or taxation. In this context, job creation is defined as the sum of all jobs gained at expanding or start-up establishments, while job destruction is the sum of all jobs lost at contracting or closing establishments.

Such an approach permits the study of job flows. However, these statistics measure the magnitude of establishment-level changes in total employment, without taking into account whether or not the employees are the same people who were working in the establishment in the previous period. Neither do they distinguish whether a change in establishment level is due to an increase in hires or separations. Net employment change can be examined in terms of worker or job flows ([Figure 12](#)).

Figure 12: Measuring Net Employment Change



Source: adapted from Storrie (2006, p. 12)

In terms of measuring direct job loss at restructuring – collective redundancies – an obvious shortcoming of the establishment registers of job creation and destruction is that they cannot attribute an observed decline in employment to dismissals.

In terms of worker flows, changes in employment stock are due to changes in hiring and separation. Separations may be due to quits – including retirement – or dismissals.

How then can one identify job loss due to restructuring – dismissals and pre-emptive quits – from these establishment registers?

A common approach is to assume that when the level of employment at an establishment has decreased by at least a certain percentage – say, for example, 30% – that collective dismissals have been enacted. However, even if this assumption is correct, it is certainly not accurate to attribute the entire decrease in employment to job loss. Moreover, the cut-off percentage will always be somewhat arbitrary and will therefore either miss some collective dismissals or include some normal turnover as dismissals.

A more certain identification of job loss at restructuring can be made when the establishment closes. If the closure can be correctly identified in the register, then presumably the majority of those employed in the year prior to the closure suffered job loss. These approaches will work relatively well when the closure process is short and relatively large. However, when the process is spread out gradually over a number of years, it is very likely that this method will miss much of the job loss.

Nevertheless, these statistics are discussed as in principle by far the best means of measuring the impact of structural change on employment at company or establishment level (Storrie 2006). The bottom line is the level of employment at the establishment. Whether this is enacted by recruitment bans (i.e. by not hiring even when employees quit either to take up another job or a pension) or collective dismissals is, in many contexts, of minor importance; the focus on jobs rather than employees makes the problem of quits or dismissals, which also plagues the survey approach, irrelevant. Moreover, measurement at the establishment level provides insights into the dynamics and heterogeneity of structural change, which are simply not observable at any published sectoral level.

There are practical problems and limitations with this approach. They may include:

- coverage of the company or establishment registers as regards size and sector;
- lack of data availability and / or reliability for small establishments (≤ 10 employees);
- rare inclusion of public sector, mostly inclusion of manufacturing, sometimes services;
- the long production interval does not allow for using these statistics as a monitoring tool;
- not many Member States have such data at all;
- the methodologies differ between the countries.

Eurostat (2005) provide some information on how they attempt to resolve certain issues. Eurostat also presents some comparable data in relation to the opening and closure of enterprises. The unit of observation here is the enterprise and not the establishment.

Table 7: Examples of Labour Force and Other Surveys

(1) ELFS: REMARKS	(1) ELFS: INFORMATION ON QUILTS VS. COLLECTIVE DISMISSALS
<ul style="list-style-type: none"> relatively high quality; harmonisation for many of the statistical concepts; some measure are included for the negative effects of restructuring on employment; potential to use as a good monitoring tool: the organisational structure could accommodate additional obligations for the national statistical offices in the Member States to provide standardised information 	<ul style="list-style-type: none"> no information on the exact extent of job loss due to restructuring no information on the threat of job loss induced quit questions on quits / dismissals and being made redundant are only asked for individuals who were not employed at the time of the survey; many of those who lose their jobs due to restructuring soon find a new job
(2) UK LABOUR FORCE SURVEY: REMARKS	(2) UK LABOUR FORCE SURVEY: INFORMATION ON QUILTS VS. COLLECTIVE DISMISSALS
<ul style="list-style-type: none"> relatively high quality more exact responses on the reasons for leaving the last job 	<p>Question "Could you tell me the reason why you left your last job?" allows for responses:</p> <ul style="list-style-type: none"> You were dismissed; You were made redundant or took voluntary redundancy
(3) DISPLACED WORKERS SURVEY, USA: REMARKS:	(3) DISPLACED WORKERS SURVEY, USA: INFORMATION ON QUILTS VS. COLLECTIVE DISMISSALS:
<ul style="list-style-type: none"> run by the Bureau of Labour Statistics (BLS / USA), as a regular addition to the US labour force survey (the Current Population Survey) the most comprehensive approach allowing the respondents being classified as being displaced Those classified as being "displaced" are asked additional questions about the lost job, including: how many years they had worked for their employer; the year the job was lost; the earnings, industry, and occupation of the lost job; and whether health insurance had been provided. 	<p>"During the last three calendar years, that is, xxxx through xxxx, did (you/name) lose a job, or leave one because: plant or company closed or moved, (his/her/your) position or shift was abolished, (his/her/your) insufficient work, or another similar reason?" If the answer is yes, further specification is possible:</p> <ul style="list-style-type: none"> ■ Plant or company closed down or moved; ■ Plant or company operating but lost job because of: <ul style="list-style-type: none"> ■ Insufficient work; <ul style="list-style-type: none"> • Position or shift abolished; • Seasonal job completed; • Self-operated business failed; • Some other reason. <p>Useful additional information on job loss consequences is available: Was the respondent notified of the upcoming dismissal? How long did he/she go without work? Did he/she receive unemployment benefits? And, if so, were the benefits used up? Did the person move to another location after the job loss to take or look for another job?</p>
(4) HOUSEHOLD SURVEYS (E.G., GERMAN AND BRITISH HOUSEHOLD PANEL SURVEYS) REMARKS:	(4) HOUSEHOLD SURVEYS (E.G., GERMAN AND BRITISH HOUSEHOLD PANEL SURVEYS) INFORMATION ON QUILTS VS. COLLECTIVE DISMISSALS:
<ul style="list-style-type: none"> longitudinal dimension rich array of job loss and other variables smaller sample sizes and longer publication lags than in labour force surveys (the latter usually being quarterly or, in some cases, monthly) cannot be considered a useful line of further enquiry in the quest to develop monitoring tools 	<ul style="list-style-type: none"> contain information on job loss may provide the basis for useful research on the individual consequences of job loss

Unlike job flows, data on worker flows require linked employee–employer data – also a growing source of information. Linked employer–employee datasets covering the entire economy, and for a longer time period, are only available in a few European countries. In France, Finland, Denmark and Sweden as well as Norway, unique identifiers of employees, establishments and enterprises make it possible not only to link to many other registers – unemployment benefit, social security, hospitalisation registers, etc , but also to other sources of information, for example, questionnaires that have made use of the same identifiers. Other Member States have linked panels covering a considerable and/or representative portion of the economy. These include Germany and Portugal, and outside of the EU, most notably the US, Canada and New Zealand.

Some examples of **LABOUR FORCE AND OTHER SURVEYS** are given in [Table 7](#) in accordance with the description by Storrie (2006).

All surveys have general issues and problems, such as finding an appropriate sampling frame, deciding on a suitable questionnaire methodology and difficulties with non-response. The particular issue related to measuring job loss at restructuring in surveys was how workers who formally quit but did so due to the expectation of impending job loss will respond to a question on whether they have experienced a dismissal: Will they reply that they were dismissed by the employer or will they respond that they left voluntarily?

A further limitation of surveys addressed to the worker is that they reveal only limited information about the company and, presumably, very little data about the restructuring process. Therefore, the use of establishment or enterprise surveys could also be considered, although no such surveys appear to exist in Europe that are used to quantify restructuring events.

The most fundamental problem with establishment surveys is that they do not have the same reliable sampling frame that census type data provides in surveys of individuals; a further issue is finding the appropriate person in the company to respond to questions, which is more problematic than in surveys of individuals or households. Non-response rates are also typically large in company-based surveys. Moreover, establishment surveys are typically highly unreliable for small companies. Such surveys more frequently address manufacturing than services and very seldom include public employment.

The contrast in coverage compared with, for example, labour force surveys is striking. Thus, as a means of measuring the extent of job loss at restructuring, this source does not appear to be a fruitful way forward. Nonetheless, it should be noted that the company perspective is extremely important. Specifically for the ELFS, the main advantages and limitations are summarised in [Table 8](#).

For downsizing and delocalisation, some possible indicators can be related to the concept of labour turnover rate. The rationale goes back to a simple macroeconomic model by Moutos (1991) in which unemployment is due to high wages. The macroeconomic perspective does not assume product markets to be perfectly competitive; there is an oligopoly in which a fixed number of firms have power to influence prices in both the

goods and labour markets. Other basic assumptions are that: (1) wages are not pushed up by the trade unions; (2) labour supply is totally inelastic to real wages; (3) wages are set by firms with a view to economise on turnover costs. These turnover costs arise because workers may quit their jobs to enter the unemployment pool in order to search among available vacancies for a more preferred position. By raising the wage offer, each firm can reduce quits and the associated costs of hiring and training new employees. This might result in a condition of high wage levels in which the demand for labour falls short of the available supply. Such unemployment can then be termed involuntary, since the unemployed workers would be willing to work at a wage lower than the ruling wage. In contrast, firms have no incentive to lower their wage offers and increase labour demand, since by assumption they have set wages at an optimum level and realise that it may not be to their advantage to let wages be determined by the requirement of equality between supply and demand in the labour market. Within the confines of this simple model, Moutos (1991) envisioned bringing down real wages as a remedy against unemployment; this is “easier to do by increasing prices rather than by reducing nominal wages”. The overall conclusion is that monetary and fiscal expansion is successful in reducing unemployment because they reduce real wages.

Table 8: Main Advantages and Limitation of the ELFS

ADVANTAGES	LIMITATIONS
<ul style="list-style-type: none"> • clearly defined sampling frame, based on population census type data • allows random sampling and statistical inference up to the levels of population • covers the entire EU in a standardized format • availability on a quarterly basis with relatively short publication lags • provides information on the number of people experiencing job loss, and their characteristics, e.g., age, sex, region 	<ul style="list-style-type: none"> • does not currently provide any direct information on the extent of job loss due to restructuring, only the previous occurrence of collective dismissals for those not employed at the time of interview • does not currently provide a comprehensive information on voluntary and “involuntary” quits for the non-employed respondents, as given by the Displaced Worker Survey (US) • does not currently include questions for the employed respondents similar to the questions for those unemployed at time of the interview, i.e. asking if the individual had a previous job and, if so, the reasons for leaving the job • very limited information on the company and the restructuring process: <ul style="list-style-type: none"> → an employee can not be expected to provide any information on the total number of redundancies and the reasons for restructuring → probably poor information on the size and sector of the restructuring company • impossible linking of displaced individuals to particular restructuring cases

STABILISATION POLICIES AND THEIR CONSEQUENCES AFFECTING LABOUR MARKET

Macroeconomic policies – particularly those related to monetary and fiscal expansion – have been seen as instruments affecting the labour market. There are clear indications

that many governments engage in political choice between inflation and unemployment. The historical record shows that in the post war years and until the late seventies, low unemployment was the prime target for macroeconomic policy. This has changed in the last three decades in the sense that low inflation is considered as the prime target. This is the case for the US, UK and other EU governments (Taylor 2000; Greener 2001; Gartner 2000).

SELF-EMPLOYMENT, MICRO-ENTERPRISES

There are theories suggesting that unemployment can lead to increased entrepreneurial activity. Oxenfeldt (1943) argued that individuals confronted with unemployment and low prospects for wage-employment will turn to **self-employment** as a viable alternative.

This is an extension of Knight's (1921) view that individuals decide between three states – unemployment, self-employment and employment. The actual decision is shaped by the relative prices of these three activities. The theory of income choice suggests that increasing unemployment leads to increasing start-up activity because the opportunity cost of starting a firm has decreased (Blau 1987; Evans & Jovanovic 1989; Evans & Leighton 1990; Blanchflower & Meyer 1994). This effect has been referred to as the unemployment push, refugee or desperation effect.

An important counterargument is that unemployed persons tend to possess lower endowments of the human capital and entrepreneurial talent needed to start and sustain a new firm. High unemployment rates may also imply lower levels of personal wealth which in turn reduces the likelihood of becoming self-employed (Johansson 2000). Finally, high unemployment rates may be associated with stagnant economic growth or recession limiting entrepreneurial opportunities. Therefore, high unemployment may be associated with a low degree of entrepreneurial activity (Thurik et al 2007).

Entrepreneurial opportunities are not just the result of the push effect – the threat – of unemployment. Other factors which might provide an important context for entrepreneurial activities include taxation, unemployment benefit generosity, active labour market policies, wage-setting, the shadow economy, globalisation and the national education systems. Given the significance of social / institutional and economic context, entrepreneurial activities are also viewed as a result of the pull effect produced by a thriving economy and by the entrepreneurial activities in the past (Thurik et al 2007).

Entrepreneurs may affect markets and economies in a variety of ways. They bring new products or production processes (Acs & Audretsch 2003: p55-79) and increase productivity by increasing competition (Geroski 1989; Nickell 1996; Nickell et al 1997). They improve our knowledge of what is technically viable; what consumers prefer; and how to acquire the necessary resources by introducing variations of existing products and services in the market. The resulting learning process, which emerges both from experimentation and knowledge spillovers (Audretsch & Keilbach 2004), speeds up finding the dominant design of product-market combinations. Moreover, entrepreneurs

are inclined to work longer hours and more efficiently as their income is closely related to their working effort.

The effects of entrepreneurship on macro-economic performance have been analysed by Carree & Thurik (2003: p437-471), van Stel et al (2005) and Thurik et al (2007). The latter analyses revealed that the impact of entrepreneurial activity on macro-economic performance increases with per capita income. These results led the authors to conclude that “many policy initiatives of the highly developed European countries to stimulate entrepreneurship seem justified” (Thurik et al 2007).

However, there is a counterargument. Low survival rates combined with the limited growth of the majority of small firms implies that the employment contribution of start-ups is limited at best, which argues that entrepreneurial activities do not reduce unemployment. Geroski (1995) has documented that the penetration rate, or employment share, of new-firm start-ups is remarkably low.

These conflicting forces are reflected by ambiguities found in the empirical evidence. Some studies revealed that unemployment is associated with increased entrepreneurial activities while others found the opposite: entrepreneurial activity and unemployment are inversely related. For example, Evans & Leighton (1990) found that unemployment is positively associated with the propensity to start new firms, but Garofoli (1994) as well as Audretsch & Fritsch (1994) found that unemployment is negatively related to firm start-up. Carree (2002) found no statistically significant relationship.

The overall conclusion based on reviews of early empirical evidence relating unemployment rates to new-firm start-up activity was that time series approaches point to unemployment being positively associated with indices of new-firm formation. Cross sectional or pooled cross sectional studies appear to indicate the reverse (Storey 1991).

Audretsch and Thurik (2000) presented empirical evidence that an increase in the number of business owners reduces the unemployment rate. They identify an “entrepreneurial” effect in terms of the positive impact on employment from new firm entry. However, Blanchflower (2000) examined OECD countries and found no positive impact of self-employment rates on GDP growth. Carree and co-authors (2002; 2007) suggest that countries with relatively low self-employment rates benefit from increased self-employment in terms of GDP growth, but that countries with relatively high self-employment rates do not.

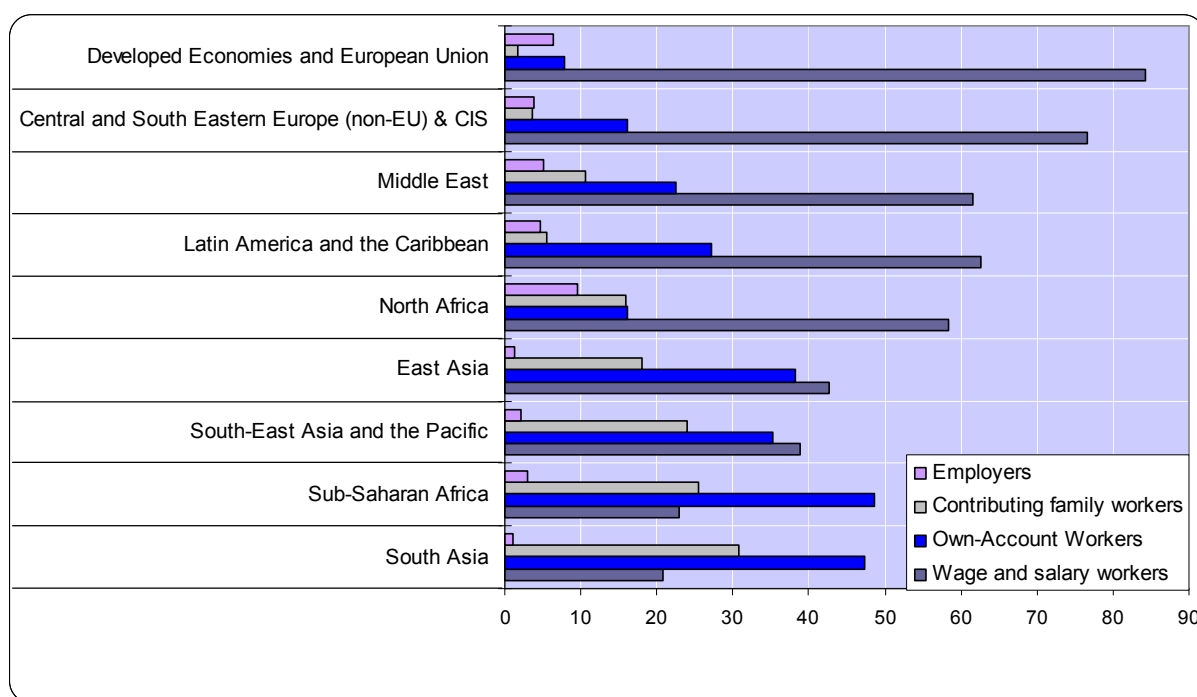
Therefore, the relationships between self-employment and unemployment were fraught with complexity resulting in ambiguity for both scholars and policy makers. Given the complex nature of these relationships, Thurik et al (2007) suggested an approach attempting to reconcile the ambiguities – namely, a two-equation vector autoregression model for a panel of 23 OECD countries over the period 1974-2002. The authors used lagged data to explain the current situation and discovered that changes in unemployment clearly have a positive impact on subsequent changes in non-agricultural self-employment rates. At the same time, changes in self-employment rates have a nega-

tive impact on subsequent unemployment rates. The latter effect is even stronger than the former one.

These results suggest two types of relationships between self-employment and unemployment working in opposite directions and with different time lags. However, both the effect of self-employment on unemployment and that of unemployment on self-employment are rather long. Hence, it is difficult to expect quick responses and results for policies aimed at unemployment reduction via stimulating entrepreneurship.

Changes in self-employment rates and business start-up activities over time may be considered as an experimental indicator for coping reactions of the population to job losses – particularly, due to restructuring. This indicator may not be valid for all groups of countries, industries and parameters of the economic / institutional context. For instance, in Germany – a country with a high unemployment level – policies encouraging unemployed individuals to exit unemployment by self-employment were recently introduced. However, the “refugee” effect is still relatively small (Thurik et al 2007; Audretsch et al 2007).

Figure 13: Status of employment shares in total employment, 2006* (%)



*2006 are preliminary estimates

Source: ILO Trends Labour Force Model; KILM (2007)

For the developed economies and the European Union, statistical data do not indicate any significant increase in the rate of self-employed and own-account workers (KILM 2007) over the past years. The same is true for the employers. The share of these groups in employment is small, as compared with the wage and salary workers share.

The ILO (2008) comments that all groups of workers besides the wage and salary group have lost importance over time ([Figure 13](#)).

Table 9: Deindustrialisation, Structural Change, Delocalisation, Job Destruction and Coping Strategies of the Population – Experimental Indicators

(1) DEINDUSTRIALISATION / CHANGES OF ECONOMIC STRUCTURE
<ul style="list-style-type: none"> • share of manufacturing in total employment • share of manufacturing in value added at current prices
(2) DELOCALISATION / DOWNSIZING
<ul style="list-style-type: none"> • net employment change rate • labour costs, wages and salaries • labour turnover rate
(3) JOB DESTRUCTION
<ul style="list-style-type: none"> • unemployment by industries
(4) INDICATORS OF STABILISATION POLICIES AND THEIR CONSEQUENCES AFFECTING LABOUR MARKET
<ul style="list-style-type: none"> • alterations to the central bank interest rates • inflation rate • unemployment rate • governmental expenditures (unemployment benefits) • government (fiscal) deficit and debt • taxation policy indicators (e.g. taxes on income, wealth)
(5) COPING REACTIONS OF THE POPULATION TO RESTRUCTURING / JOB DESTRUCTION
<ul style="list-style-type: none"> • changes in self-employment rates and small business start-up activities (may not be valid for all groups of countries, industries and parameters of the economic / institutional context)

1.4. Summary: Key groups of Macro-Level Economic and Health Indicators (Elena Andreeva)

The key indicators can be subdivided into two groups: reference indicators and experimental indicators. Reference indicators are constructed to standardise the most agreed relevant measurement of the issue. They allow for comparisons over time and across countries. Data are available in the national and international data sources.

The group of experimental indicators is less studied. They are proposed to stimulate a further research on the issue. The indicators are “under construction”: concepts and methods require further work.

Below, there is a brief summary of the key groups of indicators proposed for studying recession, economic globalisation, structural change, job loss / delocalisation and potential health outcomes. For the last group, the selection of indicators mostly sensitive to the socioeconomic context is based on the literature evidence indicating a wide range of major health problems affecting working-age population which is potentially

subject to stressful conditions, directly or indirectly related to the broader world of work. In detail, this epidemiologic evidence is presented in the subsequent chapters.

Box 2: Recession – Key Indicators

REFERENCE INDICATORS* E	EXPERIMENTAL INDICATORS
<ul style="list-style-type: none"> • Real GDP growth • (Un)employment • Industrial production • Real personal income • Deflated retail sales 	<ul style="list-style-type: none"> • Self-employment rate • Shadow economy size • Migration

* according to NBER definition

Box 3: Economic Globalisation – Key Indicators

REFERENCE INDICATORS* E	EXPERIMENTAL INDICATORS
<ul style="list-style-type: none"> • Foreign direct investments • Economic activities of multinational enterprises • International globalisation of technology • Globalisation of trade 	<ul style="list-style-type: none"> • Herfindahl concentration index (an inverse measure of the extent of geographic diversification / globalisation) • KOF Globalisation Index (complex measure combining economic, social and political dimensions of globalisation)

* according to OECD (2005) definition

Box 4: Structural Change – Key Indicators

EXPERIMENTAL INDICATORS
<p>Deindustrialisation:</p> <ul style="list-style-type: none"> • Share of manufacturing in total employment [Problem: May decline even if the total number of manufacturing workers increases] • Share of manufacturing at value added [Problem: Possible decline of the manufacturing share in value added due to price effects, despite high productivity growth]

Box 5: Job Loss / Delocalisation – Key Indicators

EXPERIMENTAL INDICATORS
<ul style="list-style-type: none"> • Net employment change rate • Labour turnover rate • Labour costs, wages and salaries • Labour migration, area depopulation • Unemployment

Box 6: Health Outcomes – Key Indicators

REFERENCE INDICATORS	EXPERIMENTAL INDICATORS
<ol style="list-style-type: none"> 1. Mortality (SDR per 100000): <ul style="list-style-type: none"> • Diseases of circulatory system • Accidents and adverse effects • Suicide and self-inflicted injury • Homicide / Assault 2. Work absenteeism 	<ol style="list-style-type: none"> 1. Morbidity (incidence and prevalence rates): <ul style="list-style-type: none"> • Depressive disorders • Alcohol abuse / dependence • Drug abuse / dependence • Posttraumatic Stress Disorders (PTSD) 2. DALY: <ul style="list-style-type: none"> • Depression • Alcohol & drug use disorders • PTSD

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2. SPEED MATTERS (Elena Andreeva, Peter Mihályi, Töres Theorell)

2.1. Genetically acquired vs. learned skills

Until very recently, 80-90% of the labour force performed simple muscular work, for which the individuals' capabilities are genetically pre-programmed. Healthy babies used to become healthy workers "automatically", because healthy adults develop average muscular strength, endurance and concentration capabilities without any special training. During the last 20-30 years, however, physical strength has been greatly devalued on the labour markets. Learned skills – cognitive and non-cognitive capabilities – have become increasingly important. These new working skills cannot be acquired all times. The stages of life are irreversible, missed opportunities are missed for ever.

The constraints are biological and social. From conception to death, from kindergarten to retirement people have a determined life path, full of genetically pre-programmed stages. Individuals have to adapt their life strategy, their behaviours to the upcoming new challenges according to socially conditioned norms. The majority of individuals can cope with these challenges at a level which meets their own expectations and the relevant age-, gender-, and profession-specific social norms, but there are always individuals who are underachievers in some respect. This is painful for them and – in probability terms – the under-average performance has a negative health impact upon the individuals.

The formation of human individuals and the acquiring of skills required by the labour market take place in institutions. The first institution is the family. Children learn how to speak, how to behave, how to handle stress, etc. from their parents. There are social limits here, too. Parents cannot implant more or better skills into their off-springs than they possess themselves. Moreover, the process is irreversible in time. The acquisition of the socially determined, average skills has to happen at a particular age. There is virtually zero possibility to learn these skills later than the biologically determined "normal" age, as many scientifically observed Mowgli-stories proved.² The same is true for schools, the next stop of the educative process. Language teachers can witness how difficult and ineffective it is to teach adults foreign languages as compared to the task of teaching students in elementary schools or middle-school. As we all know, the same principle applies to skills more directly relevant on the job market, such as driving a car or using a computer. If you happened to spend your most formative five years in a university studying mining or shipbuilding, your chances to get a second, more sellable degree at the age 40 is very low, when you realize that these industries are forced to close down in the country where you live.

² A toddler abandoned in the forest and then forced to live among animals, could never learn how to speak, how to walk, if the family starts this teaching process, say, at age 10 when the child is recovered from the jungle.

When people reach the working age – with or without a degree from a tertiary education institute – they start to acquire job-specific skills at the workplace. This process is famously called “learning by doing” (Arrow 1962). This concept covers a very broad range of skills, such as team-work, leadership and accountability, for all of which, however, the basics have to be learned already in the family. Skill begets skill: early abilities provide a foundation on which later capabilities are constructed.

It is very important to emphasize that each element of this formation process – family, school, university, first entry to the job market – may require geographical relocation, too. This is another type of adaptation, where the limits for an individual are largely social, but also biological to a certain extent.³ It goes without saying that initially parents, rather than children make these decisions, but the outcome is the same. In modern societies, many young adults are accustomed to moving from one place to another. They are not afraid of a new physical environment, be it another city or another country. But there are huge differences in this regard among the EU member states. As it is always emphasized in the pan-European discussion on restructuring, the lack of mobility of the European average worker is itself a major cause of joblessness.

2.2. The upper and lower constraints

Economic history taught us that population growth can occur within a broad range among countries finding themselves at different levels of economic development. The rate of change can be negative, too.⁴ But the long-term trend of labour productivity change exhibits itself in a very narrow positive range only. If we use the annual change of GDP per capita as a yardstick for international comparison, it varies between 2 and 3 per cent in peace times.

The explanation is straightforward from the above said. The **UPPER CONSTRAINT** lies in the educational and training process of workers. The skills required by the changing circumstances are embodied in the next generation, but their maturity takes a biologically determined amount of time. The **LOWER CONSTRAINT** is dictated by the logic of competition among firms.⁵ Workers as they age become less capable to change, while their working skills become more and more obsolete. Labour productivity at the aggregate macro level is a simple mathematical average of all working individuals, young and older ones alike.

³ E.g., climatic conditions can vary significantly even within one country. People, who spent most of their life in plains, cannot easily move to mountain, or vice versa. In the US, as it is well-known, elderly people don't have health constraints which may prevent them to move to a mild, warm place like Florida, but there are not many people born in Florida who can move without any health problem to Alaska to spend their retired life there.

⁴ For 2007, the natural growth rate is actually negative in 9 countries among the EU-27 member states (Eurostat 2008).

⁵ While in abstracto, firms could direct their workers into jobs, where their productivity would be smaller than before, such a move would run against the profit maximization logic, thus it simply never happens under normal conditions. Labor camps are the good counter examples of the above said. When highly qualified medical doctors or engineers are forced to break stones in a quarry – like in Nazi Germany or Stalin's Soviet Union –, their productivity declines dramatically.

2.3. A big change which was hardly noticed

The present global economic crisis shed light to a long-term, ongoing development which remained almost unnoticed by mainstream economists. Sometimes in the 1980s, the social contract between big companies and their employees has been broken. Prior to that, big companies offered long-term security in return for unflinching loyalty. First in the US and then in other advanced economies, big companies began slimming their workforces. This made a huge difference to people's experience at the workplace. In the 1960s workers had had an average of four different employers by the time they reached 65. Today they have had 8 by the time they are 30.⁶ Hence, it is reasonable to assume, that workers' attitudes to security and risk may have also changed. If a job in a big organization can so easily disappear, losing a job is not a personal failure, but an everyday fact of life.

2.4. The age and gender aspects

Ageing – *inter alia* – means a decline in the individual's capacity to change, and the reasons are, once again, biological and social. In general, this is a socially accepted fact of life. The same applies for sickness of many kinds. However, when workers close to retirement age or workers suffering from chronic diseases are forced to change jobs, responsibilities, relative positions in a hierarchy against their own will, the society is less tolerant with those individuals who cannot manage this change. The faster these workers have to make such moves, the more stress they feel, which in turn, triggers many adverse health consequences. There is also ample evidence proving that idleness leads to faster erosion of working skills among elderly, as compared to younger people having the same problem.

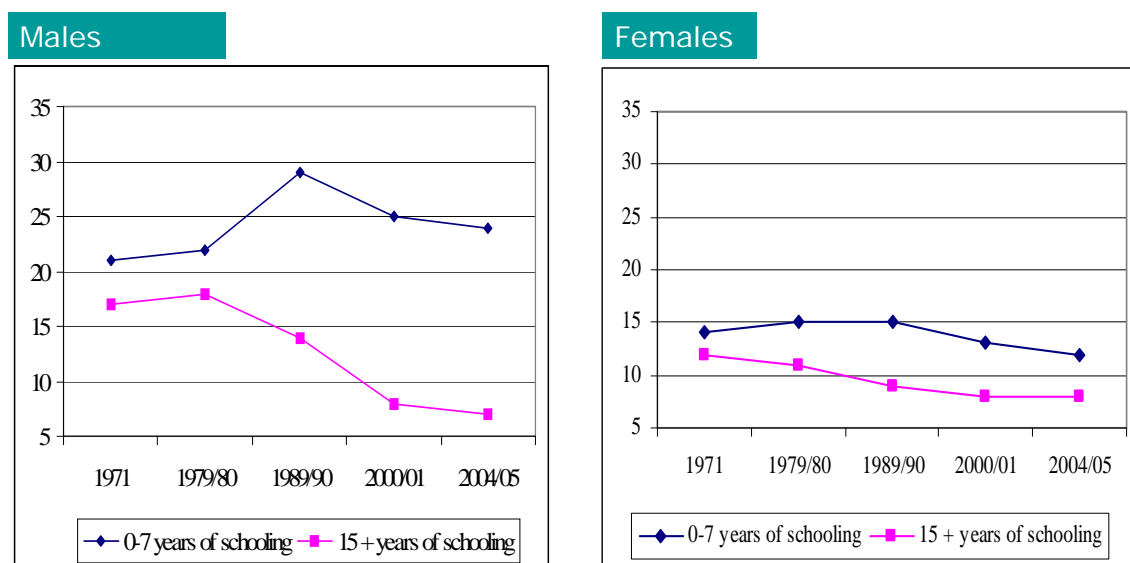
In the process of adaptation to globalization not only age and education levels, but gender also matters a lot! As it was shown by ample of demographic studies, the chances of uneducated males are catastrophically low even if it is compared to uneducated females of the same age. Under the pressure of restructuring, uneducated or undereducated males suffer a double blow. Modern industrialized societies are work-centred. Having a job is not merely a source of income – this can be replaced by state-financed assistance in thousand forms –, but it is a social must. In the past, the advantage of women over men was that they could find socially valued activities in family life, such as nurturing grandchildren, nursing their own ailing husbands or other relatives. While such activities are usually unpaid, they help women to maintain good health partly because work keeps them fit and partly because they get a positive psychological feed-back from their loved ones.

This gender bias can be perfectly illustrated by recent Hungarian mortality data ([Figure 14](#)).

⁶ These figures were quoted by The Economist's special report on entrepreneurship, March 14, 2009.

At the international scene, however, the present crisis may show a change in the gender bias. The share of working women has been steadily growing for decades, and thus this has been conceived by women as an irreversible fact of life. As it was convincingly argued in a recent authoritative WHO paper, under the present crisis the expected rise of unemployment among women may erode women's growing economic independence, which will have its own health consequences.⁷

Figure 14: Standardised death rates by sex and education status, population aged 20+ years in Hungary (per 1000 inhabitants)



Source: Klinger (2007)

2.5. Speedy restructuring stretches the institutions

When firms are forced to speedy reconstruction by market forces, the consequence is that the number of dismissed workers suddenly rises by a very large percentage in comparison to the past. This surge, in turn, exerts large pressure on markets and government institutions alike with which neither can cope. In final analysis this is why speed matters so much.

- Consider, for example, the housing markets. When suddenly a large number of dismissed workers decide to move from places where jobs disappear and try to move to new locations where jobs are on the rise, they cannot easily do it, because the value of their houses are diminishing so quickly that they simply cannot sell their houses. Government institutions designed to mitigate unemployment fail also, if and when the economic downturn is fast and deep. They simply cannot cope with the quantitative increase of tasks.

⁷ High-Level Consultation on the Financial and Economic Crisis and Global Health, WHO Information Note, 16 January 2009. p. 4.

- Active labour market policies, like retraining could – in theory – ease the tensions, but the existing facilities cannot suddenly increase their capacities in line with the growing demand, due to the lack of extra funding, human resources etc.
- During economic recessions, decreasing state-financed health spending and reduced family income and/or insurance coverage inevitably affect the use of health services and their quality. As the WHO puts it, “the most common effect is to lower demand for private care with a consequent transfer of demand to the public sector. If public services are also compromised, they may not be adequately equipped to cope, and overall quality may decline. This problem will affect all countries in which publicly-funded services are under pressure. Changes in utilization rates – broadly following this pattern – were documented during the 1997-1998 Asian financial crisis. A decline in the use of services by the poor in these countries was particularly evident.”

2.6. Is slower restructuring desirable?

In response to the above-said, one may hastily draw the conclusion that the role of governments is to implement measures which are conducive to slow down firm restructuring in the private sector and be very cautious about initiating restructuring within its own territory (central and local government, state-owned firms, etc). The crux of the problem is, however, that under the pressure of globalised world markets this mitigating policy cannot be pursued for very long. The history of the past 30 years showed important examples in this regard. Before Margaret Thatcher came to power in the United Kingdom, successive governments tried exactly such a policy. But lack of restructuring or the very slow speed of it dramatically eroded the competitiveness of the entire British industry which, in turn, led to slow growth, inflation and exchange rate instability. In a sense, the history of the last 20 years of central planning in Eastern Europe and the former Soviet Union proved the same. In these countries, the governments were able to preserve jobs through the subsidization of ailing state owned enterprises (SOEs) and by preventing the penetration of foreign firms into the domestic markets, but on the long run, these policies led to nowhere. At the end of the day, the competitiveness of SOEs was so low, that virtually all of them had to be closed down and millions of workers were laid off in a much faster process than Western European workers have ever experienced. In this regard, the case of the Russian Federation and the former East Germany attracted worldwide attention. In both countries, the fast restructuring in the early 1990s led to unprecedented declines in several key demographic indicators, such as life expectancy, birth rates, nuptiality etc. A less known case is Thailand, where the 1996-1999 economic crisis and the ensuing restructuring led to a sudden increase in adult mortality.⁸

⁸ High-Level Consultation on the Financial and Economic Crisis and Global Health, WHO Information Note, 16 January 2009. p. 4

2.7. If you are in a hole, get out quickly!

It stands to reason to believe that the negative impacts of restructuring on workers' health are proportional to the length of the economic downturn. According to the recent WHO report cited above, there is some evidence from the US and Western Europe suggesting that the recent, relatively short periods of recessions have been accompanied by falling mortality rates. The possible explanations – explicitly mentioned by the WHO – are the reduction in alcohol use and smoking, as well as more time available for child care. Prolonged recessions, by contrast, were in the past always characterized by a rise of the consumption of these health-damaging consumer items.

Hence, there is reason to argue for a speedy restructuring of firms and government-run institutions where there is no chance in the long-term to keep the present levels of employment. A prolonged period of uncertainty may cause more health damages than a swift dismissal and a relatively quick re-employment, even if the new job pays less, or it has other drawbacks as compared to the old job. In this regard, the patterns of the United States and Europe were known to be different in the past. In the US, where the job market is very flexible, workers are shed immediately after the arrival of the first “bad” sales figures. In Europe, it takes more time to decide about and to implement massive layoffs. It will be very important to monitor, whether these differences continue to manifest themselves during the present crisis, or the two models of capitalism are continue to converge.

2.8. Lack of predictability and adequate support, negative changes in work and high human costs: arguments against boosted restructuring

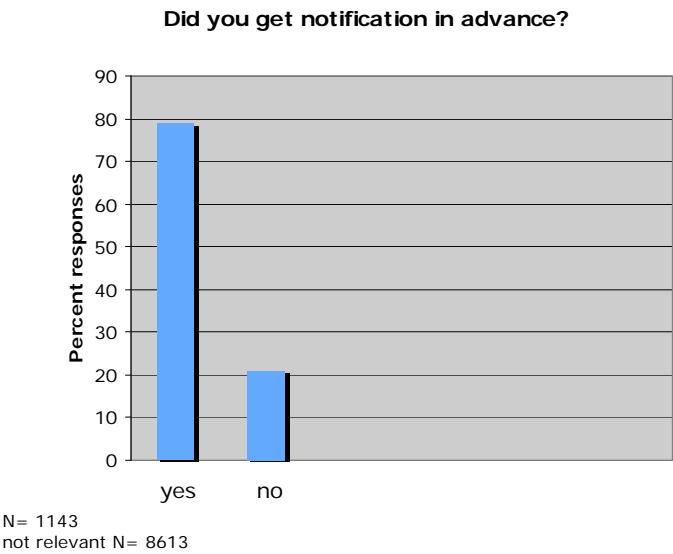
The long-term development of the economy is often seen as shifts in economic structure, out of agriculture, then to industry and on to services. These transformations characterise entire eras of economic development, giving rise to expressions such as “the industrial revolution” and “the services economy”. Structural change, driven by shifts in relative productivity and demand, is practically synonymous with economic development (Storrie 2006). This reallocation of resources towards more productive activities is how market economies have grown and yielded previously unimaginable standards of living for the majority of their citizens. However, structural change is seldom a smooth and painless process. The reputed economist of structural change, Joseph Schumpeter's famous description of the process as “gales of creative destruction” is still accurate today as when it was first coined over 50 years ago (Schumpeter 1942).

These changes in the macroeconomic conditions were accompanied by the processes of organisational restructuring. To a considerable extent, these processes emerged in response to the economic globalization and the current recession. The work itself is undergoing a process of a “permanent revolution”, in which “the intensity and rate of change itself has become one of the most significant stressors to which workers are

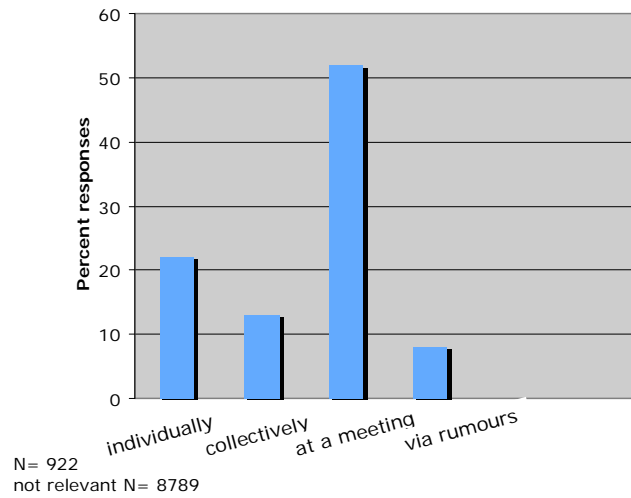
now exposed” (Johnson & Hall 1996). A wide range of major health problems affecting working-age population is potentially subject to stressful conditions, directly or indirectly related to the broader world of work.

What is particularly stressful about the conditions of organizational restructuring? The issue is still poorly studied; however, the first results available from the Swedish Longitudinal Occupational Survey of Health (SLOSH, [Figure 15](#)) indicate that workers in affected enterprises feel in many cases lack of certainty, predictability and adequate support when faced with rapid changes. Most people who experienced restructuring in this sample were informed about downsizing during a general meeting, and quite a large proportion had a very short time – less than a month – between first notification and redundancy. More than one third of affected respondents believe that the true motive for the downsizing was not given. Less than half of the people obtained any financial compensation. More than one third felt that the process was poorly planned. Many subjects felt that the downsizing was not necessary; the subjects who stayed in the same organisation did not feel that the organisation is more productive. The results point to common practices of enterprises for carrying out downsizing in the country with a historically strong system of social protection.

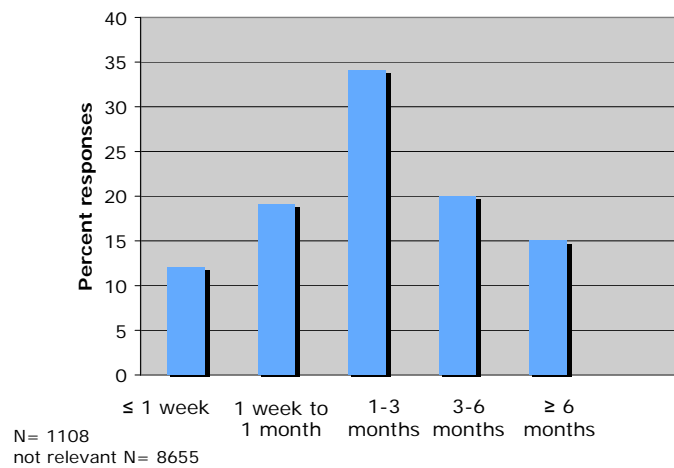
Figure 15: Summary Results of the Swedish SLOSH Study on Restructuring and Health



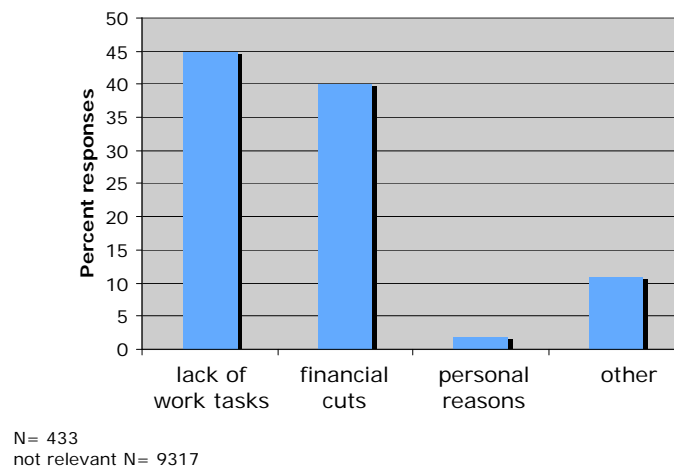
How did you receive information?



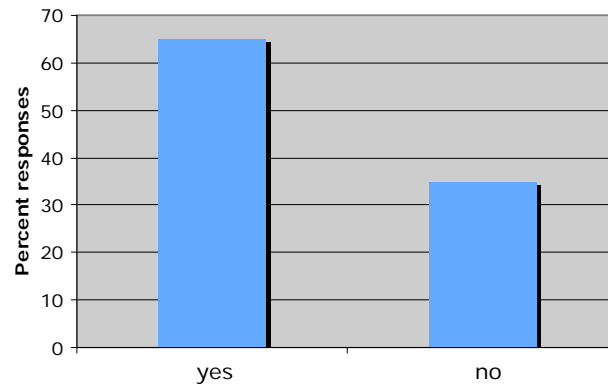
How long before did you receive information?



What was the main reason for downsizing stated by the employer?

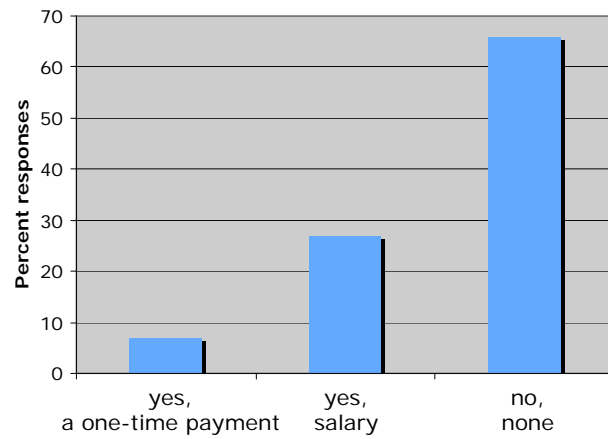


Did you think the main reason stated by employer was the true motive?



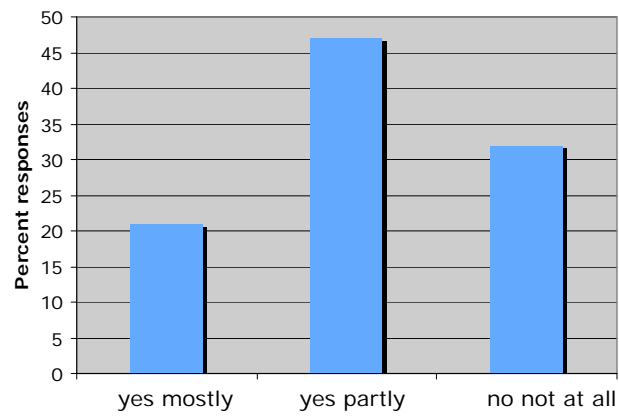
N= 418
not relevant N= 9338

Were you offered financial compensation?



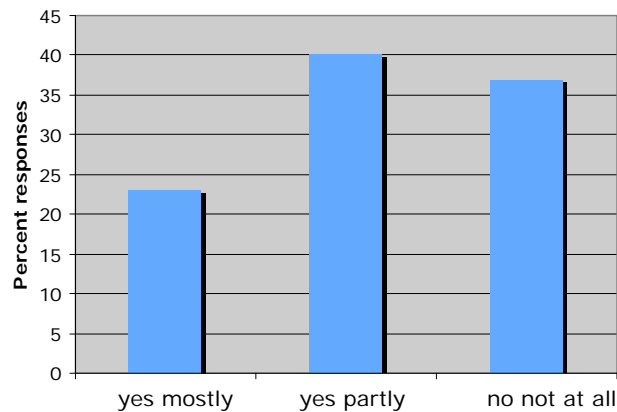
N= 567
not relevant N= 9241

Was the downsizing well planned?



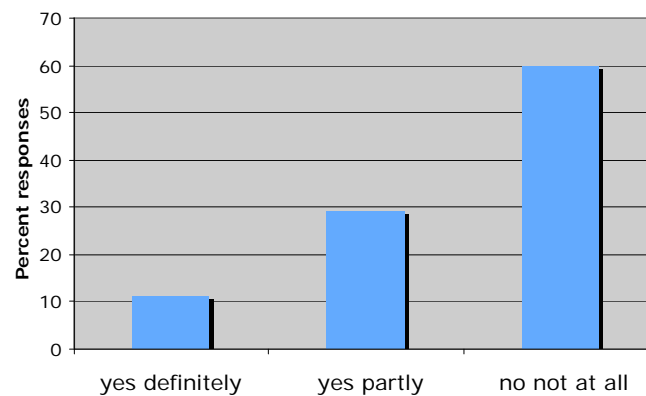
N= 913
not relevant N= 8843

Was the downsizing necessary?



N= 1031
not relevant N= 8725

Has the organisation become more effective after downsizing?



N= 811
not relevant N= 8945

There is evidence concerning health effects of **DOWNSIZING** from epidemiological and occupational health literature. More than 20 publications have been reviewed. The relevant sources have been identified by using the National Library of Medicine, via MEDLINE / PubMed-retrieval, providing access to more than 18 million bibliographic citations and abstracts of the peer reviewed journals in the fields of medicine, public health, life sciences etc.

The conclusion is that downsizing often results in negative changes in work for people who remain employed (the so-called “survivors”). The negative impact of downsizing on health is basically believed to be mediated by stress and physical hazards:

- Downsizing results in negative changes in work – for instance, increased physical demands, job control (Ostry et al 2000) and job insecurity, reduced skill discretion (Kivimäki et al 2000; 2001a) and physical hazards (Ferrie et al 2007). Mostly affected are women and low income employees (Kivimäki et al 2001a).

- Further pathways linking downsizing and health include impaired social relationships in the families (Kivimäki et al 2000) and in the work collectives, as well as
- fundamental deterioration and destabilisation of work climate, which is laden with suspicion and conflict, demoralization, sadness, anxiety, and disorientation (Campbell & Pepper 2006), lowered trust among co-workers and poor job satisfaction (Pepper et al 2003).
- Individual responses of those who keep the job are described as “survivor syndrome”. Its symptoms are feelings of fear, insecurity, frustration, anger, sadness, depression, and unfairness, as well as reduced risk-taking and lowered productivity (Noer 1993: 248).
- Finally, increased risky behaviours, such as smoking are to be considered (Kivimäki et al 2000).

In displaced workers, additional pathways include financial deprivation (Gallo et al 2006), with ethnic minorities – non-whites – being the most economically vulnerable following displacement (Couch 1998). Loss of personal control may represent a pathway through which economic adversity is transformed into chronic problems of poor health and impaired role and emotional functioning (Price et al 2002).

Evidence from prospective studies is briefly summarised in [Table 10](#).

As follows from these studies reviewed in the full text, downsizing has been significantly associated with various negative health outcomes, both in survivors and displaced workers. Yet other types of large-scale and rapid restructuring – even those preserving the pre-existing workplaces – can bring about elevated job strain, increased workload, insufficient practical and social support and higher levels of health risks. Thus, in a cohort of 24 036 participants of the Swedish work environment survey, repeated exposure to a large and rapid workplace **EXPANSION** was related to an increased risk of sickness absence and hospital admission over the long term. On the contrary, moderate expansion was associated with health benefits (Westerlund et al 2004).

2.9. “Gales of creative destruction”: Are they inevitable?

Arguing about the inevitability of organisational restructuring under the conditions of rapid macroeconomic changes, we should also consider the question, whether the “gales of creative destruction” are unavoidable. Are all forms of organisational instability painful and health-damaging?

The exact pathways, by which organisational change affects health of **EMPLOYEES**, have not yet been sufficiently investigated. From biological and occupational stress research we assume the crucial role of changes in working conditions. Alterations of psychosocial, environmental and material characteristics of the workplace will be accompanied by various types of coping processes including psychological, autoimmune

and neuroendocrine reactions, as well as changes in health-related behaviours. Therefore, if organisational instability results in stressful, unsupportive, physically hazardous or otherwise poor working conditions, it can cause poor health.

Table 10: High human costs, major health and behavioural risks in survivors and displaced workers associated with downsizing and involuntary job loss

CATEGORY OF WORKERS	EVIDENCE	SOURCE
Survivors	increased rates of hospital admissions	Westerlund et al (2004)
Survivors	increased sickness absence overall	Vahtera et al (1997); Westerlund et al (2004); Vahtera & Kivimäki (2009)
Survivors	increased sickness absence in permanent workers	Vahtera et al (2004)
Survivors	higher risks of absence in older workers and in those who were in poor health before downsizing	Vahtera et al (1997)
Survivors	reduction of long term sick leave in women, particularly evident among those with high cardiovascular score	Theorell et al (2003)
Survivors	decline in self-rated health	Kivimäki et al (2001b); Vahtera & Kivimäki (2009)
Survivors	elevated risks of cardiovascular deaths	Vahtera et al (2004); Vahtera & Kivimäki (2009)
Survivors	higher risk of permanent disability retirement	Vahtera et al (2005)
Survivors	linear trend between the extent of downsizing and disability pensioning risk; musculoskeletal disorders and psychiatric diseases were the leading causes of disability	Vahtera & Kivimäki (2009)
Survivors	increased risks of musculoskeletal disorders and trauma, musculoskeletal pain and related sickness absence	Vahtera et al (1997); Kivimäki et al (2001a); Vahtera & Kivimäki (2009)
Survivors and displaced workers	increased use of psychotropic drugs in those who kept their jobs and even higher risks among those who become unemployed	Kivimäki et al (2007); Vahtera & Kivimäki (2009)
Displaced workers	more than twofold increase in the risk of subsequent stroke in older workers who lost their job, compared to persons who kept their job	Gallo et al (2004)
Displaced workers	twofold increase in the risk of subsequent myocardial infarction in those over 50 years of age, relative to working persons	Gallo et al (2006b)
Displaced workers	over two times greater odds of smoking relapse subsequent to involuntary job loss in those aged 50 and above, compared to persons who kept their jobs	Falba et al (2005)
Displaced workers	significantly negative effect of involuntary job loss on both physical functioning and mental health in older workers; positive effects of re-employment on both physical functioning and mental health in follow-up	Gallo et al (2000)
Displaced workers	increased depressive symptoms in older workers with limited wealth, following the job loss	Gallo et al (2006a)
Displaced workers	increased risk of serious self-harm which led to hospitalisation or death in a cohort of displaced "redundant workers"	Keefe et al (2002)
Displaced workers	increased depressive symptoms significantly associated with the occurrence and duration of lay-off in women	Dew et al (1992)

Should any major organisational instability result in an at least temporary deterioration of working conditions? Literature evidence is scarce and mixed in this respect. In the study by Ferrie et al (2007), the associations between major organisational change and the psychosocial work environment varied across sector and gender, although major organisational change was consistently associated with a greater risk of physical hazards. For the public sector, the number of beneficial outcomes associated with moderate downsizing and moderate expansion outweighed the number of adverse outcomes. In the private sector, the overall effect of moderate organisational change was a poorer work environment. Major downsizing was associated with a better psychosocial work environment for private-sector men and major expansion with a poorer environment for public-sector women and private-sector men.

The preliminary conclusion is that organisational change should not necessarily result in a total deterioration of working conditions. Rather, there will be a mosaic picture, if physical, material, psychological and behavioural aspects of changing conditions will be considered comprehensively. More research is needed to determine whether and which changes in work environment can explain observed associations between organisational instability and health in different groups of workers. The degree of managerial wisdom and professionalism in organising restructuring processes will probably influence health outcomes to a large extent. Massive reorganisations performed repeatedly, in a chaotic and poorly organised manner, are likely to cause significantly more harm.

In support of this assumption, the study of local government employees in Finland revealed a significant linear trend between the extent of downsizing and health outcomes including poor self-rated health and disability pensioning (Vahtera & Kivimäki 2009). The register and survey data for the individuals were available at a longitudinal basis, from prior to downsizing onwards, and covered the period when Finland faced a severe recession with a subsequent economic recovery.

What are the potential effects of restructuring on those who lost their jobs? The very few genuinely longitudinal studies that have been published show that health change in relation to **UNEMPLOYMENT** develops according to a rather predetermined biological rule. There are well-described phases including anticipation of job loss, termination of the old job, and the period of readjustment in which those laid off have either found new jobs or are still – or again – unemployed (Kasl et al 1972; Cobb 1974; Kasl et al 1975).

Assuming that the person remains unemployed during a year, the following course is typical. The initial reaction to job loss is dramatic and uniform: the stress level is increased, as indicated by stress hormones (cortisol, catecholamines, prolactin) arousal, deteriorating serum lipid patterns, increased blood pressure and decreased well-being (Arnetz et al 1991). This is followed by a gradual adaptation to the conditions of unemployment. In this “honeymoon” phase with no major economic consequences, unemployment can even be seen as a kind of “prolonged vacation”. By the time when economic conditions are expected to worsen, a successive increase in psychological and biochemical stress is observed. Already in this phase, job loss may not only cause feel-

ings of anxiety, depression and hopelessness, but may also influence a person's immune system. Long-term unemployment increases depressive reactions; and a considerable proportion of unemployed Swedish women – over 40% – reported pronounced depressive reactions (Brenner & Levi 1987). In this period, suicide risk may be elevated. If we try to analyse changes in the central nervous system, they would typically follow a sequence which is parallel to inhibited anabolism in other parts of the body. As a result, stress adaptability may decrease. Burnout takes a long time to develop, years rather than weeks or months.

All in all, evidence suggests that redundancy is perceived as a major life crisis. In downsized workers, there is a phase-wise sequence of stress reactions fraught with potential health-related outcomes. This is also true in “survivors” of a major rapid organisational restructuring. Cascio (2002) refers to a study of 300 large and midsize firms conducted by Cigna Insurance Company and the American Management Association. Over a five-year period, there was the largest increase of stress-related disorders – mental health and substance abuse, high blood pressure and other cardiovascular problems – among the other kinds of medical claims. The increases across companies varied from 100 to 900 percent. Thus, downsizing may predict increased risks of adverse health outcomes across time.

2.10. Is health burden due to restructuring always justified in terms of economic performance?

Reduction of overall corporate expenses is a common rationale for downsizing, and the employees are often seen as costs to be cut. Traditionally, as the economy suffers downturns, businesses have tried to adjust their workforce to match demand. Up until the 80s, downsizing primarily affected blue-collar workers. Nowadays, firms try to “save” their ways to prosperity even when the economy is flourishing, and “rightsizings” are not confined to blue-collar workers. In a case of crisis, enterprises react with restructuring much earlier than years before; the larger the firm, the faster the reaction. In almost all cases, the reduction of personnel costs was part of the restructuring (Kuhn 2009).

However, cutting staff does not always produce the savings as expected. In fact, frequently, it has the opposite effect. The American Management Association surveyed 700 companies that had downsized in the 1990s. Productivity rose in 34% of the cases, but it declined in another 30%. Profits went up in 51% of firms, but they fell in 30%. Employee morale plummeted in 83% of the companies (Cravotta & Kleiner 2001). Furthermore, other studies revealed no significant, consistent evidence that downsizing led to improved financial performance, as measured by return on assets or industry-adjusted return on assets (Cascio 2003).

Of course, this does not mean that downsizing is always wrong. But employers must be very cautious in implementing a strategy that can impose traumatic burden on workers, both on those who leave as well as on those who stay.

2.11. Summary – state of knowledge and agenda for further research

What is known?

During the last decades, conditions in the broader world of work have dramatically changed people's experience at the workplace. The intensity and the rate of changes itself have become exceptionally significant stressors to which workers are now continuously exposed.

- Technological progress has largely altered skill requirements on labour markets. Physical strength for performing simple muscular work has been greatly devaluated, while learned skills, cognitive and non-cognitive capabilities become increasingly important.
- The adaptation of workers to new skill requirements is only possible to a certain degree. There are both biological and social constraints to learning. The acquisition and maturation of skills are largely determined by the stages of life cycle. Since these stages are irreversible, missed opportunities are either missed forever or extremely difficult to make up. As people age, they become less capable to change, while their working skills become more and more obsolete.
- The processes of education and training represent the upper constraint to the labour productivity growth. The lower constraint is dictated by the logic of competition among firms.
- The present global economic crisis sheds light on a change that had almost gone unnoticed by mainstream economists. The employees are often seen as costs to be cut. Enterprises react with downsizings much earlier as it was customary in the past, and the dismissals are not confined to blue-collar workers. The social contract between the large companies and their employees has been broken. Job insecurity is no longer a mere temporary break in an otherwise predictable work-life pattern but rather a structural feature of the new labour market. In the 1960s workers had had an average of four different employers by the time they reached 65. Today they have had 8 by the time they are 30.
- In the process of adaptation to these changes, age, gender, health status and education level matter a lot. For instance, the chances of uneducated males are catastrophically low, even if it is compared to uneducated females of the same age.
- Evidence suggests that workers often perceive a large-scale rapid organisational restructuring as a major life crisis. The burden of the adaptation is underestimated by politicians and mainstream economists.

- Studies revealed high human costs associated with downsizing. In “survivors”, they include increased rates of hospital admission, increased sickness absence, decline in self-rated health, elevated risks of cardiovascular deaths, increased use of psychotropic drugs, as well as higher risks of permanent disability retirement, musculoskeletal disorders and trauma. In displaced workers, there are elevated risks of mental health problems, e.g. depressions and serious self-harm, cardiovascular diseases in those aged 50 and above, as well as higher odds of smoking relapse.
- Health burden due to restructuring is not always justified in terms of economic performance. As far as the problem has been studied, cutting staff does not always produce the savings as expected. In fact, frequently, it has the opposite effect, that is declined productivity and profits. Some studies revealed no significant, consistent evidence that downsizing led to improved financial performance, as measured by return on assets or industry-adjusted return on assets.
- Speedy restructuring stretches the institutions. Two examples of related problems are mentioned in the chapter. For instance, housing market conditions profoundly affect labour mobility. The problem is that these markets get saturated usually at the same time, when many workers are forced to move at the same time. Active labour market policies could – in theory – ease the tensions, but the existing facilities cannot suddenly increase their capacities in line with the growing demand, due to the lack of extra funding, human resources etc. However, over a prolonged period, lack of restructuring – or its extremely low speed – may lead to dangerous economic and demographic consequences.

Lack of knowledge and agenda for further research

- Factors causing stress and resistance to brutal change of working conditions are not sufficiently analysed. It is difficult to distinguish, for instance, the effects of structural changes from those imposed by the economic recession.
- Changes in work resulting from organisational restructuring are poorly studied. The first results available from the Swedish Longitudinal Occupational Survey of Health (SLOSH) indicate that workers in affected enterprises experience lack of certainty, predictability and adequate support when faced with rapid changes. In addition, they often experience poor communication as regards the restructuring plans of the management. Many subjects felt that the restructuring process was poorly planned etc. The SLOSH study is, to our knowledge, the first one which assessed the restructuring conditions in such depth. There is an absolute need in further research aimed at assessing the specific conditions of organisational restructuring in the individual EU countries. While there are political discussions about “responsible restructuring” or “workforce reduction in a socially sensitive manner”, lack of information on the specific restructuring conditions and their potential impact on the employees prevents management of the companies from making clear implications.

- It would be important to know, which parameters of the restructuring process impose the largest burden on workers (in terms of depressive symptoms, sleep disorders, sickness absence, life satisfaction, cardiovascular diseases etc).
- The negative impact of downsizing on survivor health is basically believed to be mediated by stress, problematic work environment and physical hazards, as indicated by Finnish, British, Swedish and Canadian studies. However, the exact pathways linking changes in work with health outcomes in survivors are not sufficiently understood. More longitudinal studies covering broader country settings are necessary.
- In displaced workers, lack of knowledge exists as to how the adversities related to loss of job are transformed into chronic problems of poor health and emotional functioning. Few longitudinal studies have been performed to trace psychological and physiological processes from baseline before any downsizing notification has taken place through the different phases of anticipation and manifest unemployment.
- Given the growing prevalence of job insecurity, it is possible that health burden increases if workers are repeatedly exposed to stressful conditions of chaotic poorly planned restructuring, the subsequent adaptation to unemployment, followed by a period of re-employment with new job requirements combined perhaps with unwanted tasks and responsibilities or loss of valued job features. More research is needed to assess the process of multiple re-adaptations and their health impacts.

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3. GLOBALISATION, RESTRUCTURING AND RECESSION: THE REGIONAL DIMENSION

(Günter Edenharter)

3.1. Background

When a manufacturer makes a decision to relocate a large production plant from one region to another, be it at the national or international level, then this means that labor and income are taken away from a certain region and transferred to another one. The impact of any relocation will thus have a strong regional component and generate winner and losers in the affected regions. Similarly, when a company goes bankrupt during a recession and a production plant has to be closed and the workers are laid off, this will impair regional income at least for a transitory period. This raises the question to what extent one could monitor the health consequences of such economic changes on a regional level. Life expectancy at birth is a widely accepted health outcome and applied very commonly for international comparisons at national levels. Here we undertake an exploratory approach, to study the impact of economic change on life expectancy at regional level in Germany. The outline of this chapter is as follows: The variation of life expectancy at different levels of regional aggregation is presented. A regional case study will be used to emphasize the regional dimension of economic change and its health consequences. In this context we introduce benchmark plots as a tool to monitor regional change over time. Linear regression models are applied to analyze the relationship between life expectancy and two economic indicators, unemployment rate and income.

3.2. Variation of life expectancy at different levels of regional aggregation

The regional breakdown of Germany (see [Table 11](#)) is defined by administrative regional units and other non-administrative regional units which are in official use for planning and analysis purposes. The administrative regional units are also covered by the regional system of the European Union which uses sub-national regional units defined by the Nomenclature of Units for Territorial Statistics (NUTS) for levels 1 to 3 and Local Administrative Units (LAU) which are the basic components of NUTS regions and are defined for level 1 (districts) and level 2 (municipalities).

The English description of German regions in [Table 11](#) is not officially established, other authors may use different terms.

[Figure 16](#) describes the variation of life expectancy at birth for different levels of regional aggregation separated by gender. For regional levels R2 to R5, which were defined in [Table 11](#), box-plots are presented. These use minimum, 25th percentile, medi-

an, 75th percentile and maximum to provide a five number summary of the underlying data.

Table 11: Regional units in Germany

Level	NUTS	German description	English description	Count
R0	Level 0	Staat (Deutschland)	State (Germany)	1
R1	-	West-/Ostdeutschland	West/East Germany	2
R2	Level 1	Bundesländer	Federal States	16
R3	Level 2	Regierungsbezirke	Governorates	41
R4	-	Raumordungsregionen	Regional Planning Units	97
R5	Level 3	Kreise und kreisfreie Städte	Counties and Cities	438
			Total	595

Figure 16: Variation of life expectancy at birth 2004/2006



Data source: edenharter research, Berlin

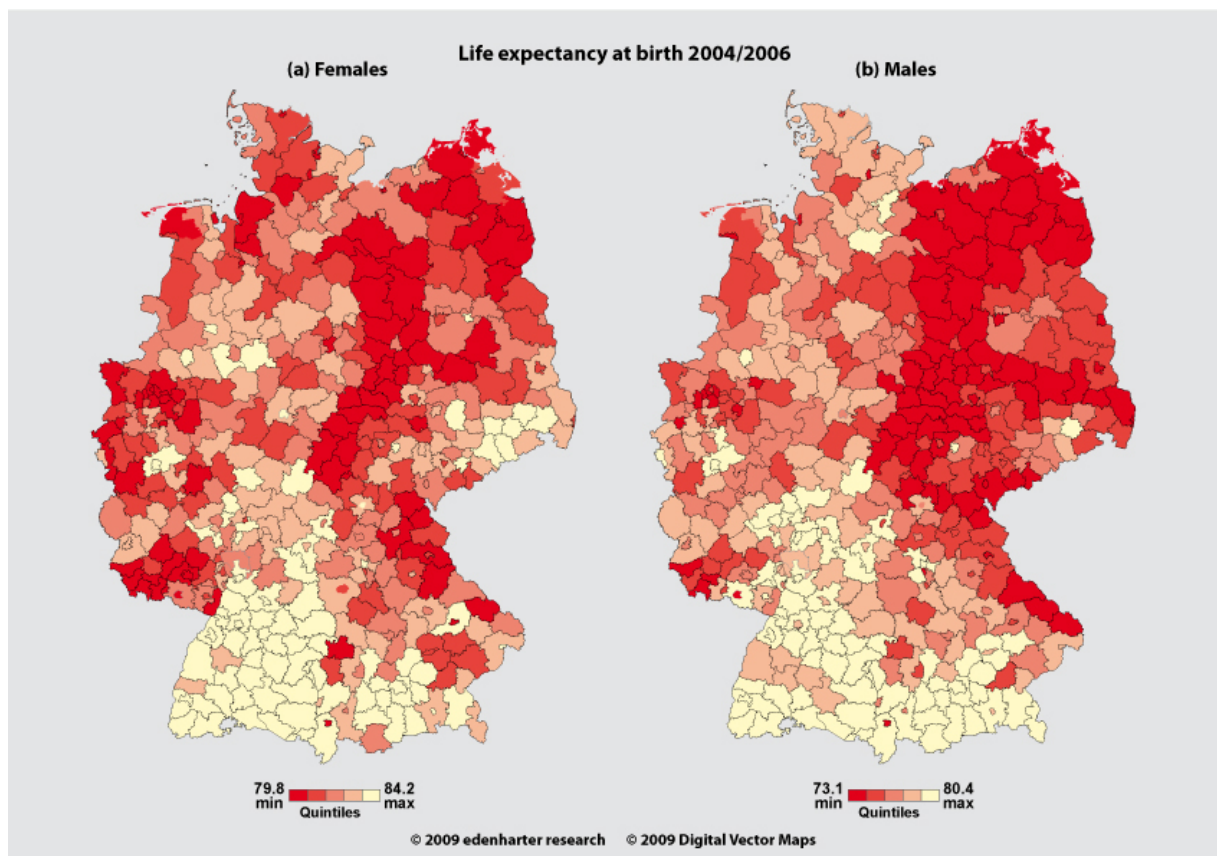
Life expectancy for Germany at national level and East and West Germany is plotted by dots. Comparing females and males it can be seen that female life expectancy is higher and shows less variation than male life expectancy. Both sexes show a considerable increase in the variation of life expectancy when one moves from high regional aggregation levels (NUTS 1: federal states) to low aggregation levels (NUTS 3: coun-

ties and cities). At aggregation level NUTS 1, the range of life expectancy, i.e. the difference between maximum and minimum, is 2.2 years for females and 3.5 years for males. The range increases to 2.3 years (females) and 4.0 years (males) at NUTS level 2 and continues to increase to 4.4 years (females) and 7.3 years (males) at NUTS level 3. This means that the range of life expectancy roughly doubles for females as well for males when analysis is done at NUTS level 3 instead of NUTS level 2. Also, severe inequalities of life expectancy that are visible at NUTS level 3 remain uncovered at NUTS level 2.

3.3. The regional dimension of life expectancy at birth, unemployment and income

[Figure 17](#) presents the distribution of life expectancy at birth for females and males at NUTS level 3 in Germany. There is a strong gradient which runs from the south-west to the north-east, with lower life expectancy in the north-east than in the south-west. In East Germany successful economic regions in the federal state of Saxony like the city of Dresden can be identified by showing higher life expectancy than their regional neighbourhood and this effect has a broader regional scope for females than for males.

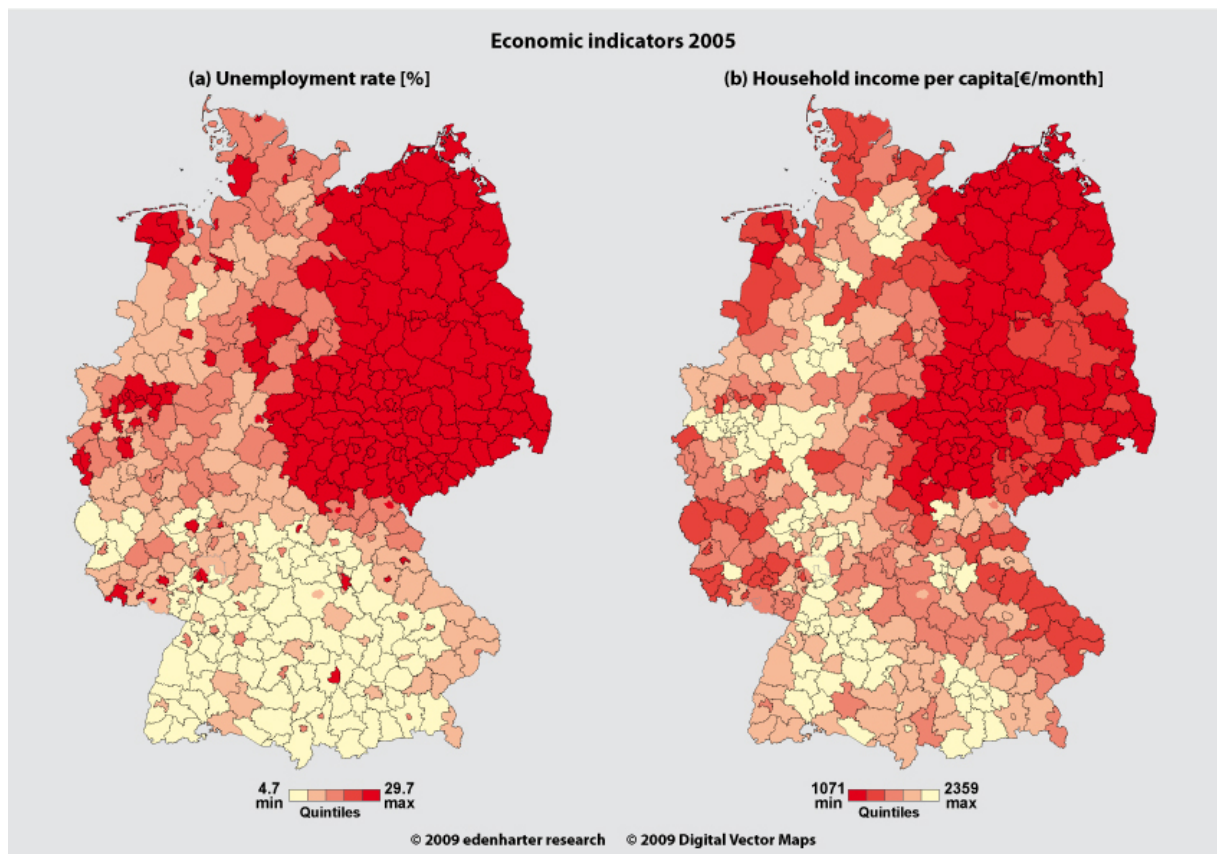
Figure 17: Life expectancy at birth in Germany, NUTS level 3



Data source: edenharter research, Berlin

[Figure 18](#) presents two economic indicators, unemployment rate and household income per capita. These data are from the German Federal Office for Building and Regional Planning (BBR) which publishes yearly a database with regional statistics for Germany on CD-ROM (INKAR). Unemployment rates for the year 2005 are from the INKAR 2006 edition, household incomes for the year 2005 are from the INKAR 2007 edition. Unemployment rates show a remarkable contrast between south and north for West Germany with higher levels in the north. East and West Germany are very well separated by their levels of unemployment, 16 years after the historical fall of the wall the unemployment rates in East Germany are still much higher in East Germany than in West Germany. But one can also see that there are regions in Germany with high levels of unemployment, e.g. regions in the Ruhr area (federal state: North Rhine-Westphalia) which are affected by de-industrialisation. And one also sees that e.g. in Bavaria there are isolated regions within the highest quintile of unemployment surrounded by regions within the lowest quintile of unemployment. This signals that economic development of these isolated regions has decoupled from their regional neighbourhood.

Figure 18: Unemployment rate and household income in Germany, 2005, NUTS level 3



Data source: BBR INKAR 2006/2007

Household income per capita measures the income that households can use for consumption purposes or savings and include e.g. also public transfer payments like un-

employment benefits and social assistance. The regional pattern of household income shows a strong east-west gradient with lower income in East Germany. High income regions are found essentially along a north-south band within West Germany.

3.4. A regional case study

For 438 regions at NUTS level 3 life tables had been calculated for the life table periods 1997/1999 to 2004/2006. Details for the life table calculations are presented in Edenharter et al. [2009]. The change of life expectancy at birth over time was visualized by the means of benchmark plots. Benchmark plots show the development of a time series before the background of a reference group for which the data is summarized by line box-plots which summarize the data by a five number scheme (minimum, 25th percentile, median, 75th percentile, maximum). Examples of benchmark plots are given for the region of our special interest in [Figure 19](#) and [Figure 20](#).

Our benchmark plots also include 95% confidence intervals for life expectancy at birth. In addition, life expectancy and its confidence intervals are given numerically in a table beneath the benchmark plot together with population size at December 31, 2006.

The region Pirmasens (NUTS level 3 identification code DEB37) is located in the federal state Saarland close to the German frontier to France. This region raised our special attention as for the life table periods from 1998/2000 to 2002/2004 we found here lowest life expectancy at birth for females in all German NUTS level 3 regions ([Figure 19](#)). From a very low level in period 1997/1999 female life expectancy in this region declined to the nation-wide minimum levels and recovered slowly still at minimum levels or close to minimum levels from period 2001/2003 onward. Life expectancy for males shows a similar pattern but at better relative position within the group of males ([Figure 20](#)).

The historical economic background of the region Pirmasens provided the following information: The region was dominated since begin of the 20th century by a single industry which was shoe manufacturing. Workers had a long history of low-wage, low-education jobs with poor working conditions with earnings by piece-work and over-demanding daily production targets. In the early seventies de-industrialisation of the shoe manufacturing sector began and production was relocated first to Italy and Spain, then to Eastern Europe and elsewhere. This implied heavy job losses in region which can be estimated at a number of 15000 jobs for the time period of 1970 to 1990. Population decreased from 58000 persons in the year 19970 to ca. 43000 in the year 2006. In 2006 the unemployment rate was 16.9%. In addition, from the year 1994 on the region experiences a very special form of de-industrialisation. A large US military base (Husterhoeh) was closed, the last soldiers left in 1997. Additional job losses were estimated at a number of 4000 jobs.

Figure 19: Benchmark plot of life expectancy at birth, females

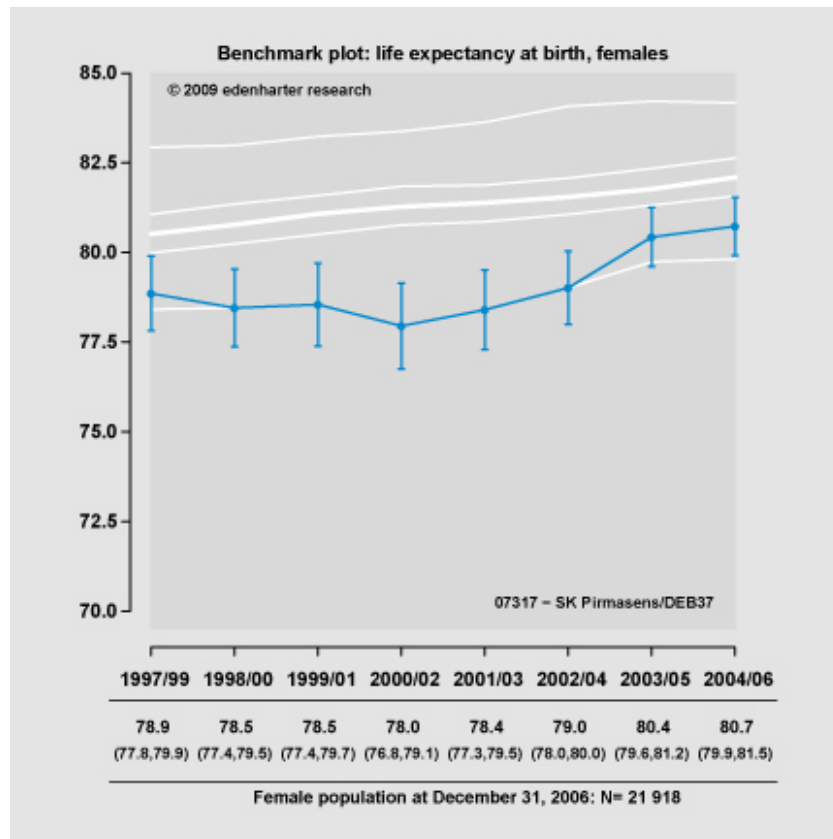
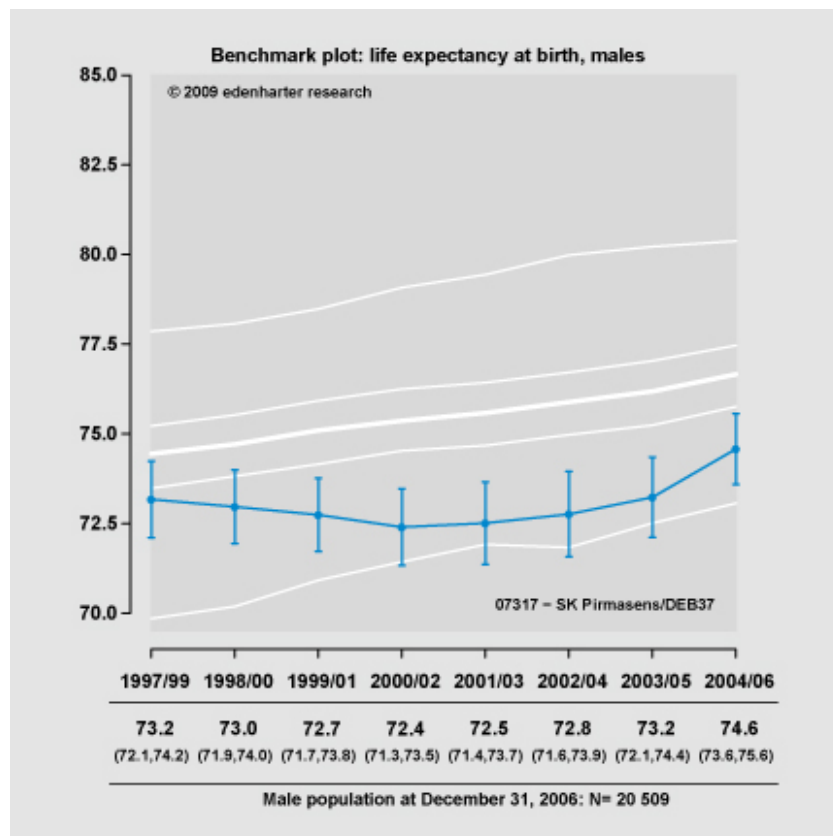


Figure 20: Benchmark plot of life expectancy at birth, males



There seems to be no doubt that life expectancy at birth, for both females and males, was impaired dramatically by these economic changes driven by globalisation. But it is not clear why the region was not able to replace lost jobs in old industries by jobs in newer modern industries or to phrase it more general, why the process of restructuring had failed. To answer this question much more details of the historical background of the region have to be analysed.

3.5. Modelling of life expectancy at birth

An exploratory cross-sectional analysis was done to model life expectancy at birth. Four bivariate linear regression models were calculated using female and male life expectancy as dependent variables and unemployment rate and income as independent variables. The results are presented graphically in [Figure 21](#) and [Figure 22](#) and numerically in [Table 12](#). Then two additional regressions were run that used unemployment and income simultaneously as independent variables. These results are also given in [Table 12](#).

Each of the figures shows two scatter-plots of the bivariate relationships that are overlaid in each case with a regression line and its 95% confidence interval. Regions in East Germany and regions in West Germany are marked with different colours in the scatter-plot. Unemployment alone has a very strong negative impact on male life expectancy ($R^2=0.57$), its impact on female life expectancy is weaker ($R^2=0.23$) but manifest. For household income per capita the results are very similar. There is a pronounced positive relationship of income on male life expectancy ($R^2=0.40$) and a weaker but clear positive relationship between income and female life expectancy ($R^2=0.23$). A striking feature of the scatter-plots is that the East German regions are easily identified as a well separated subgroup at a disadvantaged position. All estimated coefficients were highly significant with a p-value < 0.001. When unemployment rate and income were used simultaneously as independent variable, the adjusted R^2 increases to 0.25 for the females and to 0.60 for the males. Overall, male life expectancy at birth is very strongly influenced by unemployment and income. For females these effects are weaker but nevertheless prominent.

The data should be analysed in more detail and the independent variables should comprise additional information on educational status, industrial structure, structure of employment, different types of employment and unemployment measures, proportion of foreign sales of regional companies, business demographics and enforced sales of real estate. For Germany such data exists at NUTS level 3, but it will take considerable time to set up an appropriate validated project database.

Figure 21: Regression results, life expectancy and unemployment

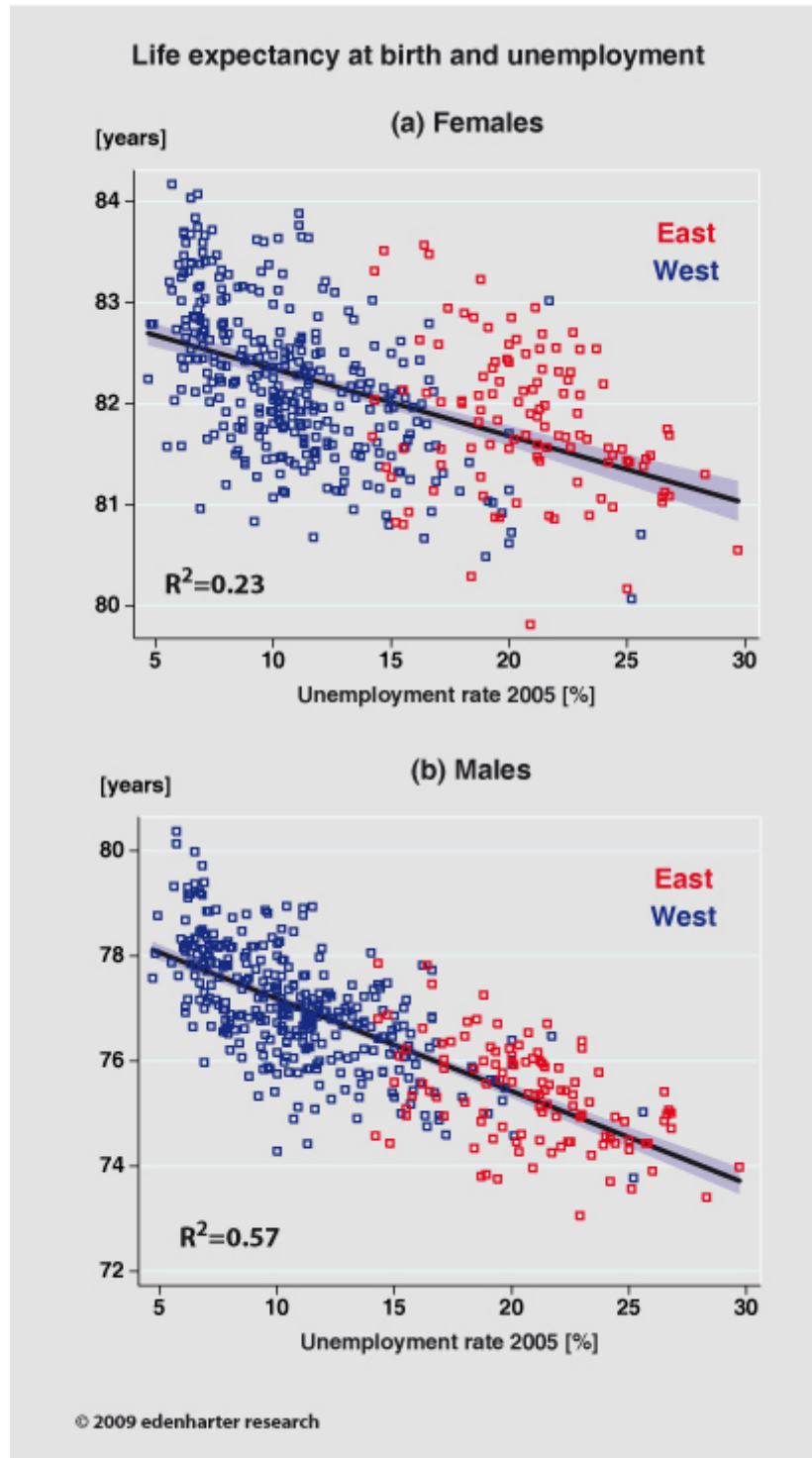


Figure 22: Regression results, life expectancy and income

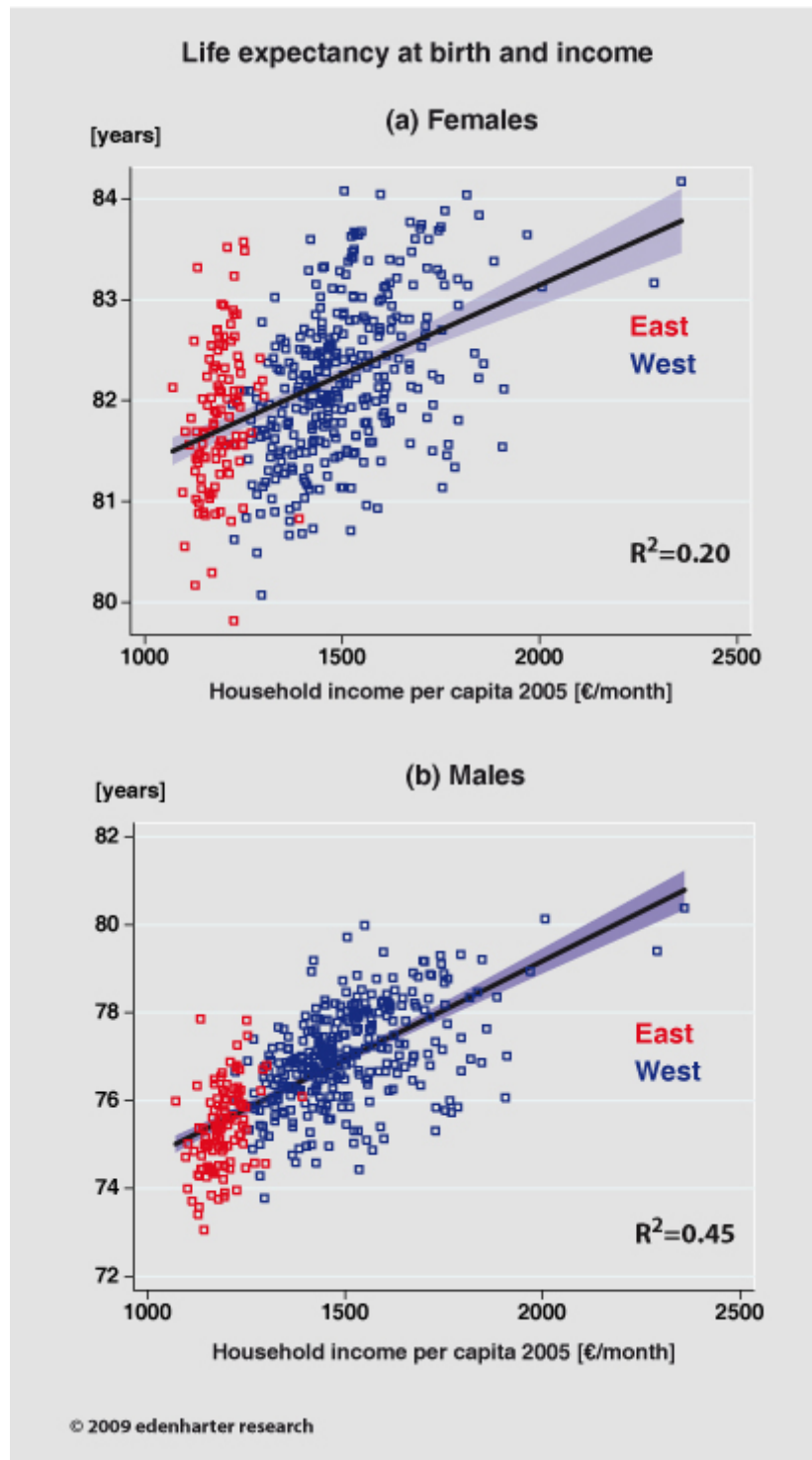


Table 12: Regression results, dependent variable: life expectancy at birth

Bivariate regressions	Females Males			
	sdBeta	p-value	sdBeta*	p-value
Unemployment	-0.481	0.000	-0.754	0.000
	adjusted R ² =0.23		adjusted R ² =0.57	
Income	0.450	0.000	0.675	0.000
	adjusted R ² =0.20		adjusted R ² =0.45	
Multiple regressions	Females		Males	
	sdBeta*	p-value	sdBeta*	p-value
Unemployment	-.325	0.000	-0.576	0.000
Income	.224	0.000	0.250	0.000
	adjusted R ² =0.25		adjusted R ² =0.60	

*sdBeta: standardized regression coefficient

3.6. Conclusions

Regional analysis of health outcomes seems to be a promising approach to analyse in more detail the consequences of globalisation, restructuring and recession on health. For Germany a considerable amount of regional information at NUTS level 3 is available from official sources. Analysis of these data will be continued not only with life expectancy at birth but also with life expectancy at higher ages. Our preliminary analysis has already shown that female and males are affected at different degrees. An important sub-project is planned that will highlight the gender-specific aspects of economic change in an era of globalisation. In parallel, information will be gathered that will allow us to study the feasibility of a project that will do this kind of regional analysis on the EU wide scope.

3.7. Summary and future research agenda

Summary

- Globalisation, restructuring and recession have a strong regional dimension. This regional dimension has to be taken into account for successful economic and health policy.
- Preliminary analysis demonstrated that unemployment and loss of income as a consequence of globalisation, restructuring and recession have a strong impact on regional health measured by regional life expectancy. A rigorous evaluation of these relationships makes it necessary to do analysis at low-level regional aggregates.

Analysis on high-level regional aggregates or even at national levels cannot reveal the much more extreme differences that are found at lower level regional aggregates.

- Much more research work on low-level regional aggregates has to be done to determine the socio-economic factors that influence regional health under the dynamics of globalisation, restructuring and recession. The findings will allow us to identify economic and health strategies to cope with globalisation, restructuring and recession.

Future research agenda

For Germany an important step has been done, i.e. regional life tables have been calculated and regional life expectancies at different aggregation levels are available. Preliminary data analysis has confirmed our hypothesis of a strong regional dimension of globalisation, restructuring and recession. Much more comprehensive research work has to be done, the necessary future steps are outlined below. Research will be continued with the regional German data. This is also considered as an approach to study general feasibility issues. The experiences will allow for the optimisation of the workflow thus provide a best practice template for other countries. In parallel, the extension of the research work to other countries will be pushed ahead.

A. Regional data Germany

(A1) Set up of a project data base

The regional data on life expectancy should be analyzed in more detail and the independent variables should comprise additional information on:

- educational status
- industrial structure
- structure of employment
- business demographics
- foreclosures of real estate
- private insolvencies
- regional indicators of globalisation

When possible, data shall be provided for all regional aggregation levels simultaneously.

(A2) Data analysis

Aim of the data analysis will be to identify the most important socio-economic determinants on life expectancy at birth (and at higher ages) within the context of globalisation, restructuring and recession.

(A3) Simulation studies and regional policy analysis

Based on the results of the data analysis, simulation studies shall be performed that will provide information how changes of interacting variables will affect the outcome under different scenarios. It will be explored how modern simulation techniques (multi-agent systems, extended petri nets from modelling of complex dynamic biological systems) can be used as a framework to assist political decision making.

(A4) Regional case studies

Aim of the regional case studies will be to document in detail the successful or unsuccessful coping strategies of selected regions. For the selected regions historical data back to the 1950s has to be obtained. This data shall provide information on the development of these regions under the different phases of globalisation.

B. Extension to a broader coverage of countries

In parallel to the research activities based on the regional German data, the following task shall be done:

(B1) Extension of life table analysis

As a first step regional life table analysis shall be extended to other countries. Ideally all EU27 countries, the United States and Russia should be covered. Discussions with experts from different countries shall ensure that the results of the life table analysis will be harmonized and comparable among different countries.

(B2) Extension of other research tasks

All research tasks that were described for the German template will be extended to other countries. This covers the extension of the project data base, data analysis, simulation studies and regional policy analysis and regional case studies. A new dimension is added when supranational policies for the solution of regional economic problems have to be evaluated.

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4. THE REPERCUSSIONS OF SOCIOECONOMIC INEQUALITIES ON INEQUALITIES IN HEALTH; THE HIDDEN COSTS OF RECESSIONS (Ioannis Theodossiou)

4.1. Introduction

Economic theory and empirical evidence have well documented that recessions and economic upheaval are associated with both increased socioeconomic inequality and a soaring unemployment. Research in European countries and the US has shown that decreasing socio-economic status (SES) is associated with an increase in the risks of ill health with, and there is a growing concern among policy makers that these inequalities in health are widening. Growing differences in socio-economic status imply growing health differences. It has been recognised that inequalities in the access to health care is not sufficient to account for the inequalities in the health of the populations (Pincus et al., 1998). Research shows that social, economic, and labour market characteristics can explain a great deal of disparities in health after accounting for lifestyle behaviours.

This review brings together the findings of recent research in an attempt to provide a comprehensive picture of the mechanics of the complex relationship between individual socio-economic status and physical or mental health. The investigation of the pathways through which socioeconomics characteristics affect health can provide significant guidance for policies aiming at cushion the effects of recession on individual health and at mitigating health inequalities (Evans and Stoddart, 1990; Adler et al., 1993) and . This inquiry has important implications for the public health policies in the European Union.

4.2. Methodological Issues

The empirical research on issues of socioeconomic effects on health faces a number of methodological issues related to both the **MEASUREMENT** of the various factors and the appropriateness of the indicators used to capture the multi-dimensional character of health and to the **ECONOMETRIC SPECIFICATIONS** which are utilised to model the complex nature of the SES-health.

Many studies highlight the methodological problems that can arise when self-assessed indicators of health are used (Ward et al., 2002, Humphries and van Doorslaer (2000), Grundy and Holt, 2000). The evidence suggests that the relationship between health and socio-economic status is bi-directional. Higher socio-economic status should be expected to give rise to better health outcomes because wealthier individuals are able to be better fed and housed, may have greater possibilities to make investments in their own health, and have better access to health services compared to their poorer counterparts. Moreover, they are usually better informed about health related behaviours like physical exercise, smoking and diet.

The individual's socio-economic status is also affected by the state of the individual's health as ill health may cause a detrimental effect on an individual's earning capacity and his or her ability to exploit advantageous labour market opportunities. As Sen (1999) has argued deprivation of individual capabilities has close links with lowness of income. Low income can be a major reason for ill health and under nourishment, and conversely, better education and health facilitate in the capability of earning higher incomes. The investigation of the direction of causality in the SES-health relationship and of the underlying mechanism are clearly important from the perspective of designing policies for improving the population's health and for the narrowing of the health inequalities in society. The research studies use a variety of modelling techniques to tackle this issue of endogeneity and to identify the causal effect of different measures of SES such as income or employment status on physical and mental health.

An issue closely related with the endogeneity in the SES-health relationship is the dynamic nature of the relationship. Economic disadvantages can accumulate over the life course and can affect the individual's future health state and health impairments can prevent future accumulation of wealth. In addition, economic disadvantages of the parents can have an effect on the health of their children giving rise to an intergenerational dimension in the SES- health relationship.

4.3. The Socioeconomic Status and Health Relationship; A Review of the Empirical Literature

The link between socioeconomic factors and health status has been identified by many researchers and there are several studies which report a strong link between social factors and physical and psychological health. Marmot and Wilkinson, 2006, Wilkinson, 2006 and Skalli et al 2006 offer a detail discussion on these issues. The term "social factors" or "social determinants" is a generic term and it includes a number of parameters such as income, wealth, class, education, occupation and employment status. Studies include factors such as access to health care (Cole, 1994, Pincus et al, 1998, Ayaniam et al., 2000 and O'Malley et al., 2001), material living conditions (Ecob and Davey Smith, 1999, Or, 2000, van Rossum et al., 2000, Grundy and Holt, 2000, Everson et al, 2002), lifestyle factors (Stronks et al., 1997, Mackenbach et al., 1997; Kunst et al., 2000, Or, 2000, Muller, 2002, Osler et al., 2002, Sturm & Gresenz, 2002, Shibuya et al., 2002, Contoyannis & Jones, 2004).

The Black report shows that in early 1970's the death rate for adult men in unskilled workers was nearly twice that of professional workers (Townsend and Davidson 1992). Recent studies indicate the persistence of this link. For instance, people living in the most deprived districts of Glasgow have a life expectancy 12 years shorter than those living in the most affluent districts (NHS: Health Scotland 2004). The same trend is shown to be prevalent for many European countries (Skalli et al, 2006). Research is also with issues of race and the health-SES relationship (Navarro 1990; Smith and Kington 1997), physical health and labour force status (Martinkainen and Valkonien

1996; Ruhm 2000, Theodossiou, 1998), psychological health and labor force status (Clark and Oswald 1994; Gerlach and Stephan 1996; Theodossiou 1998; Winkelmann and Winkelmann 1998), age and the health-SES relationship (Morrell et al. 1999; Grundy and Holt 2000), and direct and indirect effects of SES on health (Duleep 1986; Gerdtham and Johannesson 2001). Social gradients are also found to be associated with mental health problems such as schizophrenia, depression and antisocial behaviour in studies conducted by Dohrenwend et al (1992).

The research often recognises the importance of endogeneity in the SES–health relationship. For example, Chapman and Hariharan (1994) use previous health in regressions of current health to control for causality between wealth and health. Smith and Kington (1997), Gerlach and Stephan (1996), and Winkelmann and Winkelmann (1998) examine changes in health and income controlling for individual fixed effects in panel datasets. Only two published studies employ a more standard correction for wealth – health endogeneity. Using panel data from the Assets and Health Dynamics of the Oldest Old dataset, Adams et al. (2003) examine the health – wealth relationship among those who are older than 70 years, have already retired or otherwise withdrawn from the labour market, and receive government supplied health care (Medicare). Hurd and Kapteyn (2003) investigate the interrelationship of health, income, and wealth using data from the U.S. Health and Retirement Study as well as two Dutch datasets.

In general, the literature results show that endogeneity in the SES - health relationship is important. Hence, the individual's SES has a strong effect on his or her health but the reverse causality is also possible. Health status has also an effect on the SES. Hence, if an individual experiences deterioration in health due to a decline of his or her SES, then, given the effect of health on socioeconomic status, this will cause his or her health status to further deteriorate. Further, the introduction of the individual's past health status in the models reveals a positive relation between past and current health status. This implies that there is a dynamic and cumulative process in the determination of the individual SES -health status relationship, a downward spiral with the decline of SES and the decline of health to reinforce each other.

Socioeconomic factors have emerged as an important influence on physical health, putting into shade the more direct impact of medical interventions (Mackenbach et al, 1990). The effect of labour force status has been widely researched, both in terms of its effects on physical health (Martikainen and Valkonen, 1996, Ruhm, 2000), and on psychological health (Clark and Oswald, 1994, Gerlach and Stephan, 1996, Theodossiou, 1998, Winkelmann and Winkelmann, 1998).

Unemployment is identified as a key socioeconomic determinant of health. Direct negative effects of unemployment on health are found by Moser et al (1984), Dahl (1993), Bartley (1994) and Gerdtham et al (2003). Rantakeisu et al (1999) have identified the financial hardship and shaming experiences associated with unemployment, such as poorer social life, loss of self-confidence and fewer leisure activities, as being important contributory factors. Unemployment does not only affect the unemployed individuals but also their spouses (Moser et al, 1986). Indeed, even the risk of unemployment has

negative effects on health, particularly for men (Ferrie et al, 1995). Winefield et al (1990) also identified that psychological distress among young people peaks at roughly 9 months of unemployment duration, and then declines. Ervasti (2002) provides a recent survey of this phenomenon. Grobe and Schwartz (2003) also found that permanently employed men have only a quarter the incidence of (self-reported) bad health, and spent less than half the amount of time in hospital, as unemployed men with one or more years of unemployment.

A large body of literature also identify the effect of personal characteristics on the relationship between socioeconomic status and health. Theodossiou (1998), for example, show that men are more sensitive to unemployment than women. Morrell et al (1999) and Grundy and Holt (2000) considered the effect of age, showing that the health of older men was strongly related to their employment status when young, whereas the health of older women was more strongly influenced by family related factors. Inactivity in old age has also been shown to precipitate rapid health deterioration (Glass et al, 1999).

Cooper, McCausland, Theodossiou (2008) estimate the effect of socioeconomic and individual characteristics on the length of time an individual remains in good health. The study employs a relatively objective measure of physical health, the Physical and Mental Health Problems, Illnesses and Disabilities (PMID) measure. The results show that socioeconomic status does affect the likelihood of individuals entering bad health. In particular, unemployment experience increases and educational attainment decreases the probability of a person ceasing to enjoy good health. Interestingly, income effects are however, somewhat weaker, being confined to the highest income quartile.

There are at least two reasons why it is important to investigate the health effects of exposure to income inequality. First, if such effects do exist, then policies aiming at reducing health inequalities among citizens would require an understanding of the mechanisms underlying the inequality- health relationship: Second, in the recent decades technical progress in medicine is remarkable, access to health care is universal in a number of countries and both living and working conditions are constantly improving. Yet, health inequalities are increasing over time (Kunst et al., 2000 and Couffinhal et al., 2005). This is perhaps what led a number of authors to argue that the scale of income differences in a society is a more powerful determinant of health than the absolute level of individuals' economic endowments (Wilkinson, 1992, 1995, 1996, Kaplan et al, 1996 and Kawachi et al, 1997).

Etienne et al (2007) study the association between income inequality and individual health and report that "the income inequality is systematically, negatively and significantly correlated with individual health, regardless of their position in the income distribution. Kington and Smith (1997) use the Health and Retirement Survey (HRS) to uncover a strong positive relationship between levels of household wealth or income and individual health. HRS respondents reporting excellent health have 2.5 times as much household income and five times as much household wealth as respondents reporting poor health.

There are two theories explaining the link between income inequality and health outcomes. The **RELATIVE DEPRIVATION HYPOTHESIS** asserts that individuals who feel that they are economically disadvantaged compared to their peers may be envious and depressed. This might affect their health either directly or indirectly if they engage in self-destructive behaviours such as smoking or alcohol abuse. A central element in this theory is that an individual might be affected by inequality only if he or she is less well off compared to his or her peers – the reference group. One implication of this view is that, *ceteris paribus*, income inequality will not harm the health of those whose relative position in the distribution of economic endowments is the highest. For this reason, the relative deprivation hypothesis is also sometimes referred to as the weak version of the income inequality hypothesis (IIH).

A second theory – the **PURE INCOME INEQUALITY HYPOTHESIS** – suggests that income inequality harms individuals' health regardless of their own income level. Hence, the individual's health is sensitive to income inequality because inequality undermines social cohesion and hinders the formation of social capital, which may result in elevated stress levels, riskier individual behaviours and high violent crime rates (Kawachi et al, 1997, Kawachi & Kennedy, 1997, Mellor & Milyo, 1999, Blakely et al, 2002). Yet, other mechanisms might be at play too. For example, Kaplan et al. (1996) argue that since there is a negative cross-state correlation between income inequality and educational spending and that educational spending is beneficial to the whole population, one might expect income inequality to be detrimental to the health of both the wealthy and the poor.

A number of empirical studies have highlighted a strong and robust correlation between health measures and different income inequality indicators. Some of these studies are based on country-level data (Le Grand, 1987, Waldmann, 1992, Wennemo, 1993, Wilkinson, 1996, van Doorslaer et al, 1997) while others are country-specific and thus rely on data from smaller geographic units (Ben Shlomo et al, 1996, Kaplan et al, 1996, Kawachi et al, 1997, Lynch et al, 1998).⁹ A common feature of these studies is the use of aggregate data.

This raises a number of methodological limitations critically reviewed by Wagstaff & van Doorslaer (2000) and Mellor & Milyo (2002). First, correlations between statistical aggregates do not necessarily reflect causal relationships at the individual level. Indeed, as argued by Rodgers (1979) and by Gravelle (1998), if health is a nonlinear function of income, then income inequality may be spuriously correlated with aggregate measures of health. Second, a number of studies show that the estimated association between income inequality and health is sensitive to a number of covariates which cannot be controlled for when aggregate data are used. Such covariates include individual income (Soobadeer & Le Clere, 1999, Fiscella & Franks, 2000, Deaton & Paxson, 2001), individual characteristics such as education, individual risk factors (Mul-

⁹ Ben Shlomo et al (1996) investigate the correlation across wards in Britain. Kaplan et al (1996), Kawachi et al (1997) and Lynch et al (1998) the correlation across states and metropolitan areas in the US. Humphries and van Doorslaer (2000) adopt a similar approach for Canada, but fail to find any significant correlation between health measures and different income inequality indicators.

ler, 2002, Osler et al, 2002, Sturm & Gresenz, 2002, Shibuya et al, 2002) and regional determinants of individual health (Meara, 1999, Mellor & Milyo, 2002). Third, the use of aggregate data does not enable the disentanglement of the weak and the strong versions of the IHH. One reason for this is that the relative deprivation hypothesis requires some definition of individuals' reference group. Marmot et al., (1984) and Marmot (1986) for instance, show that mortality differences between the highest and lowest civil service grades is at least partly due to relative deprivation effects.¹⁰ This finding relies on the implicit assumption that civil servants are the reference group to which every civil servant compares himself or herself. Eibner and Evans (2005) construct explicit relative deprivation measures based on reference groups defined according to a number of individual characteristics. They conclude that much of the observed statistical relationship between the absolute level of income and health found in previous studies reflects the impact of relative deprivation on health.

Mellor & Milyo (2002) investigate whether or not individuals' health status is negatively correlated with income inequality measures and whether or not any such correlation applies to the whole population or to the well-off only and conclude that income inequality has actually no influence on health.

However, Navarro (1990) shows that wealth and income inequalities are linked to great disparities in health both in terms of mortality and morbidity even if the effects of race are netted out. In general, it is shown that health follows a social gradient: the higher the social position, the better the health (Marmot and Wilkinson, 2006).

Socioeconomic gradients like early life deprivation, poverty, income, and education influence disease indirectly (Siegrist and Marmot 2004). The effect of socioeconomic status (SES) on specific health problems like heart disease is observed in many studies. For instance, London based civil servants of lower SES status are found to be more exposed to coronary heart disease risk (Marmot et al, 1991 and Steptoe et al, 2004). Kapuku et al (2002) reports that SES is associated with diastolic blood pressure in a study of young black men. Marmot et al (1997, 2006) show that decreasing SES status implies greater physical and mental ill health and mortality. Finally, SES also appears to have a direct casual effect on mental health and degenerative conditions: Lorant et al (2003) report that low SES is generally associated with high psychiatric morbidity, disability, and poor access to health care.

Theodossiou and Zangelidis (2008) after controlling for the fact that individual health may also affect individuals' labour market behaviour and consequently income, the individuals' household income has a positive, but modest effect on health. However, relative household income - which approximates the social status and position in the social hierarchy - has a significant effect on all measurements of health, with individuals higher in the social ladder enjoying better health. The association of the individual's own income with his or her health turns out to be relatively weak. This suggests that

¹⁰ Sapolsky et al. (1997) show that socially subordinate monkeys have higher basal cortisol concentrations which are in turn associated with a number of adverse health outcomes. Wilkinson (1996) draws parallels between this kind of studies on primates and the potential effect of relative deprivation on humans' health. See also Smith (1999).

this measure of SES may not adequately capture the essential facets of the SES relevant for the study of the SES - health relationship.

On the balance of evidence it appears that income inequality has a strong and robust deleterious effect on objective and subjective measures of individuals' health. Health is correlated not only with the absolute income but also with the relative income. Income inequality is systematically negatively and significantly correlated with individuals' health, regardless of their position in the income distribution. Since, there is a reverse causal path in the household income – health relationship, health inequalities have an effect on economic inequalities. Indeed, differences in health status yield differences in earning power and in wealth accumulation opportunities and thus, have an influence on income inequality which in turn have detrimental effects on health.

Childhood economic deprivation is a fundamental issue of human rights, and of great political and social importance. The relationship between socioeconomic status and physical and mental health also holds for the childhood period. There is evidence that socioeconomic deprivation during childhood is related to overall mortality rates and to mortality due to cardiovascular disease, lung and stomach cancer (Galobardes et al, 2004). Power et al (2007) report that social class in childhood is associated with high blood pressure, HDL Cholesterol, triglycerides, fibrinogen, hearing threshold, depressive symptoms and with a general trend in deteriorating health. Laaksonen et al (2007) also show that low childhood SES and current economic status are strongly associated with common mental disorders among men and women. Lynch et al (1997) show that many adulthood behaviour and psychosocial dispositions detrimental to health are consistently related to poor childhood conditions, low levels of education and blue collar employment. In addition, poor adult health and psychosocial characteristics are more prevalent among men whose parents were poor. Beebee-Dimmer et al (2004) provide empirical evidence that low childhood socioeconomic position is associated with an increased mortality due to cardiovascular disease and Brunner et al (1999) show that the SES driven accumulation of health capital and cardiovascular risk begins in childhood and continues, according to socioeconomic position, during adulthood. Ramsay et al (2007) examine the extent to which childhood socioeconomic circumstances are related to the risk of coronary heart disease (CHD) in older men by retrospective assessment of childhood socioeconomic circumstances (father's occupation and childhood household amenities). The combined exposure to adverse childhood and adult social circumstances turns out to be associated with the most unfavourable life style behaviour and CHD risk.

Evans (2003) reports that the physical aspects (crowding, noise, housing quality) and psychosocial (child/ separation, turmoil, violence) of the home environment and personal characteristics (poverty, single parenthood, maternal high school dropout status) elevate the cumulative risk associated with heightened cardiovascular and neuroendocrine parameters, increased deposition of body fat and a higher summary index of total allostatic load. Lawlor et al (2004) study on the association between childhood socioeconomic position and adult function in older adulthood shows that childhood poverty is associated with poorer lung function for women aged 60 to 79 years.

Bosma et al (1999) report that low social class in childhood relates to poor general health in adulthood and people who grew up in lower socioeconomic conditions exhibit more negative personality profiles and adverse coping styles in adulthood compared to individuals who grew up in more affluent households. Kestila et al (2006) find that childhood living conditions and adversities are strongly associated with psychological distress in early adulthood even after controlling for the respondent's own education. This is confirmed by Makinen et al (2006) who find an association of childhood circumstances with physical and mental functioning in adulthood and an inverse association between parental education and adult mental functioning.

The research reveals that unfavourable childhood background factors significantly contribute to the explanation of health differences later in life. The results also show that, individuals from families that are well-off financially have better physical and mental health at the later stages of their working lives. Since poverty and social inequality adversely affect children's health and development, and health in early life is the basis of health in adult life, one would expect that childhood deprivation would have also an adverse effect on health later on in life. Importantly, there are indications of a vicious circle. For instance, Adda et al (2003) find growing evidence that low socio-economic status causes poor health and poor health causes low socioeconomic status. The above clearly indicate that the inequalities in health and death is one of the big challenges in the conduct of government social policy (Townsend and Davidson 1992).

Research on the effect of the national institutional arrangements in mitigating or exacerbating the detrimental effects of SES on health is limited. Although there are many studies examining the SES-health relationship in a particular country, Denmark (Kerkhofs et al. 1999), Finland (Martinkainen and Valkonen 1996), Germany (Gerlach and Stephan 1996; Winkelman and Winkelmann 1998), the Netherlands (Kerkhofs et al. 1999; Theeuwes and Wotiez 1998), and Sweden (Gerdtham and Johannesson 2001), there is little effort on direct comparisons of health and SES across countries in order to examine differential policy effects.¹¹

The exception to this is Hurd and Kapteyn (2003) who use the HRS and two Dutch panel datasets (the Socio-Economic Panel and the CentEr Savings Survey) to investigate the health – SES relationship and draw inferences about differences in political institutions across countries. While they find that public policy does influence the health – SES relationship, Bender and Theodossiou (2008) study offers a further insight regarding the health – SES relationship and the effects of political institutions across countries that Hurd and Kapteyn do not analyze. In particular, the US and UK are investigated. These two countries are arguably more linked in culture and population characteristics than the US and the Netherlands. This in turn, implies a lower degree of heterogeneity among the two populations than in the case of the Hurd and Kapteyn study. This is important if excluded variables in the estimation procedure affect the health – SES relationship differently across countries. Thus, the inferences about differences in political institutions across countries and their association with

¹¹ Indeed, only one study, Van Doorslaer et al. (1997), examined cross country health inequalities, but in this study there was little or no reference to different political or social institutions across countries.

population health can more clearly be drawn. It is shown that differences in government policies such as universal health care in the UK where none exists in the US would influence the effects of socioeconomic factors across countries. For all the health measures, there was no statistical relationship between labour force status and health for the UK while there was a statistical relationship between health and at least unemployment in the US data. These results confirm and support the findings of Hurd and Kapteyn (2003) study and suggest that an extension of health care provision to those in the labour force with relatively fewer economic resources reduces the negative influence of labour force status and income, *ceteris paribus*.

A number of studies reviewed above show that unemployment can be detrimental to the individual's standard of living and financial resources. Restricted financial resources can lead to poor nutrition and probable restriction to access to medical health care when needed. This may cause increased physical morbidity and even death. Indeed, Junankar (1991) found a positive relationship between unemployment and mortality and Gerdtham and Johannesson (2003) found that unemployment is a health hazard. It increases the risk of dying by approximately 50%, even after controlling for income. Martikainen and Valkonen (1996) argued that individuals who experience unemployment were found to exhibit greater mortality rates compared to their employed counterparts, after controlling for demographic and SES indicators. Morris et al. (1994) show that not only unemployment experience, but also the duration of unemployment spells increase the risk of dying after controlling for potential confounders such as age, race, marriage, income, and occupational class. A number of studies find an age difference in mortality by showing that mortality was excessive for middle-aged unemployed men compared to their employed counterparts. Importantly, Junankar (1991), Ungváry et al. (1999), and Moser et al. (1986) point out the negative externalities that the families of the unemployed individual face. Importantly, the latter study shows that the wives of unemployed men have an increased risk of mortality.

Ruhm (2000) reexamined the issue of the unemployment-mortality relationship by applying a fixed-effects model in a state-level study for US. His findings strongly contradicted the literature reviewed above. The results showed that economic upturns, by decreasing the unemployment rate, have a negative effect on physical health; contrary to the notion that unemployment worsens health, physically and mentally. Four reasons are given for suggesting why health deteriorates in times of economic growth or improves when there is an economic downturn. First, when there is high employment or at times when there is a lot of work available and people are offered the chance to work longer hours, it becomes more costly for individuals to take part in activities that will be beneficial to health such as regular exercise, attending medical appointments, and so forth. Secondly, in areas with high accident rates or hazardous working conditions, a decrease in the level of production or working hours is very likely to result in less accidents and hence an improvement in employee health. Third, the by-product or joint product of an economic activity may have an effect on health, so a fall in production may lead to a beneficial fall in the negative externalities such as pollution, lack of exercise, smoking and fatty diet. Finally, mortality rates or the number of individuals in poor

health are likely to decrease in areas where there is economic downturn simply because the population will decline. The main conclusion is that during economic downturns, as approximated by the unemployment rate, both overall and cause-specific mortality rates fall. The mortality rates used in the study are death rates from cardiovascular disease, influenza/pneumonia, motor vehicle fatalities and other accidents. Subsequent studies by Gerdtham and Ruhm (2003) confirmed the Ruhm (2000) findings.

Yet, these claims are not supported by the available medical evidence. On the contrary, it is unemployment that appears to be associated with stress, adoption of unhealthy lifestyles such as increased smoking. Stern (1983) argues that this link is probably established due to the increased psychological “burden” and the stress the unemployed individuals feel. Wood et al. (1999) argue that people of lower socioeconomic status are significantly more likely to adopt a sedentary lifestyle, to be overweight, and to smoke. Morris et al. (1992) finds that bodyweight increases during unemployment. Other studies such as Hammarström (1994) and Morris et al. (1994) show that smoking and drinking are more common and nutrition is worse among the unemployed compared to those who are working. Finally, high levels of unemployment rates are found to be accompanied with higher incidence of psychological and behavioural disorders by Morrell et al. (1994), psychosomatic diseases, and suicide or parasuicide by Moser et al. (1986), Junankar (1991), and Ungváry et al. (1999). Morrell et al. (1993), Yang and Lester (1995), Lester (2001), and Lewis and Sloggett (1998) investigate individuals’ reactions to unemployment and find that economic recessions appear to trigger acts of violence, suicide and homicide.

Bender and Theodossiou (2008) uses Ruhm (2000)’s work as a point of departure to further explore the unemployment – mortality relationship and explicitly incorporates time in the estimation framework by examining the transitory, short- term and permanent, long-term effects of changes in unemployment on mortality. The results show that the conclusions reached by Ruhm (2000) are not as straightforward as originally thought and that the short-term effects found by Ruhm while statistically significant are relatively small compared to the increased mortality arising from increased long-term unemployment. Brenner (1979) explains that at the start of economic expansions, an increase in work intensity occurs as firms react to the pressure of increasing aggregate demand. This effect is reinforced by the reluctance of employers to hire new personnel before they are confident that the increasing demand is long lasting. This pertains to increased incidence of accidents at work and high work stress that is reflected in an increased incidence of cardiovascular illnesses. In addition, since the detrimental effects of unemployment on health take relatively long time to manifest themselves, mortality occurring during the economic upturns has its roots on the worker’s hardship during the preceding downturn and high unemployment. Hence, one would expect the short-term or transitory effects of unemployment on mortality to be negative. However, with the passage of time the permanent scars of unemployment on the health of the population become visible and overwhelming as the medical research has shown. Indeed, it appears that the long-term effects for many mortality measures are much

stronger than the short-term gains for an increase in unemployment. All in all, in the long term unemployment is detrimental to health.

4.4. Conclusions and Policy Implications

On the balance of empirical evidence the concerns expressed in the medical and epidemiological literatures about the detrimental effects of poverty, unemployment and inequality on individual's health are largely confirmed. The research findings do not offer evidence in support of the view expressed in the literature that unemployment and reduction of hours of work during recessions have overall beneficial effects on population's health and that economic improvements are associated with worse health.

Economic downturns do appear to harm health and the individual's past unemployment experience also has detrimental effects on his or her current health. In fact the effects of unemployment and deprivation are even more severe on the younger individuals compared to the older workforce. Further, state dependence in health is important since the results show that the individual's health is influenced by her or his health history as well as by her or his SES history. Childhood environment (housing and family environment) has important effects for health in later life. Significantly, the evidence reveals that unfavourable childhood background factors negatively contribute to the explanation of health differences later in life. Since poverty and social inequality adversely affect not only adults' but also children's health and development, and health in early life is the basis of health in adult life, childhood deprivation have an adverse effect on health later on in life. The above highlights the long term and intergenerational effects of low SES and unemployment on health.

Equalising opportunity policies (aiming at decreasing income inequality, improving the employment opportunities, widening access to good quality health care and improve the health care provision for the weaker SES groups) would in addition strengthen the former effect and would result in both better individual health and less 'social exclusion'. Such policies would have long term effects via intergenerational transmission of health and SES. Policies to tackle youth unemployment are of critical importance regarding their health that the later stages in life.

Overall, the evidence point towards the view that population health improvements can follow from macroeconomic and microeconomic policies that aim at reducing unemployment, poverty and "social exclusion". High unemployment, extreme income inequality, high incidence of "social exclusion" do not only harm the current health of the individuals who are borne these social evils. They also harm their long term health later in life as well as the health of the future generations through intergenerational transmission effects. This has repercussions for both the labour force participation of the older generations in an era of ageing populations in the EU and the overall current and future health bill borne by the national health services.

The main policy implication of this review of evidence is the long term and even intergenerational effect of poverty and unemployment. Importantly, it appears that childhood

deprivation has long lasting detrimental effects on the health of individuals that are visible at the later ages of working life. Hence, the relationship between childhood deprivation and adult health is taking an increasingly important policy role in an era of aging populations since conditions of child deprivation due to poverty and unemployment of their parents puts higher demand on the health care systems in the future. This clearly shows that the inequalities in health and death are of concern to all countries and that it is one of the biggest possible challenges in the conduct of government social policies (Townsend and Davidson 1992).

The empirical literature shows that income inequality harms the health of the poor as well as of the rich. Furthermore, regarding the poor, their low social status in the society affects negatively their health. Social status is related to both the control one has over his/her own life and the level of participation in the society. Individuals at the bottom of the social hierarchy experience higher levels of stress due to their inability to control their lives or to participate fully in all that society has to offer. Being part of a fractured society adds to the negative effects of low social participation the detrimental effects of low control over life (Marmot' "Status Syndrome" (2004)). The above suggest that policies that reduce income inequality or policies that contribute to the elimination of 'social exclusion' are likely to result in an improvement of the health of the whole population.

At the macroeconomic level, the view that mortality decreases during economic expansions does not find support. This conclusion is backed up with a plethora of microeconomic evidence which overall suggests that unfavourable economic circumstances are associated with unfavourable health outcomes. Hence, the overall policy message arising is that policy initiatives should aim at cushion the negative effects of unfavourable labour market experiences and poverty on health. Age-specific health and economic policies designed to prevent, not only to remedy, the decreasing health returns to age and thus, to ensure that social health differentials do not increase with age. Policies aimed at decreasing the cost of access to health care services by the disadvantaged SES and age groups are also a fruitful avenue to decrease disparities in health between SE groups. Such policy initiatives will be proved fruitful in improving the health of European citizens, reduce the overall health bill faced by the health services and increase that labour market participation of the older workers.

4.5. References

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5. ECONOMIC POLICY, CYCLES AND HEALTH INEQUALITIES (Stavros A. Drakopoulos)

5.1. Introduction

Many experts believe that socioeconomic factors play a crucial role in determining physiological and psychological health levels of the population. Numerous empirical studies for many countries have shown that health follows a social gradient: the higher the social position, the better the health (for a general review see Skalli, Johansson and Theodossiou 2006; Marmot and Wilkinson, 2006). This implies that socioeconomic inequalities tend to produce health inequalities. The main socioeconomic factors which affect health outcomes are unemployment, income inequality and poverty (see for instance, Siegrist and Marmot, 2004).

It is also generally accepted that the level of unemployment, income inequality and poverty levels are largely affected by economic policies and the economic cycles. In particular, economic policies such as the level of government expenditure, tax rates, the level of interest rates, income and education subsidies, and the level of social benefits have a crucial impact on socioeconomic factors. In addition, economic policies can influence economic growth, human capital levels and thus productivity which in turn play an important role on health inequalities. Finally, economic policies can also influence the occurrence, frequency, duration and the strength of economic cycles which in turn influence socioeconomic factors and therefore health inequalities.

All the above imply the importance of the study of the conduct and effects of economic policy for overall population health. This is especially true during the downturn of economic cycle (i.e. recessionary periods), a phase that most countries seem to currently experience. Thus, this work will study the conduct and the effects of economic policy on health inequalities especially during recessionary periods. The study will start with a discussion of the need and of the instruments of economic policy and also its effectiveness in smoothing the economic cycle. The next section will provide a brief historical record of economic policy conduct in major western countries. It will also examine the interplay between main policy targets such as unemployment and inflation with political considerations. The following section will concentrate on the effects of economic policies for health inequalities in view of economic recessions. Finally, a concluding section will close the work.

5.2. Recessions and Instruments of Economic Policy

A. Economic Recessions and the need for economic policy: two schools of thought

One can discern two main approaches in the history of economic thought concerning the central issue of economic cycles and thus recessions. The first approach claims

that the free market mechanism is self-adjusting and therefore any cyclical phenomena are short-run and are caused mainly by unnecessary interventions. This implies that long-run unemployment is theoretically impossible. The second approach argues that the free-market system has an inherent tendency to instability and economic cycles and thus market interventions are needed to stabilize the system. According to this stream of economic thought, unemployment is a constant feature of the free market and thus certain policy measures are important for reducing unemployment.

The first approach originates from the writings of many important members of the Classical school of economics. The basic arguments are the following: There are two fundamental characteristics of the free market which ensure that economic downturns and thus the persistence of unemployment are at the worst, temporary. The first is Say's Law which states that the quantity of products demanded is determined by the quantity of the products created. This means that all markets clear and there is no overproduction of goods which can be seen as the main cause of involuntary unemployment. The second characteristic is the perfect adjustment of prices and wages to any changes in the market. This implies that there are no unsold goods or excess labour (unemployment). In terms of the overall economy, Say's Law and price and wage flexibility ensure that the aggregate supply (AS) curve is perfectly inelastic at the full capacity level of output. The main representative figure expressing these views was A. Pigou. He believed that industrial fluctuations sprung mainly from disturbances relating to credit and confidence and that the business cycle is a temporary disturbance. According to Pigou, the free-market is a smoothly functioning system, tending to full employment and that short run fluctuations give rise, to fluctuations in employment only because wage rates are not sufficiently flexible (Pigou, 1927). The general price index is thus set by aggregate demand (AD) which is based on the quantity theory of money. In terms of economic policy, the classical approach argues that any policies which aim to shift AD to the right will only cause an increase to the general price index and if continued, an inflationary effect (see also Phelps, 1990).

The above was the dominant view concerning economic cycles, unemployment and economic policy until the 1930's when Keynes' main work started to become influential. In particular, Keynes challenged the established theory that free-market tends towards full-employment equilibrium and demonstrated that the natural tendency was underemployment equilibrium. Keynes rejected the classical belief to Say's Law and also to perfect price and wage flexibility. He argued that there is no reason why the economy will always be at full employment equilibrium. Namely, Keynes builds a theoretical analysis where the levels of production and employment are set by effective demand. This is combined with his view of the non-neutrality of money and his theory of private investment in order to build a theory of economic fluctuations and thus of recessions and depressions. Keynes' believes that active macroeconomic policy measures are necessary in order to ensure full or near full employment equilibrium or in general to smooth out the economic cycles (Keynes, 1936). The instruments of fiscal and monetary policy are necessary for minimizing economic fluctuations. In particular, active fiscal policy (especially increase of government spending) is the only tool to push the economy out

of deep depression, given that private investment remains stagnant due to uncertainty. Furthermore, in a depressionary period, monetary policy might become ineffective because of the phenomenon of the liquidity trap (for a review, see Dow, 1985).

Keynesian views concerning the role of economic policies became established and were followed by most western countries until the early seventies. The oil crisis of that period and the resulting stagflation in many countries gave rise to the reappearance of the classical views about economic policies albeit in a more sophisticated theoretical framework. In particular, the Monetarist school of macroeconomic thought with M. Friedman as its main representative, called for an abandonment of active government intervention. Friedman believed that the aggregate supply is almost vertical in the short run and this means that any fiscal policy measures will have an inflationary effect. According to Friedman, the role of monetary policy is the increase of money supply to keep up with increases in real output in order to keep inflation at minimum levels (Friedman, 1968).

In the same spirit and during the same period, the New Classical macroeconomics was gradually formed mainly with the works of Lucas, Sargent and Wallace as its basis (e.g. Lucas, 1975). There are two basic points of this school: (1) the aggregate supply hypothesis emphasizes that all markets in the economy continuously clear in the manner of a Walrasian general equilibrium system. This is in the same line of thought as the classical ideas. (2) Agents (workers and firms) are characterized by rational expectations implying that their expectations about future economic variables are not biased. These two points imply that all policy decisions by the government are fully anticipated by the agents and thus neutralize their effect on real output and employment. In this framework, even the Monetarist prescription concerning monetary policy is not accepted. The New Classics believe that only microeconomic policies can increase output. In particular, governments must create incentives for firms and workers to produce more output by reducing marginal tax rates, and social benefits. Furthermore, they should increase wage and price flexibility by removing legal and institutional obstacles (see also Gerrard, 1996).

Although New Classical approaches became very influential for the formation of economic policies in many countries, Keynesian inspired theorists criticized New Classical macroeconomics and offered their own policy prescriptions. The New Keynesian theorists build on what they believe to be the fundamental aspect of Keynes's thought: the existence of wage and price rigidities which imply non-market clearing and thus economic fluctuations and unemployment. New Keynesians have provided a number of reasons why the labour market and the goods market do not clear thus generating unemployment (for a collection of basic papers on New Keynesian economics, see Mankiw and Roemer, 1991; for a review, Gordon, 1990).

Starting from the labour market, a possible cause of wage rigidity might be that workers are risk averse about changes to their income. Thus, firms offer them implicit contracts which protect their wages from fluctuations. This means that when there is an economic downturn, firms do not lower wages or lay off labour as much as they should, and in

return workers stay loyal to the firms when there are booms. Another line of explanation for wage stickiness is the idea of efficiency wages. The starting point here is that labour productivity is related to wages. Thus any wage fall will negatively affect the firm's productivity and therefore its profits. As a result, in a recessionary period firms may not lower wages enough to eliminate unemployment. The insider-outsider theory explains wage rigidity in terms of workers' bargaining power. Employed workers in a firm have acquired firm specific training and this gives them bargaining power to mitigate wage cuts and lay-offs. Firms accept the demands of insiders because the cost of substitution of these by outsiders is high since it involves hiring and training costs. Again this implies that wages do not fall enough to reduce unemployment. Finally, another source of wage rigidity might be the notion of comparison or fair wage. Under this approach, firms offer contracts which guarantee no wage reduction because workers compare their wages with similar workers wages. If workers think that they are underpaid, they reduce the level of effort and thus productivity and firm's profits. This leads to institutional wage rigidity.

New Keynesian economists have also provided a number of theoretical explanations concerning price rigidities in the product market. The first explanation of price rigidities referred as menu costs, emphasizes the costs of changing prices which might be considerable not only in terms of changing price lists but also conveying the change in prices to their customers (see also Okun, 1981). Thus, even if there are demand fluctuations, prices do not adjust fully in order to clear the product market and thus unemployment persists. Another explanation has to do with risks and imperfect information in the product market. In a recessionary situation, the demand curve that firms face falls. This means that firms should reduce either price or output. However, price reduction entails higher risk and uncertainty than reducing output. The response of the firms' customers and also the reaction of other firms' to a price reduction, is uncertain. For example, customers may anticipate further reductions and thus postpone purchases. Thus, firms prefer to reduce output because it involves less risk and less cost. The overall result of this strategy is that prices remain constant even when demand falls which in turn leads to higher unemployment. A further explanation of non-market clearing in the product market has to do with the existence of kinked demand curves. These curves reflect imperfect competition and imply that firms have an interest to keep prices stable given that they may have more sales to lose if they increase prices than they gain when they lower prices. Furthermore, kinked demand curves mean that firms will not alter prices even when their costs fall considerably, thus contributing to price rigidity and overall unemployment. There are other reasons for the existence of kinks which are due to the non-optimizing behaviour of the consumers (for papers on all the above, see Mankiw and Roemer, 1991).

B. Instruments and Effectiveness of Economic Policy

The previous discussion is linked to the controversial debate concerning the effectiveness of policy measures to minimize economic fluctuations and combat unemployment. According to the first stream of thought, the Monetarists and the New Classicals, argue

that a free-market economy is self-adjusting and therefore any active macroeconomic policy is likely to be harmful. In fact, they maintain that even exogenous shocks to the economy do not cause big fluctuations because economic agents act rationally (consumers smooth out consumption over time and investors make long-run decisions) and the market mechanism is efficient. In their view, expansionary fiscal policy is completely unnecessary and only raises prices.

More specifically and as far as unemployment is concerned, New Classical and Monetarist oriented economists adopted the notion of the natural rate of unemployment (e.g. Friedman, 1968). This approach essentially redefines full employment in terms of a unique unemployment rate (the Non-Accelerating Inflation Rate of Unemployment: NAIRU) where inflation is stable, and which is determined by aggregate supply. This also implies that demand side policies cannot change the NAIRU but can only alter inflation. According to this approach, unemployment reflects failures on the supply side such as individual disincentive effects arising from welfare provision, skill mismatches, and excessive government regulations. (Mitchell and Muysken, 2008). Thus, the key for increasing employment and output lies in microeconomic reforms which can shift the aggregate supply curve (sometimes termed Supply-side-economics). Abolishing minimum wages, social security payments and employment regulations are main examples of such microeconomic measures. In general, it follows that the sole objective of economic policy is to remove disincentives mainly through tax and welfare provision cuts, to relax legal and institutional rigidities and also to reduce government spending.

In the traditional Keynesian approach to economic policy, the idea of government intervention to smooth out economic cycles and to promote economic growth is basic. More specifically, in the case of a recessionary period, traditional Keynesian economists advocate a combination of fiscal and monetary policies to pull the economy out of the economic downturn. Fiscal measures such as increased government spending and lowering taxation are considered as having a stronger effect than monetary measures. Because the government spending multiplier is stronger than the tax multiplier, the policy emphasis is placed on the role of government. Monetary policy measures such as the increase of money supply and/or the reduction of interest rates are also thought to be effective. Their effectiveness though, is much lower if the economy is experiencing an economic depression because of the liquidity trap (no effect of interest rate reduction on investment). In general, Keynesian economists believe that the best way to moderate the effects of economic recession is by stimulating the economy through the expansion of aggregate demand (see also Gordon, 1990).

5.3. Economic Policy Targets and Cycles

A. Economic Policy and Politics: Historical Record

There are significant indications that after the second world period, many western governments had explicit targets of macroeconomic policy objectives. This was in accordance with the emerging Keynesian orthodoxy of the time which provided a sound theo-

retical justification for the conduct and of the objectives of macroeconomic policy. The historical record shows that during the first decades of the post war period, most western governments considered full employment as the main target of economic policy. The first major example towards this direction was Beveridge's (1944) *Full Employment in a Free Society* and the related Beveridge report. According to Beveridge, full employment is defined as an excess of vacancies at living wages over unemployed persons and furthermore, that "the ultimate responsibility for seeing that outlay as a whole is sufficient to set up a demand for all the labour seeking employment, must be taken by the State." (Beveridge, 1944, pp. 123-135). The basic principles of this report were adopted by Churchill and the subsequent governments in the UK. Thus, maintaining a high level of employment was an explicit priority goal for U.K. governments in the first post war years (Kennedy, 1982, p.25). Another explicit example of policy target which attempted to keep employment levels high was the 1972 "dash for growth" budget which was designed to raise the annual rate of growth to 5 per cent. Fiscal and monetary instruments concentrated on raising the growth rate to the specified level (Gowland and James, 1990, p.318).

In the same spirit, U.S governments of the first post war years also perceived employment as the most important policy target, as is demonstrated by the 1946 Employment Act where there was a legal commitment to full employment. Clearly, the government thought of full employment as the most important policy objective. This was also the case subsequently when the Kennedy-Johnson administration officially adopted a full employment goal of 4 per cent unemployment (Tobin, 1987, p.95). During the 1970's there were implicit targets of 5 and 6 per cent unemployment levels (Tobin, 1987, p.95).

In general, in most western countries in the Post World War II period up until the mid-1970s, everybody who wanted to earn an income was able to find employment. Maintaining full employment was an overriding goal of economic policy which governments of all political persuasions took seriously. Unemployment rates below two per cent were considered normal and when unemployment threatened to increase, government intervened by following policies to stimulate aggregate demand. Unemployment levels higher than 2 per cent were considered by the public and government alike as unacceptable (see Mitchell and Muysken, 2008).

Subsequently, and more specifically in the mid 1970's, inflation control gradually replaced unemployment as the most important objective of macroeconomic policy in most western countries. One can mention two main factors for this major shift in macroeconomic policy: The first one had to do with the simultaneous increase of inflation and unemployment levels mainly because of the oil crisis. The experience of stagflation undermined public confidence to the Keynesian oriented economic policies. The second reason was the gradual dominance of conservative governments which emphasized inflation control backed by the emerging Monetarist/Neoclassical macroeconomic theories. In the US for instance, "[In the last two decades] the Fed has placed a greater emphasis on keeping inflation low (Taylor, 2000, p.21). Furthermore, most policy-

makers argued that price stability should be the ultimate goal and in practice this implied an inflation rate between one and three percent (Bernanke and Mishkin, 1997).

In the same spirit, as in the US, British policies were directed to the control of inflation rather than unemployment as in earlier decades (Gowland and James, 1990, p.332 and for a historical review, see Greener, 2001). Again as was the case in the U.S., policy makers explicitly stated that macroeconomic policy should be devoted to combating inflation (Artis and Lewis, 1991, p.55). In addition, it was evident that the government saw inflation as the most important policy objective:

"Macroeconomic Policy formulation in Britain since 1979 would seem to have followed a markedly different approach. Rather than attack economic problems together, it has been argued that they need to be tackled sequentially: inflation first, then unemployment". (Artis and Lewis, 1991, p. 54)

This policy attitude was also not uncommon in other countries like Germany where low inflation has long been viewed as the primary policy objective and essentially more important than any other goal (see Hibbs, 1985, pp. 194-195).

The general change in policy objectives can also be seen by the OECD Jobs Study (1994). This document effectively approved the growing macroeconomic orthodoxy by articulating that the major task for macroeconomic policy was to allow governments to "work towards creating a healthy, stable and predictable environment allowing sustained growth of investment, output and employment. This implies a reduction in structural budget deficits and public sector debt over the medium term ... [together with] ... low inflation." (p.74). In general, in the last decades, the emphasis of economic policy in most countries was towards eliminating inflation at the expense of unemployment (see also Mitchell and Muysken, 2008).

B. Political and Economic Cycles: Unemployment and Inflation

The previous discussion of the conduct of economic policy in historical context points to the idea that the targets of economic policy are subject to a great extent, to political and ideological considerations. This is the basic idea underlying contemporary theories on politico-economic cycles. In this framework, political decision-making has been studied as a function of economic variables, governmental re-election prospects and also of ideological goals (see for instance Keech, 1995). In particular, politico-economic models were the first to provide a rationale for believing that governments are not only willing to stabilise the economy but that they have an interest in creating some types of cycles (Frey, 1978, p. 218; Alesina and Tabellini, 1988, for a general survey see Gartner, 2000).

The issue of public debt development in many countries is a good example of the application of the rationale of many politico-economic models. In particular, the constant rise of public debt in many countries cannot be explained with the standard assumption that governments are optimizing economic policies and that voters are rational, forward-looking and perfectly informed (Austen-Smith and Banks, 1988; Taylor, 2000;

Alesina, 2000). According to many politico-economic models, rising public debt could be explained in terms of short-period maximising governments which borrow in order to bribe the electorate and ignore any problems that arise after the next election (Alesina, 2000).

Many politico-economic models start from the fact that in many countries there are two major political parties/formations: centre-right and centre-left. The centre-right party advocates free market as the way to achieve prosperity while the centre-left party advocates government intervention. There is also a socioeconomic basis of electoral success here in the sense that usually individuals who are concerned more about unemployment, tend to support the centre-left party while the ones who care more about inflation tend to support the centre-right. In particular, according to Hibbs (1987), lower-income, blue collar, wage-earners are more vulnerable to unemployment than are higher-income, white-collar, salary-earning workers. In the same framework, it is argued that higher income individuals have more to lose from inflation than those in lower-income jobs (see also Blinder, 1987). This implies that the two parties follow re-election concerns as well as ideological considerations.

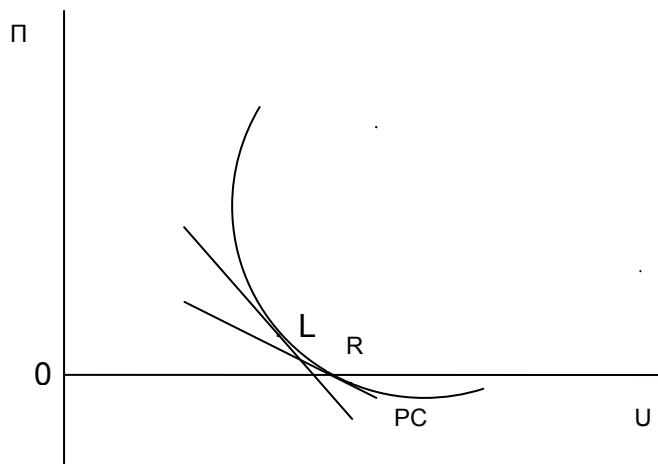
The ideas of ideological considerations and electoral cycles can be combined in a unified framework which might be able to explain governmental choices over inflation and unemployment. In this setting, governments have a “menu of choices” over inflation and unemployment which is best expressed as a Phillips curve type relationship (Samuelson and Solow, 1960). This relationship shows the trade-off between unemployment and inflation and can be of the general form:

$$\Pi = g(U) \text{ with } g'(U) < 0 \text{ and } g''(U) > 0 \quad (1)$$

where U is unemployment, and Π is inflation. This can be combined with a government welfare function which shows preferences regarding unemployment and inflation, a form of which can be the following:

$$M = \alpha U + \Pi \quad (2)$$

Where α is a weighting parameter (sometimes relation (2) is also known as the ‘the misery index’). According to many politico-economic models, the parameter α is high for centre-left governments and low for centre-right ones (Hibbs, 1987; Keech, 1995). This means that the slope of the line based on relation (2) will be steeper for centre-left governments and flatter for centre-right ones. In this case the level of inflation and unemployment is a political choice. In terms of a simple graph:



In the above graph, the curve PC shows a Phillips curve-type trade-off, L represents the choice of the centre-left government implying low unemployment and high inflation and R represents the choice of centre-right government implying low inflation but high unemployment. One can argue that the historical record in many countries that was observed, can be explained in terms of the above simple politico-economic model (see also Drakopoulos, 2004).

5.4. Policies for Improving Health Levels in View of Recessions

As was discussed in the previous sections, socioeconomic factors such as unemployment, income inequality and poverty affect overall health. Starting from unemployment, a great number of studies have indicated that unemployment negatively affects different facets of health, ranging from psychological health to physical symptoms (e.g. Theodossiou, 1998; Skalli, Johansson and Theodossiou 2006). Furthermore, it has been found that it can also be a risk factor for population health as this is reflected by mortality rates (e.g. Creed, 1998). Given that unemployment reduces the individuals' financial resources and standard of living, this can lead to poor nutrition and limited access to medical health care. It can also result in poor mental health given the social and family attitudes towards unemployment. The important implication here is that expansionary economic policies which target the reduction of unemployment are likely to have positive effects on health levels and thus reduce health inequalities. In the same framework, anti-cyclical policies which smooth out recessionary periods will have a mitigating effect on falling health levels.

Given the discussion on the politico-economic choice between unemployment and inflation, it has to be noted that the costs of inflation on health seem to be much lower than those of unemployment. Inflation usually burdens savers more than borrowers given its negative impact on real interest rates. Low income or poor individuals are like-

ly to be borrowers. Furthermore, the main impact of inflation is on business and investors future planning decisions. Thus, low income groups are much more affected by unemployment than by inflation. In general, inflationary pressures (except hyperinflation) do not usually cause mass reduction in living standards which in turn reduce overall health levels (see also Blinder, 1987; Solow, 1998). Finally, there is no empirical study which has found a robust negative effect of inflation on health.

According to many researchers, there is a vicious relationship between poverty and ill health: poverty leads to ill health, which, in turn, keeps people poor, and so the circle spins. It is also accepted that during the economic downturn, more people are likely to fall in to poverty. Poverty is associated with high infant, child and maternal mortality, malnutrition and poor or no access to medical care. Furthermore, loss of health or a health shock can be of such magnitude as to lead to poverty or prevent people from escaping from poverty (for a review see Wagstaff, 2001). All these imply that economic policies aiming to reduce poverty such as minimum wages, social security benefits, income transfers and health care policies for the poor can have a positive impact on reducing health inequalities.

Similarly to poverty, income inequalities are associated with health inequalities. The basic idea here is that health is a concave function of income. This implies that the effects of income on health are greater for low income groups than for high income groups. The policy implication of this is that the effects of income transfers from rich to poor will have a significant impact on improving the health of the poor thus improving average health also. On the aggregate level, countries with more equal distribution of income will have higher average health levels. In the same framework, an increase of real income per capita of a poor country will have a much greater effect on average health than a similar increase of income of a rich country (see for instance, Deaton, 2001). The link between income inequality and life expectancy can also be seen in terms of stronger income impact for the poor. In particular, an increase of poor people's income has strong effects in reducing important determinants of life expectancy such as infant and child mortality and malnutrition. There is ample empirical evidence for many countries that a reduction in income inequality increases life expectancy (e.g. Wilkinson, 1989; Sen, 1999). One of the adverse effects of recessionary periods is that they can increase income inequalities which as was seen, have negative impact on health.

Given the positive influence of income on health, the issue of the relationship between economic growth and health is also important. Economic growth theorists have long emphasized the importance of human capital and productivity for economic growth and development (for the basic paper, see Grossman, 1972). In this framework, health is a determinant of human capital. Furthermore, human capital formation, with the help of health services, and education contribute to individual development. Investment in these assets will earn a future individual and aggregate return. In the same tone, healthy individuals are more efficient at assimilating knowledge and, in consequence, obtain higher productivity levels which in turn are crucial for achieving higher growth rates (for an extensive discussion, see Jack, 1999). Thus, an improvement at overall health lev-

els can lead to an increase in human capital, productivity and thus economic growth and development. This is also confirmed by empirical studies in which health gains are associated with widespread economic growth and also an escape of ill-health traps in poverty (World Health Organization, 1999). These imply that policies aimed at promoting economic growth, can lead to a virtuous circle through their beneficial effects on raising real incomes, employment and poverty reduction which in turn, result to better health outcomes and thus further promoting economic growth.

5.5. Concluding Comments and Policy Implications

The previous discussion indicated the close interrelationship between socioeconomic factors, economic policies, politico-economic cycles and health inequalities. The discussion developed a framework for understanding the links between economic policy decisions and their impact on socioeconomic factors and therefore on overall health. Given that most countries are currently faced with economic recession, these links became more important. Empirical evidence from many countries suggest that recessions have adverse effects on health and this implies that policies aimed to mitigate their effects, are also likely to have an impact on health. In particular, expansionary fiscal and monetary policies such as increased government spending, lowered taxation and low interest rates, which target unemployment reduction will have a beneficial effect on health. The same holds true for employment subsidies to firms in order to maintain/increase employment levels. Moreover, policies designed in strengthening the purchasing power of low income earners, such as income and benefits transfers, will not only increase aggregate demand and alleviate unemployment pressures, but also raise their health levels given that health is a concave function of income. Policies aimed to increase education and training levels will result in human capital improvements which in turn increase productivity. Productivity increases are particularly important during economic downturns because they resist falling growth rates and thus mitigate income inequality and poverty effects on health. Finally, social policies targeting the unemployed and the poor will also resist the deterioration of health levels of these groups during the recessionary period.

5.6. Summary: Agenda of further research in view of Recession and Restructuring

There are a number of important issues which arise from the discussion of the relevant chapter and might be topics for further research. These points are:

- A. Our discussion of the two major schools of thought concerning the central issue of the nature of recession showed the following: On the one hand, the Monetarist/New Classicals believe that only microeconomic policies can increase output which effectively implies that, governments must create incentives for firms and workers to produce more output by reducing marginal

tax rates, increase wage and price flexibility and reduce social benefits. On the other hand, Keynesian oriented economists advocate a combination of fiscal and monetary policies to pull the economy out of the economic downturn. Given that the relevant chapter provides only an outline of these policies, a further investigation of the above issues will be very useful especially in the context of the current anti-recession policies that many European countries follow. This is reinforced by the lack of contemporary work concerning the theoretical basis of the current European measures towards recession.

- B. Our discussion of the history of the conduct of economic policies showed that the choice of emphasis on unemployment or inflation has an important ideological/political dimension. In the relevant chapter, we examined this idea only with respect to major countries like US, UK and Germany. This was because the bulk of research on this issue refers to these countries. An interesting extension would be to examine if the same pattern occurs in other European countries like France, Italy, Spain and Greece in order to have a more complete picture of the above issue at the European level. This is particularly important in a recessionary period in order to see if governments' policies are constrained by non-economic issues. This analysis can be combined with politico-economic models presented in the chapter starting from the fact that in many countries there are two major political parties/formations which advocate different micro and macro economic policies.
- C. The relevant chapter argued that current research indicates that the costs of inflation on health seem to be much lower than those of unemployment. In general, there are a number of theoretical reasons why inflationary pressures (except hyperinflation) do not usually cause mass reduction in living standards which in turn reduce overall health levels. Given that there is not much theoretical and empirical work on this issue, it would be interesting to engage in a theoretical and empirical investigation of the effects of inflation on overall health.
- D. Another important point of the chapter was that because health is a concave function of income, the effects of income on health are greater for low income groups than for high income groups. This implies that on the aggregate level, countries with more equal distribution of income will have higher average health levels, something which seems to be confirmed by current research. A potentially useful research investigation will be to see if, by using updated data, this holds for European countries.

5.7. References

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6. POLICIES DIRECTLY RELATED TO PREVENTING OR MITIGATING CONSEQUENCES OF RESTRUCTURING

(Claude Emmanuel Triomphe)

6.1. Restructuring and mitigating policies: the issue

Identifying policies in Europe which are directly or indirectly related to restructuring and measures mitigating the consequences of such policies on employees, including, as far as possible, on their health is not an easy task.

Restructuring has been a consistent issue for European societies for decades and embraces many different aspects.¹² It has long been, and in many cases still is, considered a temporary crisis that is restricted to the company level only, but with its major impact on employment and jobs, restructuring is in fact a much more complex issue. For managers, trade unions and employees, restructuring covers a wide range of changes, affecting at least a whole organizational sector or an entire company in the form of closure, downsizing, job losses, outsourcing, off-shoring, sub-contracting, merging, delocalization, internal job mobility or other complex internal reorganizations. But, it usually means downsizing, closing factories and dismissals for employment services and territories.

Not many statistics are available in Europe to define and identify restructuring: apart from macro statistics which give an idea about incoming and outgoing foreign investment, and about decreases and increases between different sectors, the identification of restructuring at lower levels, especially at company level, relies mainly on just two categories:

- company closures and
- dismissals (mainly collective).

Consequently, the gap between restructuring identified by indicators and statistics, and the diversity of the restructuring phenomenon is wide, thus limiting our study to only a part of restructuring (mainly at company level and only in a few of its forms), while also including some mitigating policies.

Measures for mitigating the consequences of corporate restructuring are not only very diverse in Europe but are structured in very different ways. European countries have different workforce adjustment regimes¹³ and consequently different restructuring regimes, which can be classified into three main categories:

- market-led restructuring regimes in which the market plays the major role with a reduced influence of state intervention and collective bargaining;

¹² C.E. Triomphe, IRENE final report, project funded by the EU, DG Employment and Social Affairs

¹³ B. Gazier, F. Bruggeman et al. "Managing change in an era of globalisation: Restructuring work and employment in Europe", Edward Elgar, 2008

- public-led restructuring regimes where the state (national or regional) plays the major role subordinating collective bargaining to a secondary level and reducing the influence of the market only role;
- collective bargaining restructuring regimes where social partners' agreements and devices play a major role with reduced state intervention and market only policies.

The UK and Poland, Germany and Sweden, France and Spain¹⁴ represent each of these categories respectively and most Member States fit into this classification, possibly applying a mixed combination of restructuring regimes.

For this reason, macro indicators are not obvious at EU level, thus leading, initially, to narrow definitions¹⁵ of restructuring and mitigating measures.

In this chapter, written from a practitioner's point of view, restructuring will be considered as a sudden phenomenon, including dismissals or significant reorganization with a concrete impact on employees: job modifications, new jobs, or new working conditions. This definition excludes a large part of restructuring processes. Mitigating measures will be considered as social measures taken when restructuring occurs, mainly at company level, thus excluding long term and anticipatory policies as well as indirect policies, which may play a significant role.

6.2. The concept of social measures

The term "social measures" can mean very different things within the EU. This chapter will consider the measures included in European Directives introduced in the area of restructuring since the 1970s to help harmonize existing legislation within the Member States.¹⁶ Here, three instruments prevail:

The Council Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies – adopted first in 1975 and updated in 1998 –, aims at

- regulating such redundancies (size of the operation and companies concerned)
- introducing special obligations for employers in terms of social dialogue and mitigating measures (information, consultation and encouragement to set up social measures covering things from prevention to compensation)
- providing information to public authorities of the Member States

In this directive a link has been made between dismissals, social measures and social dialogue. It is the only one mentioning social measures as such in

¹⁴ See annexes related to these countries.

¹⁵ D. Storrie, "Restructuring and Employment in the EU: Concepts, Measurement and Evidence", European Foundation for the Improvement of Living and Working Conditions, 2006

¹⁶ C.E. Triomphe "Does Europe have Restructuring Policies?" in "Managing change in an era of globalisation: Restructuring work and employment in Europe", B.Gazier, F. Bruggeamn et al., Edward Elgar 2008

- Article 2 in defining them as “ways and means of avoiding collective redundancies or reducing the number of workers affected, and of mitigating the consequences by recourse to accompanying social measures aimed, inter alia, at aid for redeploying or retraining workers made redundant”.
- Article 3 when referring to
 - “the criteria proposed for the selection of the workers to be made redundant in so far as national legislation and/or practice confers the power therefore upon the employer”;
 - “the method for calculating any redundancy payments other than those arising out of national legislation and/or practice”.

The second Directive, 2001/23/EC – adopted in 1977, updated in 2001 - relating to the relocation and transfer of undertakings, aims at introducing

- regulation (turnover of employees following a merger, takeover, ...etc.)
- an obligation to respect labour contracts and their related rights
- rights for workers affected by such operations

If transfers are here part of restructuring, the concept of social measures is not explicitly made (rights for workers affected) and the focus is to aim dismissals.

The third Directive 2002/74/EC – introduced in 1980 and updated in 2002 – relates to issues surrounding social guarantee funds (salaries, benefits etc) for workers whose company has filed for bankruptcy or liquidation.

The focus here is on basic rights for workers who are victims of bankruptcies, and includes no additional measures other than those ensuring their rights to an insurance covering their rights.

To these three main Directives, we can add:

- the Directive relating to European Works Councils – adopted in 1994 and recently revised in December 2008 – the main aim of which is to make sure that the management informs and consults with members of these councils in exceptional situations affecting the interests of workers, especially in terms of relocation, closure or mass layoffs;
- the Directive relating to the exchange of information and consultation in each Member State, adopted in 2002, with the aim of encouraging social dialogue so as to prevent the occurrence of these problems.

The focus of the latter is mainly on establishing social dialogue processes when restructuring occurs, but does not include specific requisites for social measures to be considered.

This paper will therefore consider two kinds of social measures:

- those concerning passive or active labour market policies related to company restructuring;

- those concerning social dialogue, mainly at company level, when restructuring occurs.

Another chapter will consider health measures, including those related to specific social dialogue processes in this area.

6.3. Dismissals related to restructuring

6.3.1. Dismissals – EU Directives and national legislation

This is, of course, a central issue. The link between restructuring and dismissals derives from the fact that many restructuring processes lead to individual or collective dismissals, in the sense of “dismissals effected by an employer for one or more reasons not related to the individual workers concerned.”¹⁷

The EU Directive on collective dismissals foresees that information has to be provided to government bodies. Each Member State has transposed this particular article in its national legislation. But in fact, as emphasized by the European Foundation for the Improvement of Living and Working Conditions, many Member States do not comply with this provision and/or do not make any systematic use of it (for statistical or other purposes). However, “despite the fact that there is no obligation on Member States to process collective redundancy data, many have identified a value in the data and make available or publish summary statistics alongside more traditional labour market data (unemployment etc). Lack of central coordination is however reflected in the variety of variables covered, different periodicities and different levels of aggregation etc. A comparative analysis on such disparate data is unlikely to be easy.”¹⁸

The European Restructuring Monitor¹⁹ provides limited figures, restricted by its methods (media reports based on announcements) and the size of collective dismissals considered. However it does provide a classification of restructuring. Six main types of restructuring are defined:

- bankruptcy/closure
- internal restructuring
- merger/acquisition
- offshoring
- relocation
- outsourcing.

¹⁷ According to Article 1 of Council Directive 98/59 on collective redundancies

¹⁸ ERM Quarterly, issue Spring 2009 <http://www.eurofound.europa.eu/emcc/erm/index.htm>

¹⁹ The European Monitoring Centre on Change (EMCC; founded in 2001, within the Dublin Foundation). The result of several working groups set up after the “Vilvoorde affair”, the Monitoring Centre is an instrument for monitoring relevant data relating to European restructuring in order to provide social players with the necessary tools for analyzing change and anticipating the consequences. Managed by representatives of European social partners, the Foundation and the European Commission, it conducts a number of studies and seminars and provides businesses, social partners, national and territorial authorities and European institutions with an extensive database, the European Restructuring Monitor. See www.erm.eu and more comments by Terry Ward (Agire project, www.fse-agire.com).

Available data and breakdowns enable both quantitative and qualitative trends at EU as well as at national level to be shown.

In addition, many collective dismissals in the EU involve selection criteria, according to Article 3 of the EU Directive 98/59/EC, which differ from country to country, and from company to company. Few countries have, like Sweden with its seniority principle, adopted compulsory criteria; many have adopted a list of criteria (family status, work performance, age, etc.) with no clear order of priority. These criteria may play a crucial role in terms of the impact on workers' health (however, no indicators are available).

6.3.1.1. COLLECTIVE DISMISSALS

6.3.1.1.1. FRANCE

Each company, or workplace, with more than 50 employees has to fill in a form (called DMMO) and on a monthly basis report any recruitment or dismissal, organized according to nationality, gender, kind of recruitment (permanent, fixed-term, or transfer from another workplace belonging to the same company) and kind of dismissal (on economic grounds, other grounds, end of fixed-term contract, early retirement, voluntary dismissal etc.). These data are collected at national level and are used for statistics. Their use for restructuring could be developed but this has not been done so far.

For dismissals including less than 10 people over a period of 30 days, French companies are obliged to supply, a posteriori, the local labour administration with a form which details

- the number of people dismissed
- their professional category and
- their names.

This information is compulsory and its absence is punishable by law. But a lot of companies do not comply with the law and the labour inspection rarely controls this labour law provision. These data are therefore not collected at national level and are not used for statistical purposes.

For dismissals including 10 people and more, French companies are obliged to make both preliminary and final announcements to the local labour administration about the planned number of dismissals; the planned social measures have to be discussed with the works council.

Announcements (preliminary and final) involving at least 50 lay-offs have to be reported quarterly by local labour administrations to the central administration. A report also has to be submitted about the social measures implemented: these reports are disparate and frequently only mention social measures requiring public funding (where company-only funding is concerned, most of these reports do not mention anything). It is planned to make these reports more systematic and reliable and to include all announcements affecting more than 10 people.

6.3.1.1.2. POLAND

In Polish legislation there are two possibilities of collective employment reductions: one is collective dismissals (*zwolnienia grupowe*), the second is monitored dismissals (*zwolnienia monitorowane*). It should be noted that in Poland, cutting labour costs (collective dismissals) is the very first initiative taken by enterprises to reduce the negative impact of worsening economic conditions or economic slowdown.

Collective dismissals

The legal basis for collective dismissals is the Act of 13 March 2003 on special rules of termination of employment contracts for reasons not related to employees – it is applicable only to cases of collective dismissals that concern employers with at least 20 employees.²⁰ Collective dismissals are defined as dismissal within 30 days of:

- 10 employees when an enterprise employs up to 100 employees;
- 10% of total employment when an enterprise employs at least 100 employees, but not more than 300 employees;
- 30 employees when an enterprise employs at least 300 employees.

Monitored dismissals

Employers intending to dismiss at least 50 employees (or more) within a 3-month period are obliged to reach agreement with the competent poviats labour office (*Powiatowy Urząd Pracy*) on the following issues:

- job brokering services
- vocational counselling
- training programmes
- assistance with active job search.

Reporting on collective and monitored dismissals

On the basis of the Act of 13 March 2003 on special rules of termination of employment contracts for reasons not related to employees, the poviats labour office has to be informed about planned collective and monitored dismissals resulting from restructuring processes or in cases where an employer's insolvency is announced. Such information should contain the employer's name and information about the planned dismissals; it is not necessary to provide the poviats labour office with the exact number of employees to be dismissed – this has to be submitted once they have actually been dismissed. The information is limited to the poviats area – there is no exchange of information between neighbouring poviats. The poviats labour offices gather information on collective and monitored dismissals on a monthly basis and pass it to the voivodship labour office (*Wojewódzki Urząd Pracy, WUP*). This information is passed in the form of a 3-page fact file; it is at the discretion of each voivodship labour office whether to use this infor-

²⁰ Where an enterprise employs not more than 19 employees, the dismissals are subject to the Labour Code regulation: employees are not paid any compensation package, employers are not obliged to consult their employees – however, individual arrangements with the enterprise level trade unions are usually made – and the regulation on collective dismissal does not apply.

mation for analytical or forecasting purposes or not – in practice such analyses are rarely conducted or disseminated. A relatively modest amount of information is published by the voivodship labour offices and is available on their websites.²¹

Voivodship labour offices are obliged to pass all the data gathered from the poviat labour offices to the Ministry of Labour and Social Policy. The Ministry issues monthly structural statistics, which include data on collective and monitored dismissals.²² Again, data included in this information is only *ex-post* factual data without any analytical content.²³

6.3.1.1.3. SPAIN AND OTHER EU COUNTRIES

The situation in Spain and the Netherlands is also noteworthy as here an administrative permit system is used for dismissals. The abolition of these permits has been discussed at least twice in the Netherlands but social actors never found a compromise, and it is therefore still in use.

In Spain, dismissals are considered to be collective when they affect, within a 90-day period, at least:

- 10 workers in undertakings with less than 100 employees;
- 10% of the total number of employees in the undertaking, when the latter has between 100 and 300 employees;
- 30% of the number of workers in undertakings with 300 or more employees;
- all of the undertaking's personnel.

In calculating the number of workers affected by dismissals, temporary workers whose contract has ended are not counted (although workers dismissed outside collective dismissals do count).

Spanish legislation (Art. 51 of the Statute of Workers' Rights) authorizes the termination or suspension of employment contracts for economic, organizational, technical or productive reasons which the employer must justify. This is an administrative-labour procedure known as an Employment Regulation Plan (ERP), which stipulates prior negotiation lasting at least thirty days (or fifteen days in the case of undertakings with less than fifty employees) with workers' representatives. At the end of this period, the labour authority either approves or refuses the request. Approval does not in and of itself entail the termination of labour contracts, but confers the authority on the employer to proceed, or not, with the termination within a specific time period.

²¹ The following information is available: a given month is compared with the corresponding month in the previous year (i.e. February 2009 to February 2008) and in comparison with the previous month of a given year (i.e. February 2009 to January 2009). The data is submitted in numbers and in % share.

²² The data include the number of employees who are planned to be dismissed during the given month under the collective or monitored dismissals procedure in the private and public sector, the number of employees actually dismissed during this month in both sectors as well as number of enterprises planning collective or monitored dismissals.

²³ Based on interviews conducted with poviat and voivodship labour office representatives and a representative of the Ministry of Labour and Social Policy.

Most Employment Regulation Plans (ERP) presented by undertakings are approved even before the end of the established negotiation period. In Spain, the Autonomous Communities (Regions) have the competence to organize employment policies in their territory, including approval of ERPs by regional labour authorities (60% are approved), except in cases where the Plan affects establishments in more than one region. In this case, the Ministry of Employment and Immigration makes the decision.

Table 13: Employment Regulation Plans – Workers affected by authorized plans, per type and effect

T YEAR	OTAL				AGREED			
	otal	Contracts ended	Suspension	Reduced working time	Total	Contracts ended	Suspension	Red uced working time
1999	77,667	25,651	49,464	2,552	50,397	21,901	25,949	2,547
2000	60,325	29,717	29,326	1,282	48,993	26,457	21,273	1,263
2001	122,344	37,778	83,795	771	61,338	30,363	30,401	574
2002	71,643	39,975	30,400	1,268	56,120	30,112	24,868	1,140
2003	83,481	42,960	38,513	2,008	70,334	37,842	30,757	1,735
2004	60,276	31,169	28,582	525	49,974	27,768	21,793	413
2005	72,563	34,911	36,802	850	57,837	31,040	26,329	468
2006	51,952	27,169	24,626	157	45,429	24,940	20,346	143
2007	58,401	25,742	32,433	226	47,855	24,383	23,271	201
2008	147,476	40,436	104,365	2,675	123,828	37,826	83,569	2,433
2009 (Jan)	61,019	5,058	55,004	957	49,478	4,634	44,000	844

The current crisis has drastically increased the number of ERPs. At the end of 2008, 69% more plans were opened than in the previous year, affecting 137% more workers than in 2007. This annual increase was due to the exponential rise in the last quarter.

6.3.1.2. INDIVIDUAL DISMISSALS RELATING TO RESTRUCTURING

Beside collective dismissals, “individual dismissals” are also at stake because:

- depending on the interpretation of the EU Directive, the “collective dismissals regulations” may include cases where less than 10, 20 or 5 people are dismissed. Such cases are counted as “individual” dismissals;
- they are proper individual dismissals in small companies for reasons related to restructuring. In the different labour law systems, there are legitimate reasons for dismissing people e.g. “for justified reasons”, for economic reasons, for reasons related to the company’s constraints etc.

Information available on individual dismissals related to restructuring

In many countries labour force surveys are conducted and they may include figures about dismissals. But these figures rarely distinguish between collective and individual dismissals and, for individual dismissals, between their specific grounds (whether or not related to economic or organizational grounds for example). Only in a few coun-

tries, like France, do individual dismissals based on economic grounds have to be reported to the public authorities.

FRANCE

All individual dismissals for economic grounds have to be reported to the local labour administration. However, the degree of compliance and enforcement is very low and no statistical use is made or permitted to others. In addition, an annual employment survey is conducted using an interview system. It includes questions about job mobility, and the reasons for this mobility (forced or desired).

Each dismissed employee, whatever the ground given and also in cases of voluntary dismissal, is given a certificate to be submitted to the unemployment insurance body. The certificate details:

- a. the reason for dismissal (economic, personal, etc)
- b. the last 12 months' salaries
- c. the amount of the severance payment (compulsory for people dismissed with a minimum tenure of 2 years).

These certificates are used mainly to produce statistics at national level about the number and the reasons for redundancy. However, the reason for dismissal is registered twice: once through the certificate, and once through the first interview with the unemployed individual. According to specialists of the statistics department at the French Ministry of Labour, these data are not reliable (15% because of missing information, 25% because of divergent information between interviews and certificates). Furthermore, most of the information provided by these certificates is not statistically exploited.

6.4. Social dialogue and restructuring

6.4.1. Different methods and levels of social dialogue

Social dialogue is central to European frameworks related to restructuring. Alongside the European level itself, where social partners adopted "orientations of reference" in 2003, several levels have to be considered with respect to restructuring issues:

- The national and cross-sectoral level, with nationwide bi- or tripartite agreements (the latter with state involvement). At this level, unemployment benefits, severance payments, guidelines for social dialogue at sector or company level, vocational training, and sometimes active labour market policies are discussed.
- The sector level, with bipartite agreements, where severance payments, guidelines for social dialogue at company level, vocational training, and sometimes active labour market policies are discussed.

Both levels have contributed to the establishment of special bi- or tripartite bodies dealing with dismissals and restructuring, like the TRR (Job security council, Sweden), Work Foundations (Austria), Reconversion Units (Wallonia) etc. The TRR is to some extent unique: used mostly by SMEs, it provides a range of autonomous services at sector level to employees who have been made redundant.

- Last but not least, the company level, where information, consultation and sometimes negotiation processes take place.

Social dialogue in Europe at workplace level may be categorized by distinguishing between:

- Member States which have developed a dual channel system (trade unions and elected worker representatives): west continental Europe, a few Central European countries
- Member States which have developed a single channel system (trade unions): UK, Ireland, Scandinavia and most Eastern and Central European countries.

The company level has de facto become the main level for social dialogue in cases of restructuring, especially when it includes dismissals or transfer of undertakings, or even significant organizational changes. In such cases, workers' representatives have to be informed and consulted (see European Directives above). Beyond information and consultation, negotiation may take place and may be finalized through agreements and arrangements at company level.

National practices

In France, at national and cross-sectoral level, there has been no significant social dialogue dealing explicitly with restructuring issues since 1972 (with a partial exception in 1986 due to the abolition of administrative collective dismissal permits). The crisis has triggered a bargaining process in the metallurgy sector but this has not yet been concluded. There are signs of such processes in other sectors but these are still at a very early stage.

At company level, the consultation processes taking place with the works councils are not really "negotiating processes". Their influence is limited at best to a few social measures. Since 2004 some "methodological agreements" have been reached, dealing mostly with methods for discussing the social consequences of restructuring. The main social measures discussed are:

- early retirement schemes (with or without state funding)
- additional financial compensation (to the severance payments foreseen by the law and the sector collective agreements)
- outplacement units (very often subcontracted to external consulting companies)
- incentives for new businesses or for geographical mobility
- training
- reduced working time.

In Spain, for example, ERPs were until recently considered to be, in practice, a negotiating system (90% of cases reach the labour authority with agreement between the parties) to adjust production through temporary measures – suspension of employment contracts or other ways of maintaining internal flexibility in terms of work time organization – or definitive measures, such as collective dismissal. In other words it was a somewhat expensive but not too controversial tool used by undertakings to cut jobs with open-ended contracts.

In Poland, since there are no sectoral agreements regarding restructuring, each restructuring process and social package (compensation package) is negotiated individually at enterprise level. The dismissed employee is only entitled to severance pay and other measures when the employment contract is terminated on the basis of mutual agreement, usually within the framework of voluntary leave programmes. These usually give an employee 3 months' salaries of compensation on top of the severance payment stipulated by law. This can be additionally enriched by a further compensation package. The first social packages negotiated with trade unions focused on financial issues, with the aim of negotiating the maximum possible financial compensation for the job loss. Over time, more emphasis has been put on outplacement services, training and re-training programmes as well as assistance with start-ups; however, the financial element of the compensation package remains very important. It can be said that outplacement services have become a standard solution in big restructuring processes; the recent crisis may well lead to further development of active measures for restructuring processes.

6.4.2. What do information and consultation mean?

These concepts have been defined by the Directives on information and consultation as well as the Directive on European Works Councils as follows:

- “Information” means transmission by the employer to the employees’ representatives of data in order to enable them to acquaint themselves with the subject matter and to examine it.
- “Consultation” means the exchange of views and establishment of dialogue between the employees’ representatives and the employer, at such time, in such fashion and with such content as enables employees’ representatives to express an opinion on the basis of the information provided about the proposed measures to which the consultation is related.
- The arrangements for informing and consulting employees shall be defined and implemented in such a way as to ensure their effectiveness and to enable the undertaking or group of undertakings to take decisions effectively.

More precisely, when it comes to restructuring:

- Information shall cover, among other things:

- the situation and probable trend of employment, investments, and substantial changes concerning organization, introduction of new working methods or production processes, transfers of production, mergers, cut-backs or closures of undertakings, establishments or important parts thereof, and collective redundancies.

- decisions likely to lead to substantial changes in work organization or in contractual relations (...).

- Consultation shall take place in such a way as to enable employees' representatives to meet the employer and obtain a response, and the reasons for that response, to any opinion they might formulate and with a view to reaching an agreement on decisions leading to substantial changes in work organization or in contractual relations.

When restructuring includes collective dismissals or transfer of undertakings, the nature of the social dialogue process is much more detailed and the information/consultation procedure involves:

- reasons for the transfer or for cutting jobs,
- timetable for the transfer or the planned redundancies,
- legal, economic and social implications of the transfer or, in case of redundancies, categories of workers to be dismissed and possible mitigating measures.

In both cases, social dialogue at company level shall be undertaken with a view to reaching an agreement, which involves not only consultation but a negotiating process.

6.4.3. Indicators of social dialogue

Social dialogue at national and sector levels

Some indicators are available:²⁴

- the affiliation rate of trade unions and employers' organisations,
- coverage by collective agreements (not specific to restructuring),
- use of special labour market devices set up by social partners (job security foundations in Sweden, reconversion units in Wallonia, etc.).

Social dialogue at company level

In many countries, coverage through social dialogue at company level has been studied and a range of data and indicators are available.

In countries like Germany, France, Belgium, the Netherlands, Spain and Italy, statistics on works councils (RSUs in Italy) are available.

In Denmark, Luxemburg, Sweden and Finland, trade union coverage at company level is also well documented by statistics. Data is also available for Ireland and the UK.

²⁴ See studies and data provided by the European Industrial Relations Observatory (EIRO), e.g. their 2004 report on trade union membership 1993-2003- and the OECD.

In most of the new Member States, however, data of this kind seems to be very fragmented.

6.4.4. Indicators bridging social dialogue and restructuring at company level

Data, studies and indicators may link:

- collective – and individual – dismissals relating to restructuring and the existence of social dialogue procedures at workplace level;
- the use of measures negotiated at national, sector and company level for workers affected by restructuring.

In most new Member States such statistics, both in terms of companies' coverage by works councils or trade unions and links with restructuring, are hardly available.

6.4.4.1. FRANCE

Works council coverage

In France, companies are obliged to send the results of each works council election to the local labour administration, which collects them for national statistics. According to the latest available statistics, the coverage of works councils is 46% for companies with more than 20 employees, and reaches 81% for companies with more than 50 employees.

Link between social dialogue and restructuring including at least 10 dismissals

As soon as a company starts a collective redundancy procedure in France, it is obliged by law to follow quite stringent rules. However, these rules apply only to companies with more than 50 employees that are making more than nine individuals redundant within less than 30 days.

During the official procedure of information and consultation, the management planning a restructuring project will consult with the works council. French law gives the works council the right to obtain detailed information and even resort to the services of an accountant (paid by the company). The management cannot go ahead with the project before a valid consultation with the works council has been completed.

The procedure places the works council (and the trade unions represented in it) in a position to investigate the reasons for the restructuring project, put forward alternative economic solutions and seek means to avoid and/or minimize the number of redundancies. However, the opinion of the works council in France is purely consultative and the management may choose not to take it into account. The obligations imposed upon the employer are strict but they only require informing the works council and taking notice of its opinion. The only area where employee representatives do have some influence is the content of the social plan (a document containing a set of measures

designed to find solutions for the employees who are being made redundant). Its content is normally subject to at least some negotiation between parties since employees have the right to demand that the plan be declared null and void by the judge, depending on the resources of the company, the circumstances of the employees who are being made redundant, and the legal requirements.

Reporting of social measures to the labour administration

According to French labour law, in addition to the preliminary announcement, each company involved in this kind of restructuring should provide the local labour administration with:

- a detailed social plan (now called "*plan de sauvegarde de l'emploi*") including measures set up to prevent, reduce or to mitigate the dismissals;
- the final written works council statement on the restructuring and the social plan.

The role of the local labour administration is to check the validity of the proceedings as well as the quality of the social measures discussed between the employers and the works council: it can issue a formal comment which is sent to all parties, including a "*constat de carence*" (default statement) in cases where it concludes that the social measures do not meet the minimum standards required by the legislation.

Each local labour administration has to report to the National Directorate for Employment and Vocational Training about this social plan in two phases: when the social plan is taking effect and – on a quarterly basis, one year after the social plan has come into effect.

Each time the report on the social plan has to include the following information:

- the official registration number of the company and where applicable, the group it belongs to;
- a typology of the forms of restructuring being undertaken (mergers, downsizing etc);
- the actual number of people dismissed;
- the outcome in terms of internal replacement (new working arrangements, replacement within the companies or the group);
- the outcome in terms of external replacement. Here there are six categories: early retirement, new jobs with open-ended contracts, new jobs with fixed-term contracts exceeding 6 months, start-ups, significant vocational training exceeding six months, and other external solutions;
- the type of social measures implemented (from reduction of working time to mobility benefits) with the help of state funding or the company's own funds (17 categories listed).

Systematic data on the social measures presented to works councils are not available, although an experiment has started in some regions in 2008, before it is generalized, possibly in 2009.

6.4.4.2. POLAND

In cases of collective dismissal, the poviats labour office (*Powiatowy Urząd Pracy*) is informed about any arrangements included in the agreement at company level, which have been signed between the company and the trade unions during the consultation period. But, as mentioned earlier, the Ministry which issues monthly structural statistics – including data on collective and monitored dismissals²⁵ does not provide any additional information or analytical content.²⁶

6.5. Social measures linked to dismissals

6.5.1. Restructuring, dismissals and “passive measures”

In most EU countries, dismissals related to restructuring processes entitle workers to some social measures consisting of

- severance payments and
- unemployment benefits.

6.5.1.1. UNEMPLOYMENT BENEFITS

In cases of restructuring not related to bankruptcy, dismissals entitle (under certain conditions) workers to receive unemployment benefits. Unemployment benefits are common for employees who have involuntarily left their company, but there are exceptions in a few countries for some categories of workers where these have left voluntarily or by mutual agreement with their employer.

Usually the duration and the amount of unemployment benefits are linked to

- the tenure in their working life and/or in the company (sometimes in the branch or sector);
- their previous wages (but in some cases the amount is fixed and independent of their earnings);
- their age: duration and or amounts can be higher for older people (usually more than 50, 55 or 60 years of age).

In a few countries, such as France, people taking part in specific measures aimed at reducing the cost of restructuring, unemployment benefits for “restructured” people are higher than for other dismissed employees and offer better access to additional measure such as coaching, vocational training etc.

6.5.1.2. SEVERANCE PAYMENTS

²⁵ The data include the number of employees who are to be dismissed during a given month under the collective and monitored dismissals procedure in the private and public sector, the number of employees actually dismissed during this month in both sectors as well as the number of enterprises planning collective or monitored dismissals.

²⁶ Based on interviews conducted with poviats and voivodship labour office representatives and a representative of the Ministry of Labour and Social Policy.

In most countries, severance payments are regulated by law, in others by collective agreements. A few EU countries have no statutory severance payments (Belgium, Denmark, Finland, Germany, Malta). But in Germany, for example, this depends on the agreement made with the works council or on the decision reached by the labour court (*Arbeitsgericht*). The amount of the severance payment may differ according the reasons for dismissal: in Spain, for example, amounts due for collective dismissals are much lower than those for unfair dismissals²⁷ within ERP procedures (see above), if no agreement is reached, compensation pursuant to law corresponds to 20 days per year under contract, with a maximum of 12 salaries, which is considerably lower than compensation established for unfair dismissal. If an agreement is reached, the compensation agreed is usually considerably higher, especially in large undertakings. In the case of undertakings with less than 25 employees, the state's Salary Guarantee Fund will contribute 40% of the amount of these compensations.

In many countries, empirical evidence shows that companies, especially big ones, frequently supplement the regulated severance payment with company packages.

To what extent severance payments, which are commonly part of the restructuring package, play a role in mitigating the consequences of restructuring is a very sensitive issue. Many experts on labour market issues believe that severance payments have an ambiguous effect on workers. They do not provide an incentive to look quickly for other jobs; they may even lead to "lazy" attitudes and long-term unemployment.

6.5.1.3. INDICATORS

Statistics and/or surveys related to severance payments and, a fortiori, on their impact are very rare in Europe. But some surveys do mention these payments and their average amounts (or the way they are calculated), as is shown below.

The table below summarizes the available information on unemployment benefits and severance payments (for dismissals on economic grounds or collective dismissals). This information should be completed by more qualitative and quantitative data, not available up to now, about

- the amounts of these benefits (at individual, company, sector and national levels)
- their meaning in terms of income and purchasing power for example.

Countries Unemployment	benefits when dismissals for economic reasons	Severance payments (yes/no)	Amount or calculation
B- Belgium	Yes	No	-
BG – Bulgaria	Yes	Yes	A minimum of 1 monthly gross salary

²⁷ See Spanish report in annex

CY – Cyprus	Yes	Yes	Employees are entitled to compensation, which cannot exceed 75,5 weeks' pay
CZ – Czech re- public	Yes	Yes	2 months average earnings; higher amounts may be provided for by collective agree- ments
DK – Denmark	Yes	Yes/No	- Yes for white collar : 1 month salary after 12 years' work to 3 months salary after 18 years' work - No for blue collar
D – Germany	Yes	No/Yes	In undertakings with more than 20 employ- ees the works council can ask for a social plan which can provide for severance pay- ments
EE – Estonia	Yes	Yes	2-4 months average earnings depending on the length of service
E – Spain	Yes	Yes	20 days salary of each year of activity; max 12 months' salary
F – France	Yes	Yes	Compensation of 0,2 months/year after 2 years work; higher amounts may be provid- ed for by collective agreements
GR – Greece	Yes	Yes	Payment of compensation is a condition for the validity of dismissal
HU – Hungary	Yes	Yes	From 1 month to 6 months' average earn- ings depending on the length of service
IRL – Ireland	Yes	Yes	In certain conditions an employee is entitled to a statutory lump-sum payment calculated as follows: two weeks pay per year of ser- vice plus one week's pay (subject to a ceil- ing on annual reckonable earnings of €31,200)
I – Italy	Yes	Yes	In any case of termination of contract: 1 year's salary divided by 13.5 + 1.5% for each year of activity + compensation for inflation
LT – Lithuania	Yes	Yes	From 1 to 6 monthly average wages de- pending on the length of service
LV – Latvia	Yes	Yes	No more information available
LUX – Luxem- burg	Yes	Yes	If the employee has completed at least 5 years' service and if s/he is not yet entitled to a retirement pension
MT – Malta	Yes	No	-
NL – The Nether- lands	Yes	Yes	If the contract is dissolved by cantonal court on the ground of change of circumstances, the judge will fix compensation
A – Austria	Yes	Yes	2 months' salary (after 3 years' work) to 12 months' salary (after 25 years' work): No severance payments if the period of activity is less than 3 years or if the employee is responsible for the summary dismissals
PL – Poland	Yes	Yes	One month's earnings for up to 2 years of service; 2 months earnings for 2-8 years; 3 months earnings for more than 8 years
P – Portugal	Yes	Yes	1 month's basic salary for each complete year of service with a minimum of 3 months
RO – Romania	Yes	Yes	According to the collective agreement at the national level (compensation of 50% of the employee's monthly salary in addition to any

			other payments); other collective agreements can provide for more favourable payments
FIN – Finland	Yes	No	-
SE – Sweden	Yes	Yes	No statutory severance payment; but collective agreements provide for such schemes which are all administrated by joint bodies of the social partners
SK – Slovakia	Yes	Yes	If an employee has at least 5 years of service with the employer, a severance payment amounts to three average monthly salaries
SI – Slovenia	Yes	Yes	Depending on the length of service: 1/5 of the monthly earnings for each year of employment with the employer including the employer's predecessors, if the employee has been employed with the employer for 1-5 years; 1/4 of the monthly earnings for each year if 5-15 years; 1/3 of the monthly earnings for each year if more than 15 years, but not more than ten monthly wages
UK – United Kingdom	Yes	Yes	Lump sum based on age, earnings, and length of service provided that the reason falls within the definition of redundancy and employee has two years' continuous employment.

Sources: Termination of employment relationships, *Legal situation in the Member States of the European Union*, EU Commission, Directorate General Employment, Social Affairs and Equal Opportunities, April 2006 and Barbara Kresal, Termination of Employment Relationships *Legal situation in the following Member States of the European Union: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia*, European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities, March 2007

For unemployment benefits, there are some qualitative studies covering part of the EU – but not the EU 27. Data available on unemployment benefits rarely distinguish between the different categories (economic dismissals and lay-offs on the one hand, dismissals for other reasons on the other) of unemployed people receiving these benefits. It is therefore difficult to establish or analyze the link between benefits and people unemployed due to restructuring.

6.5.2. Restructuring, dismissals and active social measures

In many European countries, active social measures are developed when restructuring occurs, dealing mainly with

- replacement (internal labour markets)
- outplacement (external labour markets)
- supportive vocational training activities and subsidies easing mobility (both professional and geographical) or start-up incentives.

Short-time work schemes, aimed at offering alternatives to lay-offs by reducing working time and, to a smaller extent, remuneration, could be also included in this category. Due to the crisis, these solutions have recently been applied on an increased and more extensive scale in many continental European countries in parallel with the long-term subsidized leave offered by some Irish or British companies. In cases where short-time schemes are subsidized by national or regional governments, statistics are available in terms of numbers of hours and public expenditure.

6.5.2.1. REPLACEMENT AND REDEPLOYMENT

Replacement and redeployment are practices mainly developed by big companies, but not on the same scale across Europe. Collective agreements and/or labour legislation may mention them as a possibility or as a duty, notably when labour legislation makes dismissals based on economic or organizational grounds an *ultima ratio*. In this case, the employer has to consider - at least theoretically - alternative measures or redeployment measures within the company such as vocational training, working time rearrangement etc.

Such practices depend on internal labour market concepts and also on internal and functional flexibility (rather than external and numerical flexibility).

A few studies are available on this topic, mainly in Germany.²⁸ In this country, for example, “more than 25% of employment in big companies and public administrations is covered by redeployment systems and related collective agreements. In comparison to outplacement, redeployment entails more employment security for workers. Redeployment is an intra-organizational business and involves many internal actors, which makes it much more complicated in organizational terms. Particularly concerning the selection process of workers, the involved intra-company actors have opposing interests. The basic dilemma of redeployment on internal labour markets is the negative selection of workers in job-destruction processes and the positive selection related to vacancies. Thus, when restructuring and redundancies occur, even internal forms of flexibility bear mobility related risks”.

6.5.2.2. FRANCE

French labour law seeks, at least theoretically, to give priority to active social measures.

The double obligation to prevent redundancies and to promote outplacement is imposed on French employers, but it is applied in a different way depending on the following threshold: If the number of dismissals is less than or equal to ten in a company with less than 50 employees, then the employer is not obliged to elaborate and implement a social plan. If this threshold is reached, then the employer must present a social plan.

²⁸ J. Kirsch, G. Mueghe, R. Rodriguez, chapter on Employment Services, IRENE final report, project funded by the EU, DG Employment and Social Affairs, 2008

There is a series of measures – some of which can be partially funded by the state – that can be implemented by the company.

The law says that the social plan must seek “to avoid redundancies or to limit their number and to facilitate outplacement of the personnel whose dismissal cannot be avoided”. This is revealing as to the stance consistently taken by French law: redundancy is the last resort. Preventing it is thus the first duty of the manager who must in addition “ensure the necessary adaptation of employees to the evolution of their jobs” (Constitutional Court ruling 1992). Given that the dismissal procedure (and thus the dismissal itself) can be declared null and void if the plan does not contain sufficient measures to outplace redundant employees, the French social plan vests the employer with the responsibility for the professional reintegration of employees.²⁹

The social plan must include “a plan to outplace employees”, which presupposes that it “must contain measures other than an adaptation agreement (*contrat d'adaptation*), such as for example:

- actions intended to outplace employees within the perimeter of the company;
- creation of new activities by the company;
- actions promoting external outplacement, particularly those stimulating local economic development;
- actions of adaptation, training, conducting a “skills and experience audit”;
- measures to reduce the working time.

If this is not the case, the works council can demand the social plan to be declared null and void”.

When the company/group has between 50 to 1000 employees, it must propose an Individual Outplacement Contract of the kind described above to the employees that it intends to make redundant. If the company/group has more than 1000 employees, it must propose an adaptation leave (*congé de conversion*) to any employee that it intends to make redundant, the duration of which can range from four to nine months. The objective is to give the redundant employee an opportunity to “benefit from the training programmes and the outplacement unit’s services accompanying him/her in job seeking”. This leave necessarily starts with the competence and skills “audit” that helps the employee define his or her professional profile or, in case (s)he is not in a position to do so, to determine the training needs for his or her outplacement.

In addition, since 2002, when a company proceeds with collective dismissals which “affect – by their impact – the equilibrium of the territory or territories where it is implanted”, the state representative (the prefect) can intervene in order to “put into place a series of measures that would permit the development of new activities and attenuate the effects of the intended restructuring on other businesses of the territory or territories concerned”.

²⁹ LIHRE, EAT, IRES, Universitat Rovira I Virgili : « Licenciement économique : un risque d'exclusion sociale ? » Mars 2 000.

Various assistance schemes for the implementation of these provisions are at the disposal of the Ministry of Labour. These schemes become operational when the employer signs an agreement with the state ensuring co-funding of a particular measure. Previously open to all businesses, public funding – except in some rare cases – is normally refused to big companies (the threshold of 2000 is generally used for outplacement units) and is given priority for companies that lack means (bankruptcies, small businesses obliged to implement a social plan etc.). As a whole, these measures allow the state to ameliorate the quality of social plans.

Certain schemes are seldom used: these include retraining leave, start-up assistance, training and adaptation (see below for details).³⁰ During the past ten years, the most commonly used solutions have been early retirement, the formation of outplacement units (increasing substantially) and, to a lesser extent, measures encouraging employees to accept a new open-ended contract, like the digressive temporary allowance (*allocation temporaire dégressive*, see below for details). With the current crisis, the use of short-time schemes has greatly increased.

Finally, two phenomena characterize social plans: Firstly, they are extremely dependent on the means and financial health of the company concerned. Secondly, while they do feed frequent discussion, their evaluation is rare and methodologically poor.

6.5.2.3. SPAIN

No specific active or passive policies aimed at the restructuring phenomenon exist as such. From the perspective of workers dismissed, no additional actions or measures are conceived other than those considered for collective dismissal.

We can only speak of certain resources and tools, which are promoted in each and every case and are at least co-financed by the administrations, and which the agents involved may take into consideration:

- a) An exception may be the regulation of residual measures such as the Employment Promotion Funds, institutions inherited from the 1973 crisis and the far-reaching rationalization of the 80's. These are non-profit making associations which are officially collaborators with the Public Employment Service, and can be established by reason of being able to apply a conversion plan. Beneficiaries are workers affected by industrial conversion and included in the granting of assistance for these funds.
- b) At sectoral level, some collective agreements exist which have allowed for the creation of bodies such as the Labour Foundation for the Construction Industry, a nationwide non-profit bipartite organization (employers' confederation and trade unions). The financial resources are granted by industry contribution and public subsidies. The aims of this body are addressed at promoting occupational training, safety and health at work, employment and craftsmanship.

³⁰ Around 1000 individuals per year use adaptation leave. The figures for start-ups and retraining agreements are extremely low.

- c) Industrial sector monitoring centres. Created in the context of restructuring processes, these Centres are instruments directed jointly by public administration (Ministry of Industry and Commerce), trade unions and employers' organizations, in the framework of support plans for the reorganization and modernization of the various sectors.
- d) Finally, in the context of the current crisis, the government approved an extraordinary plan in 2008 to relocate the unemployed.³¹ One of its measures consisting in contracting 1,500 professional counsellors tasked with preparing personalized job-search itineraries for the unemployed. During this process, workers are entitled to receive economic aid of 350 € per month for a maximum of 3 months.

Within the ERP procedures, Spanish legislation requires that the negotiating parties agree measures that “lessen the effects” and “limit the consequences” of redundancies, in such a way that they favour the “continuity and feasibility of the business project”. A social plan, together with a feasibility plan, must be drawn up and discussed in undertakings with more than 50 employees.

In the framework of bargaining agreements in a restructuring process, most of the measures agreed in the ERP are related to compensation. Voluntary dismissals with incentives, i.e. with compensations above the legal minimum, are the instrument most regularly used, together with other devices whereby the undertaking makes the commitment to pay the difference in income. The most common instruments are:

- a) Early retirement (from 60 or 61 years of age, losing 6% or 7% of pension, depending on the years by which retirement is brought forward);
- b) Partial retirement, whereby working time is reduced by up to 85%. This is currently still paid by Social Security, as long as another employee is hired;
- c) Pre-retirement is quite widespread in practice although it has no legal basis. Workers' representatives and trade unions usually accept this adjustment system as the lesser of two evils, with the aim of maintaining the level of employment. The objective is to exchange older permanent contracts for other cheaper contracts (both in wages and labour costs), designed for younger workers. It works in such a way that once the contract is terminated, the employee receives unemployment benefit whilst the undertaking complements the wage percentage agreed – between 75% and 90% of the gross wage, which may reach 100% of the net wage. Depending on the agreements, payment of this income difference is maintained until the worker retires early or until they retire permanently at the legal age, although some cases exist where an income-for-life is agreed.

³¹ The initiative called *Plan Extraordinario de Orientación, Formación Profesional e Inserción Laboral* [Extraordinary Plan for Professional Guidance, Training and Integration] was drawn up by the Ministry of Employment and is of a temporary nature.

The difficulty of bargaining ERPs in the heat of the moment sometimes leads to a certain paucity in the contents negotiated and the solutions put forward. This reflects the scarce degree of social innovation that exists in collective industrial relations in Spain.

Only few social plans include measures aimed at relocating workers. Outplacement undertakings work in a paralegal limbo (they intervene and are contracted, but they are not regulated) and are usually participated by, or belong to, large European human resources and temporary employment undertakings. Their market in Spain is still limited in comparison with other countries, although the current crisis – which obliges a further effort from public employment services in managing passive policies to the detriment of active policies – means that their growth expectations are optimistic.

6.5.2.4. POLAND

Collective dismissals require consultation with the enterprise level trade unions. The main objective is to find ways to avoid collective dismissals or to reduce their scope. An agreement with trade unions, should, whenever possible, be concluded within 20 days. If there are no trade unions in the enterprise, the consultations are organized with the employees' representatives elected through the adopted procedure, i.e. this can be works council. In other cases the employer defines the rules of collective dismissals according to the appropriate regulation. In cases where the employer wishes to re-employ workers in the same professional group, s/he should re-employ the dismissed employee before offering the job to an external candidate.

The dismissed employee should declare his/her willingness to be re-employed by the former employer within a year of the dismissal date – in case of re-employment an employee does not have to be offered the same working conditions, including pay.

Monitored dismissals include employers intending to dismiss at least 50 employees (or more) within a 3-month period. In these cases, they are obliged to agree with the competent poviats labour office (*Powiatowy Urząd Pracy*) on the following issues:

- job brokering services
- vocational counselling
- training programmes
- assistance with active job search.

According to recent changes to the Act of 20 April 2004 on employment promotion and labour market institutions,³² employers planning and/or executing monitored dismissals are obliged to take up initiatives aimed at guaranteeing employees who are to be dismissed, have been given notice or who have been dismissed up to six months earlier, outplacement services. These services can be provided by the poviats labour office, the employment agency or a training institution. It is important to note that this is the first regulation in Poland stipulating that some services, i.e. counselling and guidance or

³² The changed Act on employment promotion and labour market institutions only entered into force on 1 February 2009 and is not yet operational – some specific regulations are still missing. Relevant statistics should be available starting July 2009. The work on this amendment started before the crisis, so it cannot be said that it was a response to the crisis.

special training programmes can be offered to persons still working or – as it was defined in the Act – “persons searching for work”.³³ This regulation, however, does not apply to employees who are subject to collective dismissals.

Among the active measures used in restructuring processes in Poland the most commonly used are outplacement services and training and retraining programmes – these are sometimes included in the outplacement package. Recently, in response to the crisis and economic slowdown, working time reduction schemes have been discussed. In these schemes training programmes are to be used as one of the elements in reducing working time. It should be emphasized that all active measures are 100% organized and financed by the employer; public employment services do not provide any support here.

Outplacement services

Outplacement services are usually financed by the employer, are a part of the negotiated social package and are specifically addressed to the dismissed workers. These services are usually delivered by external consultants. Outplacement services include such initiatives as professional career guidance and counselling, training programmes and assistance with start ups – counselling or coaching for employees who have decided to set up their own businesses.

The law stipulates that public employment services must be informed about the planned collective dismissal and may provide the employer with updated information on the local labour market and the demand for skills and professions. However, this is left to the discretion of each individual labour office. Training and retraining programmes organized by the public employment services are addressed exclusively to the unemployed and there are no programmes targeting people threatened by unemployment. It can thus be said that in Poland, public employment services are not the partner of enterprise in dealing with collective dismissals resulting from restructuring processes – their interest is limited to those who have already lost their job.

Training programmes

In Poland a complete training package, including accompanying measures to overcome obstacles to training, is co-funded by the ESF and can be used in the context of restructuring.³⁴

Recently, employee participation in training programmes has been discussed as an alternative to collective dismissals – short-work time schemes (rather unfortunately termed “semi-unemployment”) are to be combined with ESF-financed training programmes.

³³ Special attention is paid to employees aged 45+.

³⁴ BPI Group for the European Commission, *Evaluation of European Social Fund Support to the Anticipation and Management of Economic Change and Restructuring*, Jacques Dahan (ed.), July 2007, p.35.

Beside replacement and redeployment, other active labour measures have been developed, mainly by big companies (transnational or national), often using private employment services providers. These measures are not partially statutory, except in a few countries like France and Germany. In France, they are included in national labour law provisions dealing mostly with collective dismissals and duties for employers to provide the works council and workers with measures to avoid or limit the impact of job losses.

6.5.2.5. INDICATORS

Since short-time schemes have been developed in response to the present crisis, indicators of these specific measures are available (number of hours, amount of subsidies, etc.).

In France, DARES, the statistics department of the French Ministry of Labour, provides some studies and data on these measures, but on a limited basis.³⁵

In Germany replacement measures are not mandatory, but if works councils decide to negotiate on transfer measures, these transfer measures and transfer companies are regulated by German law, which provides both incentives and a few indicators.

In Spain and in Poland no specific indicators have so far been developed on active measures at company level when restructuring occurs.

Up to now, European-wide indicators on active labour market policies developed during restructuring do not exist.

6.6. Health and restructuring

6.6.1. Existing data on a hidden issue

Providing safe and healthy working conditions is one of the most consensual European policies and has led to many initiatives:

- a complete piece of legislation and EU Directives (especially the Framework Directive);
- specific bodies and agencies like the Bilbao Agency, Dublin Foundation etc.;
- many campaigns. It is also part of the Lisbon Strategy and the objectives related to it.

However, the extent to which restructuring affects employees' health and safety is a hidden but growing issue.

³⁵ See Rachel Beaujolin-Bellet, Christophe Cornolti, Jean-Yves Kerbourc'h, Antony Kuhn, Yves Moulin (2005), « *Anticipation et accompagnement des restructurations d'entreprises : dispositifs, pratiques, évaluations* », Rapport Dares, October 2005 and also DARES, Premières Synthèses, 2006.07-n°28.2 : « *Les plans de sauvegarde de l'emploi : accompagner les salariés licenciés sans garantie d'un retour vers l'emploi stable* », July 2006.

A report, drafted by the HIRE³⁶ project, summarized, on the basis of scientific evidence and examples of restructuring practice:

- Comprehensive documentation on empirical evidence of organizational restructuring effects on health and the well-being of survivors, “victims”, and the related community.
- A documentation of the relationship between the health and productivity effects of restructuring.
- A critical investigation of the current state of affairs in terms of approaches, tools and instruments for health management in restructuring.
- A review of restructuring examples from various European Member States to identify gaps between good and common practice and also to highlight examples of good practice for healthy change management.
- A critical analysis of the roles of all relevant social actors in restructuring as well as a description of innovative tools and practices.
- A catalogue of existing and newly developed policies which may need to be amended and a review of the role of institutions across Europe in this regard.

HIRE consequently generated policy recommendations and recommended tools and practices.

6.6.2. European frameworks for occupational health and safety

The HIRE project also paid attention to European frameworks, both legislative or negotiated by social partners.

6.6.2.1. THE FRAMEWORK DIRECTIVE 89/391/EC

All EU Member States have transposed the so-called Framework Directive on health and safety (1989/391/CE) which could play a role in this area thanks to three main concepts:

A wide definition of occupational health

In particular in Article 5: The employer has “... a duty to ensure the safety and health of workers in every aspect related to the work”. In other words, restructuring and reorganization theoretically lie within the directive scope. But it has de facto focused on other objectives, practices and players and the employer’s responsibility is limited.

The concept of risk assessment

Another important provision of the Framework Directive is the introduction of risk assessment and systematic documentation of the results as a foundation for the establishment of a prevention programme of technical and/or organizational measures aimed at combating these risks. These tasks also include regular supervision of the efficiency of the measures taken and continuous improvement of the situation. This has to be a

³⁶ HIRE - Health in Restructuring, project funded by DG Employment and Social Affairs, 2008

dynamic procedure with the prevention programmes being continuously updated as long as the risk situations persist. Organizational change can be seen as a relevant risk for health of the individual; the risk management approach can be used as a tool for minimizing the consequences of such changes.

The role of employee representatives in OSH

According the Framework Directive, “employers shall consult workers and/or their representatives and allow them to take part in discussions on all questions relating to safety and health at work”. This not only allocates an important role to employee representatives – and not only to those specifically in charge of OSH issues – the reference to “all questions relating to safety and health at work” may also include organizational changes.

However, up to now, no reports have been made linking these frameworks with the impact of restructuring on health.

6.6.2.2. SOCIAL DIALOGUE AND EUROPEAN FRAMEWORKS RELATED TO HEALTH

Another policy area through which the health risks of restructuring can be raised by the social partners lies in the implementation processes of the 2004 European Framework Agreement on stress³⁷ and in the new Framework Agreement on harassment and violence at work.³⁸

The focus on identifying work-related stress through an analysis of several collective factors such as work organization and processes, working conditions and environment, communication as well as more individual factors (like emotional and social pressures, feeling unable to cope, perceived lack of support, etc.) could be very relevant when it comes to health issues related to restructuring. In terms of action to be taken, the Stress Agreement foresees actions that prevent, eliminate or reduce stress “with the participation and collaboration of workers and/or their representatives”. These actions may include management and communication measures as well as the training of managers and workers. In 2007, however, the yearly table produced by the Commission summarizing ongoing social partner activities on the implementation of the Framework Agreement still did not mention best practice related to restructuring.³⁹

In the 2007 Framework Agreement on harassment and violence at work, the general description of these phenomena could also apply in many restructuring processes: Harassment and violence are due to unacceptable behaviour by one or more individuals and can take many different forms, some of which may be more easily identified than others. The work environment can influence people’s exposure to harassment and violence:

³⁷ http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=10402

³⁸ Signed in April 2007 by the European social partners,
http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=8446

³⁹ http://ec.europa.eu/employment_social/dsw/public/actRetrieveText.do?id=8459

"Harassment occurs when one or more worker or manager are repeatedly and deliberately abused, threatened and/or humiliated in circumstances relating to work. Violence occurs when one or more workers or managers are assaulted in circumstances relating to work."

There is no study or survey available on the implementation of these agreements and their impacts.

6.6.2.3. CORPORATE SOCIAL RESPONSIBILITY

In the past few years, awareness of the need for corporate social responsibility (CSR) in employment has become more widespread (Segal & Triomphe, 2002). Corporate social responsibility, whereby organizations focus on achieving outcomes based on beneficial rather than adverse effects on pertinent corporate stakeholders, should be incorporated in the restructuring process. Despite this, most restructuring processes are still far from being socially responsible. CSR framework agreements and policies therefore provide other opportunities to develop future health strategies for employees and for improvements to practice.⁴⁰ By focusing on multi stakeholders as well as on practices and commitments that go – voluntarily – beyond the enforcement of laws and collective agreements, CSR has the potential to reach beyond company limits (to supply chains and subcontractors) and the limits of mandatory responsibilities (in respect of the occupational health only of direct employees).

Kieselbach et al. (2004) emphasized the importance of including CSR in cases of out-placement. Using CSR practices may facilitate changes for individuals affected by restructuring. In addition, CSR practices should incorporate the local community in connection with lay-offs. Organizations may support employment agencies and facilities helping employees obtain new employment.

6.6.2.4. OTHER FRAMEWORKS BRIDGING HEALTH, RESTRUCTURING AND SOCIAL DIALOGUE

Several levels have to be considered:

- The national and cross-sectoral level, with nationwide bi- or tripartite agreements (the latter involving state authorities). At this level, occupational health and safety specialized bodies or agreements – like in some countries on stress or harassment – as well as guidelines for social dialogue at sector or company level, are discussed.
- The sector level, with bipartite agreements, where guidelines for social dialogue at company level, the design of specific bodies promoting occupational health and safety are discussed.
- The company level, where information and consultation relating to occupational health and safety take place.

⁴⁰ See Communications on CSR of the EU Commission in 2002 and 2006
<http://ec.europa.eu/enterprise/csr/policy.htm>

Up to now, no data linking these occupational health frameworks with restructuring have been published, or probably even studied. Such links are not mentioned in any existing overviews of restructuring at national level.

However, there are also other approaches, e.g. the cartographic approach. The EP-SARE project, coordinated by ETUI-REHS, is to publish its results very soon.

6.6.3. Pan-European and national studies

There are numerous surveys on health and working conditions in Europe, mostly national but also pan-European like the European Working Conditions Survey (last conducted in 2005) and the European Quality of Life Survey (last conducted in 2003) carried out by the European Foundation for the Improvement of Living and Working Conditions. Another study of working conditions and social dialogue⁴¹ was carried out in 2008. But the link with restructuring is not explicit, even if there are questions about jobs and change. A study was recently launched by the European Commission and will include epidemiological aspects (results to be delivered in 2009).

The recently published HIRES report does mention, among the studies and data collected in Europe:

- A Swedish study directly linking health with restructuring. In a recent study of job loss and health-related outcomes in Sweden,⁴² it was found that displaced workers are more likely to suffer premature death and other health-related outcomes. Another study conducted in Finland among people impacted by dismissals in local governments shows similar results.

- The BIBB/BAuA Survey⁴³, a representative German survey of working people (N=20 000), was last carried out in the year 2005/2006. This survey exists since 1989 and includes all kinds of forms of employment. All manner of changes in working life are covered by this survey:

- changes and restructuring as a common part of working life,
- the consequences of change with new demands and tasks,
- the perception of change perceived with increased stress, strain and work pressure.

- A study based on data from Statistics Denmark (Geerdsen, Høgelund, and Larsen, 2004) which included employees with more than three years of experience and from the private sector only, showed that around 2% of Danish organizations close every year whilst around 10-11% downsize (only included here are organizations where more

⁴¹ A. Broughton, "Working conditions and social dialogue" comparative study for the European Foundation for the Improvement of Living and Working Conditions

⁴² Eliason, M. and Storrie, D. (2004), "Does job loss shorten life?" Scandinavian Working Papers in Economics no. 153, Department of Economics, Göteborg University. and also Eliason, M. and Storrie, D. (2006), "Lasting or Latent Scars? Swedish Evidence on the Long-Term Effects of Job Displacement", Chicago, Journal of Labor Economics, October 2006, Vol. 24, No. 4: pp. 831-856

⁴³ http://www.baua.de/de/Informationen-fuer-die-Praxis/Statistiken/Arbeitsbedingungen/Arbeitsbedingungen.html?__nnn=true&__nnn=true

than 30% of staff were laid off). However, this affects mainly small organizations and as a result in total only about 4% of the Danish workforce is affected by downsizing and company closure every year. One study has focused on the effects of job insecurity which has often been found to be one of the consequences of restructuring (Kalleberg, 2003; Maurier & Northcott, 2000). The study examined the degree to which employees reporting high levels of job insecurity in 1995 reported poor general health five years later (Rugulies, Aust, Burr, & Bültmann, 2008).

- In the Netherlands, two possible causal pathways are investigated which may link enterprise restructuring to health outcomes of survivors: job insecurity and increased psychological job demands. The probabilities of these pathways are investigated using the Netherlands Working Conditions Survey (Dutch acronym: NEA), the largest periodical survey on working conditions in the Netherlands (Van den Bossche et al., 2008). This survey is executed yearly by TNO in cooperation with Statistics Netherlands, among a very large and representative group of Dutch employees. The aim of the Netherlands Working Conditions Survey is to monitor the quality of work in the Netherlands. It makes it possible to follow trends in work-related risks, the effects of these risks on the health of employees, and effects of interventions and activities which take place in organizations.

FRANCE

Until now, there are no nationwide statistics linking dismissals and health. One survey (Santé et itinéraire professionnel SIP) http://www.travail.gouv.fr/IMG/pdf/enquete_SIP_questionnaire.pdf directed at households was undertaken in 2007 and includes questions linking professional positions and effects on health, in particular where a job loss occurred. The questionnaire is available on the Web: the results have not been published yet.

Another survey, called SUMER,⁴⁴ deals with employees' exposures to different categories of risk, including organizational risks. The interviews are performed by occupational physicians, who monitor – at least theoretically – the health of each employee occupied in the private sector. But it doesn't deal with changes like restructuring or with job losses. A potential link could be established with statistics on mobility⁴⁵ but this has not been done until now.

POLAND

In Poland health and safety issues related to restructuring are not a subject of restructuring process analysis, which tends to concentrate on the economic aspects of the process; the social aspects are limited to collective dismissals and the threat of unemployment.

⁴⁴ On SUMER see: <http://www.travail.gouv.fr/etudes-recherche-statistiques-dares/statistiques/sante-au-travail/enquetes/sumer.html>.

⁴⁵ Especially the DMMO statistics available for undertakings with more than 20 employees.

The research conducted by the Central Institute of Labour Protection – National Research Institute (*Centralny Instytut Ochrony Pracy, CIOP*) concentrates on issues that are widely understood as working conditions (e.g. Personal Protective Equipment or Chemicals and Aerosols in the Working Environment), only the most recent subjects include stress at work or mobbing. There is no research on OSH issues in restructuring processes or the impact of restructuring on workers' health. Issues related to restructuring are classified as "economic phenomena" and are not a field of research for Polish epidemiologists, who tend to concentrate on more "classical" medical areas.⁴⁶ The challenge in researching the impact of restructuring processes on health and safety issues may turn out to lie in singling out this impact from the overall impact of the transition process that has been taking place in Poland for the last 20 years.

6.7. Preliminary conclusions

The EU is quite a paradox. European and national frameworks have promoted a lot of policies, legislation, agreements, arrangements and tools related to restructuring – to soften its impact and promote social dialogue on the one hand and to protect occupational safety and health on the other. But efforts to link these two areas are rare and the issue has until now received marginal attention.

Some existing data sheds a little light on the true impact of restructuring on health. But the issue remains a largely hidden and political one.

In order to make progress here, we suggest collecting indicators and data on a limited scale (in terms of topics and also probably of countries) which could take the following form:

Countries	Data relating to dismissals		Data relating to passive and active social measures				Data relating to social dialogue			Data relating to occupational health and safety		
	CD	IDR	SP	UB	ROM	OAM	TUA	SDWP	OSDR	AR	PD	HSR
B												
BG												
D												
Etc...												

ABBREVIATIONS USED

Abbreviations	Explanation s	Availability
CD	Collective dismissals	Available in some MS
IDR	Individual dismissals relating to restructuring	Hardly available
SP	Severance payments	Available in some MS
UB	Unemployment benefits	Available

⁴⁶ Telephone interview conducted with Ms Maria Widerszal-Bazyl, researcher, CIOP, project coordinator for HIRE project (17 March 2009).

ROM	Replacement/outplacement measures	Hardly available
OAM	Other active measures	Hardly available
TUA	Trade union affiliation	Available
SDWP	Social dialogue at workplace	Available in many MS
OSDR	Other social dialogue procedures on restructuring	Available in some MS
AR	Absenteeism rate	Available in some MS
PD	Professional diseases	Available
HSR	Health and safety representatives	Available in many MS

Annexes – six national examples of restructuring regimes

France
 Germany
 Sweden
 United Kingdom
 Spain
 Poland

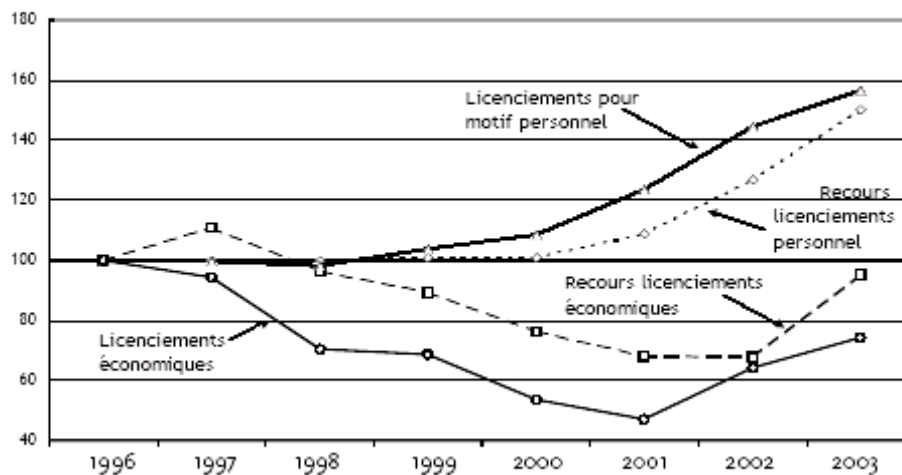
Restructuring in France⁴⁷

The French economy has undergone a significant change since the seventies when the term “restructuring” first imposed itself as an important element of the political discourse. Since then, growing role of financial markets and shareholders, overall increase in competitive pressure and internationalisation of companies, profound changes in corporate governance and internal organisation have had considerable effects on restructuring practices. Painful and bulky branch restructuring, conducted jointly by companies and the state in the seventies and the eighties, has been ousted by permanent and varied projects on a smaller scale implemented by companies alone. While much has been done to adapt laws and practices to new realities, restructuring has long been viewed as an exceptional event and the existing system is hardly suited to tackle the problem of permanent change. This tends to reinforce the strong anti-restructuring feel in the French society.

NATURE AND SCALE OF THE PHENOMENON IN FRANCE

Whilst no comprehensive monitoring of restructuring is carried out in France, two indicators could give us an idea as to the scale of the phenomenon.

Graphique 5
Évolution des licenciements et des recours en justice



Champ : établissements d'au moins 10 salariés du secteur privé.

⁴⁷ This paper has been written by Frédéric Bruggeman (Syndex), Maxime Petrovski and Claude Emmanuel Triomphe (Université Européenne du Travail), for the MIRE project (Monitoring Restructuring in Europe), funded by the EU, ESF article 6, see www.mire-restructuring.eu

Social plans notified to the labour administration

Year	Nr of social plans
1995	1 122
1996	1 888
1997	1 528
1998	1 215
1999	1 172
2000	890
2001	1 053
2002	1 086
2003	1 500
2004	1 251

Source : DARES, 2006

Two crucial factors must be taken into account in analysing these figures. Firstly, the statistics show convincingly that while the number of Social Plans has been gliding down in the nineties, it remains substantial hitting its lowest peak of 900 at the turn of the century. Secondly, the number of redundancies (dismissals for economic reasons) has diminished since 1994-1995, but the number of dismissals for “other reasons” has gone up sharply during the same period.

If the total number of redundancies and all the other dismissals is calculated, the trend appears to have been stable for the past decade despite a slight recent increase for which the current economic situation of the country can be held accountable.

The confusion between redundancies proper and a part of dismissals for “other reasons” (that are actually redundancies according to three recent studies) does not allow us to come up with a precise figure. The approximate number could be roughly estimated at 500 000-700 000 individuals every year.

However, it would be somewhat simplistic to regard redundancies and dismissals as the sole measure of the scale of restructuring in France. It should be stressed that the contracting forms on the French labour market have changed since the eighties: the proportion of open-end contracts has been diminishing whereas that of fixed-term contracts has been rising rapidly. The statistics of recruitments during the period of relative economic expansion 1997-2000 give strong reasons to believe that this process of labour flexibilisation in France is far from having reached its peak: indeed, we can forecast its further progression in the years to come.

The magnitude of restructuring in France does not seem to have decreased, but managerial practices have surely changed. On the one hand, companies tend to favour personal deals or use the option of personal dismissals whenever they can. On the

other hand, they prefer recruiting employees under fixed-term contracts to render the management of human resources more flexible.

RELEVANT ACTORS

Companies

The management has the right to reorganise the company (and lay off redundant workforce) in accordance with the principle of free enterprise, but this must be done within the tight procedural framework defined by the legislation. Restructuring is an area where numerous regulations apply. The law imposes strict procedures of information and consultation as well as some minimal obligations for employers.

Trade-unions

Trade-union density in France is low and covers just 10% of the total workforce. The lean membership is divided between 5 recognised national confederations (CGT, CFDT, FO, CFTC, CGC) and at least three other unions (UNSA, FSU, Groupe des 10) which have not been given the same recognition but are quite active. Each confederation is organised by branch. Unlike their British or German counterparts, French trade unions have not merged. On the contrary, new unions have appeared during the last decade.

Despite the weak union coverage, the collective bargaining coverage is very high (more than 90% of the total workforce) because of its mandatory extension. A rather protective legislation makes trade-unions quite powerful since any employer must recognise them inside the company, whenever one employee has been appointed by a union as its representative.

Works Councils

Works Council is an institution representing the workforce whose existence is mandatory in any company of more than 50 employees. Elected by the workforce, the representatives often (though not necessarily) belong to trade-unions. Works Council is the sole interlocutor of the management in case of restructuring accompanied by collective redundancies, although trade-union representatives are invited to the meetings during the information/consultation procedure. Recent legislative changes tend to reintroduce trade-unions into the process by way of the so-called “agreements on the method”. These are specific legal documents whose signature between the employer and the dominant trade-unions makes it possible to organise the information/consultation procedure in a more flexible way, breaking some of the provisions of the Labour Code.

Public actors

Public authorities represented by the Labour Administration (part of the Ministry of Labour and Solidarity) can play an important role in restructuring in France. They may try to break a deal or, at least, to attenuate conflicts between parties. The Labour Admin-

istration has the right issue a “statement of neglect” recommending that the employer improve on the measures of the Social Plan, if it judges them insufficient or inadequate. Although this document does not entail immediate sanctions, its importance in case of litigation is incontestable. Besides recommendations, the Labour Administration can participate in funding certain measures of the Social Plan, provided the company adopts a socially responsible attitude.

Local authorities

It is important to mention the growing role of the local authorities in dealing with restructuring. Firstly, they must be associated to the process when big companies proceed to massive lay-offs that have a serious negative impact on the local economy. When the company's size is more than 1 000 employees, the management must bring in a substantial financial contribution to foster the development of the local economy (from 2 to 4 minimal wages per redundant employee). In this situation, the local representative of the state (the Prefect) calls for a meeting with the company, interested local authorities and social partners who are members of the regional inter-professional unions. Secondly, local authorities - in some cases at least - pilot redeployment programmes themselves when their region is badly hit by restructuring and numerous small and medium sized companies are concerned. Setting up an inter-enterprise redeployment platform or acting vigorously on the local labour market to retrain people or create new jobs can then be a suitable option.

Procedure to follow in case of collective redundancies

As soon as a company proceeds to collective redundancies in France, the law obliges it to follow rather stringent procedural rules. However, such rules concern only companies of more than 50 employees that make redundant more than 9 individuals over the period of less than 30 days.

During the official procedure of information and consultation, the management presenting a restructuring project will deal with the Works Council. The French law gives the Works Council the right to obtain detailed information and even to resort to the services of an accountant (paid by the company). The management cannot go ahead with the project before a valid consultation of the Works Council on the project has been completed.

The procedure places the Works Council (and the trade-unions that are members of it), into a position to delve into the reasons of the restructuring project, put forward alternative economic solutions and seek means to avoid and/or minimise the number of redundancies. However, the opinion of the Works Council in France is purely consultative and the management might well choose not to take it into account. The obligations imposed upon the employer are strict but they concern only informing the Works Council and taking notice of its opinion. The only area where employee representatives do have some influence is the content of the Social Plan (a special document containing a set of measures destined to find solutions for the employees who are being made redundant). Its content is normally subject to at least some negotiation between parties

since employees have the right to demand that the Plan be declared null and void by the Judge, given the resources of the company, the characteristics of the employees who are being made redundant, and the legal requirements.

The selection of those employees to be made redundant must, in principle, be operated on the basis of objective criteria that “take into account the family circumstances, especially lonely parents, the seniority of service in the company, the personal situation of the employees who present social characteristics rendering their professional reinsertion highly problematic, such as disability or age”. However, the use of the adverb “particularly” in legal texts authorises the application of criteria other than social and employers have admitted using “professional competence” as one of the criteria, which reintroduces a very strong subjectivity in the choice of the individuals to be made redundant. This is amplified by the reluctance, to say the least, of employee representatives to engage into the discussion on this issue, since they feel like choosing the colleagues who will be sacrificed. The consequence is that the rule is frequently dodged and the choice of the employees is in fact discretionary.

Conflicts and their resolution

It is difficult for the company to breach the procedural rules because in such a case employees can turn to interlocutor proceedings court and obtain an emergency ruling that suspends the whole process. They can also sue the employer after the end of the procedure, which might result in serious damage compensations.

Conflicts between the company and its employees in case of restructuring and collective redundancies are frequent. In fact, the Works Council in France must be necessarily consulted, but not necessarily taken heed of. Besides militant actions commonly used by employees to change the course of events (strikes, demonstrations and appeals to mass media), they have two basic means of influence: lengthening the procedure and suing the employer. It should be noted, however, that the most recent legislative evolutions tend to incite parties to look for a negotiated solution by signing the so-called “agreements on the method” mentioned earlier. Such agreements habitually trade legal security and fixed calendar for the employer against certain concessions in terms of information/consultation and/or redeployment efforts for the employees.

If employees are unhappy about the way the procedure was conducted and/or the measures contained in the social plan, they can go to Labour Court after dismissals have taken effect. Employer can be sued by the Works Council (for not having followed the procedure correctly or for impeding the Works Council to exercise its functions) as well as by individual employees who can challenge the measures of the Social Plan or the motive of the dismissal. The time of the judgement can be very long (up to two years) but the procedure often results in damage compensations.

Social measures and redeployment of redundant employees

What happens to the redundant employees after the procedure of information and consultation? The French legal tradition in the area has been characterised by a great deal

of voluntarism and the legal rules today specify clearly that redeployment of any employee must be looked for whenever the latter is being made redundant, provided the company possesses sufficient resources.

Consequently, Social Plans elaborated during the legal procedure must in principle aim to provide solutions for all of the redundant employees. Alas, this happens very rarely. A small albeit significant part of workers will benefit from “passive” measures, i.e. withdrawal from the labour market. Generally, this concerns aged employees who can retire, use an early retirement scheme or get a disability pension. These are funded by the state, the state and the company or, in some cases, by the company exclusively.

As for active measures, two approaches are prevalent in France depending upon the size of the company. The legal rules tend to internalise obligations for companies of more than 1 000 employees and externalise them for companies under this threshold.

The first must propose to any worker a “retraining leave” that maintains the legal link between the employer and the employee for 4 to 9 months and provides the latter with roughly 75% to 100% of their former income. The management must also set up a special “redeployment taskforce”, composed of professionals in human resources who are often exterior to the company. The objective of this taskforce is to assist all the redundant employees in finding a suitable solution by using various aids that encourage professional and geographic mobility and are usually included into any Social Plan. Besides, the Follow-up Committee comprising management and employee representatives should see to it that the Social Plan is being properly executed. The Labour Administration is often associated to this committee as well.

Smaller companies must also set up a redeployment taskforce to which the same rules apply. However, they can benefit much more easily from public funds to finance its operation. Besides that, any individual who has been made redundant in a company of less than 1 000 employees has the right to an Individual Redeployment Agreement. This agreement, funded mainly by the state, must offer almost 100 % of the previous gross wage during the two first months and approximately 85% during the six following months. In this case, the link between the employees and the company is severed and it is the Public Employment Service that will assist them in looking for a new job.

If individuals have not found a job upon the end of these funding schemes, they will benefit from the general unemployment allowance.

Big issues and possible areas of innovation

The main problem of the French system is that it is mainly designed to deal with redundancies of more than 9 individuals in companies of more than 50 employees. To this basic inequality of the system that does not really address redundancies in small companies, one should add inequalities arising from the specific characteristics of the companies and regions where redundancies take place. Employees are significantly better off if they are made redundant by a big company having considerable financial resources and in a geographical area enjoying dynamic economic development. The

situation is completely different when they are laid off by a SME going bankrupt in an economically distressed region.

Besides that, there are several other problems that the French system of dealing with restructuring has been repeatedly running into. Restructuring projects are often announced to employee representatives at the very last moment, the actions of various potential actors are not properly co-ordinated, the results of redeployment programmes are mediocre and the issues of local economic development are not addressed everywhere and in the same manner.

This gives us four main areas of innovation in restructuring that appear to be of great importance in France today. The first is early warning and anticipation, the second is creating a collective actor, the third is securing professional transitions and the fourth is fostering local economic development.

As far as early warning and anticipation are concerned, restructuring is not an issue for the majority of stakeholders until fairly late, most often at the moment when layoffs are already intended. Reorganisations that do not have an immediate and perceptible impact upon employment do not attract a great deal of attention. For a variety of reasons, anticipation and early warning are very difficult: in the first place, companies are unwilling to share information with other actors (trade-unions, national or local authorities) whereas the latter do not feel inclined to deal with unpopular subjects unless they really have to.

It logically brings us to the problem of creating a collective actor in the situations of restructuring. Recognising the diversity of stakeholders is an important first step but the main question is how to make use of this multi-actor complexity in order to encourage collective, efficient and anticipatory action in favour of employment. Innovative solutions in France were often spotted in situations where one or several stakeholders refused to play their habitual roles, took initiative and found uncommon solutions, sometimes assuming the functions that others were supposed to perform.

The third area of innovation is securing professional transitions of employees. The demands of additional redundancy payments whenever a restructuring project is announced are a symptom of insufficient credibility of professional mobility policies that have been pursued for years. Despite constraining legal obligations regarding redeployment, a great number of companies and employees consider that damage compensation following dismissals is simpler and surer than professional actions of prevention and accompaniment. In addition, although early retirements have fallen substantially in recent years, they – along with other means of withdrawing individuals from the labour market - remain a highly popular solution for employers and employees.

Finally, the issue of local economic development in areas hit by massive redundancies is very important in France. Although “revitalisation” actions initially emerged “on the ground” in an empirical way, they have been recently enshrined into the French law. For the time being, they are far from being generalised and display a high degree of inequality from one community to another.

Germany: Negotiated Restructuring⁴⁸

Public discourse on structural change and restructuring

German unification was succeeded by a vast de-industrialisation of the East. Since the mid-nineties, the West has experienced continuous and ubiquitous restructuring as well. Yet, the production sector (manufacturing, construction & mining) still accounts for 30% of total employment. The public discourse is not centred on managing the problem of restructuring but on maintaining the „*Standort*“ (Germany’s global competitiveness as a location for production). The predominant agenda is defined as preserving employment in manufacturing by defending Germany’s export position, and this increasingly through cost-cutting.

Importance of redundancies and dismissals

Dismissals are generally less frequent than quits in West Germany, while it is the other way around in the East. In a long-term perspective over several cycles, dismissals in the West seem to be slightly growing in numbers. The relative importance of dismissals for personal or disciplinary as compared to operational reasons has, since the late 70ies, drastically shifted in favour of the latter, which are potentially related to restructuring. In repeated works council surveys, matters related to restructuring are continuously on top of the agenda. In 2003, 590,000 jobs are reported lost due to insolvencies alone.

Work-related regulation and its actors

1. The German system of **LABOUR RELATIONS** is highly legalistic, but wide areas of regulation relevant to work and restructuring are left to negotiations between the social partners at the industry and enterprise level. The legal framework prescribes procedures, not outcomes. Public actors are nowhere defined as stakeholders or supervisors in private enterprise restructuring. In most cases, legally defined rights constitute a semi-dispositive minimum. The observance of rights and the enforcement of rules depends entirely on the initiative of individual and collective actors concerned, backed by the possibility of recourse to the labour courts. The predominant practices of managing redundancies are shaped by and compatible with the law, but they are nowhere explicitly described in the legal texts.
2. **WORKS COUNCILS** elected by the workforce and acting on the grounds of legally defined rights are the primary partners of employers in negotiating restructuring. However, in 89% of establishments (predominantly the smaller ones) employing a slight majority of the German workforce there is no works council, either because the establishment does not reach the legal threshold of five or (more im-

⁴⁸ Paper written by Matthias Knuth, Johannes Kirsch and Gernot Müghe, Institut Arbeit und Technik, Gelsenkirchen, for the MIRE project (Monitoring Restructuring in Europe), funded by the EU, ESF article 6, see www.mire-restructuring.eu

portant) because the workforce has not chosen to elect one. Without a works council, there is little scope for a collective and pro-active approach to restructuring.

3. **INDUSTRIAL UNIONS** are organising by sector. After several mergers, only a few remain today. They bargain for wages and working conditions (including, e.g., notice periods), they may initiate the election of works councils, and their counselling and coaching of works councils is crucial when it comes to negotiating restructuring. Trade union representation on works councils has declined less than their membership.
4. **PUBLIC ACTORS** (municipalities, *Länder*, the Federal Government) have no formal responsibility or right to intervene in a restructuring process on their own account. Politicians may nevertheless play some role if they are called in by the employer or the works council and trade union. The **PUBLIC EMPLOYMENT SERVICE**, in addition to being informed about collective dismissals in accordance with the respective European Directive, offers two closely related instruments for accompanying restructuring which are available on request.

Institutions and procedures

Supervisory boards are mandatory only in corporations with more than 500 employees. They comprise employee representatives in minority positions. Restructuring will usually be the kind of business decision that has to be approved by the supervisory board. However, in MNC's with strategic headquarters abroad, the leverage of trade unions and works councils through supervisory boards tends to be marginal.

'Change of operations' (*Betriebsänderung*) is the pivotal legal concept that comes close to a comprehensive approach to restructuring within the confines of the establishment. 'Change of operations' gives the works council a certain leverage for intervention; but it is not a publicly recognised status of the enterprise 'under restructuring' (like in Belgium). The 'operational' framing of this concept defines the interests that have to be reconciled as the organisational requirements of the management and the social interests of the employees. The employer is not obliged to justify his decision for restructuring in economic terms, nor is the regional impact of restructuring included in the agenda as it is legally defined (like in France).

The legal concept of 'change of operations' comes to bear only where a works council exists, which then has rights of information, consultation and negotiation in *three arenas* simultaneously: (a) Collective negotiations about a 'reconciliation of interests' and a 'social compensation plan' with regard to the restructuring, (b) being heard before each dismissal is actually invoked, with the possibility to formally voice an objection (which, however, has a potential effect only if the employee threatened by dismissal takes individual legal action); (c) being properly informed in the framework of the European Directive on collective redundancies. Playing all three arenas simultaneously, timely and formally impeccably is the principal problem for employers in the process of

restructuring. Like in France, the potential penalty for undue procedure is a strengthening of individual workers' positions if they should contest their dismissal in court.

Individual rights of employees with regard to dismissals are very important and deeply rooted in the German legal culture – quite unlike Sweden where the trade union is the sole caretaker of the individual. In establishments with more than 10 employees (i.e. only in 20% of establishments, but for 80% of the national workforce), they constitute a baseline of protection even in the absence or indolence of a works council. These rights will only be invoked if the individual concerned takes the case to court within three weeks.

Dismissals related to restructuring are legally accepted by virtue of '*urgent operational requirements preventing the continuation of employment*'. Operational necessity, proper selection of the workers to be dismissed with regard to seniority, age, obligations of support and disability, and due involvement of the works council are the grounds on which individuals will challenge their dismissal. If they succeed, their dismissal will be void, and in theory they have to be reinstated. At any stage of the procedure, the employer may bargain himself out of this by offering financial compensation in return for the termination of contract and procedure. There is no universal legal provision for financial compensation, nor is there a legal entitlement of the individual to outplacement services or an obligation of the employer to offer them (like there is in France). All this can only be collectively negotiated in the framework of a social compensation plan if a works council exists.

Labour Courts organised in three instances form a separate and uniform branch of civil jurisdiction with its own organisation, procedures, career patterns, and court buildings. Its first instances are available regionally all over the country. They are responsible for both individual and collective cases (employee vs. employer, works council vs. employer, trade union vs. employer).

Social compensation plans are the principle outcome of negotiating restructuring. They are agreements between works councils and the employer, giving the individual workers concerned non-forfeitable rights enforceable in court. Due to their private law nature, there are no comprehensive statistics on social compensation plans.

Legally they hinge on the abovementioned qualitative definition of 'change of operations' rather than on unilateral dismissal in a technical sense, thus opening the road to 'voluntary' individual solutions under a collectively negotiated umbrella. By negotiating a framework for voluntary redundancies, the employer and the works council may reduce procedural complexity and risk and thus speed up the shortening of payrolls, though at considerable cost for the enterprise and often the unemployment insurance fund. Social compensation plans have been innovative in that provisions for re-training and outplacement services have increasingly complemented redundancy payments. Thus, individual voluntary redundancies ('buying the worker out of the contract') have been reframed as collective pathways into new employment.

Enforcement, encouragement, and outcomes

The observance of individual employment protection can only be enforced by *individual legal action*. Merely between 11% (employee survey) and 16% (labour court survey) of dismissals are contested in a legal procedure. The rest are either not covered by legal employment protection (establishment under ten employees or tenure under six months), or the dismissal appears unquestionably legally acceptable, or the individual does not dare or care to challenge it. Of the legal procedures, 65% ended with a settlement rather than with a sentence, of which again 75% were settled through payments offered by the employer. This creates the impression that employment protection legislation generates compensation payments above anything else.

However, the product of above percentages suggests that only around 8% of dismissals are financially compensated as a result of individual legal recourse. Severance payments collectively agreed in the framework of a social compensation plan have to be regarded separately.

In a survey of dismissed employees, only 2% reported that there had been a *works council* who had voiced its objection against their dismissal. However, among the dismissals brought to court, 34% are supported by the works council's objection. It may thus be inferred that the reaction of the works council to the dismissal has a powerful supportive as well as selective function with regard to individual legal action.

Given the existence of a works council in an establishment sized at least 20 employees, and a 'change of operations' with potentially substantial damaging effects for considerable parts of workforce, the works council possesses the legal leverage to negotiate a *social compensation plan* and to force the employer into some sort of agreement through a mandatory arbitration procedure. Yet, only 8% of employees affected by redundancy reported to have benefited from a social compensation plan. These 8% are not the same as the above 8% with individual compensation bargained on the sidelines of the courtroom, though there may be overlap.

Besides, there can be socially justified dismissals 'for urgent operational requirement' without triggering negotiations about a social compensation plan as a consequence of 'change of operations', if the number of workers affected by these dismissals or other damages do not amount to an essential part of the workforce.

Job transfer schemes

In order to avoid dismissals, the restrictions of social selection for dismissal, the procedural risks inherent in legal actions against them, and, if so desired, in order to shorten payrolls more quickly than individual notice periods would allow, so-called job transfer schemes have evolved since the massive restructuring that followed German unification.

The employer offers to the worker threatened with dismissal the annulment of the existing open-ended contract in exchange for a fixed-term contract with a third party specifically created for such purposes, a so-called *transfer company*.

In return for giving up legal employment protection, the worker receives a *temporal extension of his employment* plus outplacement services supposed to be delivered by the transfer company. Sanctions against entering unemployment 'voluntarily' in the case of later claiming benefits will be circumvented if the worker trades an open-ended for a fixed-term contract which then ends automatically. If the change-over to the transfer company is effected before the end of the notice period, compensation paid by the employer for wages lost may be kept by the worker even in the case of subsequent unemployment, whereas a direct premature transition into unemployment would result in benefits being withheld until the end of the notice period.

As a rule, transfer schemes are negotiated by works councils in the framework of social compensation plans. Traditional severance payments are supplemented by outplacement services, and the financial component of innovative social compensation plans may be designed to work as an *incentive for labour market transitions*. There may be premiums on opting for the transfer company instead of awaiting dismissal, for taking part in training and other active measures, and for taking up a new job as early as possible. Guarantees for return to the transfer company in case a new job does not work out as expected facilitate transitions, as do supplements to initially lower wages in a new job or provisions for the capitalisation of severance payments plus possibly cheap loans for those who want to set up their own business. These examples are not the rule but only found in advanced transfer schemes.

Transfer companies offer 'employment' on the basis of *short-time 'working' at zero hours*, subsidised by the Public Employment Service by paying short-time compensation of 60% of standardised net earnings for the days lost (67% for those financially responsible for at least one child). The former employer has to pay social security contributions for the whole period and full wages for days he would have had to pay without receiving the services of the employee anyway (holidays and paid leave).

Under the framework of the social compensation plan, short-time working compensation is usually supplemented by the former employer so that income levels between 75% and 90% of former net pay are guaranteed during the transfer period. Overhead costs of the transfer company as well as the cost of outplacement services have to be provided by the former employer. Under certain circumstances, the ESF may be tapped for a contribution to training costs. The maximum period for which short-time compensation is granted is now 12 months (formerly 24).

Outplacement services provided by transfer companies are very much the same as seen in other countries: profiling, job search training and coaching, vocational training, and offers for job placement. Given the special status of participants as 'employees' of the transfer company, failure to actively participate can be sanctioned by dismissal for reasons of conduct. Likewise because of the employment status, internships or temporary work for other employers with a guaranteed option for return into the transfer company play an important role in preparing more lasting transitions.

Transitions through transfer companies are costly for both the former employer and the unemployment insurance fund. Alternatively, there is the leaner instrument of *'transfer*

measures which subsidises outplacement training for workers selected for redundancy because of restructuring while they are still employed by their old employer. The subsidy is 50% of total cost but at a maximum of 2,500 Euros per participant. The objective of transfer measures is to effect transitions into a new job before the end of individual notice periods. Transfer measures and transfer companies may be used successively but not simultaneously, with the transfer measure first filtering off the more easily to place and the transfer company taking over the harder to place later.

The implementation of job transfer schemes depends entirely on the autonomous negotiations of the social partners at enterprise level, possibly (and mostly necessarily) with guidance from the social partners at sectoral level, and facilitated by the offer of subsidies from the Public Employment Service. There is only a weak legal link between autonomous negotiations and active labour market policy: The arbitration committee, a body that must be called for mediation between the employer and the works council in case of failure to agree on a social compensation plan, is supposed to take public provisions for job transfer schemes into consideration, which can also be read as a guideline for free negotiations without arbitration. Transfer companies, in particular, appear nowhere in the legal textbooks. They are an innovative construct, born out of the conditions of labour law and the available active labour market policy subsidies.

Critical issues

German labour law is difficult to practice for both sides and makes professional legal advice almost indispensable. Labour judges estimate that about 20% of cases contested in court lacked social justification because of deficient social selection, whereas 40% of works councils' objections against dismissals were legally ineffective because of lack of substantiation. This legal complexity seems awkward and gives rise to constant complaints; without it, however, there would be far less incentive for employers to negotiate voluntary and perhaps innovative solutions in the quest for reduced legal complexity and procedural risk.

Employees in SME's enjoy less legal protection in small establishments (no social compensation plan in establishments under 20 employees, no individual employment protection under 10) and less factual protection in medium establishments (under 100) where there is often no works council. The pivotal role of the works council in negotiating restructuring implies that half of the German workforce is not covered by the legally prescribed procedures. Even where a works council exists, pro-active approaches to restructuring are often prevented by lack of expertise and previous experience, financial resources of the enterprise, and 'critical mass' of the number of workers concerned.

Early retirement used to be the key instrument in managing redundancies, and any pro-active accompaniment was only pursued where early retirement was insufficient to solve the problem. Recent legislative measures to cut down on early retirement have had considerable impact, but the basic preference for it remains. Where transfer com-

panies are used a first stage in a pathway to retirement, they cannot fulfil their functions of re-training and job placement.

Since companies' principal motive for involving a transfer company is the swift and easy severance of the labour contract, they tend to be satisfied with this 'outplacement' in the narrow sense of the word. In many cases, any vigorous advocate of 're-placement' is lacking, with the redundant workers resenting the change, the works council setting priorities for the remaining workforce, the trade union focussing on financial aspects and the PES not really desiring transfer companies to outperform its own placement services.

Prevailing practices are addressing the 'hard factors' of jobs and money; they run the risk to neglect the soft factors that may, however, form barriers against finding a new job: attitudes, self-perception, physical and psychological health. There are only few examples of a comprehensive approach to transfer management taking the whole personality of the clients into consideration.

Pro-active and preventive approaches do not appear to be on the rise as transnationalisation tends to shift information and decision-making out of the reach of local actors. Visionary plans for local revitalisation, which were present in the eighties and early nineties, have since been discouraged by employers' resistance against assuming such responsibility, by employers' failure to meet agreed commitments, or by the actual failure of the concepts despite good will and effort.

Restructuring in Sweden⁴⁹

IMPORTANCE OF REDUNDANCIES AND DISMISSALS

In recent years restructuring has been an important feature of the Swedish labour market. Over the period of 30 years there is unquestionably a higher level of notification of redundancies in the 15 years after 1990 than the 15 years before. This is mainly due to the unparalleled level of job loss in the early 1990s. Perhaps one should not focus too much on the early 1990s as they may well have been exceptional years and not provide the basis for conclusions on long-term trends. The horizontal line drawn at the level of the pre-1990s peak of job loss in 1982 illustrates that the recent spate of redundancies since 2000 are somewhat higher than the recessions of the late seventies and early 1980s. This gives some indication that the level of job loss may be somewhat higher today than previously was the case.

The critical issue is however, whether the notification data is consistent over time. There is no indication of significant changes over time as regards definitions and the internal treatment of these statistics in the National Labour Market Board. However there is some scattered evidence that the time series may actually *underestimate* job loss since the mid 1990s. Our impression is that this may also be a trend in other countries. These recent developments only further underline the suitability of identifying job loss at restructuring by using establishment level employment levels.

Total number of employees given notice of redundancy, 1990-2002	
1990	50,053
1991	145,758
1992	185,264
1993	121,570
1994	38,133
1995	43,014
1996	57,015
1997	44,342
1998	36,271
1999	39,368
2000	28,486
2001	68,610
2002	67,157

Source: Anika Berg in EIRO, 2003

⁴⁹ This paper has been written by Ola Bergström et al. for the MIRE project (Monitoring Restructuring in Europe), funded by the EU, ESF article 6, see www.mire-restructuring.eu

EMPLOYMENT REGULATION AND ACTORS

Legislation

Swedish employers and the country's trade unions have a long tradition of regulation through collective agreements. During the first decade of the 20th century there were several attempts to draw up legislation on the contract of employment, including regulation of dismissals, but none of these attempts were successful. Instead, restrictions of dismissals were laid down in collective agreements.

An important step towards stronger employment protection was taken in 1964 when the basic agreement of SAF and LO was amended. From then on, the employer needed a reasonable ground (*saklig grund*) for dismissal. From hereon dismissal conflicts could be submitted to the Labour Market Board for arbitration, and fines on employers violating the rules could be imposed. Furthermore, rules were introduced for the terms of notice and for the order of priority in case of redundancy.

In the beginning of the 1970s these rules were formalised in the Employment Protection Act (*Lagen om anställningsskydd*, LAS), which came into force in 1974. LAS is built on two principles: (1) employment for an indefinite period of time is the normal type of employment and (2) dismissals must be based on a just cause.

The question of what is a just cause is treated differently in two types of situations. In the Swedish employment protection, a sharp distinction is made between redundancy (*'arbetsbrist'*, literally: lack of labour) and personal grounds (*personliga skäl*). In case of redundancy, the judgement of the employer is basically decisive. It is up to him to decide how many workers he wants to employ. As can be concluded from case law, it is very difficult to combat redundancies with arguments derived from the just-cause requirement. Redundancies are too closely related to the managerial prerogative to allow for a strict judicial test. If the employer succeeds in convincing the court that dismissal was necessary, his case will usually be accepted, unless he has neglected his duty to transfer, i.e. to seek other employment for the worker within his enterprise. In rare cases, redundancies are not accepted by the Labour Court.

Also, the employer has the obligation to try to prevent redundancies and he must account for the reasons for his economic decisions resulting in redundancies. The Labour Court task is to assess objectively whether valid reasons do in fact exist. Dismissals for personal reasons are subjected to closer judicial scrutiny.

The Act also contains provisions on notification periods, priority rules in case of redundancy, and judicial remedies. This legislation marked a turning point in the history of the Swedish labour law. First, it introduced fundamental restrictions on the employers' freedom to dismiss. Second, it constituted a deviation from the tradition of regulating labour relations through collective agreements.

Another important legislative arrangement established in the early 1970s was the Co-determination Act, which obliges employers bound by collective agreements to consult the unions on all important changes in their enterprises or in the labour relations of their

workers. The employer is required to present, in writing, the following information, as soon as the employer has called for consultation, i.e. at an early stage:

- The reason for the proposed dismissals,
- The number of employees who will be affected and their employment category,
- The number of employees who are normally employed and the employment categories to which they belong,
- The planned duration of the dismissal process
- The method of calculating any compensation to be paid in conjunction with dismissals in addition to that which is required pursuant to applicable collective bargaining agreement.

In general Works councils do not exist in Sweden. However, in companies with European operations European Works Councils are beginning to emerge.

Trade unions

Trade union membership is high in Sweden. In 2000 almost 80 percent of the labour force were members of a trade union. The most important trade unions are LO (Lands Organisationen), TCO and SACO, (The Swedish Confederation of Professional Associations) and SIF, (the Swedish Union of Clerical and Technical Employees in Industry).

The role of the union representatives in restructuring processes can take a variety of shapes depending on the differences in union tradition at the different workplaces, the various interests of the union members and the personal interests and ambitions of the elected union representatives. The active role which the unions are expected to play in order to facilitate a successful restructuring process is stipulated by the co-determination act. Trade union representatives are often involved from the very beginning as part of the organisations executive and play an influential part in the choice of restructuring strategy.

Public actors

The public employment service has historically had an important role in Swedish active labour market policy. It was not only initiated as a way to mitigate the negative consequences of restructuring of the economy, it was also given a role to support such processes.

Today however, the role of the public employment services (PES) in restructuring processes is rather limited. When an organization decides to reduce their workforce they are required to notify the county labour board (*Länsarbetsnämnden*) at least 30 days in advance. This obligation applies to collective redundancies involving roughly ten percent of the workforce. The county labour board has the task to collect statistics on notices and thereby has some early warning concerning what goes on in the labour market. The notification must, according to the Employment Promotion Act (1974) include relevant information regarding the number of redundant workers, the cause of redun-

dancy, and at a later stage also the names of those to be dismissed and the consultations entered into. This act has been amended by January 1995 to meet the requirements of the EC directive.

Most often the local public employment service cannot do anything particular. Redundant workers are not the target group of the activities of public employment services. The activities are primarily designed to care for particularly vulnerable groups who are already unemployed or suffer long-term unemployment. Neither can the redundant worker ask for particular activities from the PES. But when the county labour board receives a notice of a large-scale dismissal it can set up an employment exchange office at the affected workplace. The role of the public employment service is merely to provide information services to the redundant workers, most often through a internet based information system.

Job Security councils

A peculiar feature of the Swedish labour market is the so-called Job Security Councils. The background of the establishment of job security councils was the massive job loss of white-collar workers in the 1970s. The public employment service was not regarded as providing sufficient support for white-collar workers to find new jobs. Therefore social partners agreed upon establishing a particular organization that would provide services to this group of workers. Over time such organizations have been established in most segments of the labour market. Historically, the blue-collar workers trade union (LO) has regarded the public employment services as providing sufficient support for their members, but since 2004 even blue-collar workers are covered by a job security agreement. In all about two million employed persons in Sweden are included under such agreements (50 agreements altogether).

The restructuring agreements are formulated in a general manner and give the actors a high degree of freedom in the translation of the agreements in practice. The Job Security Councils that administer and facilitate the support are each constituted by a number of boards that in more or less precise terms decide the scope and content of the support that is granted. The boards are made up by representatives from the different partners involved in the agreement. Half of the seats are allocated to employer representatives and the other half to partners representing the employees.

Job Security Agreements are collective agreements that are intended to give employees who have lost their job due to work shortages support in their efforts to find new employment. They do so by being actively involved in the work with restructuring, which can be initiated either when the notice of dismissal is given, or in some cases even prior to that. Under certain circumstances the agreement even makes provision for a financial compensation as complement to the general unemployment benefits exceeding the so-called A-kassataket (the maximum amount of unemployment benefits a person is entitled to).

Should a person find new, though lower-pay employment, the Job Security Agreement makes provisions for the payment of the difference over a limited period. These activi-

ties are financed through fees from the companies concerned that are calculated and expressed as a percentage of the sum of salaries and wage (0,03% of the wage bill).

Institutions and procedures

The virtual omnipresence of collective agreements on the Swedish labour market means that this is an obligation for nearly all employers. In LAS (article 29), a reference is made to this general obligation to consult in case of redundancy. This obligation holds irrespective of the number of workers to be dismissed. Consultations must be held even if only one worker is made redundant. The consultations are intended to facilitate the search for alternative solutions to dismissals, as well as to discuss the ranking order in relation to priority rules. The duty to consult the unions in case of collective redundancies and transfer of operations has been extended in order to comply with EC requirements. This means that in those cases the employer also must consult the unions with which he has no collective agreement.

While the previous agreements were formalised in law, the development since the early 1990s has been characterised by a resurrection of collective agreements as the means for regulating labour relations. An important condition for this development is the semi-dispositivity of the Swedish employment protection legislation. It means that there are several provisions in LAS that are only half mandatory allowing for deviation by means of collective agreement.

Traditionally, such deviations have been negotiated or approved at so-called 'central' level by the unions and employers' organisations covering a whole branch of industry. Often, the central unions have delegated the power to negotiate certain deviations from LAS to the local union representatives. In 1996 the legislation was amended. The amendment implied that certain deviations from LAS still required the consent of the 'central' organizations. These concerned the notification periods, the requirement to notify a worker about the termination of a fixed-term contract at least one month in advance and the duty of the employer to negotiate about priority of hiring in cases where the rules for the 'right to return' of formerly-dismissed workers apply. In certain other cases, deviation can be agreed locally, but only under the condition that the employer is bound by a 'central' collective agreement. Thus, the legislator hoped to promote the conclusion of collective agreements especially for small firms, where this was not yet common practice. Such local deviations are allowed with regard to the LAS provisions on fixed-term contracts, trial periods, priority rules for redundancies and priority rules for the right to return.

The changing conditions allowing for deviations from the employment protection legislation have had an important impact on the practice of restructuring. There has been an increase in variation of methods and procedures for restructuring adapted to local conditions and the whole structure of labour relations has changed. The job security councils have expended and new actors entered the labour market.

Critical issues

First, there are several examples of innovative restructuring practices providing generous conditions for workers where employers take on more responsibility (than required by law) for supporting dismissed workers to find new jobs. An important development is the so-called “early interventions”, where dismissed workers are actively involved in job-search-programs at an early stage of the restructuring process. The structure of these programs is generally negotiated between social partners.

The employer offers re-employment programs and/or severance payments and in exchange trade unions offer opportunities to deviate from the provisions in the labour law. The outcome of such negotiations varies from case to case and is primarily affected by the bargaining positions of the social partners. Looking at the Swedish context it becomes especially interesting to examine the length and intensity of the different restructuring programs. There is also a great variation on the content of the activation packages (severance payments, early retirement, training or activation measures), most often dependent on the local labour market conditions, and considerations of the chances for workers to find new jobs.

There has been an increased variation of actors providing services to employers complementing and sometimes competing with traditional actors. There has been an expansion and growth of Job Security Councils, which are based on central collective agreements between social partners.

Private multinational and national outplacement companies have entered the previously nationally regulated Swedish temporary placement, recruitment and outplacement market and Swedish public actors have to a larger and larger extent entered the private deregulated market through the backdoor so to speak, by means of wholly-owned subsidiaries. This has also implied a reduced role of the public employment service in the immediate practice of restructuring.

Thus, the development in recent years has resulted in the establishment of a relatively tight network of public and private actors working together to provide a buffer for employees exposed to redundancy and a large variety of practices and principles have emerged to deal with restructuring problems on the Swedish labour market.

United Kingdom: Market Driven Restructuring⁵⁰

THE FRAMEWORK OF RESTRUCTURING AND THE PUBLIC DISCOURSE ON CHANGE

The 1980s saw a transformation in the structure and nature of the UK economy with the decline of manufacturing and increase in importance of the service sector. The rapidity of this decline has been attributed to the historical lack of investment; the withdrawal of state aid; government macro-economic policies (the overvaluation of exchange rates and high interest rates) as well as the dominance of the deregulated finance sector prioritising short-term returns to shareholders. It involved waves of job losses; in 1978 the percentage of the labour force employed in manufacturing was 27 per cent, by 2004 it had fallen to 12 per cent. The figures also suggest regional variability; for regions and locations dependent upon certain manufacturing sectors the result has been de-industrialisation and the destruction of communities.

In the context of economic globalisation, the growth of the 'knowledge economy', the deregulation of labour markets and rapid technological advances the UK government has focussed attention on supply-side measures. Economic discourses linking lifelong learning to national competitiveness, productivity and flexibility have become especially powerful. UK government policy has increasingly reflected these concerns and the language of employability and skills formation largely dominates this discourse.

THE IMPORTANCE OF REDUNDANCIES AND DISMISSALS

The transition to a predominantly service economy has not been a particularly smooth one; redundancy often resulted in long-term unemployment and between 1979 and 1984 unemployment more than doubled from 5.3 per cent to 11.7 per cent and remained above ten per cent between 1981 and 1988, when it fell before the recession of the early 1990s drove unemployment back up to 3 million. In the past decade unemployment has levelled off at around five per cent. Redundancies have fallen from 8.3 per 1000 employees in 1995 to 5.3 per 1000 employees in the three months to April 2005. This data is derived from the UK governments' Labour Force survey which is a quarterly survey of 60,000 households in the UK. The figures reflect those who reported having left a job through either compulsory or voluntary redundancy in the previous three months.

WORK-RELATED REGULATION AND ITS ACTORS

In the UK economic restructuring has taken place within a clear political context involving a shift away from Keynesian to more neo-liberal policies, with successive Conservative governments between 1979 and 1997 providing the ideological impetus. These governments sought to facilitate the restructuring of capital-labour relations by:

⁵⁰ This paper has been written by Sian Moore, Richard Pond and Steve Jefferys, Working Live Research Institute, London Metropolitan University, , for the MIRE project (Monitoring Restructuring in Europe), funded by the EU, ESF article 6, see www.mire-restructuring.eu

- Dismantling the tripartite semi-corporatist institutions that had developed throughout the twentieth century (for example sector-based Wage Councils, Training Boards);
- Enacting a series of legislative initiatives aimed at removing statutory provision and rights for workers and curbing trade union power and collective bargaining, especially collective bargaining above firm level (for example the right of workers to take secondary strike action);
- The ending of state ownership, opening up telecoms, rail and utilities to international competition and takeover;
- The introduction of the concept of the market into public services through competitive tendering, contracting out, the creation of internal markets and the commercialisation of public service provision.

The New Labour government has not radically altered this approach to the management of the economy or industrial relations. It has introduced a number of minimum safeguards for workers including; a National Minimum Wage and a statutory union recognition procedure, whilst one of the first acts of the Labour government was to opt-in to the EU's Maastricht Social Chapter.

The transformation of the UK industrial relations context weakened trade union strength and bargaining power leading to a dramatic loss of trade union membership, particularly in the manufacturing sector. In response there has been a certain amount of restructuring of the trade union movement itself, with the merger (as in Germany) of a number of large unions, making the prospect of one public sector and one private sector union a real possibility. In the face of decline three different, but not necessarily conflicting, strategies have emerged:

- 'Partnership' – characterised by a consensual approach to employment relations based upon joint commitment by employers and trade unions to the success of the organization;
- The 'organising model' – the investment of significant resources into recruitment and sustained organisation at workplace level – a participative form of union organisation rather than one based upon membership services;
- A third innovative approach has been pioneered by the former Iron and Steel Trades Confederation, now called 'Community', which in adapting to the decline of the UK steel industry has attempted to provide retraining to members following redundancy, but also services to their families and the wider community and to follow members into new employment and to organise these new workplaces on the basis of 'a union for life'.

THE LEGAL FRAMEWORK –

INFORMATION AND CONSULTATION / INSTITUTIONS AND PROCEDURES

Dismissals: A distinction is made in British law between collective and individual redundancy dismissals. Yet, there is no meaningful legal concept of 'collective dismissal'; redundancy is a dismissal not related to the individual. Collective redundancies are

subject to prescriptive legal measures, but employers have no obligation to inform or consult an employee representative or trade union representative if the number of redundancies falls below 20 employees. With regard to collective redundancies, of 20 or more, employers have statutory obligations to inform and consult employee or trade union representatives. The period of notification varies according to the numbers involved. Where between 20 and 99 employees are being made redundant in any one 90 day period a minimum of 30 days notice must be provided. For collective redundancies of over 100 workers, a 90 day notice period must be provided.

Information and consultation

It is not necessary in the UK for an employer to show any economic justification for making redundancies but they do need to show that their requirements as an employer have changed or diminished. Where the number of redundancies is 20 or more, the worker representatives must first be informed of the employer's proposals regarding the redundancies and the law states that sufficient information should be provided in order that the representatives of the workforce can constructively engage in meaningful consultation. Information and consultation procedures must be conducted via a trade union representative where a trade union is recognised for collective bargaining (27% of all workplaces with 10 or more employees according to the 2004 Workplace Employment Relations Survey). If the workforce is not represented by a trade union, the employer must inform and consult other appropriate representatives of those employees. These may be either existing representatives or new ones specially elected for the purpose; election procedures are also prescribed legally.

Consultation is to include ways of avoiding the redundancy situation or dismissals, or of reducing the number of dismissals involved and mitigating the effects of the dismissals. Unlike Germany, France and Belgium there is no requirement to produce a social plan.

The legislation does not require agreement to be reached but the employer must consult in good faith with a view to reaching agreement. From the trade union perspective the lack of obligation to reach an agreement is a serious shortfall in the legislation as in practice the employer only has to demonstrate that consultation has taken place in 'good faith'. Research from the Department of Trade and Industry (DTI 1998) indicates confusion among employers with regard to requirements in 'non-union' workplaces where no established employee representative exists. The provision for consulting employee representatives derives from European legislation and the natural forum for this would be works councils, a workplace institution that (unlike in Germany France and Belgium), is not widely manifest in the UK context. However, from April, 2005 in order to comply with the EC directive on Informing and Consulting Employees there is the introduction of a set of regulations which establishes information and consultation at individual company level. This commences with firms with 150+ employees moving to those with 50+ employees by 2008.

Selection rules

Employers are subject to statutory regulations in the selection of workers for redundancy. Dismissal on grounds of redundancy will be deemed unfair in law if the employee was selected for redundancy when others in similar circumstances were not selected. Reasons for this include trade union membership or activities; maternity or paternity related grounds or reasons related to the Working Time Regulations 1998 or to the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 or Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002. Dismissal on the grounds of redundancy may also be held to be unfair for some other reason (for example, if the employer failed to give adequate warning of redundancy or failed to consider alternative employment for the employee).

The reality of redundancy in the UK means that in most cases consultation is focussed not on mitigating or reducing the level of redundancies, but instead on the procedures for handling job losses (DTI 1998). Unions may influence who out of the workforce is chosen for redundancy, for example, by defending the principle of 'last in first out' (i.e. those employees that have joined the organisation most recently should be selected for redundancy first). The 'last in, first out' principle (LIFO which is a very strict rule enforced by law in Sweden) is not necessarily widespread, even within unionised workplaces, possibly given the greater benefits that accrue to older longer serving employees, but also because it can conflict with trade union demands that management seek volunteers from employees for redundancies. It can also be seen to undermine management's ability to select on the basis of skill and disciplinary and attendance records. In the public sector LIFO has been perceived by unions as discriminatory against black and minority ethnic workers.

Redundancy payment

The initial legislation for the provision of redundancy rights and benefits was introduced in the Redundancy Payments Act 1965 (RPA). In the UK it is the employer and not the state that incurs the cost of redundancy payments although entitlement to redundancy pay is prescribed by statute. The right to a redundancy payment exists regardless of the number of people affected. The statutory minimum redundancy entitlements are: for each complete year of continuous service between the ages of 18 and 21, employees receive half a week's pay; for each complete year of continuous service between the ages of 22 and 40, employees receive one week's pay; for each complete year of continuous service between the ages of 41 and 65 employees receive 1½ weeks' pay. The minimum redundancy pay entitlement in the UK is among the lowest in the EU (EU 15 member-states) although this does not necessarily indicate that employees receive the statutory minimum. There is a clear weakness in available data on actual redundancy payments in the UK as there is very little evidence relating to payments in firms that do not recognise a trade union. A 2002 survey by the CIPD found that nearly three quarters (72 per cent) of employers paid redundancy compensation above the statutory minimum. A 1991 survey suggested that where agreements exist they typically provid-

ed for twice the statutory figure. In some sectors organisations have offered generous redundancy or early retirement packages funded from their pension schemes.

A statutory redundancy payment has no effect on any entitlement to contribution-based Jobseeker's Allowance (JSA) and income tax on a statutory redundancy payment is zero although any redundancy payment above the statutory may be taxable.

Enforcement, encouragement, and outcomes

The rights of an individual employee to challenge redundancy are limited in the UK. A failure to consult only turns a fair (individual) dismissal into an unfair (individual) dismissal, although the right to a protected award does not automatically mean that the dismissal is unfair. However, employers have an implied duty to consult individual employees regardless of numbers. Only four per cent of cases taken to UK Employment tribunals in 2003 were on the grounds of redundancy pay. There is no data on how many 'unfair dismissal' cases related to selection or other redundancy issues but anecdote suggests these are not a significant number.

Organising transitions: The state and restructuring

Jobseeker's Allowance replaced Unemployment Benefit in October 1996. Unemployment Benefit was an entitlement to all unemployed persons who had previously paid National Insurance contributions. To qualify for JSA individuals must also be actively seeking and available for work.

The New Deal introduced in 1998 complements JSA by offering a state outplacement agency. The 'job seeker' is provided with a personal advisor to develop a programme to help find employment and/or training, including careers advice and specific training courses including guidance on interview techniques and CV preparation. It also offers incentives to employers to take on 'new deal applicants' through financial incentives.

UK government policies and initiatives emphasise that the notion of 'a job for life' has been replaced by individual employability across careers. In line with this a number of organisations have been created to play a role in labour force restructuring through training and life-long learning. The Learning and Skills Council, operates through 47 regional offices and works with employers, learning providers and community groups to narrow the 'skills gap' and provide opportunities for adults to improve their skill base. Local Learning and Skills Councils (LSCs) are charged with contributing to the delivery of the Regional Development Agencies' regional skills strategies by securing a range of training provision which links directly to local and regional economic needs.

Regional Development bodies are public bodies with boards appointed by government whose key task is to draw up an economic strategy for the region. In theory, the Regional Development Agencies (RDAs) and local LSCs work closely together to identify skill needs and to develop an effective strategy for targeting specific action in key sectors, particularly in areas where there have been problems with large-scale redundancy, retention and attracting inward investment. For example, in the case of 6000 jobs lost through the closure of Rover MG in 2005, the Government committed £150 million in

order to help the transition of workers based at Longbridge, Birmingham, back into the labour market. Additional funding of up to £68 million was agreed from the existing European regional aid funds, much of which could be spent on training. This was channelled and administered through the local Regional Development Agency. Locally elected councils will also be involved in the RDAs and play a role through their own economic development strategies and policies.

More recently, the Labour government has also established a new UK-wide network of employer-led Sector Skills Councils (SSCs). These are independent groups of employers licensed by the Secretary of State for Education and Skills to develop a Sector Skills Agreement identifying skills gaps in their particular labour market. The government is also introducing Skills Academies as the employer-led linchpin of a new network of specialist colleges and training providers, aimed at providing the training for skill gaps identified by the SSCs, with the aim of having one Academy for each sector of the economy. Although there is trade union representation on the SSCs there is no suggestion that these engage in collective or sector level bargaining.

Critical issues

1. In the UK the reduction in the labour force participation of older men through early retirement has been attributed to employers using 'the pension scheme as the means of shedding unwanted labour' (Disney, 1999). Early retirement has become 'in many cases, a synonym for redundancy' (Casey 1998). Two thirds of UK pension schemes provide for an early pension to be paid with no, or partial reduction, to pension payments where retirement is at the 'employers request'. With pension programmes increasingly under strain, the extent to which these subsidies can continue is worth further examination in the UK context, particularly in the context of current debates around raising the standard retirement age.
2. Although a number of government initiatives on training and skills are employer-led it has included trade unions in the delivery of workplace learning. The Union Learning Fund was created in 1998 to increase the capacity of unions to promote training and learning opportunities to a wider base of employees and 'non-traditional' learners. During its first six years of operation the ULF has supported in excess of 450 individual projects, an investment by the government of £40 million.

Perhaps the most radical initiative has been the development of the workplace union learning representative role (ULR). From April 2003 statutory recognition was provided for the 8000 trained ULRs, providing a legal status for union learning in the workplace with the aim of having 20,000 in place by 2010. The UK Trades Union Congress (TUC) has also successfully lobbied the government for funding to establish a new Union Academy to support the growth of ULRs and establish regional centres of Union Learning and to support union representation on bodies concerned with skill development such as the SSCs, LSCs and Regional Development Agencies and to provide a progressive framework for skill and learning development for individual members and employees of the union.

Restructuring in Spain⁵¹

The absence of discourses on restructuring

The Spanish economy has undergone deep transformations in the last 30 years. Firstly, due to opening up to the outside combined with a significant development of internal demand and later the accelerated changes brought about by market globalisation. We could state, without fear of exaggeration, that restructuring has become a permanent event, with “peaks” determined by successive international economic and financial crises or the need for industrial rationalisation in some sectors (ship building, iron and steel or, more recently, textiles and pelt, amongst others) or by delocalisation of multinationals (preceded by periods of intensive establishment of undertakings attracted by the comparatively low labour costs). This form of restructuring may be considered to be a necessary adaptation to structural changes in demand within the framework of a modernisation process of the economy and production.

However, the critical reflection on the nature and contents of business restructuring, understood in its widest terms, has been absent from national discourses. It has only been discussed when the need existed to face its most dramatic manifestations: closing down of factories, collective dismissals and, especially, its effects on the most densely industrialised regions (such as Catalonia or, to a lesser extent, Madrid and other regions). The silent restructuring of small enterprises, which largely predominate in the Spanish productive structure, has been largely unattended, and neither have the nature, origin, scope and consequences thereof been paid attention to. The debate, whenever it has existed in depth, has focused on legal-labour aspects and on the tools to diminish its social costs. No serious approximation, theoretical or conceptual approach to restructuring exists. Any discourse or analysis is hijacked by the emergency of the (numerous) cases that take place and by improvisation in some of the public interventions adopted. The overall impression is that when restructuring comes about, as much is done as can be done and each of the actors involved play their corresponding role, in accordance with a repetitive script that overwhelms them. Implementation of legal regulations is distorted in practice: it seems like nothing serves the purpose it should serve.

Workers’ representatives, trade unions and the management of the undertakings operate within tight frameworks, both legal and corporate, with an absence of labour, social and organisational engineering tools to face the individual cases of restructuring. With a few exceptions (strategic sectors, generally with the presence of multinational companies) no development exists with regard to the several elements of internal flexibility within the undertaking that allows for an internal governance of the restructuring cases. In these circumstances, to consider the possibility of anticipating restructuring or of organising restructuring in a preventive way is an entelechy that is far from reality and from business and union governance. The current economic crisis has highlighted, even more if possible, these shortcomings.

⁵¹ By Ricardo Rodríguez Contreras, *Labour asociados*

Recently, sectoral restructuring has been the object of more specific attention, establishing rationalisation and reorganisation plans agreed with the representatives of the sectors' social partners. The public aids established have created instruments for agreements and participation such as monitoring centres and other support measures (training, technical and business modernisation, productive diversifying, improvement in trade and distribution, etc.).

In our opinion, one of the most important reasons for this situation, though not the only one, is the Spanish labour model, understood as a set of factors (legislation, system of industrial relations, correlation of strengths and other conditioning factors) which determine the practices and uses of the different actors involved and undertakings in particular. For this reason, some time will be dedicated at the start of the report to summarily explain some key factors of the Spanish labour model, as we believe that it will contribute to a better understanding of the situation and dynamics regarding restructuring.

Below, we present some aspects of the characteristics that restructuring processes adopt in Spain, fully aware that this work does not exhaust the national reality. Due to the nature of this work, we shall mainly focus in the description and analysis of restructuring in undertakings of a certain size, large and medium.

PART 1: THE GENERAL ECONOMIC AND LABOUR MARKET BACKGROUND TO RESTRUCTURING

1. Economic Background

The phenomenal decade of the Spanish expansion period

The Spanish economy ended the year 2008 with the longest period of economic growth in decades. 15 years of sustained growth, most of them with rates above 3%. Amongst the factors that explain this expansion, the OECD sustains that Spain has undertaken a deep, wide and sustained reform process that has made its markets more open to competitive pressures in the last ten years. The expansive cycle experienced by the Spanish economy has been largely based on the construction sector. Housing investment has gained relevance, reaching 9% GDP in 2007, above the EU-15 average (5.4%) and representing 1.5 million jobs.

In turn, this "property bubble" shows the magnitude of adjustment both in housing investment – from growing 7.8% in 2006 to recording a 6.3% fall in the second term of 2008 – and in the labour market, with the destruction of more than 350,000 jobs in the last year. This adjustment also affects the economy as a whole, which has gone from an interannual growth in excess of 3% in the fourth quarter of 2007, to under 1% in the third quarter of 2008.

The long period of economic growth has had positive effects at many levels. With regard to the labour market:

- an extremely high number of jobs have been created, allowing the massive (though yet incomplete) incorporation of women to the labour market,

- the historical difference with the European average levels of employment has decreased considerably,
- and the rate of unemployment has been significantly reduced (although the current recessive stage threatens to cancel a significant part of this achievement).

The factors that have favoured this prolonged growth are certainly of an extraordinary and unrepeatable nature: experts agree that this long growth phase has been exceptional. The obvious consequence it will be impossible for new growth cycles to be based on unrepeatable factors.

Three basic factors appear as the most important elements that explain this long period of economic and employment growth:

- The strong devaluations of the Peseta carried out at the start of the nineties implied an instant and tremendous injection of competitiveness for national production, allowing for increased markets and a strong and sustained growth of internal demand for many years.
- The historical reduction of interest rates, as a consequence of becoming part of a common monetary space, allowed the financing and indebtedness of families and undertakings. To this, an increased migration flux at the start of the century must be added, tolerated with an intensity unknown in any other country in our surroundings, becoming a factor promoting growth to such an extent that it allowed the Spanish economy to almost completely overcome the effects entailed by the crisis of the so-called new economy at the start of the decade, suffered by the most developed economies.
- The current labour model established in Spain during the last quarter century approximately, explains the phenomena associated to the evolution in labour market behaviour and, by extension, to the functioning of restructuring, from a labour perspective: the large polarisation in employment, as well as its high level of fragility - the extremely high elasticity of employment with regard to GDP evolution; the unequal distribution of income and, partly (together with inflation) the continued growth of business surplus and investment.

Degree of internationalisation

As a consequence of this growth period (the “party”, as defined in some economic media), income per capita in Spain has become larger than the European average: 26,500 euros, 103% of GDP per person in EU-25 (107% in EU-27). In the last decade, although EU-25 has decreased the distance with the USA with regard to income per capita by 4 points, Spain has done so by 18 points. In comparison with the Eurozone, the advance has been even more significant, from 81.5% in 1997 to 97.1% in 2007.

From the perspective of its global position in the market, Spain has moved from being the 16th to being the 8th economy in the world in issuing foreign direct investment

(FDI). Between 1993 and 2006, Spain has multiplied its issued FDI by 17.⁵² With regard to obtaining FDI, it appears in the seventh position of the OECD rank, with the characteristic of being more of a productive than financial nature.

In short, Spain is a more internationalised economy than at the start of 90's, with a degree of openness of 60% GDP. This process complements the process started in the 70's, with the intense establishment of multinationals in its territory.

Income distribution and the growth model

Business profits – estimated through gross production surplus (GPS) – have increased in Spain during the last years well above the salaries of waged employees. That is, the part that remunerates labour has lost relevance in national income as a whole.

The participation of remuneration of waged employees in GDP⁵³ increased in Spain in proportion to income between 1995 and 2000, from 53.4% to 55%. From that year onwards, this participation was reduced, reaching 51.9% in 2007, due to three reasons:

1. The reduction in the rate of job creation:
Waged employment grew extremely between 1996 and 2000 (at an interannual rate of 5.3%), slowing down to 3.2%, which is still intense.
2. The large increase in business profits.⁵⁴
Part of this increase can be explained by the increase in self-employment (income of self-employed workers). Another part is explained by the increase in the price of housing⁵⁵ and the decrease in labour costs favoured by the entry of large numbers of immigrant labour. For instance, only in the construction sector, GPS grows annually by 7.8 per cent above the remuneration of waged employees in the period 2000-2007, whilst in the period 1996-2000, the difference was much lower, 1.6 per cent per annum. Similarly, in the hotel and restaurant trade, this differential increases from 2 per cent (1996-2000) to 7.8 per cent (2000-2006).
3. A growth model that polarised the occupational structure between very productive jobs and low-production jobs:
The sectors that lead the growth in activity during the period 2000-2007 (construction, trade, hotel and restaurant trade, business services with low added value and domestic service) generate a large proportion of low-production waged employment, with low training requirements and with low salaries, which are mainly covered by immigrants, young workers and women. Increased significance of these (low) wages, on average, reduces the participation of waged employees in national income.

⁵² Source: figures from the Ministry of Industry, Tourism and Commerce

⁵³ Expresses income distribution between capital and waged labour: This is an index that measures the approximation to an equal distribution of income.

⁵⁴ Gross production surplus and mixed income (business profits) increase from an average annual growth of 6.3% between 1996 and 2000 to 8.2% between 2000 and 2007.

⁵⁵ Profits in construction increase to an average annual rate of 19.2% in the period 2000-2007, well above the already high rate (12%) recorded in the previous period, 1996-2000.

2. The labour market

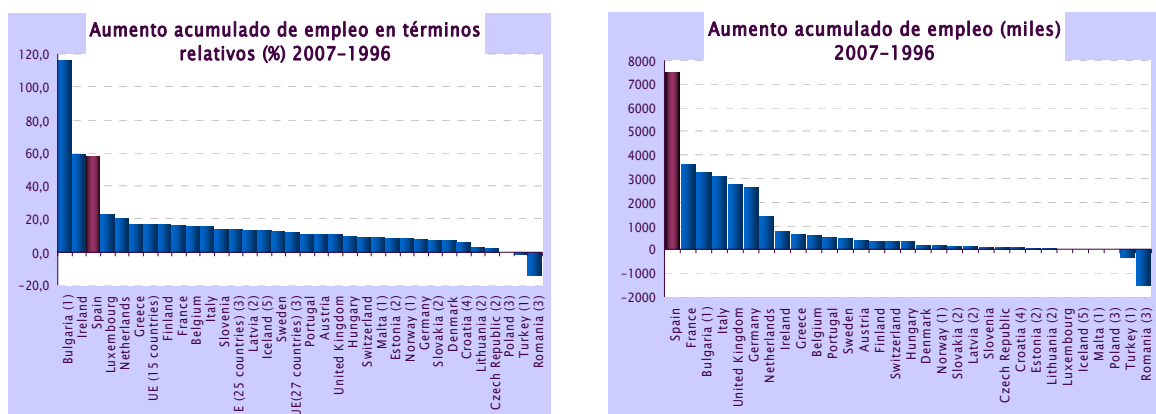
During the last four decades the Spanish tourism industry has grown to become the second biggest in the world worth approximately 40,000 million Euros in 2006. And more recently, the Spanish economy has benefited greatly from the global real estate boom. The vast majority of Spanish enterprises are micro or don't have workers at all. Only 0.9% of Spanish undertakings have fifty or more employees. And in relation with the occupied population, 64.3% work in the Services sector, 30.1% in Industry, and only the 5.6% in Agriculture.

Employment rate

The labour market has evolved in Spain in a singular way compared to other EU countries. It is worth analysing some of the key factors of this growth in order to specifically understand events regarding temporary employment. Since the start of 1994, once the previous crisis was overcome, the Spanish economy has increased the volume of employment by 8.3 million. Employment has increased from just over 12 million to over 20 million, displaying a relative increase that is close to 70%. Amongst the countries in our surroundings, this figure places Spain in the leading position with regard to employment growth in volume and in third position with regard to the relative intensity with which it has grown.

Transformations of the Spanish economy that started at the end of the seventies (economic crisis, opening up to trade, industrial rationalisation, decrease of agricultural employment, demographic boom) caused a continuous decrease in the level of employment and a strong increase of the unemployment rate. Recovery was started in the mid-nineties, reaching such an intensity that the level of employment increased by fifteen points in thirteen years.

Figure 23: International comparison of employment growth in Spain and most EU countries



Source: Eurostat

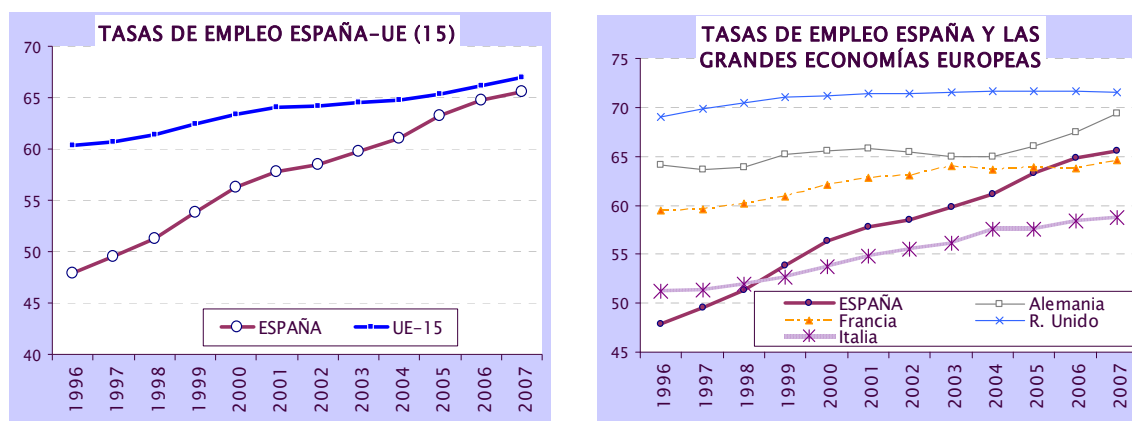
Table 14: General and gender-specific employment rate in the Spanish economy in several years (active in proportion to population aged 16 and over)

	tasas de empleo			
	1978TI	1990TI	1995TI	2008TI
ambos sexos	48,14	42,28	38,94	53,63
varones	71,75	60,11	53,08	63,87
mujeres	26,23	25,54	25,62	43,77

Source: Active Population Survey (National Statistics Institute)

TI: first quarter

Figure 24: Comparison of employment rates in Spain and the main EU Member States

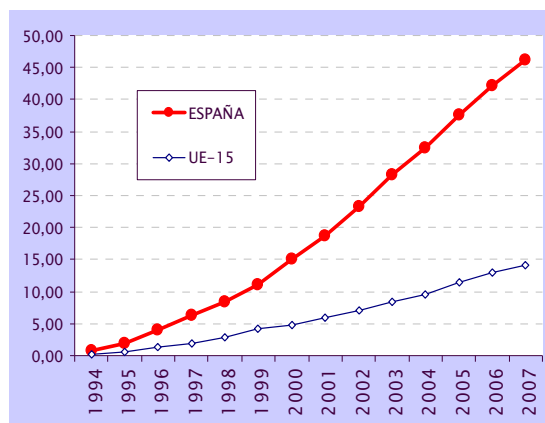


Source: Eurostat

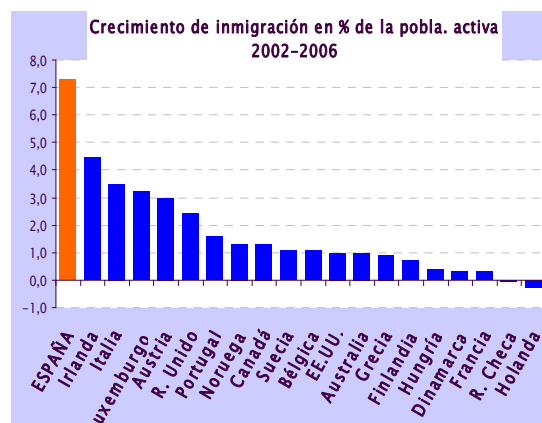
In parallel, records show that the reduction of the unemployment rate has not been equivalent to the increase in employment, due to several factors:

- The need to absorb an enormous growth of active population – far higher than other countries – due to demographic reasons (a higher increase in working-age population due to the arrival of the “baby boom” generations to the labour market), as well as the increase in immigration, only in recent years. Also, social transformations such as the incorporation of women to the labour market.
- The considerable unemployment accumulated (generated during the seventies and early eighties crisis), similarly higher than in other Member States.

Figure 25: Accumulated growth of active population Spain – EU 15 and % growth of immigration in active population



Source: Eurostat



Source : OECD

Unemployment rate

Eurostat figures show a significant fall that has led from an unemployment rate of 15% in 1998 to 8.3% in 2007. However, the strong impact of the economic crisis in the Spanish labour market has caused a spectacular increase of this rate, placing it at levels similar to those at the start of the decade.

Table 15: Unemployment rate

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU (27 COUNTRIES)	:	:	8.7	8.5	8.9	9.0	9.0	8.9	8.2	7.1	7.0
EU (25 COUNTRIES)	9.4	9.1	8.6	8.4	8.8	9.0	9.0	8.9	8.2	7.2	7.1
EU (15 COUNTRIES)	9.3	8.5	7.7	7.2	7.6	7.9	8.1	8.1	7.7	7.0	7.1
EURO AREA	10.0	9.1	8.2	7.8	8.3	8.7	8.8	8.9	8.3	7.4	7.5
EURO AREA (15 COUNTRIES)	10.0	9.2	8.3	7.8	8.2	8.6	8.8	8.8	8.3	7.4	7.5
EURO AREA (13 COUNTRIES)	10.0	9.2	8.3	7.8	8.2	8.7	8.8	8.9	8.3	7.4	7.5
EURO AREA (12 COUNTRIES)	10.1	9.2	8.3	7.8	8.3	8.7	8.8	8.9	8.3	7.4	7.5
SPAIN	15.0	12.5	11.1	10.3	11.1	11.1	10.6	9.2	8.5	8.3	11.3

Source: Eurostat

3. Temporary contracts and restructuring

The exploding growth of temporary employment after adopting the aforementioned reform in temporary contracting in 1984, more than doubled the level of temporary employment in a short time. In comparative terms with other developed countries, the Spanish temporary employment rate is so high that it exceeds the next country by almost fifty per cent, and is three times the average recorded in the EU and the OECD.

Due to the departure from the principle of causality (temporary contracts for temporary jobs) and the personal capacity to use it, temporary employment expanded rapidly,

reaching more than 40% of waged employment in the private sector by the end of the eighties, generating a completely dual labour model.

From then on, a reduction in the rate of temporary contracts takes place, coinciding with period of strong expansion in employment. The (last) reform in mid 2006, which restructures the system of incentives to permanent contracts in depth, has achieved a reduction in the level of temporary contracts to the level of fifteen years ago.

Table 16: Temporary employees as a percentage of total number of employees for a given sex and age group (%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EU15	11.80	12.20	12.80	13.30	13.70	13.50	13.20	13.10	13.50	14.30	14.70	14.80
EU27					12.20	12.50	12.40	12.60	13.20	14.00	14.40	14.50
ES	33.70	33.60	32.90	32.80	32.30	32.00	32.00	31.80	32.10	33.30	34.00	31.70

Source: Eurostat. Structural indicators

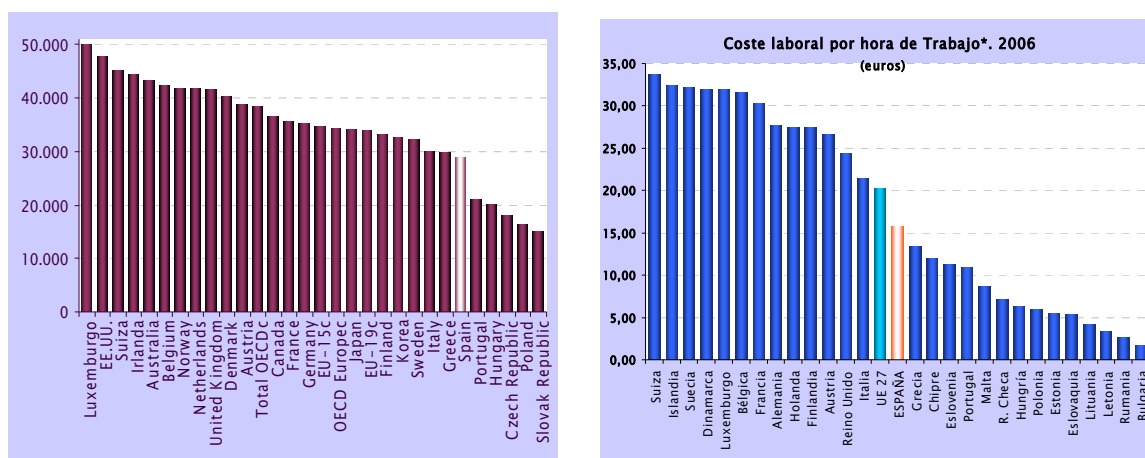
All in all, the rate of temporary contracts in Spain continues to be the highest, by far, within the OECD countries – although with large sectoral differences which proves the inefficiency of these contracts for undertakings (this rate is much lower in industry where a high productivity is required, than in services).

The strong pressure exerted by temporary employment in a dual labour market, where it has amounted to over one-third (33%) of waged employment for a long time, has clear repercussions on wages, differently than in most other countries where temporary employment does not reach one-sixth of the total.

The abundant employment offer, prone to ‘hiring and firing’ in a fast and cyclical manner, has operated as a contention mechanism with regard to wages and productivity. Maintaining wages at a low level has favoured the appearance and development of activities with a low added value. Low wages have favoured low wages. After more than twenty years and two employment expansion processes, Spanish salaries are still in the lowest group of the western EU countries. Wage distribution is highly polarised and is characterised by a minority group of waged employees with levels well above the average and several layers of workers with wages quite below the average, which gives rise to a considerable distance from the western European average.

The Spanish labour model obsessively leads to the development of low wage levels, partly as a consequence of temporary employment limiting productivity, and partly because it encourages employment in activities with low qualification and added value.

Figure 26: Left: average level of annual wages in 2006 (in U.S. Dollars and purchasing power parity). Right: comparative labour costs per hour of work in the EU



Sources: OECD (left) and Eurostat (right)

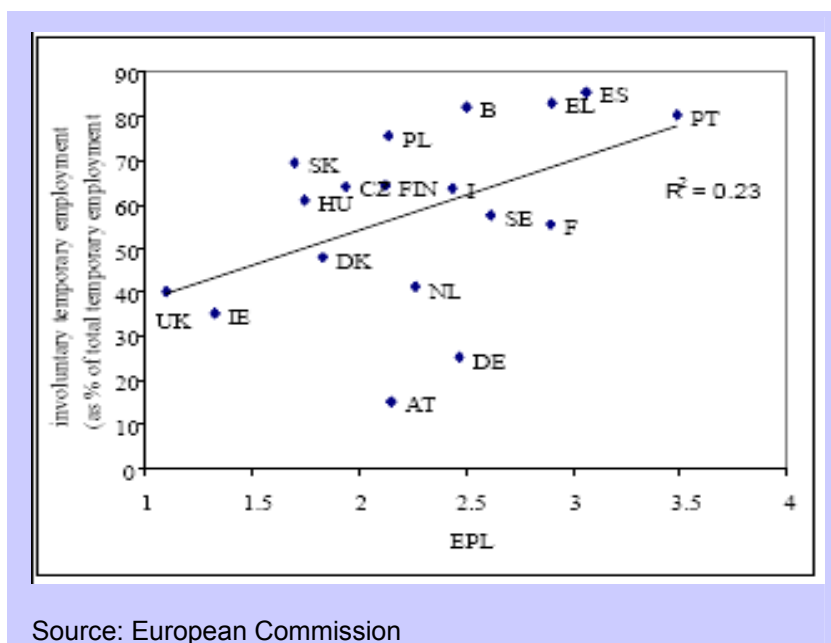
A strong inequality with regard to the level of qualification and productivity of the employment created. Out of the almost eight million jobs created between 1995 and 2008, 42% correspond to high-qualification employment, which shows a considerable modernising impetus in the productive structure and employment. However, 33% belongs to groups of low-qualification employment. This phenomenon is even clearer in the case of women than men.

This labour model is not appreciated by a large proportion of workers, which gives rise to a profound indifference on their behalf. The following graph shows that the degree of unease with temporary employment is the highest out of all the countries. With few exceptions, temporary employment everywhere is quite contrary to the will of workers who suffer it. In the case of Spanish workers, the level of rejection reaches 90%.

This labour model based on job instability and determined to maintain low productivity and low wage employment, provides great elasticity to the labour market. It is capable of recording the greatest growth at the first signs of economic expansion. However, it may also cause extreme decreases in employment and increases in unemployment, making employment the first and main variable of any adjustment.

This phenomenon is being clearly seen in the development of the present crisis. During 2008, we have witnessed a collapse in employment, fast and far-reaching, firstly as a response to economic deceleration and later to the inability to assimilate the increase in active population. The presence of a high volume of temporary employment has accelerated the adjustment, causing a decline in employment that can not be compared with other countries.

Figure 27: Involuntary temporary employment



The dramatic rise in unemployment, in turn, causes a depressive spiral that feeds back into the process, adding more recession and a further decline in employment, which at a second stage of adjustment will also affect permanent employment. Thus, when the trough of the cycle is over, the Spanish unemployment rate will have risen tremendously, returning to levels that will foreseeably double the European average.

IN SPAIN, EMPLOYMENT GROWS MORE, BUT IS DESTROYED FASTER THAN IN OTHER COUNTRIES. The graphs below show a comparison in the variations of GDP and employment for every year in the period 1992-2007. The line crossing the dotted cloud is a regression line that shows the relationship between both variables more clearly. A relationship which is positive, as is to be expected: the greater the growth in GDP, the greater the employment.

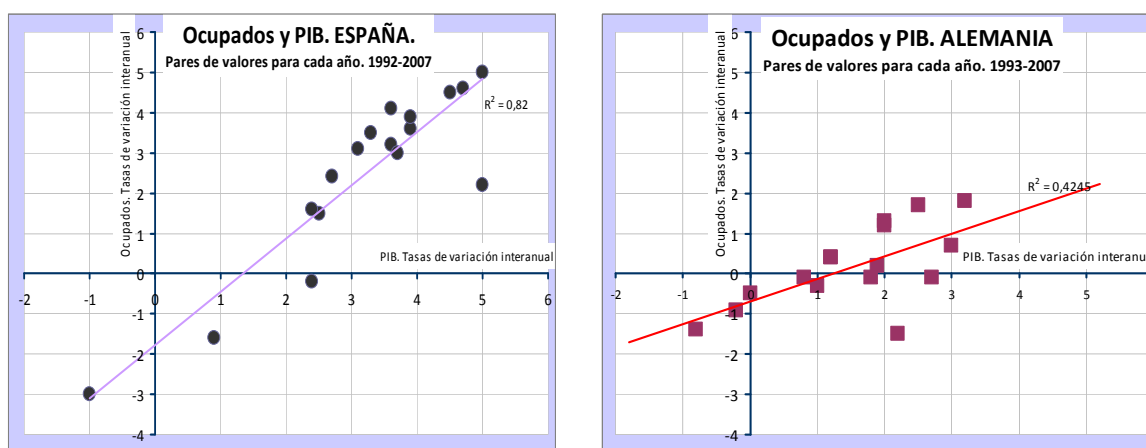
This exercise is shown for both the Spanish and German economies, although its conclusions may be extrapolated to most, if not all, of European Union economies.

Even though the correlation between variables is positive, there is a fundamental difference. After a determined threshold, for a given increase in GDP, the Spanish economy is capable of creating employment with a greater intensity than the German economy.

For this reason, the opposite is also true. When the economy enters a recessive phase, employment in Spain is destroyed at a higher rate than in the German economy. That is, in the German case, adjustments necessary when growth decelerates do not focus as much on employment – the opposite of the Spanish case – but do so only slightly. For instance, there is a greater margin for internal flexibility measures within undertakings. A 1% fall in GDP entails practically three times as much job losses in Spain than in Germany. For both economies, forecasts for 2009 expect a similar fall in GDP, ap-

proximately 2%. However, job losses estimated by the European Commission will be slightly less than 1% in Germany, whilst it may reach 4% in Spain.

Figure 28: Relationship between GDP and employment growth in the Spanish and German economies



Source: Eurostat and own preparation

With regard to the **RATE OF TEMPORARY EMPLOYMENT**, this pattern is also followed. In the 80's, employment was created when a 2-point increase in GDP took place. The explosion of temporary contracts distorts the elasticity in the equation between (temporary) employment growth and GDP: employment is created above GDP growth! The table below shows this phenomenon, comparing the quarterly evolution of growth in the three variables: GDP, temporary employment and permanent employment.

Table 17: Quarterly evolution of GDP growth, employment, permanent and temporary employment (rates)

per quarter	GDP	permanent	temporary	employment
1996TII	0.8	-1.5	-3.3	-1.70
1996TI	0.8	-2.1	-1.2	-1.25
1996TIV	0.6	5.3	3.8	3.47
1997TI	1.1	0.8	0.6	0.47
1997TII	0.9	1.5	1.8	1.14
1997TIII	1.1	1.7	2.2	1.28
1997TIV	1.5	1.9	-0.7	0.66
1998TI	0.9	0.5	1.4	0.73
1998TII	1.0	2.3	0.4	1.33
1998TIII	1.2	1.0	3.3	1.69
1998TIV	0.9	2.3	-1.5	0.53
1999TI	1.0	2.0	2.0	1.43
1999TII	1.5	2.5	3.2	2.11
1999TIII	1.5	1.3	4.1	1.52
1999TIV	1.1	2.1	-0.8	0.75
2000TI	1.5	2.5	-1.5	1.07
2000TII	1.1	2.0	4.1	2.12

2000TIII	0.7	1.5	2.6	1.56
2000TIV	1.1	1.5	-0.8	0.64
2001TI	1.1	0.4	0.2	0.53
2001TII	0.6	1.4	1.3	1.32
2001TIII	0.9	1.3	3.5	1.36
2001TIV	0.6	0.6	-0.4	0.33
2002TI	0.4	0.6	-1.2	-0.08
2002TII	0.8	1.8	2.5	1.60
2002TIII	0.6	1.8	1.0	1.00
2002TIV	0.8	0.8	0.1	0.37
2003TI	0.9	1.1	-0.9	0.58
2003TII	0.7	1.5	4.1	1.88
2003TIII	0.6	1.2	2.3	1.27
2003TIV	0.9	0.5	0.7	0.57
2004TI	0.7	0.6	-1.3	0.23
2004TII	0.8	1.0	3.0	1.51
2004TIII	1.2	0.2	5.2	1.47
2004TIV	0.7	1.3	0.4	0.88
2005TI	0.9	1.3	-3.5	1.12
2005TII	0.9	1.0	7.6	2.17
2005TIII	0.9	0.3	5.5	1.57
2005TIV	1.0	1.5	-1.2	0.64
2006TI	0.9	1.0	-1.0	0.44
2006TII	1.1	-0.2	4.6	1.51
2006TIII	0.9	1.3	2.2	1.03
2006TIV	0.9	1.8	-1.6	0.53
2007TI	1.0	3.1	-5.2	0.34
2007TII	1.0	1.8	1.3	1.49
2007TIII	0.6	0.4	0.8	0.70
2007TIV	0.6	1.5	-3.2	-0.16
2008TI	0.4	0.8	-2.8	-0.36
2008TII	0.1	1.3	-2.3	0.11
2008TIII	-0.3	-0.8	-0.2	-0.39
2008TIV	-1.0	-0.4	-7.9	-2.41

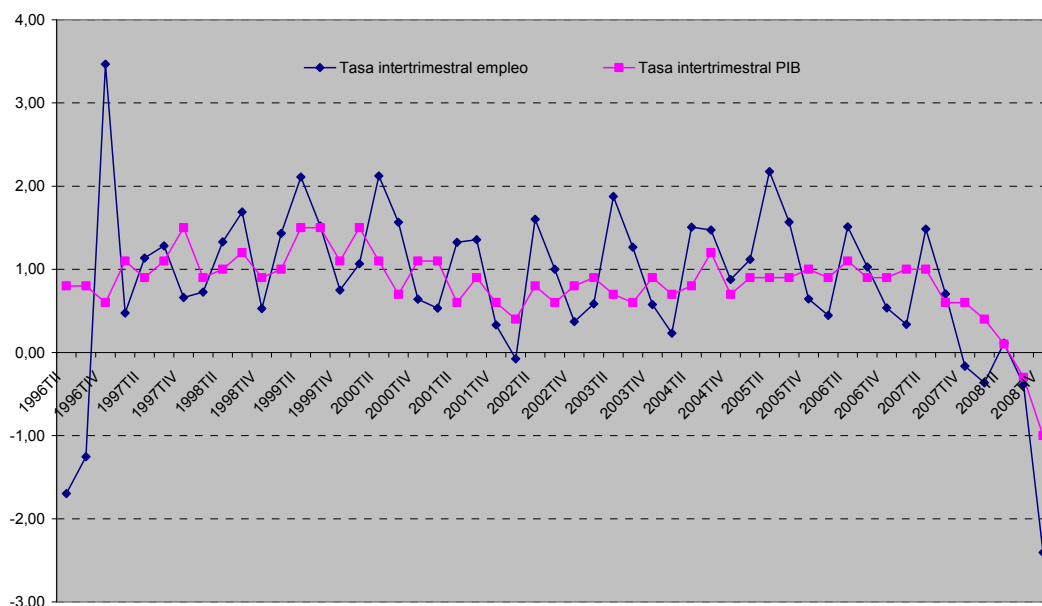
Quarterly evolution

Source: Spanish Quarterly National Accounting. Base 2000. Gross Domestic Product. Chained volume reference year 2000. Data corrected from seasonal and calendar effects

“Peaks” express the typical seasonal nature of a productive structure marked by the services sector (tourism). As may be observed, the last quarters of 2008 show a fierce destruction of temporary employment, with a greater intensity than in permanent employment, as well as the great impact of a deceleration in GDP growth on temporary employment.

In short, the excess of an unsuitable type of (external) flexibility gives rise to several problems: duality, instability, productivity and, finally, a specific type of cheap productive model. This should be the cornerstone of any transformation of the Spanish labour model.

Figure 29: GDP and employment growth (quarters)



Employment created by Temporary Agency Work

The legislative development of TAW in Spain is quite recent in time. In fact, Spain was one of the last Member States of the Union to legalise temporary work agencies, when these enterprises were well-established throughout most European States.

Temporary agencies were banned until 1994. During the following five years (1994-1999) temporary agencies⁵⁶ had a strongly development in the Spanish Labour Market, but with a growing protest movement directed by unions, caused by the very poor working conditions – especially payment conditions – of their workers. Finally, the unions' claims obtained an important legal reform in 1999 that guaranteed the equal payment principle with the user company employees. Nowadays it is a consolidated sector which tries to eliminate some legal limitations that still remain to its activity, especially in Public Administration and in construction work.

The development of the TWA model generated drew criticism from all social sectors and from political parties and finally produced an important legal and conventional reform in 1999. This reform introduced a system to calculate the wages of workers on assignment which from then on had to be equal to that of workers in the user companies, and laid down new requirements for setting up a TWA, clarifying the aspects for which they needed to obtain administrative authorisation. Finally, an attempt was made to reduce the temporary nature of the employment in these enterprises, but this was done in an unusual way: obliging them to hold a minimum number of permanent jobs; however, this referred to the agency staff – working at the TWA itself – and not for the people who are on assignment.

⁵⁶ In Spain known as Empresas de Trabajo Temporal (ETT)

Table 18: Temporary Work Agencies (TWA), workers ceded and assignment contracts

Years T	WA (1)	Workers ceded	ASSIGNMENT CONTRACTS				
			Total	Work or service	Production circumstanc- es	Internship (2)	Internship (3)
1998	435	1,265,056	1,803,547	581,678	1,084,386	118,819	18,664
1999	410	1,418,844	2,002,039	820,175	1,049,546	109,820	22,498
2000	364	1,362,208	2,005,132	874,906	1,027,873	81,971	20,382
2001	346	1,334,405	1,901,352	816,260	978,304	87,989	18,799
2002	335	1,314,582	1,849,453	817,905	911,348	102,658	17,542
2003	326	1,398,371	1,991,140	890,165	981,267	103,341	16,367
2004	342	1,545,149	2,209,477	1,007,880	1,073,565	110,775	17,257
2005	346	1,676,615	2,384,045	1,065,816	1,183,255	109,956	25,018
2006	350	1,781,233	2,557,097	1,128,848	1,289,729	114,256	24,264
2007	368	1,864,493	2,705,043	1,208,188	1,350,075	118,742	28,038
2008 (Jan- Oct)	360	1,401,244	1,861,402	834,155	911,440	89,628	26,179

(1) Authorised TWAs at the end of the data reference period.

(2) Through employment reserve

(3) Through selection process

Source: Labour Statistics Report. Spanish Ministry of Employment and Immigration

Updated 6th March 2009

Finally, the Agreement for Improved Growth and Employment (National Framework Agreement 2006) also laid down a clear distinction between business-to-business subcontracting of work and services on the one hand and, on the other, illegal assignment of employees. Under Spanish law, employees may only be legally engaged under contract for temporary assignment to another undertaking through temporary employment agencies. For this purpose, the Statute of Workers' Rights (Estatuto de los Trabajadores) was amended to include a specific definition of illegal assignment of workers in order to codify in statute the extant jurisprudence on this matter. Hence, new art. 43 now establishes that «An illegal assignment of employees as contemplated in this article shall be deemed to occur in any of the following events: the subject-matter of a service contract between undertakings is circumscribed to merely making available employees by an assigner undertaking to an assignee undertaking; or the assigner undertaking lacks any activity or its own stable organisational structure, or lacks the means to carry out its activity, or does not exercise the functions inherent to its status of employer».

Nowadays the main problem in this field are probably not TWAs but “services firms” that offer similar services – but like auxiliary firms – with precarious and poor working conditions for their employees.

Employment in TWA is obviously one of the first damaged when restructuring takes place, together with “induced” employment as, for instance, subcontracts or suppliers. From a sectoral perspective, this is more closely linked to services (cleaning, different auxiliary services, etc.) than to industry, and therefore is not usually present at the forefront of restructuring in large undertakings.

4. The impact of temporary employment on restructuring (and vice versa)

Temporary employment is the first victim of the adjustment. These cuts are allowing a passive reduction of the rate of temporary employment, which has decreased 2.5 per cent in the last year, down to 29.4%. However, the rate of temporary employment is only reduced in the private sector (-3%), whereas it remains constant in the public sector at 25.3%.

This perspective of the Spanish labour market, drastically segmented by temporary employment, strongly conditions the labour model and the system of industrial relations. As a consequence, the manner in which restructuring comes about and how it is solved, together with the behaviour of actors involved therein, are also influenced. The existing labour model conditions to a great extent the treatment given to restructuring within the undertakings. Employment adjustments take place in temporary employment first as it does not entail dismissal costs, which significantly contradicts the partial or self-interested interpretations which underline the rigidity of the labour market (such as the OECD).

Thus, collective dismissals constitute the last instrument to undertake restructuring. Prior to this, workers with temporary employment are usually “restructured”. Later, adjustments focus on permanent workers. With a few exceptions, where employment relationships are suspended with all or most waged employees – regardless of the type of contract – as a measure to face a decrease in demand, restructuring translates into a “lone” labour adjustment: simply, temporary contracts are not renewed and, hence, it is no longer necessary to start a collective process of extinguishment or suspension of contracts (Employment Regulation Plan, hereinafter ERP), which we will refer to below.

PART 2: POLICY OPTIONS AT RESTRUCTURING

General policies beyond restructuring

Social expenditure in Spain, including the active employment policies, measured as a percentage of GDP, is placed at one of the last positions within the EU. This example shows a general absence of specific public social policies aimed to face restructuring.

1. Passive policies

As a model of passive policies, Spain has a double path for protection (contributions and assistance), which is a common feature of other European models.

In order to receive benefits, unemployed workers must have lost their jobs involuntarily (by dismissal or end of contract) and must have made contributions for more than twelve months, unlike other countries where persons seeking first employment may also be covered, as may workers rejoining the labour market after a long period of inactivity due to education or family care. This is not possible in Spain, and neither is access to protection when moving to a situation of unemployment is voluntary on the worker's behalf, which in most countries includes some benefit, albeit limited.

Currently, almost two million persons receive unemployment benefit, which considerably increases the level of coverage over 65%, a level never reached until now. At this moment (March 2009), approximately nearly million unemployed do not receive benefits, and some estimations establish that by the summer this amount will have increased by 300,000.

As an income policy measure, the government has decided that the unemployed who are no longer entitled to unemployment benefit may recover the pension plan they may have subscribed, whether individual or collective. Currently, pension plans may only be recovered when retirement is reached, due to a long illness or being unemployed for more than 12 months.

The main manifestations of passive policies in Spain are:

a) Unemployment Benefit

The contributory benefit is called unemployment benefit. To have access to this benefit, apart from complying with the requirements which are outlined further on, is required the previous contribution of the worker to the Social Security for this contingency. The National Public Employment Service (SEPE-INEM) is in charge of the management and control of these benefits for unemployed workers.

Protected situations cover those who are able to, and want to work, lose their job temporarily or for always, and find themselves in a reduced working condition, at least temporarily by a third of their working day, by reason of proceedings of employment regulation, with the consequent corresponding loss of wages, due to one of the causes laid down as legal situation of unemployment. The requirements for being able to receive the allowance are the following:

- Showing availability to actively look for employment and to accept a suitable placement, as well as signing a commitment for activity. (See next section)
- To have a minimum period of 360 days of contributions covered within six years prior to the situation of being recognised officially as being a job seeker, or the moment of the obligation to paying contributions stops.

The amount of the benefit is related to the regulatory base which the worker may have. The regulatory base will be the average of the bases for covering accidents at work and occupational illnesses, excluding the payments made for overtime, for which contributions have been made during the last 180 days, preceding the legal situation of being unemployed or the moment when the obligation to pay contributions stops.

The amount to be received will be:

- a) During the first 180 days, 70 per cent of the regulatory base.
- b) As from the 181st day, 60 per cent of the regulatory base.

The amounts thus calculated may not be either above the maximum limit or under the minimum limit laid down. The minimum limit of the benefit:

- a) If the worker has no dependent children, 80% of the monthly Public Income Indicator of Multiple Effects (from now on IPREM, with its initials in Spanish) valid when the entitlement starts being accrued increased by a sixth, the amount thus being 482.44 euros/month for benefits accrued in 2007.
- b) If the worker has at least one dependent child, 107% of monthly IPREM, increased by 1/6, its amount being 645.26 euros/month.

The maximum limit of the benefit:

- a) If the worker has no dependent children, 175% of the monthly IPREM valid at the moment when the entitlement starts being accrued, increased by 1/6, the amount being 1.055,33 euros/month for benefits accrued in 2008.
- b) With dependent children under 26 years of age:
 - With one child, 200% of monthly IPREM valid at the accrual of the entitlement, increased by 1/6, its amount being 1,206,10 euros/month for benefits accrued in 2008.
 - With two or more children, 225% of the monthly IPREM valid at accrual of the entitlement, increased by 1/6, its amount being 1.356,86 euros/month for benefits accrued in 2008.

b) Unemployment benefits of welfare nature

This no-contribution benefit applies to those without work, who are registered as job seekers, without having refused an offer of a suitable job or having refused to participate, except by reason of a justified cause in actions of promotion, training or professional re-conversion and without any income of any kind which exceeds, with respect to monthly computation, 75 per cent of the minimum inter-professional wage, excluding the proportional part of two extra payments, and are in one of the situations described here under.

An economic benefit and the payment of the Social Security with respect to the corresponding contribution to health care, family protection and if relevant retirement, will be put on record.

- Workers whose contributory unemployment benefit has expired and who have family responsibilities.
- Worker over 45 years of age whose unemployment benefit has expired and had not any other family responsibilities.
- Workers who, at the beginning of their legal unemployment situation, have not had covered the minimum period of contributions needed to accede to a contributory benefit.
- Prisoners released from jail.
- Workers who are declared as being completely fit or partially unfit, as a result of the report of the medical examination for reviewing the situation of possible im-

provement after a situation of being a severe invalid, permanent and total invalid with respect to the normal profession.

- Special subsidy for workers over 45 years of age whose unemployment benefit has expired after 24 months receiving it.
- Job seeker's allowance for workers over 52 years of age.

The duration last six months; this may be extended for a further two periods of the same duration, up to a maximum of 18 months, with some exceptions. In the case of fixed-continuous workers, the duration will be the equivalent to the number of months for which contributions have been made during the year, prior to the application having been made.

The amount of the allowance is as follows:

- Receipt of 80% of the Public Income Indicator of Multiple Effects (IPREM): 413.52 euros/month.
- The Public Employment Service will pay in the contributions of the Social Security, which correspond to the benefits of health care and family protection. Furthermore, and from 1st January 2006, contributions will be paid for the retirement contingency of fixed discontinuous workers aged over 52.

c) Programme of Active Income of Insertion

The Programme of Active Income of Insertion is not shaped with an annual duration, as in previous programmes, but it is arranged with a permanent character, establishing a guarantee of continuity in its application. It will be applicable to unemployed workers that request the right to be admitted to the same, since its validity, it is, the six December 2006.

The objective of the Programme is to improve the opportunities of return to the work market of the unemployed workers with special economical necessities and difficulties to find a job. It includes active policies of employment, managed by the public services of employment with the aim of improve the opportunities of return to the work market, and, when appropriate, an economical help managed by the National Public Service of Employment, called Active Income of Insertion, linked to the realization of the actions in matters of active policies of employment that not represent salary retributions.

The beneficiaries of this programme can be the unemployed workers under 65 years of age that in the date of their application for the incorporation to the programme, meet the following requirements:

- To be 45 years of age.
- To be a job seeker registered without interruption in the Office of Employment during twelve or more months. To this effects it will be consider interrupted the demand of employment for having worked an accumulated period or ninety days or more in the three hundred sixty days preceding the date of their application for the incorporation to the programme.

- Not to have right to the allowances or subsidies for unemployment or to the agricultural income.
- To lack of incomes, of any nature, superiors in monthly computation to the 75% of the Minimum Inter-professional Salary, excluded the proportional part of two extra-payments.

The workers beneficiaries, for their incorporation and maintenance in the programme have:

- To sign an engagement of activity in virtue of which they will carry out the different activities agreed with the Public Services of Employment or, when appropriate, with the entities that collaborate with them, in the personal plan of insertion, that will be developed during the time that the worker continues been incorporated to the programme.
- To participate in the programmes of employment or in actions of professional insertion, promotion, training or rationalization, or in those of improvement of the occupation.
- To accept the adequate occupation that has been offered to them
- To look actively for an employment.

The workers, as consequence of their admission and permanence in the programme, will have recognised and can perceive an economic aid called active income of insertion. The amount of the income will be of 413,52 euro/month for the year 2008.

d) Retirement

Beneficiaries are the workers who have stopped either completely (**full retirement**) or partially (**partial retirement**) their working activities.

Partial retirement consist in the possibility of combining the receipt of a retirement pension of the Social Security System and a part-time job. The following workers may choose this option:

- Workers who have reached the normal age for retirement (65 years old) and at the same time meet the requirements to have access to the said pension, provided that the working day is reduced between a minimum of 25 per cent and a maximum of 75 per cent, without the need to formalize a relief contract.
- Workers who have reached 61 years of age, or 60 if they have the condition of member of a mutual insurance the first January 1967, accredit a period of seniority in the company of, at least, six years preceding the date of the retirement, accredit a period of contribution of 30 years, reduce their working day between 25 per cent and 75 per cent or 85 per cent if the contract of the relief worker is on full time basis and indefinite and the requirements are met.

Flexible retirement: By flexible retirement it is understood that retirement derived from the possibility to combine the receipt of the retirement pension and part-time work. In this case, the pension will be reduced in reverse proportion to the reduction applied to

the working day of the pensioner as compared to the working day of a similar full-time worker. The requirements to have the right to receive a pension are the following:

- To have fulfilled 15 years of contributions, of which at least two must be included within the last 15 years immediately prior to the origin.
- To have reached the age of 65 and have stopped working.

For workers of 65 or more, the pension amount depends on the amount of the regulatory base and the percentage to be applied in each particular case, in accordance with the number of days for which contributions have been paid.

2. Active employment policies

The federal organisation of the Spanish state is a relevant singularity which has an effect when restructuring takes place. Organisation of active policies is in the hands of the Autonomous Communities. Central government designs these policies – supposedly in collaboration with the regional governments – and also legislates (types of contracts, general rules) and organises passive policies. This distribution of competences allows for a certain margin in establishing economic and labour plans and measures to face restructuring at regional level.

Besides this characteristic, active employment policies in Spain are not very different from other EU Member States. Although they are intended as a general approach, at least since the enforcement of the Basic Employment Law of 2003, in practice these policies constitute a range of measures with hardly any innovation in recent years. As mentioned earlier, active measures have to face the difficulties of a segmented and low-qualified labour market, with labour demands from productive sectors with low added value. Moreover, other failures exist:

- Not directed to favour occupational transitions
- Mainly focused to the unemployed – without offering professional development services to active workers.
- Not sufficiently proactive
- Surrounded by too much administration and bureaucracy.

The “menu” of Active Employment Policies (AEP) lies on three axes:

- a) Professional guidance
- b) Employment promotion, through incentives to contracting
- c) Occupational training, for the unemployed and the employed.

In terms of allocation of budget resources, the most significant item in the last few years has been employment promotion, aimed to make contracting persons for work easier, and also to open up opportunities for different groups of workers through contracts for an indefinite period or on temporary basis. Some of the measures are:

- The promotion of contracts for an indefinite period of time through the application of tax incentives and/or benefits with respect to contributions due for payment to the Social Security for contracting certain groups of workers, and by

changing work practice, learning activities, training, temporary work and relief work, into contracts for an indefinite period.

- Measures laid down for temporary contracts with the aim to encourage contracts and access to the workplace for disabled workers, and groups which are socially excluded, by means of bonuses applied in the form of reduced quotas to be paid to the Social Security.
- Support for autonomous work through help to promote unemployed workers entering self-employment, as an autonomous worker.
- Support given through help for insertion at work of disabled workers or to keep the jobs in Special Employment Centres

As regards the active policy of training, since 1993, training and professional recycling of occupied workers has been regulated through National Continuous Training Agreements, signed between the most representative employers' and trade union organisations, and between them and the Government. These Agreements are characterised by the prominence of social partners in the design and implementation of continuous training. They have also allowed the appointment of financial resources for undertakings and their employees and the establishment of a model based on the development of joint sectoral and territorial councils. These actions may be classified as follows:

- Demand training: different training activities from undertakings and individual leave for training
- Supply training: training plans aimed first and foremost for occupied workers towards requalification
- Actions accompanying training: research on occupational change, preparation of new materials, etc.

3. Active measures in restructuring

No specific active or passive policies aimed at the restructuring phenomenon exist as such. From the perspective of workers dismissed, no additional actions or measures are conceived other than those considered for collective dismissal.

We only may speak of certain resources and tools, always in every case promoted and at least co-financed by the administrations, and which the agents involved may take into consideration:

- a) The exception may be the regulation of residual measures such as the **Employment Promotion Funds**, institutions inherited from the 1973 crisis and the far-reaching rationalisation of the 80's. They are non-profit making associations which are officially collaborators with the Public Employment Service, and can be developed by reason of being able to apply a plan for re-conversion. Beneficiaries are workers affected by industrial re-conversion and included in the granting of assistance for these funds. The Funds are aimed to:

- i. Increase the protection given to unemployed workers, with a complement to the amount subsidised and an extension of the duration.
 - ii. Collaboration with respect to getting persons affected by the re-conversion back into the workplace and through special assistance by means of economic benefits with respect to creating new and regular jobs.
 - iii. Professional re-adaptation of the workers concerned in collaboration with the Public Employment Service.
 - iv. Assistance equivalent to early retirement and special complementary assistance. Additional contributions to the Social Security.
- b) **At sectoral level**, some collective agreements exist which have allowed for the creation of bodies such as the Labour Foundation for the Construction Industry, a nationwide non-profit bipartite organization (employers confederation and trade unions). The financial resources are granted by industry contribution and public subsidies. The aims of this body are addressed to the promotion of occupational training, the safety and health at work and the employment and craftsmanship.
- c) **Industrial sectoral monitoring centres**: Created in the context of restructuring processes, these Centres are instruments directed jointly by the public administration (Ministry of Industry and Commerce), trade unions and employers' organisations, in the framework of support plans for the sectors' reorganisation and modernisation. In 2005, six Monitoring Centres were created for the following sectors: Electronics, Information and Telecommunications Technologies, Car and Lorry Manufacturing, Equipment Goods Manufacturing, Motor Equipment and Components Manufacturing, Chemical and Textile Industries. Two new Centres were started in 2006 for the Wood and Metal sectors. These Centres are conceived as industrial policy instruments for analysis and research, aimed at improving the competitiveness of each sector.
- d) Finally, in the context of the current crisis, the government approved an extraordinary plan in 2008 to relocate the unemployed,⁵⁷ one of its measures consisting in contracting 1,500 professional counsellors in charge of preparing personalised job-search itineraries for the unemployed. During this process, workers will be entitled to receive an economic aid of 350 euros per month during a maximum of 3 months.

4. Some specific issues on collective dismissals

Pursuant to European legislation and Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies, Spanish legislation requires that the negotiating parties agree measures that "lessen the effects" and "limit

⁵⁷ The initiative called *Plan Extraordinario de Orientación, Formación Profesional e Inserción Laboral* [Extraordinary Plan for Professional Guidance, Training and Integration] has been drawn up by the Ministry of Employment and is of a temporary nature

the consequences” of redundancies, in such a way that they favour the “continuity and feasibility of the business project”. A Social Plan, together with a Feasibility Plan, must be drawn up and discussed compulsorily in undertakings with more than 50 employees.

In the framework of bargaining agreements in a restructuring process, most of the measures agreed in the ERP are of a compensation nature. Voluntary dismissals with incentives, with compensations above the legal minimum, are the most regular instrument used, together with other devices whereby the undertaking makes the commitment to pay the difference in income. The most usual instruments are:

- a) Early retirement (from 60 or 61 years of age, losing 6% or 7% of pension, depending on the years by which retirement is put forward);
- b) Partial retirement, which establishes cutting down working time by up to 85%, which is still paid by Social Security, as long as another employee is hired;
- c) Early retirement (pre-retirement) is quite extended in practice although it has no legal basis. Workers’ representatives and trade unions usually accept this adjustment system as the lesser of two evils, with the aim of maintaining the level of employment. The objective is to exchange older permanent contracts for other cheaper contracts (both in wages and labour costs), destined to younger workers. It works in such a way that once the contract is extinguished, the employee receives unemployment benefit whilst the undertaking complements the wage percentage agreed – between 75% and 90% of the gross wage, which may reach 100% of the net wage. Depending on the agreements, payment of this income difference is maintained until the worker retires early or until they retire permanently at the legal age, although some cases exist where an income-for-life is agreed.

The difficulty to bargain ERP in the heat of the moment has led to certain poverty in the contents negotiated and the solutions put forward. This reflects the scarce degree of social innovation that exists in collective industrial relations in Spain.

Only few social plans include measures aimed to relocate workers. Outplacement undertakings work in a paralegal limbo (they intervene and are contracted, but they are not regulated) and are usually participated by, or belong to, large European human resources and temporary employment undertakings. Their market in Spain is still limited in comparison with other countries, although the current crisis – which obliges a further effort from public employment services in managing passive policies to the detriment of active policies – means that their growth expectations are optimistic.

In ERPs of a regional scope, we may often find examples of regional public financing commitments aimed to encourage the undertaking’s future feasibility (through innovation or the search of investors) or taking on the training and requalification of the workers affected. The intervention of regional governments, mediating in the autonomous bargaining of the parties from the outside, is frequent, beyond their legal obligation. The impact of restructuring on territorial levels of employment has obliged regional, and

even local, authorities (with competences in employment) to take part, generally within informal frameworks and acting as mediators and, given the case, providing additional resources such as training or the search for investors to revitalise the territory.

PART 3: LEGAL FRAMEWORK ON COLLECTIVE JOB LOSS

From a social perspective, restructuring processes reach their climax with the cost entailed by labour adjustment. Depending on their cause (corporate governance, the type of undertaking -multinational or not- and the margin for management to reach an agreement -decentralised or decided at other levels-), the cost may vary if it is negotiated and agreed with workers' representatives. Legislation acts at this point as a reference ground. However, does it influence the decision of restructuring? Once again, the Spanish labour model, with a large proportion of low quality, unstable employment, has an influence in:

1. The comparative cost of dismissal

Despite the fact that more than one third of waged employees are not entitled to compensation, the cost of dismissal has been discussed for a long time. In Spain, dismissal is free; employers only have to pay it. For temporary workers, dismissal is cheap or free: it suffices to not renew their contracts. For permanent employees, there is no official data showing the cost for the undertaking of extinguishing contracts.

Legally, in the case of **individual dismissal**, workers with permanent contracts are entitled to compensation amounting to:

- a) 45 days per year under contract, calculating periods of less than a year on a monthly pro rata basis, with a maximum 42 salaries;
- b) 33 days and a maximum of 24 salaries, if it is an open-ended contracting promotion contract (established ex-novo in the 2002 reform).

In the case of **collective dismissal** – as will be detailed below – the minimum legal compensation established amounts to 20 days per year under contract, with a maximum limit of 12 salaries.

According to trade unions, the cost of dismissal is increasingly low because restructuring is carried out by means of individual dismissals “for objective reasons”, the procedures for which take 24 or 72 hours. For employers, the cost is amongst the highest in Europe, a third of the cost in France and Belgium. Only in the Netherlands is compensation similar to Spain, although slightly lower. However, other factors must be considered, such as the procedure by which it takes place – in some countries employers are required to justify their reasons, whereas not in others – and with regard to compensation, which also depends on each individual case and on the agreements that the parties may reach.

2. Regulation of collective redundancies

Spanish legislation (art. 51 of the Statute of Workers' Rights) authorises the extinguishing or suspension of employment contracts due to economic, organisational, technical or productive reasons that the employer must justify. This is an administrative-labour procedure known as Employment Regulation Plan (ERP) – which makes prior negotiation with workers' representatives compulsory, lasting at least thirty days (or fifteen days in the case of undertakings with less than fifty employees). At the end of this period, the labour authority approves or refuses the request. Approval does not in and of itself entail the extinguishing of labour contracts, but confers to the employer the authority to proceed, or not, with the extinguishing thereof within a specific period.

Dismissal is considered to be collective when it affects, within a 90-day period, at least:

- 10 workers in undertakings with less than 100 employees.
- 10% of the total number of employees in the undertaking, when the latter has between 100 and 300 employees.
- 30% of the number of workers in undertakings with 300 or more employees.
- All of the undertaking's personnel.

In order to calculate the number of workers affected by dismissal, temporary workers whose contract has ended will not be counted (although workers dismissed apart from collective dismissal do count).

Most Employment Regulation Plans (ERP) presented by undertakings are approved with agreement, even before the established time for negotiation has ended. In the case that no agreement is reached, compensation pursuant to law corresponds to 20 days per year under contract, with a maximum of 12 salaries, which is considerably lower than compensation established for unfair dismissal. In the case that an agreement is reached, the compensation agreed is usually quite higher, especially in large undertakings. In the case of undertakings with less than 25 employees, the State's Salary Guarantee Fund will contribute 40% of the amount of these compensations.

In Spain, the Autonomous Communities (Regions) have the competences to organise employment policies in their territory, including the approval of ERPs by regional labour authorities (they approve 60% of them), except in the cases that the Plan affects establishments in more than one region. In this case, the Ministry of Employment and Immigration makes the decision.

In practice, ERPs were until recently considered as a negotiated system (90% of cases reach the labour authority with an agreement of the parties) to adjust production through temporary measures – suspension of employment contracts –, generally regarding internal flexibility, articulated with regard to work time organisation, or definitive measures, such as collective dismissal. That is, a tool used by undertakings that was somewhat expensive but not too controversial, to eliminate jobs covered by open-ended contracts.

Table 19: Employment Regulation Plans – Workers affected by authorised plans, per type and effect

Year T	TOTAL				AGREED			
	total	Contracts ended	Suspension	Reduced working time	Total	Contracts ended	Suspension	Reduced working time
1999	77,667	25,651	49,464	2,552	50,397	21,901	25,949	2,547
2000	60,325	29,717	29,326	1,282	48,993	26,457	21,273	1,263
2001	122,344	37,778	83,795	771	61,338	30,363	30,401	574
2002	71,643	39,975	30,400	1,268	56,120	30,112	24,868	1,140
2003	83,481	42,960	38,513	2,008	70,334	37,842	30,757	1,735
2004	60,276	31,169	28,582	525	49,974	27,768	21,793	413
2005	72,563	34,911	36,802	850	57,837	31,040	26,329	468
2006	51,952	27,169	24,626	157	45,429	24,940	20,346	143
2007	58,401	25,742	32,433	226	47,855	24,383	23,271	201
2008	147,476	40,436	104,365	2,675	123,828	37,826	83,569	2,433
2009 (Jan)	61,019	5,058	55,004	957	49,478	4,634	44,000	844

The current crisis has increased the number of ERPs drastically. At the end of 2008, there were 69% more plans opened than the previous year, affecting 137% more workers than in 2007. This annual increase was due to the exponential rise in the last quarter.

In the framework of intense job destruction in Spain, with a decrease close to -3% of occupation, approximately one out of every ten new unemployed persons comes from a collective dismissal. However, in some key sectors of the economy, it affects the loss of employment that is considered to be of a better quality, stable and specialised. Together with the Plans related to the over-sizing of the construction sector, the last wave of ERPs is affecting industry especially. For instance, 77% of workers affected by an ERP are concentrated in the motor industry through the suspension of activity.

3. Bankruptcy

An important legal amendment carried out in 2003 has deeply modified labour aspects with regard to situations of bankruptcy protection or receivership. This new situation is causing significant problems during the current crisis, as many undertakings (especially large groups operating in the construction of housing) have filed for bankruptcy.

Formerly, payment of loans (wage amounts) due to workers took preference in the case of bankruptcy. After several years' discussion, the Bankruptcy Act of 2003 modernised an old commercial or corporate law. The matter is complex, but with regard to out interest in this case we may point out three issues of great importance:

1. With regard to collective dismissal, in the case of bankruptcy, commercial law is competent and the bankruptcy judge authorises and plays the role of labour authority. Hence, it is bankruptcy judges who may agree to the collective extinguishment of employment contracts and their decision has the same consequences, for instance, with regard to the access of workers to a legal situation of unemployment. This implies that the bankruptcy jurisdiction oversteps on social jurisdiction with regard to the labour

aspects that may exist in a bankruptcy or receivership procedure. However, in the case of an appeal, the social jurisdiction is once again the competent instance.

2. The bankruptcy judge also has the competence to decide on the individual legal actions taken due to missed payments or continuous delays regarding wages, proceeding as collective extinguishment of contracts when the number of employees affected in the undertaking since filing for bankruptcy exceeds the following limits:

- with a staff of up to one hundred employees, ten workers;
- with a staff between one hundred and three hundred employees, ten per cent of workers;
- with a staff of more than three hundred employees, twenty five per cent of workers.

Although with significant differences, this scale is influenced by specific labour regulations established for collective dismissal.

3. Pursuant to the above, the possibility for workers to undertake separate labour executions towards payment of due wages was eliminated, and these actions are now subject to law and the bankruptcy jurisdiction.

4. In the case of bankruptcy, labour loans lose their real preference towards payment.

Loans for wages corresponding to the last thirty days of work prior to filing for bankruptcy, up to a maximum of twice the minimum professional salary, and

Labour loans generated after bankruptcy is declared, including compensations due in case of dismissal or extinguishment of employment contracts, are considered to be loans against the mass or privileged with regard to their priority for payment ahead of others. That is, their singularity is that they are deduced from the mass previously in order to be satisfied. However, these loans do not have the same protection and preference exactly in the case of bankruptcy than in the absence of bankruptcy. In the latter they have preference over any other loan. In the former, although preferential, they aren't paid ahead of every other, for instance those guaranteed by collateral or mortgage.

Other loans from wages or compensations derived from the extinguishment of contracts, when no special privilege is acknowledged, are considered to be normal (general privilege) and their payment is carried out from the remainder once all other special loans are deduced from the mass.

As a consequence of this legal amendment (which had hardly been used as cases of bankruptcy have been rare in the last few years), several practical problems are arising with regard to claiming compensations agreed in restructuring processes with collective dismissal. If the undertaking goes into receivership (as is frequently taking place at the moment), workers do not get paid their compensations immediately; they have to wait for the bankruptcy procedure, which by definition is long and complex, to go through. Moreover, they may find at the end that their loans are not satisfied fully as other preferential loans may exist.

There is currently a new government work group analysing a possible amendment to the Bankruptcy Act to this regard, in order to solve this problem which wasn't considered at the time.

PART 4: SPANISH ACTORS IN RESTRUCTURING CONTEXT AND BEHAVIOUR

1. Unions

As is well known, in Spain there is double channel of worker representation at the undertaking: i) the single-channel, through Works Councils, the members of which are elected from amongst the employees in undertakings with more than 50 workers (or staff delegates, below this threshold); and ii) trade union sections, in large undertakings, representing their members⁵⁸. Both bodies are entitled to information and consultation, although in a differentiated manner.

Although many trade unions of different types and orientation exist, there are two clearly predominant unions: the "Confederation of Workers' Committees" (Confederación Sindical de Comisiones Obreras, CC.OO) with approximately 1.000.000 members according to some sources; and the General Workers' Union (Confederación Sindical de la Unión General de Trabajadores, UGT)⁵⁹. These two unions are the most representative organisations in the labour market by virtue of votes cast by workers in the elections held at the workplace all over the country⁶⁰.

In practice, many Works Council members are also trade union members. In the case of restructuring, the Works Council is the social partner for negotiation with management and has the competences to sign any agreement reached, for instance an Employment Regulation Plan (ERP) with collective dismissals. In large undertakings, trade union sections attend, participate and guide bargaining, although they are not formally a part thereof.

Although the two main trade union organisations have maintained unity of action at State level since the mid-80's, they do not always agree in their assessment at the level of the establishment. The fact that elections are held accentuates their concurrence and hence differences in criteria and even clashes may occur when restructuring is negotiated (although this is not the most usual case).

In the current situation, the trade unions have drafted a set of orientations towards trade union action in 2009⁶¹, in view of non-agreement with employers' organisations.

⁵⁸ According to the statistics of the Spanish Ministry of Employment, it is important to underline that membership in Spanish trade unions is one of the lowest in Western Europe: only 16% of employees are trade union members compared to 25% of European employees. Membership in absolute terms doubled between 1985 and 2003, increasing from 1 million to 2.3 million.

⁵⁹ Figures and information obtained by Javier Calvo for the book "Employee representatives in the enlarged European Union", prepared by the author of this report and published by the European Commission

⁶⁰ According to some sources, UGT and CCOO had obtained almost 70% of the members of workers committees and delegates in 2006 elections. Nevertheless, there are also other national unions like USO, CIS-CSIF or CGT, but they are much less important. Only in the Basque Country and in Galicia is it possible to find important nationalism unions like ELA-STV, LAB and CIG. But CCOO and UGT are, without challenge, key players in shaping industrial relations in Spain.

⁶¹ "Unit criteria of CCOO and UGT towards Collective Bargaining and Employment". 9 March 2009.

With regard to restructuring processes and collective dismissals, they have set the objective of “using all possible channels prior to temporary suspension or extinguishment of employment”. They also show their mistrust with regard to the fact that some restructuring processes are not really due to the difficult economic and financial situation of the undertaking. Likewise, they seek the review of the tax treatment of compensations from collective dismissal, so that a part thereof is exempt from taxation (to avoid grievances with the tax treatment of individual dismissal).

Performance

Historically, workers’ representatives have had to face collective dismissal (for instance due to delocation) where the margin for negotiation is tight. In some sectors, a somewhat planned restructuring process has taken place (Banking, Finance, some activities in the Agricultural Industry), where collective dismissal has taken the shape of voluntary dismissal and other financial compensation social measures.

Trade unions usually have heads, which doesn’t prevent them from practicing significant resistance. A typical response model generally includes the instruction to maintain employment or, at least, the maximum employment possible. From there, negotiation so that, if nothing can be done, the best social conditions are achieved for the workers dismissed and guarantees towards the recovery of the employment lost and the feasibility of future activity.

2. Managers and management

Executives in large undertakings are either management professionals or executives with a considerable experience in the sector and the business (“self-made” directors). An example of the former can be found in the typical restructuring processes carried out through equity funds operations: professionals in business reorganisation and restructuring are contracted with the aim of making them profitable for a period of time in order to sell them later.

Performance

Depending on the type of undertaking, the role they play in restructuring may vary. In large multinationals, where the centre of decisions is located outside the undertaking itself and the country, their role is minor, executing the CEO’s orders. This is the case as long as no executives of the multinational are temporarily posted to carry out the restructuring (which sometimes occurs in highly centralised business governance structures). In national undertakings, middle managers and directors may have a prominent role during the restructuring process as they have a greater margin to operate.

In general, restructuring is often viewed in practice as a cost operation. Given the limited tradition in negotiating alternative measures, financial compensations are viewed as the easiest and fastest exit. In times of growth, compensations were even expen-

sive, by all standards. At this time of recession it is unclear whether such high costs can be paid.

3. Public Employment Services

The nature itself of the Public Employment Service (PES) conditions its manner of intervening in restructuring processes and cases. They have been at the centre of discussions at least during the last fifteen years. This is a factor that operates as a restriction in their response to restructuring management. They are subjected to strong pressures of different natures and types. Their roles and aims are questioned in a market where competition has become installed through other operators that offer or provide services, partially or completely: labour internal markets, Temporary Agency Work, private outplacement services, placement agencies, etc.

Their profitability and efficiency is analysed in terms of their ability to mediate in the labour market between demand and supply. Frequently, the fact that the labour market is a clear example of a non-transparent market is ignored: the best PES in the world, under normal conditions, would not exceed humble mediation numbers.

In a context of structural, productive and work organisational change, of industrial mutations that are still insufficiently defined with regard to their direction, that is, in the framework of permanent restructuring, the PES are required to provide efficiency, the ability to reorganise their classic or traditional services and results⁶².

In Spain, regional Public Employment Services, which depend on the Autonomous Communities, are in charge of offering employment services, mediation and organising active policies. SEPE-INEM⁶³, dependent on the Ministry of Employment and Immigration, carries out a task to promote and tutor principles (non-discrimination between persons or territories) and, supposedly, coordination. Furthermore it organises passive policies, basically the unemployment benefit.

Performance

The degree of mediation in Spain is low. In general, the users thereof are low-qualified workers. The position of PES in view of restructuring is non-specific, but general: they act *a posteriori*, with palliative guidance policies (protection due to unemployment) rather than pre-actively. The services they offer are usually not sufficiently integrated (frequently, it is not a coherent menu in the professional course of the unemployed); nor are they multidisciplinary, they only carry out certain functions and activities, not connected to other social areas and policies.

Only recently, due to the crisis, have ambitious intense occupational change programmes been started in some regions, through professional guidance and training. Their results are still to be assessed. For instance, 1,500 professional counsellors were

⁶² For a detailed perspective of this topic, you may read the report on the role of Employment Services in restructuring, within the framework of the IRENE project -Innovative Restructuring Network, financed by the European Commission in 2008.

⁶³ Spanish acronym for the State Public Employment Service – National Employment Institute

hired in 2008 to assist tens of thousands of workers that were surplus (forever) in the construction sector.

4. Regional and Local authorities

Functioning as a Federal State in practice, infra-State levels have a significant role to play, especially in the case of dramatic restructuring processes with a high social and economic cost for a region or town. There are several experiences to this regard in all Autonomous Communities. The involvement of the authorities is usually active, added to their competences, as labour authority, to authorise collective dismissals in the aforementioned cases.

This intervention is generally one of mediation and construction, carried out informally, outside a specific legal framework or a clear competence. In general, intervention starts when workers and their representatives request mediation and help from the regional authorities in view of job losses.

There are no other relevant actors in a restructuring process, which is somewhat striking. For instance, regional financial institutions, which are usually quite involved in the social development of the territory and even own industrial assets (for instance, Caixa de Catalunya o Cajamadrid, which own shares in Iberia, amongst others) are not involved in the restructuring processes.

5. Other agents. External experts

On the management's side, law firms specialising in restructuring usually intervene advising management and taking the weight of negotiations with workers' representatives. They sometimes include other services such as external communications. Their role is relevant, although subject to the undertaking's decisions. A few, well known and prestigious legal practices share the restructuring "market". Prior expertise in the management of restructuring and their knowledge of the union environment is, in many cases, positive towards an agreed solution.

External advisors for the workers' representatives are usually specialised technical staff from the trade unions' confederate offices or from the sectoral federations. They have ample negotiating expertise and are technically qualified; however, there are only a few of them to tend to the needs across the country.

PART V: A FEW BRUSHSTROKES ON THE DEVELOPMENTS WITH THE CURRENT CRISIS

The number of unemployed persons registered at the National Employment Institute (INEM, in the Spanish acronym) is close to 3.5 million, the highest level in the comparable historical series which starts in 1996⁶⁴. In the last year, a total of 1,166,528 per-

⁶⁴ In Spain, unemployment is measured by the EPA, Encuesta Trimestral de Población Activa (Quarterly Active Population Survey), which is the most reliable survey, interviewing 64,000 households. Recorded unemployment (obtained monthly) is an administrative record of the persons who have 'signed-on' at the Public Employment Services offices.

sons have been added to the list of the unemployed, representing an interannual increase of 50.4%. Other estimates foresee a fall of 3% in the Spanish economy in 2009⁶⁵, with an estimate that the unemployment rate will reach 17.2%, which implies reaching almost 4.5 million unemployed.

The harshness of the employment adjustment overshadows almost every debate ordered. The government has adopted plans and measures for recovery, generally in the lines of its European equivalents. Activation of demand, on the one hand, and enlargement of social protection, on the other, constitute the two main vectors of activity.

Government initiatives to face the crisis can be considered to be of a general nature. For instance, we may quote the anti-crisis measures adopted in 2008:

- Encouraging the stable contracting of unemployed workers with family responsibility, establishing a bonus of 1,500 euros per annum.
- Capitalisation of the unemployment benefit is enlarged from 40% to 60% so that those unemployed persons who decide to move to self-employment may have at their disposal the investment necessary to start their activity.

Recently, in March 2009, other recent measures have been:

- Bonuses on part-time contracts, in order to make them more attractive, by means of increasing the current scale of bonuses for this type of contract by 25%, with the forecast that this will contribute to increase this type of contract by 20% annually.
- Converting unemployment benefits into a sort of business bonus for the permanent contracting of the unemployed. This measure is quite novel in Spain and, according to the Government's estimates, will have no effect on the State budget, since the bonus will consist of the amount that is still pending payment from the employee's benefit.

Restructuring processes are obvious in sectors such as construction. In others, this is more of a harsh adjustment of employment, severely affecting temporary employment, though not only. In restructuring with collective dismissals, the government has estimated that between October 2008 and December 2009 more than 600,000 workers will be affected by an Employment Regulation Plan (ERP) with temporary suspension. Out of these, 250,000 are estimated to be finally dismissed.

With regard to specific measures linked to restructuring, no great novelties have taken place, beyond the aids provided to certain sectors such as the motor industry. Recently, in March 2009, the government has adopted two measures, without the consensus of the social partners:

- Recovery of unemployment benefits in the cases of ERP, with the intention of guaranteeing that workers do not suffer a decline in their rights to unemployment benefits when their contract is suspended or their working time is reduced.

⁶⁵ FUNCAS- Fundación de las Cajas de Ahorro. *Cuaderno de Información Económica*

This measure is estimated to increase the average duration of employment suspensions by 33%, from 83 days to 110 days per worker.

- The appointment of bonuses to undertakings that present an ERP with suspension: 50% discount in the payment of contributions as long as they maintain employment for at least a year after presenting the ERP.

The amendment of the legal framework for restructuring is difficult, given that crisis in undertakings are daily and conflict in the heat of the moment is dealt with worse than otherwise. The most important employers' confederate organisation, CEOE, has requested the repeal of procedures to carry out collective dismissal because they are long and costly. Bipartite and tripartite social dialogue, permanent and structured, one of the pillars of the industrial relations model developed in the last 25 years, is blocked in 2009 due to being unable to reach reference wage agreements for collective bargaining: with the fall in demand and consumption, the threat of deflation is latent and employers are unwilling to forecast the share of productivity profits in this context, whilst trade unions can not relinquish wage increases to maintain purchasing power.

The current crisis does not seem to favour substantial changes in the state of affairs, although attempts may be appreciated to maintain the employment relationship with workers as long as possible, that is, of extending the time that contract suspensions may last, as long as possible.

Restructuring in Poland⁶⁶

PART 1: ECONOMIC AND LABOUR MARKET BACKGROUND

1. Economic Background

The real GDP growth reached the level of 4.8% in 2008, but is forecasted to slow sharply even to 1.5% in 2009 as a result of the international crisis. A slow recovery should start in 2010, but the economists remain very careful in their estimates. The slowdown in import demand and a more difficult access to external finance will lead to the current-account deficit narrowing from an estimated 5.6% of GDP in 2008 to 3.6% of GDP in 2010, remaining near this level in 2011-13.

Slower economic growth and an easing in labour market conditions will result in inflation falling down from the 2008 level of 4.2% and respectively 3% and 2.2% in 2009 and 2010. Despite the economic slowdown, the government will keep tight control of government spending. Progress in bringing down the budget deficit will be slower than planned, but unless the economy falls into outright recession, Poland should continue to meet the Maastricht budget criteria. The government has stressed its ambition to enter the EMU system as soon as possible.

Another consequence of the financial crisis is the sharp slowdown in domestic demand. If the international financial crisis deepens further, access to foreign borrowing will become more difficult, and this could force an even sharper adjustment on the economy, leading to even slower growth in 2009-10⁶⁷.

The economic situation is additionally complicated by the erratic value of the Polish currency ("zloty", PLN) which makes imported goods much more expensive as well as leaves the room for currency speculations⁶⁸. The tables below present GDP growth ([Table 20](#)) and a more general outlook of the economic situation ([Table 21](#)).

Table 20: GDP growth – in current prices and annual %

Category/Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009(f)
EUR/habitant	4900	5600	5500	5000	5300	6400	7100	8100	9600	8500
Annual %	4.0%	1.0%	1.3%	3.8%	5.4%	4.3%	4.2%	6.3%	4.8%	1.7%*
(f) – forecast										
* the most recent forecasts: still being revised; in November 2008 the official Polish forecast was 4.8% and it was reduced in December 2008 to 3.4%										

Source: Eurostat (GDP growth in current prices) and Central Statistical Office, GUS (% annual growth).

⁶⁶ by Dr Anna Kwiatkiewicz, BPI Polska

⁶⁷ The Economist Intelligence Unit,

<http://www.economist.com/countries/Poland/profile.cfm?folder=Profile%20Economic%20Data> January 230 2009 (19.02.2009)

⁶⁸ For the purpose of all calculations in this report the average exchange rate of the National Bank of Poland of 6 March 2008 was used (1 EUR = 4.75 PLN).

Table 21: The economic outlook of Poland 2000 – IIQ2008

Variable	2000	2001	2002	2003	2004	2005	2006	2007	I-II Q 2008
GDP (bln PLN)*	744	780	809	843	925	983	1,060	1,175	605
GDP change (preceding year=100)*	104.3	101.2	101.4	103.9	105.3	103.6	106.2	106.7	104.8 ^{a)}
FDI inflow (bln EUR)**	10,334	6,372	4,371	4,067	10,237	8,330	15,741	16,674	11,213 ^{b)}
Unemployment rate (%)*	15.1	17.5	20.0	20.0	19.0	17.6	14.8	11.2	9.5 ^{c)}
Exports (bln EUR)**	39,022	46,537	49,338	53,836	65,847	77,562	93,406	105,893	140,981
Imports (bln EUR)**	52,349	55,094	57,039	58,913	70,399	79,804	98,945	118,262	157,185
External trade turnover (bln EUR)**	91,371	101,631	106,377	112,749	136,246	157,366	192,351	224,155	298,166
External trade balance (bln EUR)**	-13,327	-8,557	-7,701	-5,077	-4,552	-2,242	-5,539	-12,369	-16,204
Inflation rate (CPI, preceding year=100)*	110.1	105.5	101.9	100.8	103.5	102.1	101.0	102.5	104.2 ^{d)}
Source: *Central Statistical Office (GUS), **National Bank of Poland (NBP)									

Source: Polish Agency for Foreign Investment (PAIZ), Poland in Numbers, <http://www.paiz.gov.pl/index/?id=a5e308070bd6dd3cc56283f2313522de>

The economic slowdown already results in:

- cutting down the production (i.e. *Zelmer*, a producer of small domestic appliances employing 2 400 people sent its personnel for a 4-day training program or made them take days off – the production break was to last 4 days⁶⁹);
- closing down production plants (i.e. the Szczecin Nowa Shipyard or *Swarzędzka Fabryka Mebli* - the furniture producer);
- announcing insolvency (i.e. *Znak* – computer trading and servicing company);
- announcing collective dismissals (example: the Gdynia Shipyards or the FSO, *Fabryka Samochodów Osobowych* - automotive factory in Warsaw have announced voluntary leave programs that will be executed throughout 2009);
- closing down regional offices (AGORA, one of the biggest and most known media companies, the publisher of daily *Gazeta Wyborcza*).

It is possible that there may be more collective dismissals in the next months of 2009. In addition, it was reported that the government plans privatization process of some of

⁶⁹ *Zelmer i Łucznik zawieszają produkcję*, *Gazeta Wyborcza*, 7-8 February 2009, p.34

the remaining state property, mainly from the energy sector – the privatization is to bring 12 mld PLN to the Polish state budget⁷⁰. The functional distribution of the state budget revenue is presented in the table below.

Table 22: Functional distribution of revenue (2005-2007)

	2005	2006	2007	
The state budget	in mln PLN			in interest rate in %
Revenue				
-of which	135 663,9	197 639,8	236 367,5	100,0
Indirect taxes	79 670,5	127 412,4	146 482,1	62,0
CIT	16 867,7	19 337,5	24 540,2	10,4
PIT	23 088,6	28 125,3	35 358,5	15,0
Revenue of budgetary entities	6 523,3	11 176,1	11 95,3	5,0
Receipts from customs duties	5080,3	1 385,9	1 747,6	0,7
Non-returnable from the EU and other sources	n/a	n/a	7 534,1	3,2
Expenditure	151 054,9	222 702,9	22 323,9	100,0
- of which public debt services:	18 024,5	27 767,2	27 499,9	10,9
- domestic	13 727,9	23 287,7	22 595,8	8,9
-foreign	4 296,6	4 479,5	4 904,1	1,9
Allocations for				
- Pension Fund	13 212,7	14 932,7	14 680,7	5,8
- Social Insurance Fund	15 366,0	24 483,4	23 893,0	9,5
- Labour Fund	838,5	n/a	n/a	X
General subsidies for local self-government entities	25 860,2	34 542,6	36 759,2	14,6
Current expenditures or budgetary entities	26 928,0	42 097,0	45 489,8	18,0
EU own resources	n/a	9 839,0	10 628,7	4,2
State budget results (deficit)	-	-25 063,1	15 956,4	X
15 391,0				
Deficit financing				
- domestic sources	20 410,8	18 157,9	11 069,2	X
- foreign sources	-5 019,8	6 905,2	4 887,2	X
Relation to GDP (current prices) in %:				
Revenue of the state budget	18,2	18,6	20,2	X
- of which tax revenue	16,1	16,5	17,7	X
State budget expenditure	20,3	21,0	21,6	X
State budget results (deficit)	-2,1	-2,4	-1,4	X
Public debt	37,7	47,8	45,2	X
- of which debt of State Treasury				
- domestic	19,5	33,0	32,4	
- foreign	16,2	11,9	10,4	

Source: Poland in figures, Central Statistical Office (GUS), Warsaw 2008, p.36-37.

The analysis of the state income shows that almost 20% of the state revenue is spent on debt service, over 15% for social contributions (transfer to the Pension Fund and Social Insurance Fund) and over 14.6% for the local government transfers. There are not any special funds related to restructuring processes.

It is also worthwhile to have a look at the distribution of financial means from the Labour Fund as it is the vehicle of the labour market policy. The Labour Fund is financed

⁷⁰ *Wielka wyprzedaż skarbu państwa*, Gazeta Wyborcza, 12 February 2009, p. 1, *Przecena sreber rodowych*, Gazeta Wyborcza, 23 February 2009, p.23.

from three sources: the major source are employers' social contribution (94.8% in 2008), followed by the EU funds contribution (3.8%) and the remaining income (1.4%).

The distribution of the Labour Fund in 2008 was the following:

- unemployment benefits – 35%;
- activation benefits – 2%;
- integration benefits – 2%;
- active forms of combating unemployment – 52.6%;
- remuneration, contributions, benefits– 5.8%;
- remaining expenditure – 5.8%;
- investment – 0.8%.

The share of active forms of combating unemployment grew by 2% in comparison with the precedent year.

The most recent idea is to use the Labour Fund to co-finance salaries of workers under a short-working time schemes or to finance “stopover salaries” (more details on the scheme and stopover salaries can be found in Part V).

According to “Risk Assessment by Ducroire/Delcredere sa.nv” Poland is characterized by a low political and a medium commercial risk in export transactions⁷¹. In 2007 the major export countries were Germany, France, Italy and the UK, while the major import countries were Germany, Russia, China and Italy. Poland is still the country that imports more goods than exports and the exported goods are usually raw materials or semi-products of a relatively low added value while the imported goods are ready-to-use products of a much bigger added value.

Table 23: Characteristics of major export and imports in 2007 (as % of total)

Major exports 2007	% of total	Major imports 2007	% of total
Machinery & transport equipment	40.4	Machinery & transport equipment	34.9
Manufactures classified by material	23.1	Manufactures classified by material	20.9
Miscellaneous manufactured goods	13.0	Chemicals & related products	12.9
Food & live animals	8.4	Mineral fuels & lubricants	9.9
Chemicals & related products	7.3	Miscellaneous manufactured goods	8.6
Leading markets 2007	% of total	Leading suppliers 2007	% of total
Germany	25.9	Germany	24.0
France	6.1	Russia	8.7
Italy	6.6	China	7.2
UK	5.9	Italy	6.8

Source: Central Statistical Office (GUS) data, Warsaw 2009.

1.2 Foreign Direct Investment (FDI)

Poland used to be the largest FDI recipient in CEEC between 2000 and 2007, but gradually the Baltic States have grown to become serious competitors and eventually

⁷¹ <http://www.ducroiredelcredere.co.uk/Webduk/WebSite.nsf/AllWeb/Poland?OpenDocument&Disp=1>

Estonia took over the leader position. Additionally, in 2009 the FDI inflow may be reduced by the economic crisis.

Poland was popular among foreign investors – the biggest foreign investor being France - due to its large population and a promising market, relatively lower labour costs, its geographical location close to the huge market potential of the former Soviet Union, but yet more Western than Eastern type of mentality and the way of doing business.

FDI used to be a very important dynamic factor for the Polish economy helping to expand production (30-40 per cent per year), create new jobs and introduce new technologies. However, the foreign-owned firms still import more to Poland than export from Poland and as a consequence the trade deficit is rising⁷².

The sectors with significant share of FDI in Poland are the following sectors: finance, industry - mainly food processing and automotive industries - and retail trade. The recent investment went mainly to the sector of advanced electronic equipment. The internationally known firms investing in Poland included LG Philips LCD, LG Electronics, Sharp, Toshiba and Dell. The automotive sector is represented by Fiat, GM, Toyota, Isuzu or Volkswagen, and recent investments include such companies as MAN, Bridgestone and Michelin. Another feature of the recent FDI inflow is that the producers of sub-components are starting to follow their clients and to set up local supplier businesses. As a result there is also a slight change in the type of incoming FDI: big privatisations are slowly being replaced by greenfield investment and investment in the SME sector.

- This obviously poses a big threat in the times of the crisis: when the big foreign enterprises decide to reduce their production or even to close down their plants in Poland, their suppliers are faced with a sudden lack of demand for their products – sub- components. The restructuring of big production plants or enterprises may therefore cause the chain reaction for their suppliers and seriously hinder their existence.

Similar results for the FDI inflow to Poland are presented in the analysis published by the Wiener Institut für International Wirtschaftsvergleiche (wiiw) in June 2008⁷³. Their estimates of the FDI inflow to Poland differ significantly for 2007: according to them the FDI inflow reached the level of 12, 834 bln EUR and was forecasted at the level of 13,000 bln EUR for 2008.

Table 24: FDI inflow to Poland and trade (2000- I-IIQ2008)

Variable	2000	2001	2002	2003	2004	2005	2006	2007	I-II Q 2008
FDI inflow	10,334	6,372	4,371	4,067	10,237	8,330	15,741	16,674	11,213 ^{b)}

⁷² L. Baj, *Szklana pogoda dla Polski*, "Gazeta Wyborcza", October, 24, 2006, p.22.

⁷³ *Analysis of Foreign Direct Investment in 20 Central, Eastern and Southeastern European countries*, The Vienna Institute for International Economic Studies, Vienna, June 2008.

(bn EUR)**									
Exports (BN EUR)**	39,022	46,537	49,338	53,836	65,847	77,562	93,406	105,893	140,981
Imports (BN EUR)**	52,349	55,094	57,039	58,913	70,399	79,804	98,945	118,262	157,185
External trade turnover (bn EUR)**	91,371	101,631	106,377	112,749	136,246	157,366	192,351	224,155	298,166
External trade balance (bn EUR)**	-13,327	-8,557	-7,701	-5,077	-4,552	-2,242	-5,539	-12,369	-16,204

Source: *Central Statistical Office (GUS), **National Bank of Poland (NBP)

Source: Polish Agency for Foreign Investment (PAIZ), *Poland in Numbers*,
<http://www.paiz.gov.pl/index/?id=a5e308070bd6dd3cc56283f2313522de>

In 2007 all the NMS, and among them Poland, received a lower amount (-7%) of FDI than in the preceding year. The reason for such a situation is the fact that the privatization processes are already completed, MNCs have finished taking over of local markets, and the unit labour cost started to grow. The visible tendency is also that bigger countries (i.e. Poland) receive lower amounts of FDI than smaller ones – Estonia being the leader of the FDI inflow. At present a very serious threat to the FDI growth is the growing scarcity of available capital for investors. On the other hand one of the ways to reduce costs is to outsource or relocate to low cost locations – in this respect the NMS will remain favourable locations for export-oriented activities (example: advanced plans of Dell relocating its production plant from Limerick to Poland – which is to result in creation of 1 200 new jobs and a 50% reduction of the labour cost).

More tables on FDI inflow to Poland can be found in Annex 1.

2. The labour market

After the decline of 2000 – 2003 the number of the employed persons started to grow since 2004 and reached the number of 13 771.1 thousand in 2007. The growth was respectively: 0.6% in 2004, 1.3% in 2005, 2.5% in 2006 and 4.2% in 2007. The growth in the private sector was 5.9% and the decline in the public sector was 0.4%. The biggest growth of employment was observed in such sectors as construction (13%), services provided for the real estate sector and the enterprises sector (8.7%), financial intermediation (6.2%) and industrial production (5.4%). The biggest decline was observed in fisheries sector (2.2%) as well as mining and electric energy, gas and water supply services (each 0.6%)⁷⁴.

⁷⁴ *Employment in national economy in 2007*,
http://www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_PDL_pracujacy_w_gospodarce_narodowej_w_2007.pdf p. 10

The productivity is growing: a 13% growth was noted between 1997 and 2005 – in 1997 productivity was at the level of 43% while compared with relative EU15 and 55% in 2005⁷⁵.

Table 25: Key employment indicators: Poland (1)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total population (000)	37922	37 978	37 985	38033	38109	38070	37657	37601	37527	37446	37277
Population aged 15-64	25005	25247	25461	25739	25986	26159	26031	26142	26211	26325	26299
Total employment (000)	15177	15356	14757	14526	14207	13782	13617	13795	14116	14577	15218
Population in employment aged 15-64	14726	14894	14664	14155	13866	13470	13324	13504	13834	14338	14997
Employment rate (% population 15-64)	58.9	59.0	57.6	55.0	53.4	51.5	51.2	51.7	52.8	54.5	57.0
Employment in Services	43.7	44.6	45.4	46.2	46.7	47.0	53.8	53.9	54.2	54.4	:
Employment in Industry	29.0	28.6	27.7	26.3	25.1	24.3	27.0	26.9	26.8	26.9	:
Employment in Agriculture	27.2	26.8	26.9	27.5	28.2	28.7	19.3	19.2	19.0	18.7	:
Activity rate	65.9	65.7	65.9	65.8	65.5	64.6	63.9	64.0	64.4	63.4	63.2
Total unemployment (000)	1849	1730	2300	2788	3170	3431	3323	3230	3045	2344	1619
Long term unemployment (% labour force)	5.0	4.7	5.8	7.4	9.2	10.9	11.0	10.3	10.2	7.8	4.9

Source: European Commission, Employment in Europe 2008, Luxembourg: Office for Official Publications of the European Communities, p.262.

Table 26: Key employment indicators: Poland (2)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Annual average hours worked	:	:	:	:	-0.7	0.3	0.3	-0.1	0.6	-0.5	-0.1
Productivity per hour worked	:	:	4.2	4.3	4.9	4.0	0.7	3.4	2.0	2.7	3.7
Real unit labour cost	-1.4	-2.4	2.9	-4.4	-3.6	-6.0	-2.3	-2.4	3.0	0.2	0.1

Source: European Commission, Employment in Europe 2008, Luxembourg: Office for Official Publications of the European Communities, p.213

The situation on the labour market has worsened recently as the result of the financial crisis: enterprises have started collective dismissals and/or freeze on recruitment. The unemployment rate is growing: in January 2009 the number of the unemployed was 1 634 000 persons and the unemployment rate increased by 1% compared to December 2008 and reached the level of 10.5%. This is the biggest unemployment growth since 2000. The Ministry of Labour and Social Policy explains this situation as a typical

⁷⁵ Key Challenges Facing European Labour Markets: A Joint Analysis of European Social Partners, Brussels 2007, www.buinessseurope.com; p. 13

for this time of the year fluctuations of the labour market. Labour Offices believe that the number of the persons registering as the unemployed is additionally increased by the dismissed persons. More collective dismissal is planned, especially in such sectors as production, tourism, finances, automotive and transport. Another group that is registering in bigger numbers are the self-employed, usually not employing any additional staff (increase of 50% in January 2009 when compared with December 2008)⁷⁶.

More indicators related to the Polish labour market can be found in Annex 2.

In January 2009 there were 73.7% people employed in the private sector and 26.3% employed in the public sector – the employment in this sector was continuously decreasing since 2003.

Table 27: Employment by sectors in Poland (2003-2007)⁷⁷

Year A	Agriculture	Industry & construction	Services
2003	17%	27,6%	55,4%
2004	16,9%	27,7%	55,5%
2005	16,6%	27,4%	55,9%
2006	16,2%	27,9%	55,8%
2007	15,6%	28,5%	55,9%

Source: Employment in national economy in 2007

http://www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_PDL_pracujacy_w_gospodarce_narodowej_w_2007.pdf p. 11

2.1 Short-term contracts

Poland is the country with a relatively relaxed employment protection legislation. The relevant indicators are presented in the table below.

Table 28: Strictness of employment protection legislation

	Regular contracts			Temporary contracts		
	1994	2003	Change	1994	2003	Change
Portugal	4.2	4.2	0	3.1	2.8	-0.3
Poland	2.2	2.2	0	1.1	1.3	0.2
UK	1	1.1	0.1	0.3	0.4	0.1

Source: Key challenges facing European labour markets: European Social Partners joint analysis, Brussels, October 2007, p. 21.

In 2005 the most wide-spread form of employment contracts in Europe was employment contract of indefinite duration (85% of all signed contracts). At the same time the number of fixed-term contracts is rising: it rose from around 12% in 1997 to close to 15% in 2005. The same tendency is observed in the NMS, out of which Poland is the

⁷⁶ The Foundation of Social and Economic Initiatives, *Labour market/Unemployment January 2009*, <http://www.bezrobocie.org.pl/x/433883>, 19 February 2009

⁷⁷ It is worth noting that there are differences in the European data used for Poland and in data provided by the Polish Main Statistical Office (GUS).

country with the striking growth in the number of the fixed-term contracts and where the rules on temporary work have been relaxed⁷⁸.

Since 1997 there is a continuing growth of fixed contracts: from the level of almost 5% of total employment the fixed term contracts reached the level over 28% in 2007. Between the year of 2000 and 2001 when the serious economic slowdown started the percentage of the fixed-term in the total employment doubled, and in the next two years (2002 and 2003) it was rising by 4%-5% per year.

Table 29: Fixed-term work, part-time work and self-employment in Poland (1997-2007)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
FTE Employment rate (% population aged 15-64)	:	:	:	:	52.9	50.7	50.3	50.2	51.1	52.9	55.8
Self-employed (% of total employment)	28.3	27.1	26.9	27.4	28.0	28.1	27.3	26.7	25.8	25.7	25.0
Part-time employment (% of total employment)	10.6	10.4	1.5	10.5	10.3	10.8	10.5	10.8	10.8	9.8	9.2
Fixed-term contracts (% of total employment)	4.8	4.7	4.6	5.8	11.7	15.4	19.4	22.7	25.7	27.3	28.2

Source: European Commission, Employment in Europe 2008, Luxembourg: Office for Official Publications of the European Communities, p.262.

2.2 Redundancies in Poland

The most comprehensive data on restructuring in the data gathered and processed by the EMCC European Restructuring Monitor. The data is available since January 2002 to date.

The analysis of the available data shows that the biggest type of restructuring was a result of internal restructuring (15.44%) followed by bankruptcy/closure (3.76%). The former figure may increase in the next 2-3 quarters of the years as the result of the economic crisis.

⁷⁸ *Key challenges facing European labour markets: European Social Partners joint analysis*, Brussels, October 2007, p. 18

Table 30: Breakdown of employment effect by type of restructuring

Type of restructuring	Number of planned job reductions	% planned job reductions	Number of planned job creation	% planned job creation	Number of cases	% Cases
Business expansion		0%	424745	97.29%	939	78.38%
Internal restructuring	177915	82.93%	8186	1.88%	185	15.44%
Bankruptcy / Closure	25599	11.93%		0%	45	3.76%
Merger / Acquisition	7038	3.28%	2000	0.46%	9	0.75%
Outsourcing	1481	0.69%		0%	6	0.5%
Relocation	100	0.05%	750	0.17%	5	0.42%
Offshoring / De-localisation	1710	0.8%		0%	5	0.42%
Other	700	0.33%	900	0.21%	4	0.33%
Total	214543	100%	436581	100%	1198	100%

Source: EMCC Restructuring Monitor,
<http://www.eurofound.europa.eu/emcc/erm/index.php?template=stats>

Table 31: Breakdown of employment effect by sector (01.2002-02.2009)

Sector	Number of planned job reductions	% planned job reductions	Number of planned job creation	% of planned job creation	Number of cases	% of cases
Manufacturing	84158	39.23%	245815	56.3%	826	68.95%
Real estate / business activities	1840	0.86%	45260	10.37%	106	8.85%
Transport / communication	54670	25.48%	28758	6.59%	71	5.93%
Financial services	19536	9.11%	23838	5.46%	49	4.09%
Retail	1420	0.66%	32933	7.54%	46	3.84%
Mining / quarrying	19200	8.95%	32805	7.51%	24	2%
Public administration	25520	11.9%	15422	3.53%	22	1.84%
Construction	800	0.37%	5010	1.15%	17	1.42%
Other services	1445	0.67%	4550	1.04%	15	1.25%
Utilities	5240	2.44%	200	0.05%	12	1%
Hotels / restaurants	514	0.24%	1640	0.38%	6	0.5%
Health / social work	200	0.09%		0%	2	0.17%
Education		0%	200	0.05%	1	0.08%
Agriculture/fishing		0%	150	0.03%	1	0.08%
Total	214543	100%	436581	100%	1198	100%

Source: EMCC Restructuring Monitor,
<http://www.eurofound.europa.eu/emcc/erm/index.php?template=stats>

3. Temporary contracts and restructuring

Temporary contracts are regulated by law on temporary employment (Dz.U. 2003 Nr 166 poz.1608, ustawa z dnia 22 września 2003) which defines rules for temporary employment and for cooperation between temporary work agency and the employer user (client of the temporary work agency). According to this law “temporary work” means “performing work for a defined employer – user for the time not longer than stipulated in the law”. It means a maximum employment of 12 months during the period of 36 months with the same employer and a maximum employment of 36 months in case of the continuing employment to replace absent regular employee. In case of exercising the maximum length of employment with one employer user, temporary worker can take up the job with the same employer user only after the period of 36 months⁷⁹.

Temporary workers perform the tasks:

- of a seasonal, periodical or an ad hoc nature;
- which would not have been otherwise completed by the regular employees in a due time;
- which were to be performed by an absent regular employee.

It is important to note that the regulation stipulates that the employer user cannot be an employer who in the last 6 months preceding the moment of taking up the job by a temporary worker has given notice or dismissed employees according to the rules of the collective dismissals or monitored dismissals.

- This regulation can be perceived as the regulation protecting regular employment and preventing from replacing regular employers with temporary workers in case of restructuring. On the other hand, temporary workers employed in the enterprise are not the subject of the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees – therefore the practice shows that they are the first “to go” in case of employment reductions⁸⁰. The practice shows that temporary workers are not the “clientele” of the trade unions, therefore they cannot count on their protection in case of dismissals.

The regulation on temporary work also stipulates that a regular employee cannot be employed by his employer as a temporary worker.

It is also worth noticing that the employer user is obliged to inform the representative trade union organization of the enterprise about the plan of appointing temporary workers. If the temporary worker’s appointment is longer than 6 months, the fact of appointing temporary worker should be agreed with the representative trade union/-s. Moreover, employer user is obliged to inform temporary workers about vacancies and planned recruitment processes.

⁷⁹ Potential loophole for this law is to employ the same temporary worker through a different temporary work agency

⁸⁰ *Rząd się ruszy* („The government will make a move”), *Gazeta Wyborcza*, 25 February 2009. p.19.

There are multiple reasons related to employing temporary workers, among them the most common ones are:

- seasonality of production and sales (5%);
- sudden requirement to increase production (47%);
- ability to perform at the peak levels while a regular employee is absent (36%);
- headcount limits (21%);
- special project (21%);
- an opportunity for trial period (14%);
- temporary replacement (6%)
- ability to acquire expertise (%%)⁸¹

While analyzing recruitment practice, it can be stated that temporary assignment is an effective loophole for employing more people without adding them to the headcount of an enterprise - therefore not increasing labour cost, which is relatively higher in Poland. It can also be a loophole for avoiding costs linked to collective dismissals as temporary workers are not treated as regular employees and are not entitled to severance pay, while all other types of temporary contracts (fixed term, trial period, task-defined) have to be taken into consideration while calculating the total employment for the collective dismissal purposes. However, there is no official evidence to support the former statement and it seems that employers, especially from the SMEs sector or operating in a long chain of subcontractors (i.e. construction sector) tend to employ people illegally than employ temporary workers. According to the data provided by CASE, in 2007 so called “unregistered work” constitutes 9,3% of total employment being 1.4 mln employees⁸². The most recent estimations of grey economy in 2009 predict that it may rise by 25 mld PLN (approx. 5.25 mld EUR) and reach the highest level of 200 mld PLN (52.6 mld EUR)⁸³.

The present feature of the Polish labour market is the phenomenon of self-employment - both the genuine and the bogus one - as well as civil law employment contacts.

Genuine self-employed are economically-active people, not employed on employment contracts, but who own their own businesses and provide services to one/multiple clients. On the basis of the Personal Income Tax Act the self-employed are entitled to a flat-tax rate of 19% on their aggregated income, which is favourable while compared with progressive tax scale for physical persons.

Bogus-self employed are those, who in fact provide the same services as when they used to be regular employees or if they were regular employees. The research has shown that the biggest wave of the bogus self-employment was observed during the economic slowdown of the years 2000 – 2003 when there were cases of enterprises

⁸¹ According to the data provided by the Association for Employment Agencies;

<http://bezrobocie.org.pl/x/411632>

⁸² http://www.dziennik.pl/gospodarka/wsj/article282167/Kryzys_wzmacnia_szara_strefe.html

⁸³

http://gospodarka.gazeta.pl/gospodarka/1,33181,6363696,_Dz___Szara_strefa_gospodarki_wyraznie_rosnie.html

forcing its employees to set up their own businesses and deliver the same services as they used to performed within the framework of a regular employment contract.

There are two types of the **civil law contracts**: agreement for performance of specific tasks (*umowa o dzieło*)⁸⁴ and mandate agreement (*umowa zlecenia*)⁸⁵. The available data proves that most often this type of contracts is signed with the low skilled employees, while the self-employment is typical for employees with higher skills.

- It seems that in Poland employees employed on the basis of the fixed-term or short-term contracts are not the most vulnerable group in case of employment reductions as, by law, they are included in the total number of employees who are to be dismissed. It seems that the more threatened employees are the ones that are employed on the basis of the civil-law contracts or the ones who are self-employed and provide services (B2B services).

PART 2: POLICY OPTIONS AT RESTRUCTURING

2.1 Passive measures

Among passive measures most often used in Poland there are early pension schemes⁸⁶, unemployment benefits and severance payments.

2.1.1 Early pension schemes

Early pension schemes are one of the most often used measure in case of restructuring and employment reduction. These can be:

- regular early pension schemes (age of 60 years for men and 55 years for women, provided they can prove respectively a 25 –year or a 30-year long period of social contribution);
- pre-pension benefit (“bridging” pension);
- disability pension.

There are not any specific measures addressed to the employees from the restructured enterprises or special sector-financed schemes. In the first five years of privatization processes – macroeconomic restructuring and transformation processes – the number of pensioners and people entitled to disability pensions grew by 2 mln people (by

⁸⁴ Agreement for performance of specific tasks stipulates that there is a final, tangible product and intellectual property rights to this product are transferred to the client who, from now on, can dispose it as he wants

⁸⁵ Mandate agreement stipulates what activities and when are to be performed.

⁸⁶ Sometimes they are called “bridging” pension schemes as they “bridge” the moment of the employment contract termination with the moment of reaching the retirement age of the employee who is leaving the company.

1/3⁸⁷). It has to be noted that for a very long time the disability pension used to function as an “early” or “alternative” pension and there were cases of disability pension fraud.

2.1.2 Unemployment benefit

All the dismissed employees are entitled to the unemployment benefit provided they register with the appropriate Labour Office (*Urząd Pracy*). The unemployment benefit to which they are entitled depends on the length of employment:

- person employed up to 5 years: unemployment benefit equals 80% of the basic unemployment benefit (at present it is 441,50 PLN – approx. 93 EUR);
- person employed between 5 and 20 years: basic unemployment benefit (551,80 PLN – approx. 116 EU);
- person employed over 20 years: unemployment benefit equals 120% of the basic unemployment benefit (at present it is 662,20 PLN – approx. 139 EUR).

The value of the unemployment benefit does not depend on the reason of dismissal. The length of the unemployment benefit is conditioned by the local unemployment rate and the length of employment of the dismissed employee. The unemployment benefit is paid for:

- 6 months: for the unemployed living in the area where - on 30 June of the preceding year to the date when an individual became entitled to the unemployment benefit - the unemployed rate did not exceeded 125% of the average national unemployment rate;
- 12 months for those unemployed living in the areas where - on 30 June of the preceding year to the date when the dismissed became entitled to the unemployment benefit - the unemployment rate exceeded 125% of the average national unemployment rate and who are over 50 years old and can prove a 20-year-long history entitling to receiving the unemployment benefit;
- 18 months: for the unemployed living in the area where - on 30 June of the preceding year to the date when an individual became entitled to the unemployment benefit - the unemployed rate doubled the average national unemployment rate and who have at least a 20-year-long period entitling to receiving the unemployment benefit or who are supporting at least one child to the age of 15 years old, and the spouse of the unemployed is also unemployed and has lost the right to receiving the unemployment benefit due to the end of the entitlement period; in case of giving birth a woman receiving the unemployment benefit is entitled to having the unemployment benefit extended by the length of entitlement for the maternity benefit.

Additionally each unemployed receiving the unemployment benefit is entitled to receiving the training stipend (40% of the unemployment benefit being 220.80 PLN – approx.

⁸⁷ A. Matysiak, I. Wóycicka, *Czy Polacy muszą zrezygnować z wcześniejszych emerytur?* (Do the Poles have to deprive themselves of an early retirement schemes?), 21 April 2005, The Polish Lisbon Strategy Forum, <http://www.strategializbonska.pl/news.php?sts&id=80>

47 EUR in case of participation in the training course, 50% of the unemployment benefit being 275,90 PLN –approx. 58 EUR in case of continuing education and 140% of the unemployment benefit being 772.60 PLN –approx. 162 EUR in case of internship or apprenticeship). There is also a training allowance for the unemployed that amounts to 20% of the basic unemployment benefit being 110.40 PLN – approx. 23 EUR) and activation allowance (*dodatek aktywizacyjny*) up to 50% of the unemployment benefit for those who, while entitled to receiving the unemployment benefit, got employed or took up a paying job (it amounts to 275.90 PLN – approx. 58 EUR).

There are not any sector funds that would pay additional benefits to the unemployment benefits guaranteed by law.

2.1.3 Severance payments

The Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees defines levels of severance payment, which are the following:

- monthly salary if an employee was employed up to 2 years;
- 2-monthly salary if an employee was employed between 2 and 8 years;
- 3-monthly salary if an employee was employed over 8 years.

This severance payment has to be paid to employees in case of individual dismissal as well as the collective dismissal in cases, where the dismissal is related to non-employee related reasons, independent whether the basis for dismissal was a mutual agreement or a notice. The same rule has to be obeyed in case of notice given to an employee and implying change of working conditions and/or remuneration. This redundancy pay does not exclude an employee from receiving other benefits i.e. resulting from stipulations of the collective agreement. The maximum severance payment for an individual employee equals fifteen monthly minimum wages⁸⁸ - at present it is 19 140 PLN (the monthly minimum wage is 1 276 PLN)⁸⁹ – approx. 4 030 EUR.

It is important to underline that there are not any additional severance payment that would be stipulated by law and would apply to the employees dismissed as the result of restructuring process.

2.1.4 Other relevant passive measures

It is very hard to write about the developments in approaches as regards to passive measures used to ease the effects of restructuring in Poland since 1970. Officially, up to 1989 there were not any restructuring or internal reorganisation processes and there was a guarantee of lifetime employment. The first restructuring processes started only in the 1990s and were usually linked with privatisation and change of ownership. Typi-

⁸⁸ According to the current level of the minimum wage, actualized every three months.

⁸⁹ At present the minimum wage is approx. 280 EUR, so the maximum redundancy pay is at the level of approx. 4200 EUR – there are significant changes depending on the exchange rate that has been fluctuating quite dynamically recently.

cally, the first step was rationalization of production processes and employment levels including outsourcing supporting functions and selling out non-core businesses, and, inevitably, collective dismissals. Only later, smaller in scale internal restructuring processes followed.

It can be stated that since 1989 there has not been any significant changes concerning passive measures – individual compensation packages⁹⁰ have always included redundancy pay (stipulated by law) paired and financial benefit (one-time compensation benefit in case of voluntary leave programs).

2.2 Active measures

Among active measures used in restructuring processes in Poland the most often used are outplacement services and training and retraining programs - sometimes they are included in the outplacement package. Recently, as the result to the crisis and economic slowdown, working time reduction schemes were discussed. In these schemes training programs were to be used as one of the elements of working time reduction.

It has to be stressed that all active measures are in 100% organized and financed by employer; public employment services do not provide any support.

2.2.1 Outplacement services

Outplacement services are usually financed by employer, is a part of the negotiated social package and are specifically addressed to the dismissed workers. The most popular practice is that it is delivered by an external consultant/-s. Outplacement services include such initiatives as professional career guidance and counselling, training programs and assistance to start ups – counselling or coaching for these employees who have decided to set up their own businesses.

As it is stipulated by law, public employment services have to be informed about the planned collective dismissal and may provide the employer with updated information on the local labour market and demand for skills and professions, however, this is left to the discretion of each individual labour office. Training and retraining programs organized by the public employment services are addressed exclusively to the unemployed and there are not any programs organized for people threatened by unemployment. As a result, it can be stated that in Poland public employment services are not enterprise's partner in dealing with collective dismissals resulting from restructuring processes – their interest is limited to those who have already lost their job.

⁹⁰ Compensation package and social package are used as synonyms

2.2.2 Training programs

In Poland a complete training package, including accompanying measures to overcome obstacles to training, is co-funded by the ESF and can be used in the context of restructuring⁹¹.

Recently employee participation in training programs has been discussed as alternative to collective dismissals – short-work time scheme (called, not very fortunately - “semi-unemployment”) were to be combined with a ESF-financed training programs (more on this can be found in Part V).

2.3 Some country specific issues

Several interrelated features characterize the restructuring process in Poland and influence the adopted measures:

- At the initial stage restructuring used to evolve around the state: plans to restructure the country's industry used to lie within the ambition of the former Ministry of Economy and Labour, i.e. a crucial role of the Polish state was obvious in the restructuring process of its mining industry;
- State-managed restructuring used to take place mainly at a sectoral rather than at a company level, but only in the sectors with the state ownership or where the state was the majority stakeholder; state-managed restructuring processes were related to privatization processes;
- Restructuring activities in Poland are strongly regulated by legislation, including acts regulating hard coal mining, metallurgy, the defence industry, national railways (*Polskie Koleje Państwowe* – PKP), banks, agriculture, and public aid for enterprises;
- Foreign direct investment – on which job creation relies significantly – appears to be targeted mainly at the manufacturing sector; the service sector, although it is the fastest growing branch of the economy, does not attract similar attention from investors⁹².

Since there are not any sectoral agreements as regards to restructuring, the practice is that each restructuring process and social package (compensation package) is negotiated individually at the level of every enterprise. The dismissed employee is entitled to severance pay and other measures only when the employment contract is terminated on the basis of mutual agreement, usually within the framework of voluntary leave programs. It usually gives an employee additionally 3 monthly salaries of compensation on the top of the severance payment stipulated by law. This can be additionally enriched by the compensation package, which could include the following measures:

⁹¹ BPI Group for the European Commission, *Evaluation of European Social Fund Support to the Anticipation and Management of Economic Change and Restructuring*, Jacques Dahan (ed.), July 2007, p.35

⁹² European Restructuring Monitor Quarterly, Issue 3, Autumn 2004, Country focus: spotlight on Poland, <http://www.emcc.eurofound.eu.int/erm/templates/displaydoc.php?docID=10>

- severance payment derived from the legal regulations (more on it in Part III on legal framework on collective job loss);
- financial benefit to which employees would be entitled in case of voluntary leave programs - this is a one-time financial benefit⁹³
 - o 2001 -2004: it was a lump sum, minimum being 35 000 PLN (approx. 7630 EUR) and maximum being 100 000 PLN (21 050 EUR) – average being 50 000-60 000 PLN (10 526 – 12630 EUR);
 - o since 2005 the severance pay has been related to multiplication of the monthly salary: minimum being 12 salaries and maximum being 31 salaries; while adopting this solution the minimum and the maximum amount that could be paid is usually indicated;
- there were cases of additional financial compensation related to the length of unemployment (the third element added to severance payment and financial benefit) – for example 3900 EUR in 2005 or additional 4 000 PLN (840 EUR) for every year of employment;
- in private companies social package could include allowance for employees who terminated job contract due to retirement;
 - o it was so called one-time retirement benefit amounting to 3 monthly salaries decreased in case the termination date falls in months following retirement age;
 - o in case of early/"bridging" retirement this allowance was calculated as difference between the pension and salary multiplied by number of months left to retirement age – minimum being 200 PLN (42 EUR) and maximum being 1000 PLN (210 EUR);
- free training and re-training programs;
- assistance in start-ups and first months of running business – this service was offered later, since 2005/2006;
- in case of external mobility programs (i.e. taking up employment in another enterprises belonging to the Group or with a different employer) an employee may be entitled to one- time financial bonus, accommodation bonus, flat rental cost coverage, removal cost coverage, real estate agency service cost coverage, bonus for spouse's job loss, higher travel cost reimbursement for commuting school children and, last but not least, pay rise; most of them are very recent measures (2006/2007).

The first social packages negotiated with trade unions used to be financial-oriented - the success was to negotiate maximum possible financial compensation for the job loss. It was not important what the dismissed employee was doing with the severance

⁹³ The data is based on interviews with HR Directors of the companies in question and on the data from press releases, for the sake of the sensitivity of data the names of the companies have to remain secret.

pay – as a result the majority of the dismissed coal-miners in the south of Poland ended up spending all the money on consumption goods instead of creating a sustainable job for themselves or investing the received funds.

Over the time more stress has been put on outplacement services, training and re-training programs as well as assistance to start ups; however, the financial element of the compensation package has still remained very important. It can be stated that outplacement services have become a standard solution in case of big restructuring processes; it is likely that the recent crisis may result in further development of active measures for restructuring processes.

2.3.1 Health and safety issues in restructuring

In Poland health and safety issues related to restructuring are not the subject of restructuring process analysis, which tends to concentrate on economic aspect of the process; the social aspects are limited to collective dismissals and the threat of unemployment.

The research work conducted by the Central Institute of Labour Protection – National Research Institute (*Centralny Instytut Ochrony Pracy, CIOP*) concentrates on issues that are widely understood as working conditions (i.e. Personal Protective Equipment or Chemicals and Aerosols in the Working Environment), only the most recent subjects include stress at work or mobbing. There are not any research on OSH issues in the restructuring processes and impact of restructuring on the workers' health. According to the CIOP representative there are not any research of this kind carried out in Poland, outside the Central Institute of Labour Protection, in other research institutions. Restructuring-related issues are classified as “economic phenomenon” and are not the field of research for the Polish epidemiologists, who tend to concentrate on more “classical” medical areas⁹⁴. The potential challenge in researching restructuring processes' impact on health and safety issues may turn out to be singling out this impact from the overall impact of transition process that has been taking place in Poland for the last 20 years.

PART 3: LEGAL FRAMEWORK ON COLLECTIVE JOB LOSS

In the Polish legal regulation there are two options of collective employment reductions: one is collective dismissals (*zwolnienia grupowe*) and the second, monitored dismissals (*zwolnienia monitorowane*). It has to be noted that in Poland labour force cost cutting (collective dismissals) is the very first initiative taken up by enterprises to reduce negative impact of worsening economic conditions or economic slowdown.

⁹⁴ Phone interview conducted with Ms Maria Widerszal –Bazyl, researcher, CIOP, project coordinator for HIRES project (17 March 2009).

3.1 Collective dismissals

The legal basis for collective dismissals is the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees – it is applicable only to these cases of collective dismissals that concern employers employing at least 20 people⁹⁵. Collective dismissals are defined as dismissing within 30 days:

- 10 employees when an enterprise employs up to 100 employees;
- 10% of total employment when an enterprise employs at least 100 employees, but not more than 300 employees;
- 30 employees when an enterprise employs at least 300 employees.

In order to define the total employment of an enterprise, all types of employment contracts are taken into consideration: indefinite duration employment contracts, fixed-term employment contracts, employment contracts related to performing specific task and employment contracts signed for a trial period. Total employment also includes those temporary absent from work - people on different leaves (sabbaticals, medical leave or serving in the army) – and people who have already received the notice.

The same rules apply to collective dismissals that are not aimed at employment reduction, but may be linked to internal reorganisation, hiring new employees with different skills or tuning capacity of the enterprise to economic situation – they are typical for all kinds of restructuring or economic change processes⁹⁶.

It is necessary to provide the reason for dismissals in case of employees employed on the basis of employment contracts of indefinite duration. It is not mandatory to give the reason for dismissing person employed on the fixed-term contract, but the court has the right to examine the reason for collective dismissal and, if it is found to be related to internal re-organization or restructuring of any sort, employer is obliged to pay the compensation package to the dismissed employees.

Collective dismissals have to be consulted with the enterprise level trade unions. The main subject is how to avoid collective dismissals or to reduce its scope. The information that needs to be submitted to trade unions includes:

- information on reasons for collective dismissals;
- planned number of employees to be dismissed and the professionals groups to which they belong;
- criteria used to choose employees for dismissals;
- timeframe for giving notices;
- organisation of collective dismissals and order of dismissals;
- proposals for resolving employee relations i.e. method of calculating the compensation package;

⁹⁵ In case when an enterprise employs not more than 19 employees, the dismissals are subject of the Labour Code regulation: employees are not paid any compensation package, employer is not obliged to consult its employees - however, individual arrangements with the enterprise level trade unions are usually taking place - and the regulation on collective dismissal does not have to be drafted.

⁹⁶ The case of changing indefinite duration employment contracts to fixed-term employment contracts is also the cases of internal reorganisation.

- The above point seems to be a very enigmatic one: practically all issues can be treated as employee relations.

The agreement with trade unions should be concluded within 20 days. If there are no trade unions in the enterprise, the consultations are organized with the employee representatives elected by applying the adopted procedure, i.e. this can be work council. In other cases employer defines the rules of collective dismissals in the appropriate regulation. The poviát labour office (*Powiatowy Urząd Pracy*) is informed about the arrangements included in the agreement – this is the same information the trade unions were provided with.

The dismissed person is entitled to severance payment– usually a part of a bigger compensation package that varies depending on the employer and is each time individually negotiated at the level of an enterprise.

In case the employer wished to re-employ workers in the same professional group, he should re-employ the dismissed employee before offering the job to external candidate. The dismissed employee should declare his willingness to be re-employed with the former employer within the year of the dismissal date – in case of re-employment an employee does not have to be offered the same working conditions, including pay.

3.2 Monitored dismissals

Employer intending to dismiss at least 50 employees (or more) within the period of 3 months is obliged to agree with the poviát labour office (*Powiatowy Urząd Pracy*) appropriate for the given employer as regards to the following issues:

- job broking services;
- vocational counseling;
- training programs;
- assistance in active job search.

According to the recent changes in the Act of 20 April 2004 on employment promotion and labour market institutions⁹⁷, employer planning and/or executing monitored dismissals will be obliged to take up initiatives aimed at guaranteeing employees – those who are to be dismissed or who have been given notice or those who have been dismissed up to 6 months earlier - outplacement services. These services can be provided by the poviát labour office, the employment agency or training institution. It is important to note that this is the first regulation in Poland stipulating that some services, i.e. counselling and guidance or special training programs can be offered to persons still working or - as it was defined in the Act - “persons searching for work”⁹⁸. This regulation, however, does not apply to employees being subject of collective dismissals.

⁹⁷ The changed Act on employment promotion and labour market institutions entered into force only on 1 February 2009 and it not yet operational – some specific regulations are still missing. Relevant statistics should be available starting July 2009. The works on this amendment had started before the crisis, so it cannot be said that they were an answer to the crisis.

⁹⁸ Special attention it paid to those employees aged 45+.

3.4 Reporting on collective and monitored dismissals

On the basis of the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees the poviats labour office has to be informed about planned collective and monitored dismissals resulting from restructuring processes or in case of announcing employers' insolvency. Such information should contain employer's name and information about planned dismissals; it is not necessary to provide the poviats labour office with an exact number of employees who are planned to be dismissed – the exact number has to be submitted while they are dismissed. The information is limited to the poviats area – there is not any exchange of information between neighbouring poviats.

Poviats labour office gathers information on collective and monitored dismissals on monthly basis and passes it to the voivodship labour office (*Wojewódzki Urząd Pracy*, WUP). This information is passed in a form of a 3-page fact file; it is at the discretion of each voivodship labour office to use this information for analytical or forecasting purposes or not to use it – the practice is that analysis are not conducted and disseminated. A relatively modest information is published by voivodship labour office and available at its website⁹⁹.

Voivodship labour office is obliged to pass all the data gathered from the poviats labour offices to the Ministry of Labour and Social Policy. The Ministry issues monthly structural statistics – this statistics include data on collective and monitored dismissals¹⁰⁰. Again, data included in this information is only ex-post factual data without any analytical chapter¹⁰¹.

3.5 Temporary contracts

Enterprise conducting collective dismissals does not have any obligations versus temporary workers – temporary workers are not subject of the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees. At the same time, the enterprises that conducted collective dismissal cannot become employer user for 6 months since the moment when the collective dismissals took place.

Workers employed on the basis of fixed-term contracts, task-defined contracts or for the probation period are subject of the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees – they same rules apply as in case of regular employees. However, tax and legal experts agree that

⁹⁹ The following information is available: a given month is compared with the corresponding month in the previous year (i.e. February 2009 to February 2008) and in comparison with the previous month of a given year (i.e. February 2009 to January 2009). The data is submitted in numbers and in % share.

¹⁰⁰ The data include number of employees who are planned to be dismissed during given month under collective and monitored dismissals procedure in the private and public sector, the number of employees actually dismissed during this month in both sectors as well as number of enterprises planning collective or monitored dismissals.

¹⁰¹ Based on interviews conducted with poviats and voivodeship labour office representatives and a representative of the Ministry of Labour and Social Policy.

usually the first ones to go are the employees with a short employment history, most often employed on the basis of fixed-term contracts or mandate agreement: employers usually do not extend such contracts¹⁰². As it has been stated before, another difference between indeterminate length employment contracts and fixed-term employment contracts is that, in the first case, the employer is obliged to give the reason for contract termination, which is not required in the later case. The court has the right to examine whether collective dismissals respect relevant laws and the reasons underlying them.

- The impact of the fixed-time directive is very hard to assess. It can be observed that some of the stipulations of the directive have been written into the Act of 13 March 2003 on special rules of termination of employment contracts for the reasons not related to employees. It does not, however, protect the rights of agency workers – they are not the subject of the above mentioned act. The employer user who wants to terminate the work of the temporary worker earlier than it has been stipulated in the agency contract, is obliged to inform (in writing) the temporary work agency about the planned date of contract termination, at least respecting the agreed notice period or, if possible, even prior to the termination date.

3.6 Bankruptcy

The Labour Code regulates the cases of bankruptcy/closure and collective dismissals. Art.36 of the Labour Code stipulates that in case an employee is given notice as a result of bankruptcy or liquidation of an employer, the notice period can be reduced from the maximum 3-month long to a minimum month-long; at the same time employee is entitled to severance payment of a total value.

Second important legal regulation protecting worker's claims is the Act of 13 July 2006 on the protection of workers' claims in the event of insolvency of an employer (unified wording: Journal of Laws of 2006 No 158, item 1121 as amended) as it provides legal basis for a guarantee institution - the Guaranteed Employee Benefits Fund (*Fundusz Gwarantowanych Świadczeń Pracowniczych*). The Fund is financed by contributions paid by employers, debt collection and the recovery of the funds from employers and from other sources and its main objective is to ensure workers' claims in case of employer's insolvency¹⁰³.

According to the above mentioned act, "employee" was defined as a physical person employed on the basis of the employment contract, agency contract or any other contract on services provision – all these categories of employees have the right to have their claims settled from the Fund. The act stipulates order of settling workers' claims: salaries are paid as the first titles, followed by all the financial benefits stipulated by the Labour Law such as sickness benefit or severance payment.

¹⁰² ¹⁰² *Restrukturyzacja firmy sposobem na kryzys*, gazetaprawna.pl. 28 November 2008, http://podatki.gazetaprawna.pl/wywiady/96768,restrukturyzacja_firmy_sposobem_na_kryzys.html

¹⁰³ The Guaranteed Employee Benefits Fund website, <http://www.fgsp.gov.pl/page.php?id=74&rozwin=73&rozwin2=74&r=73&p1=74>

The settled claims cover the period up to 3 months before the insolvency of an employer was announced. The total monthly payment from the Fund cannot exceed average salary from the previous quarter¹⁰⁴.

Third important regulation in the field of bankruptcy is the Act of 28 February 2003 on law on insolvency and rehabilitation law. This Act defines the principles of joint vindication by creditors of claims against insolvent entrepreneur debtors, and the effects of a declaration of bankruptcy as well as the principles of rehabilitation proceedings in respect of debtors facing the threat of insolvency. The insolvency procedure is to be executed in such a way that enables settling claims of creditors to the maximum degree, and, if possible, keeping the enterprise functioning.

According to the Act there are two basic procedures that can be followed by the insolvent employer: insolvency procedure with the possibility of concluding the agreement and the insolvency procedure with liquidation of the enterprise assets and settling vindications of creditors. The first procedure enables to conclude the agreement with the creditors and to keep the enterprise functioning – the restructuring plan as to debts should be proposed. The second procedure foresees bankruptcy of the enterprise and transfer of the remaining assets to creditors. In the second procedure the law defines the order of the creditors' categories: the first category includes such credit titles as the cost of the insolvency procedure, social contribution claims (pension, disability benefit, and sickness benefit), claims resulting from employment contracts and claims from the Guaranteed Employee Benefits Fund.

- While it is easy to notice that the cost of separation with the dismissed employees in the case of employer insolvency is much lower than in case of "regular" collective dismissals procedure, there is no evidence supporting the assumption of using bankruptcy as an option to avoid obligation. Theoretically it is possible to create rescue companies, transfer employees and bankrupt the enterprise to avoid costs related to collective dismissal procedure. In order to assess the reality of bankruptcy process a more in depth investigation would be needed (i.e. involving interviews with social partners).

PART IV: ACTORS AND BEHAVIOUR

Traditionally there are five groups of stakeholders that should be regarded as important players in the restructuring process: employers, employee representatives – in case of Poland they are identical with trade unions – public employment services, regional authorities and external consultants.

¹⁰⁴ The average salary totaled at 3 400 PLN (approx. 715 EUR) in December 2008 - at present the maximum entitlement would total at 10 200 PLN (approx. 2 147 EUR) – data from <http://www.money.pl/gospodarka/wskazniki/wynagrodzenie/>.

4.1 Employers

Employers' role is limited to informing and consulting employee representatives – so the trade unions representatives - as to the planned restructuring process, collective dismissals and negotiate with them compensation packages. As it has been mentioned before, they are obliged to inform the poviats labour offices on planned collective dismissals in a due time.

4.2. Employee representatives

Employee representatives' (trade unions) role is limited to negotiating the compensation package, however, at the first restructuring processes their role was limited to fighting for employment guarantees in case of change of ownership, and securing generous financial bonuses in case of voluntary dismissals. Recently, it seems that trade union attention has shifted from employment protection or employment guarantees - which still is the most important element in the restructuring process negotiations - to effective outplacement programs and support for external mobility and/or setting up own businesses. Below there are some insights of the Polish social partners and their perceptions of their role in restructuring processes.

4.2.1 Social partners' perception of their role in restructuring processes¹⁰⁵

"In the arts and crafts sector social partners perceive their role as an *external observer* or as a *subject of the restructuring process*. They can also play the role of a business support institution by monitoring the business environment, providing education and training, conducting analysis as well as dissemination of information and best practices. Another role of this type of organizations is lobbying for favourable legal regulations in the process of social dialogue.

Trade unions' representatives stress the importance of their presence in the *social package negotiations*. They stand at the position that the social packages should be individually negotiated for each enterprise in order to take into account its economic standing. They are against "a universal social package" and opt for a tailored solution.

Two of the employers' organizations stress that "very often costly social packages were negatively influencing competitiveness of the restructured entities". Another problem signaled by the employers' representatives is that the cost of the restructuring process (mainly sectoral restructuring) is transferred to other parties, i.e. SMEs are paying the cost of restructuring in the energy sector and increasing energy costs"¹⁰⁶. There have also been discussions how generous compensation packages, especially one-time

¹⁰⁵ These are only the views of Polish social partners affiliated with the European Social Partners organizations.

¹⁰⁶ *Poland – Country Dossier*, report prepared by Michał Kurtyka and Anna Kwiatkiewicz within the framework of the II Joint Project of the European Social partners organizations "Study on restructuring in new Member States", November 2005, . 22-23. The report is available at: http://resourcecentre.etuc.org/linked_files/documents/Restructuring%20-%20Poland%20-%20country%20dossier%20EN.pdf?PHPSESSID=e1cd714e5d76bcb5d5a3e5768cbea857

financial bonuses, influence the dismissed employees motivation to look for a new job, the same discussions concerned flat-rate unemployment benefits.

4.4 Regional authorities

Regional authorities usually remain not involved in the restructuring processes. They may get involved in case restructuring takes place in an enterprise that is a big employer in the regional labour market – but then their interest will be to attract a new investor into the region so they tend to concentrate on issues related to competitiveness of the region and maintaining/improving its attractiveness for new investors. It seems that for now the role of regional authorities in restructuring services is perceived as not important.

4.5 External consultants

External consultants come into play when the restructured enterprise plans outplacement services in its compensation package. External consultants are most often charged with competence audits conducted in a form of Assessment Centres, team or individual counselling and professional guidance (job search techniques, drafting business plans, etc.), training programs, assistance to employees who plan to set up their own businesses. Their services are financed entirely from the enterprise funds; there were cases of co-financing such initiatives from ESF. Among external consultants both profit-making consulting agencies and NGOs can be found. It is worth noticing that the outplacement services in Poland are quite often understood as job broking services and the active role of the employee threatened by unemployment (or already unemployed) is underestimated.

PART V. PRESENT DEVELOPMENTS WITH THE CURRENT CRISIS

Paradoxically, the positive outcome of the current crisis is the country-wide debate on rationalization of production/services delivery and flexible work arrangements that would protect from collective dismissals.

Enterprises turn to consider restructuring of their activity implemented through consolidation, mergers, change of the legal status, liquidation of non-profitable businesses (in case of holdings or Groups) or reducing its production capacities. The above sometimes results in employment reductions or optimizing employment sources, i.e. turning to outsourcing. The adverse effect of the current crisis is introducing serious cost cutting initiatives and deep restructuring processes and presenting them as an answer to the crisis and necessary preventive measures when, in fact, they go beyond the necessary actions. In other words, some enterprises profit from the present situation to implement unpopular and costly changes under the tile “Dealing with the crisis”.

The most discussed alternative solution to collective dismissals seems to be short-time work schemes (known under a very unfortunate name of “semi-unemployment”) combined with training programs. The first step was to be sending employee to training

program: the initial idea foresaw a day training that would reduce work week to 4 working days for a maximum 6 month-period. In this way employer would be able to make some savings on salaries – the training were to be paid from the European funds. Only if this solution was not a sufficient one, short-work time scheme could be introduced – enterprise would reduce working time to 50% and reduce salary level also to 50%. The “missing” part of the salary was to be paid from Labour Fund or from the Guaranteed Employee Benefits Fund, but it was not defined up to what amount. The draft of the appropriate legal regulation was prepared by social partners within the framework of the Tripartite Commission and was sent to the Prime Minister for his opinion.

Under another proposal short-work time schemes were to be combined with individual working time accounts, where extra – or in the crisis reality missing- working time would be registered and used later when the economy bounces back. However, the details of this solution are not known.

- Overall, it can be regarded as a good sign that flexible work arrangements are discussed by social partners, but the long-term negative effect is that they risk to be always associated with the crisis. Agreeing to some proposals, trade unions leaders stressed that they perceived them as “transitional arrangements” and that the employment contracts would have “to be back to normal” once the economic situation stabilizes.

During the present crisis there are more cases on informing and consulting employees and working out joint solutions to ease the effects of the crisis, protect employment or, if necessary, effectively manage collective dismissals. There are more and more enterprise-level solutions implemented without any external assistance. Example of such a solution can be the idea of a “crisis salary” that was to be paid in EKK Wagon in Ostrów Wielkopolski¹⁰⁷. The plan foresees a financial support of the labour office for 100 full-time jobs for a year, provided that 30 of these jobs will be kept when the support program stops. This program will apply only to employees who were to be dismissed under the collective dismissals procedure. The labour office would finance 50% of the salary. At present it is only a draft proposal that still needs to be opinionated by the voivodeship labour office and later the Ministry of Labour and Social Policy as the necessary fund would have to come from the Labour Fund. The potential problem is that this idea doubles with the state project for “stopover salary” – in February the government announced that they intended to pay 50% of the minimum wage (some 678 PLN - approx. 135 EUR) in case there is as stopover caused by the crisis, the rest was to be paid by an employer. This solution was to prevent from dismissals or sending employees to unpaid leave.

¹⁰⁷ *Pensja kryzysowa: połowę płaci urząd pracy, połowę pracodawca*, Gazeta Wyborcza, 11 March 2009, p. 26.

- It is a bit worrying that employer-employee negotiations remain at the enterprise level and are not transferred to the sectoral or branch level. Some trade unions leaders even stated that for them it is a very difficult situation as while one sector suffers (automotive, construction) the others are blooming (food-processing) – as a result maintaining solidarity at the national level is a challenging task. The above described example from EKK Wagon shows that even if there is a will to implement some measures at the regional level (in this particular case employer, labour office and regional authorities are involved) nothing can be done without the approval of the national level administration as there are not regional funds that could be used to finance such initiatives.

ANNEX 1. FDI IN POLAND

Table 32: FDI overflow, selected years (Millions of dollars and percentage)

	1990-2000*	2004 2	005	2006 2	007	as a % of gross capital formation			
						1990-2000	2005	2006	2007
FDI flows									
- inward	3 705	13 091	10 363	19 198	17 580	11,7	18,7	28,5	18,7
- outward	51	778	3 388	8 888	3 353	-	6,1	13,2	3,6
FDI stocks						as a % of gross domestic products			
	1990	1995 2	000	2006 2	007	1990	2000	2006	2007
- inward	109	7 843	34 227	124 530	142 110	0,2	20,0	36,4	33,8
- outward	95	539	1 018	16 291	19 644	0,1	0,6	4,8	4,7

*annual average

Source: UNCTAD, World Investment Report 2008, www.unctad.org/wir

Table 33: Cross-border migration and acquisition overview, 1990-2007 Millions of dollars

	Sales				Purchase			
	1990-2000	2005	2006	2007	1990-2000	2005	2006	2007
Poland	660	2 767	4 788	3 641	10	835	3 467	1 458
European Union	75 313	539 490	530 490	734 550	68 135	477 530	509 018	847 882
Developed economies	142 124	774 191	921 784	1 424 211	130 113	784 411	937 747	1 414 753

Source: UNCTAD, World Investment Report 2008, www.unctad.org/wir

Table 34: Country rankings by Inward FDI Performance Index, Inward FDI Potential Index and Outward FDI Performance

	Inward FDI Performance Index		Inward FDI Potential Index		Outward FDI Performance Index	
	2006 200	7 200	5	2006	2006	2007
Poland	51	60	44	43	38	38

Source: UNCTAD, World Investment Report 2008, www.unctad.org/wir

ANNEX 2. LABOUR MARKET

Table 35: Characteristics of labour force in Poland

Economic activity of the population aged 15 and more (annual averages)	2005	2006	2007
Economically active persons in thousand	17 161	16 938	16 859
- of which women	7 799	7 655	7 626
Full time employees	12 594	13 170	13 836
- of which women	5 408	5 664	5 984
Part-time employees	1 521	1 424	1 404
- of which women	899	849	854
Unemployed	3 045	2 344	1 619
	1 493	1 142	788
Unemployment rate in %	17,7%	13,8%	9,6%
- of which women	19,1%	14,9%	10,3%
Long-term unemployed (in % of total unemployed persons)	52,2%	50,4%	45,8%
Activity rate in %	54,9%	54,0%	53,7%
Employment rate in %	45,2%	46,5%	48,5%
Structure of employed persons (annual averages) by employment status			
Paid employees	74,2%	75,6%	76,6%
Employers and own-account workers contributing family workers	5,2%	4,5%	4,2%
Structure of employed persons (annual averages) by sectors			
- agriculture, forestry and fishing	17,4%	15,8%	14,7%
- industry and construction	29,2%	30,0%	30,7%
- services	53,4%	54,2%	54,6%
-market	33,5%	34,1%	35,3%
- non-market	19,9%	20,1%	19,3%

Source: Poland in figures, Central Statistical Office (GUS), Warsaw 2008, p.10-11.