

# Entitlements, labor market and well-being

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### New needs and lessening provisions

The central assessment of our research is that the traditional division between the employed and the unemployed is not sufficient to describe the condition of well-being of the active population. This is correlated to the changes that characterize the transition from the work organization of fordism to a service economy, with the related and profound changes in the labor market. These changes are linked to the extension of the “atypical” (non standard) work that is generally characterized by a discontinuity of the jobs.

This kind of changes concerns the “typical” work too. Actually, there is no longer a clear borderline between typical and a-typical work. From a subjective point of view, the same individual is more and more led to experience, along its working life, different aspects of the new labor market patterns. The biography of a worker, through 10/15 years, would reveal, almost certainly, a sequence of different patterns at the work with different conditions related not only to the wage level, but also to different frameworks of entitlements.

The new context stems from the changes in the structure and in the role of the corporation in the labor market. A number of entitlements for the workers was in the past either directly linked to the enterprise through the collective bargaining, or indirectly through the national public or social institutions. In the last two decades, globalization, information technologies, deregulation have pushed the firms to a rationalization process, with permanent workers assigned only to the core activity, along with a growing outsourcing of services and functions they once performed internally.

The consequences, from the point of view of the workers, were not only losses of job continuity, but also in many cases the **loss or cutback of general and specific entitlements, such as health insurance, enterprise pensions schemes, disability protection, sick leave, and so on.**

These changes in the work conditions are generally neglected, owing to the peculiar attention put on the wage changes in the mobility process, from higher earnings in the traditional manufacture sectors to the service sectors. Indeed, **the loss or reduction of essential benefits can result, from the point of view of the individual and family well-being, not less important than the wage shift.**

The entitlement issue is not only dependent on the changing enterprises’ structure and in the new competitiveness’ challenges at global level. A different, but not minor, aspect of the problem is **the general tendency to restrict social spending at the national level.** The last decade in Europe has been dominated by the Maastricht engagements aimed at achieving tight parameters of public debt and spending. And this has, generally, meant a severe brake for the social spending, in contrast with

the growing needs due to the high levels of the European unemployment and the growing health care and pensions costs in relation to the ageing society.

In conclusion, **social protection has increasingly become in the industrialized countries a critical issue in relation to the new forms of the labor market.** This is demonstrated by the intense academic and political debate on the Welfare State reforms in all the countries, where it had reached during the past century the highest standards, as instrument of struggle against poverty and pledge of well-being for the working class.

**Table 1. Total Social Protection Expenses % of GDP**

|             | 1990 | 1994 | 1998 |
|-------------|------|------|------|
| Austria     | 26,7 | 29,8 | 28,4 |
| Belgio      | 26,4 | 29   | 27,5 |
| Danimarca   | 28,7 | 32,9 | 30   |
| Finlandia   | 25,1 | 33,8 | 27,2 |
| Francia     | 27,6 | 30,4 | 30,5 |
| Germania    | 25,4 | 28,4 | 29,3 |
| Grecia      | 23,2 | 22,3 | 24,5 |
| Irlanda     | 18,7 | 20,3 | 16,1 |
| Italia      | 24,3 | 26   | 25,2 |
| Lussemburgo | 22,6 | 24,1 | 24,1 |
| Paesi Bassi | 32,4 | 32,4 | 28,5 |
| Portogallo  | 15,8 | 21,4 | 23,4 |
| Regno Unito | 22,9 | 28,4 | 26,8 |
| Spagna      | 20,5 | 23,5 | 21,6 |
| Svezia      | 33,1 | 37,2 | 33,3 |
| UE          | 25,4 | 28,5 | 27,7 |

Source: Eurostat (2000)

The profound changes in the labor market feed new risks that the traditional insurance provisions are not able to cope with. The **discontinuity of the work** creates new risks not only from the point of view of the preservation of income during the unemployment or underemployment phase, but also in relation to different personal and familiar needs, such as health care, children education, future of pensions, and so on (Osterman: *Securing Prosperity*, 1999).

Independently of these risks related to the labor market, there are other aspects connected to the work conditions which are relevant for all workers, such as the right to life-long training, as a condition to improve skills in relation to the continuous technological changes and to improve employability (E. Appelbaum and others: *Manufacturing Advantage*, 2000).

The importance of these different aspects of the workers conditions has been increasingly emphasized at national and international levels. The Lisbon European Council (2000), assessing the goal of the full employment, has stressed the need to qualify this objective with the term **good jobs**, as a requisite to improve either the work conditions or the social cohesion.

ILO has launched under the sponsorship of its Director general, Juan Somavia, a research on **decent work** as a complementary objective of the full employment. On this bases ILO has defined a

number of parameters: among them we find parameters clearly linked to the **social entitlements, such as: unemployment coverage, health protection, pension guaranty, education and training provisions.**

### **The changing network**

In this new framework, the well-being is determined by a **multidimensional dynamic framework**, linked either to the work conditions or to the social safety networks, as needed complement of the labor market flexibility. Among these, some conditions are particularly relevant. We will consider five aspects here below:

- Unemployment insurance
- Health care coverage
- Old age insurance
- Training provisions
- Paid free paid time (as particularly relevant for personal and family care)

#### **Unemployment insurance**

In an epoch of a relatively stable employment, this insurance mainly was aimed at the coverage of temporary layoffs dependent on the economic cycle. The new economic scenario, characterized by rapid changes in the market product, technology innovation, enterprise restructuring and downsizing, unemployment has become a permanent risk of the economic life. The segment of the core workforce is increasingly cut back, while the atypical and contingent work grows.

In this new configuration of the labor market, the old rules have become inadequate and/or discriminatory. Due the fact that most entitlements are linked to the old standard jobs (and to an amount of previously worked days or hours), most unemployed may not be eligible. According to some surveys, it is estimated that in US while 93 percent of full-time full-years workers and 93 percent of workers who earn more than \$10 dollars per hour meet eligibility requirements, while only 42 percent of part-time part year workers and 56 percent of people who earn less than the minimum wage meet them. (Osterman, Kochan, Locke, Piore: *Working in America*, 2000).

In Italy, we could observe a relatively high coverage for workers dismissed by bigger enterprises - up to 80 percent of replacement rate for one or more years - (*Cassa integrazione*), meanwhile for other workers in the same conditions the replacements rate is only 40 percent for a limited period (generally, 6 months). Without considering that an important number of workers with discontinuous jobs or who are long-term unemployed are short of any coverage.

In addition, there is a general shift toward lesser guarantees, due to the retrenchment of the public benefits level for financial reasons in most countries. We have also to add that, according to the thesis of Oecd and other international organizations, such as IMF, the unemployment insurance, if maintained at the old levels, becomes an obstacle to the labor market flexibility.

Yet it remains that the unemployment coverage is an essential factor for the continuity of the worker's income, and in the case of lack of a sufficient level and duration, the weaker segment of workers will incur severe hardship at personal and family levels.

The analysis of the relationships between labor market and well-being, designed to a cross-national comparison, has to take in highest consideration this aspect of welfare entitlements.

The research would show important differences within the industrial countries. There are countries that invest in the unemployment coverage 2,7 percent of the total social expenditure at national level, such as Italy, while others, such as Germany and France, U.K. Sweden, Denmark, which invest between from 10 and 13 percent.

The difference in the total spending – encompassing public expenditure and social contributions - is paralleled by correspondent differences in the worker's benefits with sharp variations across the different countries.

**Table 2 Indicators of Unemployment Incidence Related to GDP,  
Total Social Protection Expense, Workers Earning (%) – 1998**

|             | Share of GDP | Share of GDP Weighted on total of unemployed | Share of Social Protection | Replacement Rate in Relation to Worker's Earning (1) |
|-------------|--------------|--|----------------------------|--|
| Austria     | 1,5          | 0,32   | 5,5                        | 56,9   |
| Belgio      | 3,3          | 0,35   | 12,7                       | 55,9   |
| Danimarca   | 3,4          | 0,67   | 11,7                       | 63,5   |
| Finlandia   | 3,2          | 0,28   | 12                         | 42,4   |
| Francia     | 2,2          | 0,19   | 7,6                        | 27,9   |
| Germania    | 2,5          | 0,27   | 8,7                        | 49   |
| Grecia      | 1,1          | 0,1  | 4,8                        | 11,9   |
| Irlanda     | 2,4          | 0,31   | 15,5                       | 46,4   |
| Italia      | 0,7          | 0,06   | 2,7                        | 14,1   |
| Lussemburgo | 0,8          | 0,29   | 3,5                        | 30,2   |
| Paesi Bassi | 1,9          | 0,48   | 7,3                        | 146,3  |
| Portogallo  | 1            | 0,2  | 4,7                        | 22,1   |
| Regno Unito | 0,9          | 0,14   | 3,6                        | 25,5   |
| Spagna      | 2,8          | 0,15   | 13,5                       | 21,4   |
| Svezia      | 3,1          | 0,37   | 9,3                        | 61   |
| UE          | 1,9          | 0,19   | 7,2                        | .....  |

Source: Eurostat (2000)

It is evident that in a context of sharp uncertainty of the jobs, the role of this entitlement is essential for the relative stability of the income. Thus it is not less important than the level of the income during employment.

**Table 3 OECD - Policies Related to Unemployment Expenses % of GDP - 1998**

|             | Total Expense for Active Policies (1) | Unemployment Benefits | Retirement Benefits before Old Age for Economic Resource |
|-------------|---------------------------------------|-----------------------|--|
| Austria     | 0,44                                  | 1,16                  | 0,05   |
| Belgio      | 1,29                                  | 2,06                  | 0,6  |
| Danimarca   | 1,89                                  | 1,86                  | 1,88   |
| Finlandia   | 1,23                                  | 2,35                  | 0,45   |
| Francia     | 1,37                                  | 1,5                   | 0,35   |
| Germania    | 1,27                                  | 2,29                  | 0  |
| Grecia      | 0,35                                  | 0,5                   | 0  |
| Irlanda     | 1,66                                  | 2,29                  | 0,13   |
| Italia      | 1,08                                  | 0,68                  | 0,2  |
| Lussemburgo | 0,3                                   | 0,42                  | 0,25   |
| Paesi Bassi | 1,76                                  | 3,14                  | 0  |
| Portogallo  | 0,87                                  | 0,79                  | 0,12   |
| Regno Unito | 0,37                                  | 0,82                  | 0  |
| Spagna      | 0,72                                  | 1,64                  | .....  |
| Svezia      | 2,01                                  | 1,91                  | 0  |
| UE          | 1,05                                  | 1,52                  | .....  |

(1) *Active Policies* include all public expenses aiming at sustaining unemployed in searching work.

Source: OECD (OECD, 1995, 1998 and 1999)

### Health care.

In most cases, employers paid for health insurance schemes for employees.

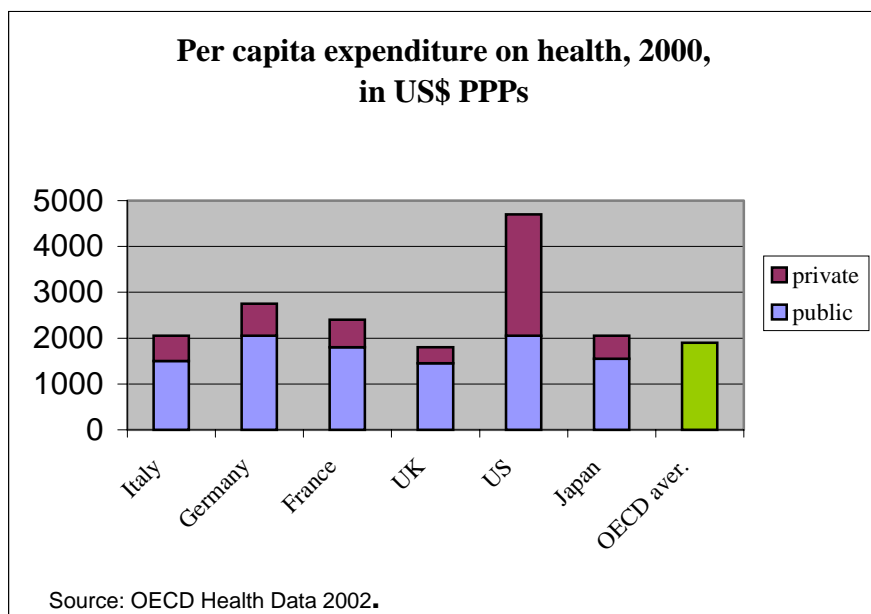
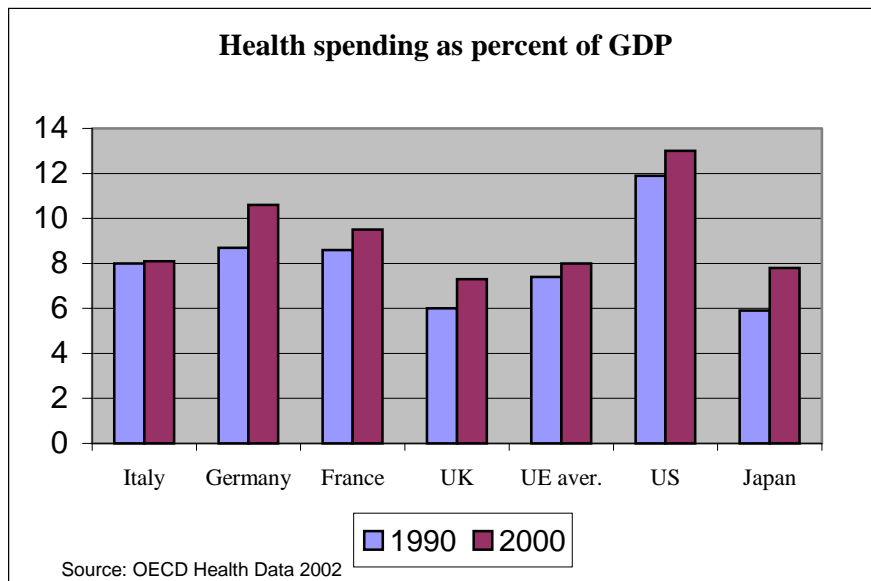
This was an easy solution for full time and long-term employees. With the changes of the labor market, a huge proportion of workers risks to have no insurance at all, or an intermittent one. This is a major problem for the working class, when the health care depends on an employer-provided insurance, or has to be funded by the worker.

The American case illustrates this change. Out of 43 millions people not insured, we can remark that about 60 per cent of these are full-time year-round workers and other 25 percent are workers with different attachment to the labor market, while only a minority is in non working condition. (*"The social health of the Nation"*, 2000).

Where the health care is linked to an insurance tied to the job, we find a substantial number of adults who lack insurance. This situation is at the origin of severe problems for the family, where the head of the household, even though working, does not get a health insurance.

The situation is different if the health care is provided on the basis of a universal entitlement linked to the citizenship: a national health insurance covering all the citizens. In this case the job condition is not longer relevant.

Yet, independently, from the extension of the right – linked to citizenship or to a collective insurance – workers are interested to the monetary status during the sickness leave, its duration, etc. However, we find in several cases, mixed situations with different degrees of provisions (or lack of provisions) for the worker in relation to the different status on the labor market.



### Old age.

The traditional pension systems have in the last half-century highly contributed in reducing the risk for the workers of falling in poverty, once retired. This is now threatened by a double point of view. First, the ageing of society has generated problems on the side of the financial sustainability of the systems. The drive toward reforms reducing the public spending is generalized. The trend is to reduce the State commitments in various ways.

Some reforms, such as in Italy and Sweden, have changed the old system, that used to link retirement benefits to the gains of the last working years, to a new system linking pensions to the amount of contributions cumulated during the work-life. This would be relatively indifferent in case of continuous working. But, when the jobs are variable, with a sequence of periods of unemployment, underemployment and low earnings, the pension will be the

projection of this intermittent working life and the risk of poverty will reappear for an important number of workers, as consequence of the changing configuration of the labor market.

The remedy, generally indicated by the international institutions, such as World Bank or Oecd, lies in the development of privately-financed funds. But this is hardly a solution for the weaker segment of workers linked to atypical and/or lower paid jobs.

Traditional public retirement schemes generally have a re-distributive component, as it is demonstrated by Social Security in U.S. and by most “pay as you go” systems in Europe. The privately-funded schemes are based on the specificity of the condition in the labor market, on the quality of the job, on the relationship with the enterprise, on the capacity of saving of each worker.

Thus the intermittent and non standard work can hardly pay a privately-funded pension scheme. If we consider a normal retiree (65-69 years), we can observe that between 96.8 (United States) and 100 percent (Germany and others) are beneficiaries of public pensions, while the percentage of beneficiaries of private pension schemes is highly variable, reaching 54.4 in US and 16.4 in Germany. (OECD, 2001).

What we want remark is that the changes in the labor market seriously affect the chance for a relevant number of workers to match the risk linked to the old age; so reversing the trend of a reduced poverty for the elderly that has characterized the second half of the last century. Therefore, this is an important feature to investigate in analyzing the relationship between labor market and well-being.

As we know, there is all over the world a very intense debate on the future of the pension regimes. But this is most concentrated on the demographic transition that is led by an ageing society and on its presumable consequences for the financial sustainability by the public institutions. On this basis, there is a strong tendency at economic and political levels to move the old systems, matured in the last century in Europe and in the post-New Deal in U.S., from social insurance toward a market-based model. Unfortunately, these analysis and proposals don't take adequately in account the changing patterns of the labor market.

In fact, it is not sufficient an analysis limited to the general demographic trend: this can help to forecast, from a macro-social point of view, the possible scope of the working-age people in a determined country, but it does not allow to foresee the composition of the labor market. From a microeconomic point of view, it is essential to analyze not only the *financial* projections, but also the capability to assure a decent life for the elderly, once retired from work, of the one or another model of pensions. Under this profile, it is evident that a privately-funded system can fit the segments of the better-off working people, but can be an insurmountable obstacle to guarantee a decent old age for an increasing number of a-typical and lower-paid workers.

### **Training**

Along the new patterns of the labor market and technological revolution, the training provisions have become an essential condition to avoid the risk of decline of the workers skills, and as condition for the mobility through different jobs. In this framework it is important to take into account training programs organized at the firm or the government level, ad their extension in relation to the different segments of the labor market. We can consider training allowances an

indirect, but more and more relevant, tool in the perspective of the workers long-term well-being.

The training is at the center of the labor market policy recommendations. Apparently, this is true for the European Commission and ILO, as well for all the industrial countries governments. However, there are very remarkable differences.

Germany and Japan have got a long and significant experience in this field, notably in the within-firm training. In other countries, such as France, there are mandated public provisions in terms of expenditure from the employers. In Italy, the training programs are linked to the sectoral contracts, and for special categories (such as “ad interim”, temps – workers), there is a mandatory framework established by legislation.

More than the general expenditure assigned to the training programs, “it is relevant the actual training workers get, and the distribution of that training among them” (R.B.Freeman, *Working under different rules*, 1994). From this point of view, it is worth analyzing the extension of the training programs, considering their availability in relation to the different positions in the labor market. The divide in the well-being perspective among the different job conditions can be worsened by different training provisions.

### **Paid free time**

This aspect of workers condition is evolving either from the bargaining point of view or from the labor law. Its importance is growing for individuals as well as for family relationships. Multiple aspects, in part old, in part new, determine the workers condition, under this profile. We should separately analyze two aspects:

- paid vacations (and holidays): as relevant for fulfillment of personal and family needs, and influencing, from this point of point of view, well-being;
- parental leaves on which depend the possibilities to take care of specific family needs, such as childcare. This aspect has become particularly relevant when more then one individual works in the family, given growing participation of the women to the labor market. Thirty-eight percent of US working women cite childcare or elderly care as the reason they work non-standard hours. (cited: *Working in America*, 2000).

With regard to the first point, the amount of paid vacations (and holidays) deals with the growing demand of balance between time spent for work and the time available for personal needs and family relationship. It is worth remarking that in front of the flexibility of the work-week in relation to the contingencies of the production, contractual and legal vacations and leaves become more important for the individual and family. This is why, after the conquest of the 40 hours a week (reduced in some cases until 35), workers' and unions' demands have been mostly directed toward longer periods of paid vacations.

In relation to the second point, we can observe that some European countries, where higher is women's participation to the labor market, such as Sweden or Denmark, the parental leaves are particularly developed. (The maternity leave should be taken into account in this section, considering it as time benefit and not linked to the health insurance system).



On this subject too, we have to realize that significant differences affect the personal and family well-being in relation to the specific situation in the labor market. So the maternity leave can be more or less long and paid or not; it can be set by collective bargaining or directly by law. It is increasingly admitted that the improvement of this kind of entitlement matches new needs of the working class along with the enlargement of the economic capacity of the labor market through the increasing participation of women into the labor force.

**We should conclude that the differences in the organization of the time and its distribution will influence the worker's well-being in relation to the different shape of the changing labor markets.**

### **New Labor market and social protection**

The benefits we are examining are not a free meal. They have a cost paid by the employer or the employee or shared by both: in these cases the take-home pay will be lower. In fact, we have to consider the overall compensation (labor cost) comprehensive of wage and non wage costs. From an economic point of view, it has been argued that the general situation of the worker and of the labor cost do not change. This argument was probably consistent with the old labor market patterns, but has lost its validity in relation to the new forms of work. Due to discontinuity and precariousness of new jobs, the lack of a sufficient network of provisions is not compensated by hypothetical higher wages during the employment period. More generally, the contingent work cumulates lower wage along with less benefits. This is one of the main reasons of the poverty risk for an important share of workers.

**Table 4 . Main Sources of Founding of Social Protection (% of GDP) - 1998**

|             | Public<br>Founding | Social Contributions |         |       |
|-------------|--------------------|----------------------|---------|-------|
|             |                    | Employers            | Workers | Total |
| Austria     | 9,9%               | 10,7%                | 7,7%    | 18,5% |
| Belgio      | 7,4%               | 15,3%                | 6,8%    | 22,0% |
| Danimarca   | 23,0%              | 3,0%                 | 6,1%    | 9,1%  |
| Finlandia   | 13,5%              | 11,3%                | 4,3%    | 15,7% |
| Francia     | 9,4%               | 14,3%                | 6,1%    | 20,4% |
| Germania    | 9,3%               | 11,3%                | 8,6%    | 19,9% |
| Grecia      | 7,3%               | 9,4%                 | 6,0%    | 15,5% |
| Irlanda     | 9,8%               | 3,8%                 | 2,2%    | 6,0%  |
| Italia      | 9,7%               | 11,4%                | 3,8%    | 15,2% |
| Lussemburgo | 11,9%              | 6,4%                 | 6,2%    | 12,7% |
| Paesi Bassi | 5,3%               | 10,3%                | 11,7%   | 22,0% |
| Portogallo  | 9,5%               | 6,6%                 | 4,0%    | 10,6% |
| Regno Unito | 13,9%              | 7,9%                 | 7,1%    | 14,9% |
| Spagna      | 6,0%               | 11,5%                | 3,9%    | 15,4% |
| Svezia      | 16,6%              | 14,2%                | 3,4%    | 17,5% |
| Ue          | 10,2%              | 11,1%                | 6,6%    | 17,7% |

Source: Eurostat (2000)

As alternative a net of mandated rights is, in some countries, assured by national insurance covering all the citizens or, at least, the workers under specific conditions. In this case, the cost is paid through taxation – and this will be higher. There is a trade off between tax regime and extension of social policies covering labor force. The tax will also reduce the worker's net earnings. However, the meaning of the trade off is different for segments of the population. The tax reduction is generally an advantage for people situated at the high levels of the income ladder; mandated insurances paid through taxes benefit the weaker segments of the labor market.

(Employers in the United states pay about 11 per cent of wages toward public benefit programs, such as social security and unemployment insurance: on average, they pay another 12 percent in “voluntary fringes” toward private health, disability and pensions benefits. In contrast European employers have much higher rates of mandated employers spending for fringe benefits, due to more generous and extensive mandated benefits” (*Freeman, cit. p.167*).

National and international statistical institutes have generally analyzed the total expenditure related to the social policies. This allows observing the position of each country concerning social spending. From this point of view, we can remark that the percentages on the GDP are for the majority of the industrial countries relatively close. Considering Europe, we find out that the social spending is close to the EU average of 27.7 of GDP with variations generally set on 2-3 percentage range. Nevertheless, this information has a macroeconomic relevance but a scarce significance from the point of view of the worker's well-being. In fact, the total spending presents different functional destinations. In Italy, for example, the expenditure for unemployment amounts to the 2.7, where it reaches 7.6 in France, 8.7 in Germany, 12.7 We can observe similar differences in the provisions for the family (allowances and other benefits), going from 10-13 percent in Sweden, Finland, Denmark, France, Germany to 2-5 percent in Spain, Portugal, Italy, Netherlands. (*Eurostat, 2000*)

**Table 5 Decomposition of total expense by functions (1998)**

|             | Health | Invalidity | Old Age | Survivors | Family Assistance | Unemployment | Housing | Others | Total Expense |
|-------------|--------|------------|---------|-----------|-------------------|--------------|---------|--------|---------------|
| Austria     | 26,2   | 8,6        | 37,9    | 10,3      | 10,0              | 5,5          | 0,3     | 1,1    | 100,0         |
| Belgio      | 24,5   | 8,8        | 31,6    | 11,2      | 8,5               | 12,7         | n.d.    | 2,7    | 100,0         |
| Danimarca   | 19,3   | 11,6       | 38,3    | 0,1       | 13,0              | 11,7         | 2,5     | 3,7    | 100,0         |
| Finlandia   | 22,7   | 14,4       | 30,5    | 4,0       | 12,8              | 12,0         | 1,4     | 2,2    | 100,0         |
| Francia     | 29,2   | 4,9        | 37,9    | 6,1       | 9,8               | 7,6          | 3,2     | 1,4    | 100,0         |
| Germania    | 28,1   | 7,9        | 40,4    | 1,9       | 10,1              | 8,7          | 0,7     | 2,2    | 100,0         |
| Grecia      | 24,1   | 6,2        | 43,9    | 8,7       | 8,1               | 4,8          | 3,1     | 1,1    | 100,0         |
| Irlanda     | 36,6   | 4,8        | 19,0    | 6,0       | 12,7              | 15,5         | 3,4     | 2,1    | 100,0         |
| Italia      | 23,4   | 6,2        | 53,3    | 10,7      | 3,6               | 2,7          | 0,0     | 0,1    | 100,0         |
| Lussemburgo | 24,6   | 12,1       | 39,9    | 4,3       | 14,1              | 3,5          | 0,3     | 1,1    | 100,0         |
| Paesi Bassi | 28,5   | 11,8       | 35,8    | 5,3       | 4,5               | 7,3          | 1,6     | 5,2    | 100,0         |
| Portogallo  | 33,2   | 12,6       | 35,5    | 7,2       | 5,3               | 4,7          | 0,0     | 1,5    | 100,0         |
| Regno Unito | 25,2   | 11,6       | 39,9    | 3,9       | 8,6               | 3,6          | 6,2     | 0,8    | 100,0         |
| Spagna      | 29,2   | 8,1        | 41,9    | 4,3       | 2,1               | 13,5         | 0,3     | 0,7    | 100,0         |
| Svezia      | 23,4   | 11,6       | 37,2    | 2,3       | 10,8              | 9,3          | 2,5     | 3,0    | 100,0         |
| Ue          | 26,8   | 8,3        | 40,6    | 5,1       | 8,3               | 7,2          | 2,1     | 1,6    | 100,0         |

Source: Eurostat (2000)

All these differences are rooted in the specific configuration of the relationship among labor market, social spending composition, family structure and so on. It may be that these different aspects were balanced in the old organization of the labor market. With the profound change of the scenario, the huge insecurity of the jobs, that balance has also changed. So the only way to analyze the actual condition of the working people is to get down in a specific analysis, assuming the micro-economic impact on the individual situation in relation to the different factors that presumably define the personal and familiar well-being linked to the different position in the labor market.

Education is again a changing field in relation to the needs of the workers. Fast changing technologies, reinforced competition deriving from globalization, deregulation are the sources of a growing demand of continuous learning. The chance to update the old skills and acquire new ones is crucial for the new flexible workers. The life-long learning is universally considered essential to guarantee the continuity of the work and for a good job. But the strategies are uncertain and hardly consistent with the needs implicit in the new labor market patterns. A specific investigation on this matter is essential to capture the actual perspective of the workers in changing labor markets.

### **Some proposals for comparable indices**

A comparative measure of well-being, from the point of view of the entitlements we have indicated, needs the establishment of comparable indices. This is not an easy task. But we have seen that this issue is increasingly considered essential by international organizations, such as ILO, to evaluate the actual well-being of working people. Considering that one of the main objectives of our research is the elaboration of a cross-country analysis of different economic and social aspects of the labor market, it is worth attempting to indicate and prove possible comparative schemes. From this point of view, we may consider the possibility of constructing some quantitative or, alternatively, qualitative terms of comparison.

The method we propose is to assume for each entitlement under consideration the highest degree of protection guaranteed in relation to the countries analyzed. This index should be based on two elements: the extension of the benefits (workforce covered); the dimension

quantitative/qualitative of the benefit ( e.g. replacement rate for unemployment and pensions, consistency of provisions for health care, training, free paid time).

There are two possibilities in establishing these indices: the first is to give a quantitative evaluation: in this case, it would be possible to attribute an index equal to 100 point to the “best” conditions in each of the considered items and a decreasing percentage for the minor conditions of well-being, along a quantitative scale. However this method could appear inappropriate or hardly applicable in order to issues that incorporate essential qualitative elements, such as training or health care systems.

The second method could be the establishment of a ranking based upon a “qualitative” evaluation: in this case the evaluation should be expressed with conventional symbols, such as a number of plus (+).

The evaluation should take into account a common set of variables coherent with the objective of the ranking, that is the protection guaranteed to each individual in relation to the specific position he/she occupies in the labor market.

It implies some preliminary distinctions between employees and unemployed, as well as standard and non standard workers. For each of these categories it would be possible to evaluate the degree of protection provided, in order to match the risks or needs taken into consideration.

The result should be a synoptic table showing either an analytic or, eventually, a synthetic evaluation of the actual conditions of well-being for different attachment to the labor market in different comparable countries.

The scheme we are proposing should allow, coherently with the objective of our project, to realize an alternative to the current statistical analysis fundamentally based on a mere quantitative comparison of the unemployment rate. This type of recording the performance of the different countries is not sufficient to describe the efficiency of the labor market with reference to the more comprehensive point of view of the institutions and rules of the new labor market, on which the individuals’ and families’ well-being depend.

An original characteristic of our research should be the establishment of a significant connection between labor market rules and welfare policies, that are two central issues in the current academic and political debate, even though these are generally discussed separately, forgetting their reciprocal connection from the point of view of a comprehensive and correct understanding of the effective well-being.

It is worth to bear in mind that traditional, unilateral analysis of the labor market has led to political conclusions based on the assumption of a trade off between the level of employment (unemployment) and “well-being”. According to this vision, that is rooted in the Oecd drive and has become a sort of bible for most governments, a policy of full employment needs a thorough reduction of the entitlements to make the labor market more flexible, through the reduction of wage costs for the firms and, on the other side, pushing workers to accept different work conditions. (See Oecd, “*Jobs Study*”, 1994).

The model of analysis we propose can be also utilized as framework of longitudinal analysis, aiming at describing the comprehensive history (income, health care, training, and so on) of a worker who goes through multiple labor market experiences. (Ciss, along with INPS – the

national Institute for social protection – is going to organize a longitudinal research concerning a significant sample of the private dependent workers in Italy).

**Eventually, our proposal could be proved in establishing a table of comparative indices in relation to the main industrialized countries of G7, which are part of our overall project: Canada, USA. Japan, France, Germany, Italy, U.K..**

In the end, the results of our research could be addressed to the policy-makers, labor movement, international institutions as a contribution to the current debate, on the reconciliation between the need of flexibility of the labor market and the need of acceptable conditions of life on the worker's side, along a "high road" to modernization.

(Rome, September 2002)