

HELMUT MAHRINGER

■ ACTIVE LABOUR MARKET POLICY TO COMBAT LONG-TERM UNEMPLOYMENT

FINDINGS OF AN EVALUATION OF THE NATIONAL ACTION PLAN FOR EMPLOYMENT

One of the key focal points of the National Action Plan for Employment (NAP) is its emphasis on active labour market policies. Expenditure for labour market policies was substantially increased in 1999. Together with a booming economy, the NAP helped reduce unemployment: last year, unemployment declined markedly, while outflow from unemployment to work grew at a significant rate. Nevertheless, caution must be used in interpreting the shrinking number of unemployed since official data are increasingly unable to reflect the problem of long-term exclusion from work.

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The data were processed and analysed with the assistance of Evelyn Wanderer • E-mail address: Helmut.Mahringer@wifo.ac.at • The contribution is based on surveys performed by IHS and WIFO: Begleitende Bewertung der Umsetzung des Nationalen Aktionsplanes für Beschäftigung in Österreich. Teil 1: Stand I. Quartal 1999 (200 pages, ATS 600 or EUR 43.60), Teil 2: Stand III. Quartal 1999 (230 pages, ATS 700 or EUR 50.87; orders to WIFO, Ms Christine Kautz, A-1103 Vienna, P.O. Box 91, tel. (+43 1) 798 26 01/282, fax (+43 1) 798 93 86, e-mail Christine.Kautz@wifo.ac.at)

In their Treaty of Amsterdam of 1997, the EU member states undertook to co-ordinate their employment policies. Every year, the European Council adopts employment policy guidelines which must be implemented by each member state in a National Action Plan for Employment (NAP) in accordance with their specific problems. The NAP was first adopted in 1998 and revised in 1999 to reflect the adapted EU employment policy guidelines (see box).

THE NATIONAL ACTION PLAN FOR EMPLOYMENT IN AUSTRIA

The National Action Plan for Employment in Austria is a broad concept containing a range of measures from different policy areas as an employment strategy pursued by the Austrian Federal government. The wide spectrum integrates both traditional and innovative measures, as well as labour market, economic, educational, technological and environmental policies.

ACCOMPANYING EVALUATION OF THE NAP 1998 AND 1999

In parallel to NAP implementation, provision was made for a scientific evaluation in 1998 and 1999, which was performed by the Institute of Advanced Studies (IHS)

Breakdown of the Austrian NAP 1999 in Line with the Employment Policy Guidelines of the EU

Pillar I: Improving employability

- Guideline 1 New start for young people
- Guideline 2 Fresh start for long-term unemployed adults
- Guideline 3 Increasing the number of people benefiting from active labour market measures
- Guideline 4 Reviewing the incentive effect of tax and benefit systems
- Guideline 5 Agreements between the social partners for training, work experience, traineeship or other measures likely to promote employability
- Guideline 6 Lifelong learning
- Guideline 7 Improving the quality of school systems
- Guideline 8 Adaptability of young people
- Guideline 9 Integration of the disabled, ethnic minorities and other disadvantaged groups

Pillar II: Developing entrepreneurship

- Guideline 10 Reducing overheads and administrative burdens for businesses
- Guideline 11 Reducing obstacles to self-employment
- Guideline 12 Creating new jobs in the social, health and cultural sectors and at local level
- Guideline 13 Fully exploiting the employment potential of the services sector
- Guideline 14 Reducing taxes and fiscal pressures on labour and non-wage labour costs
- Guideline 15 Reducing the V.A.T. rate on labour-intensive services

Pillar III: Encouraging adaptability of businesses and their employees

- Guideline 16 Social partners' agreement on modernising the organisation of work
- Guideline 17 Reform of employment contracts
- Guideline 18 Investment in human capital

Pillar IV: Strengthening equal opportunities for women and men

- Guideline 19 Adopting a gender-mainstreaming approach
- Guideline 20 Tackling gender gaps in the labour market
- Guideline 21 Providing care services, parental leave schemes and family-friendly working hours
- Guideline 22 Easing return to working life

Other measures in Austria

and the Austrian Institute of Economic Research (WIFO) on behalf of the Austrian Federal Ministry of Labour, Health and Social Affairs and the Federal Ministry of Economic Affairs. Their reports on NAP implementation in 1998 and 1999 were completed in early 2000 and were recently published (WIFO – IHS, 1998, 1999, 2000).

The Federal Ministries had commissioned the two institutes to study the effects of the NAP in an ongoing evaluation designed for long-term application and starting out as soon as the NAP entered into force. The main problem in evaluating this employment policy strategy, however, is in the broadness of the measures included in the NAP, which makes a delimitation of the subject to be evaluated rather difficult. The issue is how and against what parameters overall economic effects can be measured if a large part of national policy measures is to contribute to employment policy. In addition, an evaluation must take account of the different NAP measures without dealing with individual measures¹. Not least, it must be expected that some effects have not yet occurred so shortly after the NAP's implementation. For these reasons, it is relatively difficult to determine causal links between measures and changes in the labour market. This problem was accounted for in two ways by the evaluation:

1. A macroeconomic approach was chosen, in order to obtain a rough estimate of NAP effects in terms of the main objectives (creating jobs, reducing unemployment).
2. Ten key activities were submitted to a more detailed analysis at a "meso level"; in view of the scarce funding of the evaluation project the study had to be limited to major aspects of the subjects defined.

The two reports on the evaluation accompanying the implementation of the NAP 1998 and 1999 in Austria (WIFO – IHS, 1999, 2000) included a macroeconomic analysis of key aspects of trends in employment and unemployment, and an econometric estimation of net effects which could be assigned to the NAP. In addition, they studied its implementation and effect in ten focal areas².

These analyses provided sound foundations for evaluating implementation in the focal areas, which were to be reviewed and developed within the scope of the NAP process (WIFO – IHS, 1998, 1999, 2000).

¹ The research project should not provide for evaluating individual measures.

² 1. Gender mainstreaming and equal opportunities for women and men (see also Leitner – Wroblewski, 2000); 2. training of young people; 3. long-term unemployment and activation of labour market policy; 4. equal opportunities for the disabled; 5. lifelong learning; 6. territorial employment pacts; 7. new services; 8. labour organisation and work contracts; 9. improvements in reducing obstacles to startups; 10. measures to combat illicit work.

EXPANDING ACTIVE LABOUR MARKET POLICIES WITHIN THE NAP 1999

An active labour market policy is one of the focal points of NAP measures. Pillar I “improving employability” in particular concentrates on labour market interventions. Two different approaches are pursued: on the one hand, the object is to prevent qualification-based employment problems by improving qualifications, such as by lifelong learning (Guideline 6, see box); on the other hand, those who have lost their job are to receive more support towards reintegration, in order to avoid their long-term unemployment and exclusion from working life.

The object of combating long-term unemployment is central to the implementation of the NAP in the area of active labour market policies, and is given special weight not least by its quantitative targets: transfer rates³ of young unemployed (for more than six months) and those of adult unemployed (for more than a year) are to be halved, and the number of unemployed integrated in active measures is to be raised to 20 percent of the unemployed on average⁴ (including participants in active measures).

In the period since Austria joined the European Union, its labour market policy has moved noticeably from passive towards active measures. Already the initiatives taken within the scope of the European Social Fund made for an extension of active labour market policies. The NAP 1999 gave a further substantial boost to activation, also propelled by the shifting of funds from passive (benefits paid to unemployed) to active labour market policies.

In 1999, the funds available to the Labour Market Service (“AMS”) for active labour market policies were raised by 36 percent to ATS 11.1 billion (*Federal Ministry of Labour, Health and Social Affairs – Federal Ministry of Economic Affairs, 1999B*). This sum includes, i.a., the cost for a “safety net” for young people seeking an apprenticeship, and the funds from activating passive claims under unemployment insurance. A special NAP allocation provides additional financing for schemes such as “Come-Back” and “New Start” as well as for job coaching and computer literacy programmes. Expenditure for active labour market policies in 1999 thus rose to 0.39 percent of GDP (0.32 percent in 1997)⁵, while

³ The “transfer rate” to long-term unemployment means the number of unemployed who are still registered as unemployed after a given period (six or twelve months) upon becoming unemployed.

⁴ NAP targets which cannot be achieved directly by active labour market measures are job growth by 100,000 and reduction of the unemployment rate to 3.5 percent by 2002.

⁵ WIFO calculations based on the NAP implementation reports (*Federal Ministry of Labour, Health and Social Affairs – Federal Ministry of Economic Affairs, 1999B*) and the AMS annual reports.

funding of passive policies⁶ showed a distinct decline (from 1.8 percent of GDP in 1997 to 1.6 percent in 1999).

POSITIVE ECONOMIC FRAMEWORK

Efforts to expand active labour market policies were taken at a time of an economic upswing which considerably helped job growth. Both factors together should act to improve opportunities to reintegrate the unemployed in working life.

Job growth continued in spite of a slight cyclical weakening in 1999 as compared to 1998. Economic growth (+2.2 percent) and strong domestic demand in 1999 provided the foundation for a rise in the figure of dependently employed by 37,200 over the previous year (+1.2 percent, excluding parental leave and military service). Employment growth was provided by the services sector, while manufacturing and construction recorded a loss of jobs. Women benefited perceptibly more from the increasing demand for labour than men. Much of the job growth occurred in part-time work.

In 1999, unemployment could be reduced for the first time since 1994. In 1999, the number of jobless registered with the AMS was lower by 16,100 on average than in the previous year (–6.8 percent).

LONG-TERM UNEMPLOYMENT AND MORE ACTIVE LABOUR MARKET POLICIES

The NAP aims, specifically in its Guideline 2, to offer a fresh start to the long-term unemployed and those threatened by it. Preventing and reducing long-term unemployment is awarded top priority by the NAP in its focus on active labour market policies. Consequently, this study examines the development of long-term unemployment in Austria and takes a look at the effects of the activation of labour market policies⁷.

Trends towards persistence of long-term unemployment from the working life are caused by a number of factors on the demand and supply side which often occur concurrently. Long-term unemployment may be caused by a shortage of suitable jobs (lack of demand, mismatch, etc.) or – seen from the labour supply side – by personal deficits of the jobless (health problems, lack of qualifications, etc.). Yet at the same time, long-term unemployment

⁶ Including in particular benefits under the Unemployment Insurance Act and AMS administration costs.

⁷ Data for all of 1999 are included in this analysis, which were not yet available for the evaluation report (*WIFO – IHS, 2000*).

leads to loss of qualifications and stigmatisation, which further obstructs their return to working life (e.g., *Erhel et al.*, 1996). Active labour market policies want to counter such causes by suitable measures which aim to improve employability by alleviating qualifical or regional mismatches and preventing loss of qualifications (measures to improve mobility, qualifications), to create additional demand for work to a limited extent (especially by way of transfer jobs on the “second labour market”), and to reduce bias or prejudice of employers towards long-term unemployed (e.g., time-limited subsidy for taking on an unemployed worker).

The NAP attempts to improve reintegration opportunities of long-term unemployed by training and activating measures as well as by subsidising reintegration and by providing jobs in the third sector economy⁸.

In order to evaluate the effects of active labour market policies on long-term unemployment, the study looks at whether and to what extent their expansion aimed at preventing long-term unemployment (Guidelines 1, 2 and 3, in *Federal Ministry of Labour, Health and Social Affairs and Federal Ministry of Economic Affairs*, 1999A) has actually produced an improvement in the opportunities available for this group to be reintegrated in the labour market. An essential point was to examine not just stock figures but also flows, and in particular flows out of unemployment.

The study takes into account the evaluation indicators proposed by the EU, with special reference to the use of qualification and training for the unemployed (number of unemployed by registration period, number of participants in training schemes, transfer rates to long-term unemployment, flows from long-term unemployment to training schemes, flows from training schemes to work), but also looked at flows from long-term unemployment to work.

Determining with any precision the number of unemployed threatened by long-term exclusion from working life is subject to considerable difficulties, caused especially by the interruption of unemployment spells by active measures⁹. The study accounts for the problem by using additional indicators (see below on unemployment assistance).

⁸ In this, it builds mostly on active labour market measures established already prior to the NAP, placing more emphasis on existing measures as well as implementing new types of measures.

⁹ The measuring problems are caused partly by the use of statistics on registered unemployed, which can be influenced at an institutional level (e.g., more or less restrictive awarding or refusal of benefits, integration in training schemes, etc.). There may be incentives for proponents of labour market policies to exploit such effects in order to achieve certain results. In identifying incentive-compatible indicators, consideration must therefore be given to the underlying database (e.g., labour force survey or statistics of registered unemployed) to be used.

TRENDS IN THE STOCK OF LONG-TERM UNEMPLOYED

The long-term development of unemployment in Austria points at a rise in persistent exclusion from on the labour market. While in 1980 only one in twelve unemployed adults was registered for more than six months in the annual average, the respective figure for 1998 was one in three; more than half were unemployed for more than a year. The reduction of unemployment starting in 1999, however, has a particularly strong effect on long-term unemployment. The average stock of persons unemployed for six to twelve months declined by about 7,700 (a reduction by 21.9 percent) from 1998 to 1999, that of persons unemployed for more than twelve months fell by almost 6,300 (–14.5 percent), whereas unemployment in general contracted by 16,100 (–6.8 percent; Table 1).

Women benefited slightly more from the decrease than men. At 13,600 on average, 3,400 fewer women were unemployed in 1999 than in 1998 (–20.2 percent). Among the men, the number of those unemployed for more than a year declined by not quite 2,800 (–13.3 percent) to 18,600.

The reduction was most apparent in the under-25-year-olds: among them, the number of those unemployed for more than a year shrank by over 500, or 43.3 percent, between 1998 and 1999; the number of unemployed for six to twelve months fell by almost 1,400 (–46.7 percent) to 1,600 on the annual average. Unemployment of under-25-year-olds in general declined by 12.5 percent over the period.

The reduction of unemployment was relatively negligible among the over-44-year-olds. In the 1999 average, this group contributed almost 60 percent of those out of work for more than one year (19,200) and almost 40 percent of those unemployed for six to twelve months (12,400). Its share of total unemployment was almost 35 percent. The number of those aged 45 and older and jobless for more than one year declined by 1,200 or 5.9 percent in 1999; the same age group unemployed for six to twelve months was reduced by almost 1,600 (11.3 percent; Table 2).

LONG-TERM UNEMPLOYED AND UNEMPLOYED WITH LONG SPELLS OF ABSENCE FROM REGULAR EMPLOYMENT

Traditionally, long-term unemployment is measured by the duration of official registration with the AMS. This yardstick offers adequate information on those who have not interrupted their unemployment by participating in training schemes or by short-dated spells of work.

Table 1: Registered unemployed by gender and duration of registration

Annual average stock

	Up to six months			Duration of unemployment			Over twelve months			Total	
	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Six to twelve months Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year
<i>Total</i>											
1996	161,753	+7.7	70.2	31,622	+15.5	13.72	37,132	- 2.6	16.1	230,507	+6.9
1997	161,491	-0.2	69.2	33,525	+ 6.0	14.37	38,332	+ 3.2	16.4	233,348	+1.2
1998	164,084	+1.6	69.0	35,214	+ 5.0	14.81	38,496	+ 0.4	16.2	237,794	+1.9
1999	162,031	-1.3	73.1	27,507	-21.9	12.40	32,205	-16.3	14.5	221,743	-6.8
<i>Men</i>											
1996	92,238	+7.8	72.1	15,532	+15.9	12.13	20,255	- 3.8	15.8	128,025	+6.7
1997	91,111	-1.2	70.9	16,557	+ 6.6	12.88	20,912	+ 3.2	16.3	128,580	+0.4
1998	90,739	-0.4	70.1	17,237	+ 4.1	13.32	21,453	+ 2.6	16.6	129,429	+0.7
1999	89,495	-1.4	73.7	13,418	-22.2	11.04	18,606	-13.3	15.3	121,519	-6.1
<i>Women</i>											
1996	69,515	+7.5	67.8	16,090	+15.0	15.70	16,877	- 1.0	16.5	102,482	+7.1
1997	70,379	+1.2	67.2	16,968	+ 5.5	16.20	17,421	+ 3.2	16.6	104,769	+2.2
1998	73,345	+4.2	67.7	17,977	+ 5.9	16.59	17,043	- 2.2	15.7	108,365	+3.4
1999	72,535	-1.1	72.4	14,090	-21.6	14.06	13,599	-20.2	13.6	100,224	-7.5

Source: AMS, WIFO. Data are calculated on the basis of a simplified database enquiry: months are uniformly calculated at 30 days, which may cause slight inaccuracies in allocation by duration. This also applies to all other data on the duration of unemployment in this article.

Unemployed persons who temporarily interrupt their unemployment by a training course or by a temporary job of more than four weeks into working life face similar problems on the labour market as those experienced by people who are deemed long-term unemployed by the traditional measure. It is therefore useful to identify special indicators to measure the period during which the former group is absent from regular employment.

THE "UNEMPLOYMENT ASSISTANCE" INDICATOR

A supporting indicator for longer absence from regular employment is the type of benefit received by the jobless. "Arbeitslosengeld" (unemployment benefit) can be received for not more than 20 or 30 weeks (up to 39 or

50 weeks for some older unemployed¹⁰. If unemployment continues after that, "Notstandshilfe" (unemployment assistance) is paid. If an unemployed person enters into dependent employment, he/she will be entitled to further unemployment benefit only after 26 weeks of employment. If

¹⁰ Unemployment benefit is due for 20 weeks, when first claimed, after an employment of at least 52 weeks within the last two years, and subsequently after an employment of at least 26 weeks within the last year prior to the start of unemployment. A person employed for at least 156 weeks in the last five years prior to the start of unemployment is entitled to 30 weeks of unemployment benefit. A person who was employed for at least 312 weeks within the last ten years and is at least 40 years old at the start of unemployment is entitled to 39 weeks of unemployment benefit. The entitlement is due for 50 weeks when the person has been employed for at least 468 weeks in the last 15 years and is at least 50 years old upon the start of unemployment.

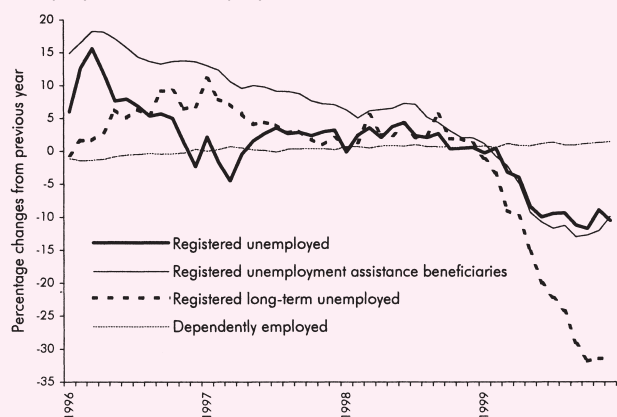
Table 2: Registered unemployed by age group and duration of registration

Annual average stock

	Up to six months			Duration of unemployment			Over twelve months			Total	
	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Six to twelve months Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year
<i>Under 25</i>											
1996	34,216	+ 5.2	87.9	3,418	+25.7	8.78	1,310	+15.9	3.4	38,943	+ 7.1
1997	33,188	- 3.0	87.5	3,349	- 2.0	8.83	1,390	+ 6.2	3.7	37,928	- 2.6
1998	32,235	- 2.9	88.4	3,009	-10.2	8.25	1,210	-13.0	3.3	36,453	- 3.9
1999	29,613	- 8.1	92.8	1,604	-46.7	5.03	686	-43.3	2.2	31,904	-12.5
<i>25 to 45</i>											
1996	92,697	+ 7.7	72.4	17,698	+17.8	13.82	17,697	+ 6.4	13.8	128,092	+ 8.8
1997	91,215	- 1.6	71.7	17,826	+ 0.7	14.02	18,138	+ 2.5	14.3	127,178	- 0.7
1998	92,659	+ 1.6	72.5	18,257	+ 2.4	14.28	16,903	- 6.8	13.2	127,819	+ 0.5
1999	91,668	- 1.1	78.0	13,531	-25.9	11.51	12,338	-27.0	10.5	117,537	- 8.0
<i>Over 45</i>											
1996	34,840	+10.3	54.9	10,506	+ 8.9	16.55	18,125	-10.9	28.6	63,472	+ 3.1
1997	37,088	+ 6.5	54.4	12,350	+17.6	18.10	18,804	+ 3.8	27.6	68,242	+ 7.5
1998	39,190	+ 5.7	53.3	13,949	+12.9	18.97	20,384	+ 8.4	27.7	73,522	+ 7.7
1999	40,749	+ 4.0	56.4	12,373	-11.3	17.11	19,180	- 5.9	26.5	72,302	- 1.7

Source: AMS, WIFO.

Figure 1: Dependently employed, unemployed, long-term unemployed and unemployment assistance beneficiaries



Source: WIFO, AMS, Federation of Austrian Social Security Institutions. Long-term unemployed: persons unemployed for more than six months.

an employment spell is shorter and the person once again becomes unemployed, the old entitlement to unemployment benefit or unemployment assistance is revived for the remaining period. If unemployment was interrupted temporarily only (up to 26 weeks), the person is granted no new entitlement; after 20 to 30 weeks (more for older unemployed) of cumulated unemployment without any new entitlement to unemployment benefit, the person is entitled only to unemployment assistance.

A person receiving unemployment assistance has, as a rule, been out of work for more than six months and has not entered continuous employment in-between. Unemployment assistance is thus an indicator for longer absence from regular employment regardless of short-term spells of work and training (less than half a year)¹¹.

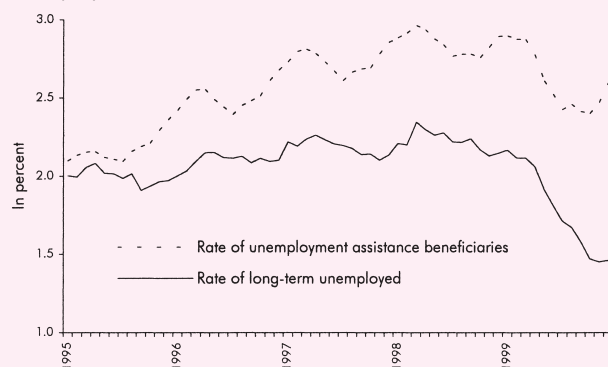
TRENDS IN FIGURES FOR UNEMPLOYMENT ASSISTANCE BENEFICIARIES

Taking into account the figures for unemployed recipients of assistance benefits affect the positive picture of long-term unemployment somewhat. The data on the stock of unemployment assistance beneficiaries point at a decline in long absence from regular employment, which is, however, markedly lower than the decline shown in the breakdown of unemployment by period of registration (Figure 1):

The average number of unemployment assistance beneficiaries dropped across all age groups by about 7,600

¹¹ For a more detailed discussion of this indicator see the NAP evaluation (WIFO – IHS, 2000). The amount of unemployment assistance depends on the household income. As a result, unemployed persons living in a household with a high total income are not entitled to unemployment assistance.

Figure 2: Rate of long-term unemployed and rate of unemployment assistance beneficiaries



Source: WIFO, AMS, Federation of Austrian Social Security Institutions. Rate of long-term unemployed: persons unemployed for more than six months as a ratio of employed work force. Rate of unemployment assistance beneficiaries: unemployed recipients of unemployment assistance as a ratio of employed work force. Employed work force: dependently employed persons and unemployed.

(–8 percent) from 1998 to 1999, i.e., clearly less than the number of long-term unemployed (–14,000 or –19 percent over six months). The phenomenon also appears in the respective curves for the rate of long-term unemployed and the rate of unemployment assistance beneficiaries, which have been growing apart since 1995, and especially since April 1999 (when active labour market measures were extended in response to the NAP) (Figure 2).

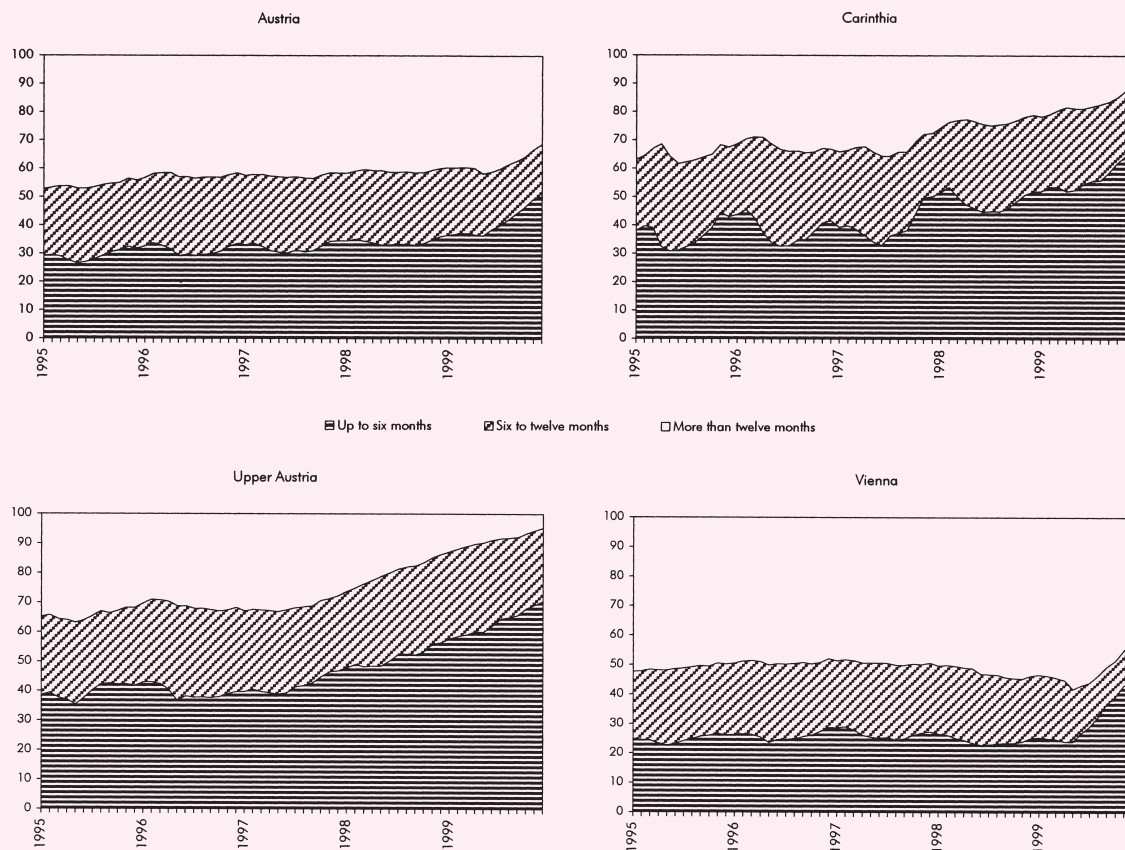
The number of persons receiving assistance benefits registered as unemployed for more than one year declined by about 17 percent, that of persons registered for six to twelve months by about 25 percent. The decline in the total number of unemployment assistance beneficiaries was lower because the number of those registered for less than six months was perceptibly higher in 1999 (+13 percent) than in the previous year¹². This increase in turn was caused by the expansion of training schemes after which many of its participants returned to registered unemployment. They receive the same benefits as before (many of them unemployment assistance), but are recorded as new entries, so that their registration period is reset to zero.

The proportion of persons registered as unemployed for fewer than six months among all unemployed recipients of assistance benefits has been growing since 1995 (29 percent in early 1995, 36 percent in December 1998, 50 percent in December 1999), but shows considerable differences between the Länder. The rise was highest in Upper Austria (38 percent in early 1995, 56 percent in December 1998, 70 percent in December 1999) and

¹² The number of recipients of assistance benefits by the period of unemployment is calculated by projecting AMS data, which are computed in the short term, against the data published by the Federal Computer Centre, which, however, are not broken down by the duration of registration.

Figure 3: Distribution of unemployment duration over unemployment assistance beneficiaries

In percent



Source: WIFO, AMS.

Carinthia (38 percent, 52 percent, and 66 percent respectively), and also grew remarkably in Vienna in recent months (25 percent, 25 percent, and 44 percent each), which, on the other hand, had a decline in the proportion of unemployment assistance beneficiaries registered as unemployed for six to twelve months (Figure 3).

A large share of unemployment assistance beneficiaries registered as unemployed for fewer than six months thus points at inadequate recording by the long-term unemployment indicator (based on the period of registration) of unemployed persons who are absent from regular work for longer periods, and a rise in the share indicates worsening recording. In interpreting the figures for long-term unemployment it should be noted that this group, in spite of its lack of statistical visibility, is to a very large extent affected from long-term exclusion from the labour market.

STOCK OF TRAINING SCHEME PARTICIPANTS

The number of training scheme participants grew rapidly in 1999. The annual average was almost 5,700 (+27 percent) higher than in the previous year. This had a

direct impact by way of reducing stocks of registered unemployed since participants are not available to the labour market for the duration of their course. More training participation by the long-term unemployed thus cuts the number of registered unemployed. The decline is accelerated by the fact that long-term unemployed who return to the unemployment register after training are no longer counted as long-term unemployed¹³. The expansion of labour market measures as of 1999 is clearly visible in the figures for unemployed, long-term unemployed and unemployment assistance beneficiaries (Figure 1).

In spite of their low share of unemployment (14 percent in the annual average of 1999), the under-25-year-olds contribute a large share to the stock of training participants (29 percent on average in 1999; Table 3). At 55 percent, the age group of the 25- to 45-year-olds has about the stock of training participants that corresponds to its unemployment (53 percent). Over-44-year-olds, on the

¹³ Unless training leads to a job or no registration of unemployment is made for any other reason, participants are returned to the unemployment register. When the measure had a duration of at least four weeks, the registration period starts anew.

Table 3: Participation in training by age and gender

Average annual stock					
	Men	Women	Total	Percentage share of women	Training rate ¹ in percent
<i>Under 25</i>					
1996	2,780	2,918	5,698	51.2	12.8
1997	3,235	3,814	7,049	54.1	15.7
1998	3,230	3,638	6,868	53.0	15.9
1999	3,635	4,174	7,809	53.4	19.7
<i>25 to 45</i>					
1996	5,224	5,116	10,340	49.5	7.5
1997	5,820	6,458	12,278	52.6	8.8
1998	5,272	5,940	11,212	53.0	8.1
1999	6,594	7,943	14,537	54.6	11.0
<i>Over 45</i>					
1996	1,121	814	1,935	42.1	3.0
1997	1,738	1,147	2,885	39.8	4.1
1998	1,722	1,128	2,850	39.6	3.7
1999	2,462	1,800	4,263	42.2	5.6
<i>All age groups</i>					
1996	9,125	8,848	17,972	49.2	7.2
1997	10,793	11,418	22,211	51.4	8.7
1998	10,224	10,706	20,930	51.2	8.1
1999	12,692	13,916	26,608	52.3	10.7
<i>Training rate (all age groups)¹</i>					
1996	6.7	7.9	7.2		
1997	7.7	9.8	8.7		
1998	7.3	9.0	8.1		
1999	9.5	12.2	10.7		

Source: AMS, WIFO. – ¹ Average stock of training participants as a ratio of all unemployed and training participants.

other hand, constitute a relatively low share of the average stock of training participants (16 percent as against 33 percent share in unemployment).

Reflecting this negative proportion, training schemes for older unemployed were given stronger emphasis in 1999 (a plus of 49.5 percent), although supply is still substantially below that available for other age groups: on average, one out of 17 unemployed over 45 years of age participated, compared with a ratio of 8 : 1 in the middle age group and just 4 : 1 in the lower age group¹⁴. The number of women participating in training courses could be significantly boosted (47 percent in 1995 versus 52.3 percent in 1999).

FLOWS OUT OF UNEMPLOYMENT AND LABOUR MARKET MEASURES

The extent to which the NAP and its additional activities for an active labour market policy have improved job prospects for the long-term unemployed is examined on the basis of flow data (transfer rate to long-term unem-

¹⁴ Better supply of training to the young is also related to the fact that catching up on and supplementing initial training is more important for that age group than for older people. On the other hand, other employment-relevant factors (such as experience, continuity of career, health problems, etc.) gain in importance with age, and qualifications alone frequently do not suffice to improve employability.

ployment, outflow from unemployment, outflow from training).

TRANSFER TO LONG-TERM UNEMPLOYMENT

In the National Action Plan for Employment for Austria, long-term unemployment was defined to start at one year of unemployment, to be used as indicator for measures of Guideline 2 “Fresh start for long-term unemployed adults”. The transfer rate is to be halved by 2002. In line with the gender mainstreaming approach, the relatively higher rate of women is to be reduced disproportionately¹⁵.

The transfer rate to long-term unemployment (Table 4; *Federal Ministry of Economics and Labour, 2000*) indicates the share of unemployed who still have no new job after twelve months of unemployment. After rising between 1996 and 1997, this rate fell noticeably in 1998 and even more in 1999. The objective for 1999 was outperformed by 1.1 percentage points, part of it due to assigning more unemployed people to labour market measures which interrupt unemployment. The programme rate (Table 5; *Federal Ministry of Economics and Labour, 2000*), which measures the rate of unemployed participants in active measures in terms of the stock of unemployed (including participants) as an annual average, rose noticeably between 1996 and 1997 and remained at a constant level in 1998, before once again shooting up in 1999, when it almost reached the objective for 2002 (18 percent as against 20 percent).

Nevertheless the question needs to be asked whether a reduction of the transfer rates to long-term unemployment and a rise in measures participation will actually improve reintegration of the long-term unemployed or whether these outflows from long-term unemployment will return to unemployment at the end of the measure or will withdraw to a pool of hidden manpower reserves.

FLOWS OUT OF UNEMPLOYMENT

Outflows from unemployment dynamically grew in 1997 (+2.2 percent), especially with regard to those unemployed for more than one year (+12.1 percent). In 1998 outflows declined in general (-1.8 percent) as well as regarding those unemployed for more than one year (-8.6 percent), to approximately their rate in 1996, whereas in 1999 outflows once again showed a markedly higher rate (13.8 percent more than 1998). Persons un-

¹⁵ This study concentrates on the situation of long-term unemployed adults. No explicit reference is made to the objectives and measures for the young (Guideline 1), although the data concerning long-term unemployment of young people are included in the analyses.

Table 4: Transfer rates to long-term unemployment

	1996	1997	1998	Objective 1999 as per NAP	Result 1999	Objective 2002 as per NAP
	In percent					
Transfer rate of young people (15 to 24) to long-term unemployment (more than six months)	9.0	8.7	7.9	7.0	4.6	4.5
Men	7.9	7.7	6.9	–	4.1	4.3
Women	10.5	10.0	9.2	–	5.2	4.7
Transfer rate of adults (over 24) to long-term unemployment (more than one year)	6.9	7.4	6.6	5.8	4.7	3.4
Men	5.9	6.5	5.9	–	4.4	3.2
Women	8.3	8.6	7.6	–	5.1	3.7

Source: Federal Ministry of Economics and Labour.

employed for less than six months (+15.2 percent), as well as long-term unemployed (after six to twelve months of unemployment +6.9 percent; after more than one year of unemployment +10.2 percent) were particularly affected. Upon adoption of the NAP 1998, the distribution of outflows by period of unemployment shifted towards the people unemployed for six to twelve months. Outflows from this group have been growing steadily since 1995 (Table 6).

Women's share of the outflow has been growing slightly since 1996; it was at 43.6 percent for the sum total of 1999. The above pattern, however, applies to women as well.

Increasing outflows from unemployment shortly before long-term unemployment sets in (i.e., the group of persons unemployed for six to twelve months) correspond to the decline in the transfer rate. The greater dynamics could be due to a rise in the number of persons taking up

Table 5: Programme rate

	1996	1997	1998	Objective 1999 as per NAP	Result 1999	Objective 2002 as per NAP
	Participants in active measures as a ratio of all unemployed (including measures participants) in percent, annual average					
<i>Measures indicator: Guideline 3</i>						
Total	10.1	13.7	13.7	15.7	18.0	20.0
Men	9.0	12.0	12.0	–	15.4	18.0
Women	11.4	15.6	15.6	–	20.9	22.8

Source: Federal Ministry of Economics and Labour.

an employment as much as to more outflows to labour market measures or a larger number of persons leaving the labour force.

FLOW FROM UNEMPLOYMENT TO WORK

After declining from 1997 to 1998 (–3.5 percent), the flow from unemployment to work once again rose substantially in 1999. The growth (+7.1 percent) was nevertheless much lower than total outflows from unemployment (+13.8 percent from 1998 to 1999), i.e., the share of unemployed people taking up work has been reduced (Table 7).

The probability that a person leaving unemployment will take up work clearly declines with the duration of unemployment. For 1999, in the group of persons unemployed for fewer than six months, 58.6 percent of the outflow from unemployment occurred because the person took up a job; among those unemployed for six to twelve months the figure was 32.8 percent, and for the group of persons unemployed for more than one year, it was down to 24.1 percent.

Job prospects developed particularly badly for people threatened by long-term unemployment (people out of

Table 6: Outflows from unemployment by duration of unemployment

Annual total

	Absolute	Duration of unemployment			Absolute	Six to twelve months Percentage changes from previous year	As a percent- age of total unemployment	Absolute	Over twelve months Percentage changes from previous year	As a percent- age of total unemployment	Absolute	Total Percentage changes from previous year
		Up to six months Percentage changes from previous year	As a percent- age of total unemployment	Over twelve months Percentage changes from previous year								
<i>Total</i>												
1996	584,352	+ 0.1	82.7	81,344	+12.3	11.51	40,753	+ 0.1	5.77	706,449	+ 1.4	
1997	590,130	+ 1.0	81.8	85,787	+ 5.5	11.89	45,700	+12.1	6.33	721,617	+ 2.2	
1998	576,758	– 2.3	81.4	89,987	+ 4.9	12.70	41,778	– 8.6	5.90	708,523	– 1.8	
1999	664,133	+15.2	82.4	96,153	+ 6.9	11.93	46,023	+10.2	5.71	806,309	+13.8	
<i>Men</i>												
1996	357,696	+ 1.0	85.2	41,317	+16.3	9.84	20,866	– 2.5	4.97	419,879	+ 2.1	
1997	354,296	– 1.0	84.4	42,674	+ 3.3	10.17	22,778	+ 9.2	5.43	419,748	– 0.0	
1998	343,298	– 3.1	83.9	44,591	+ 4.5	10.90	21,255	– 6.7	5.19	409,144	– 2.5	
1999	386,252	+12.5	84.9	45,707	+ 2.5	10.05	23,055	+ 8.5	5.07	455,014	+11.2	
<i>Women</i>												
1996	226,656	– 1.3	79.1	40,027	+ 8.5	13.97	19,887	+ 3.0	6.94	286,570	+ 0.3	
1997	235,834	+ 4.1	78.1	43,113	+ 7.7	14.28	22,922	+15.3	7.59	301,869	+ 5.3	
1998	233,460	– 1.0	78.0	45,396	+ 5.3	15.16	20,523	–10.5	6.86	299,379	– 0.8	
1999	277,881	+19.0	79.1	50,446	+11.1	14.36	22,968	+11.9	6.54	351,295	+17.3	

Source: AMS, WIFO.

Table 7: Flow from unemployment to work by duration of unemployment

Annual total

	Absolute	Up to six months			Duration of unemployment			Over twelve months			Total	
		Percentage changes from previous year	As a percentage of total unemployment	As a percentage of total unemployment	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year	As a percentage of total unemployment	Absolute	Percentage changes from previous year
<i>Total</i>												
1996	366,936	- 1.9	88.3	36,805	+13.6	8.86	11,699	+ 2.7	2.8	415,440	-0.6	
1997	367,954	+ 0.3	88.1	36,653	- 0.4	8.78	13,019	+11.3	3.1	417,626	+0.5	
1998	355,789	- 3.3	88.3	35,374	- 3.5	8.78	11,705	-10.1	2.9	402,868	-3.5	
1999	388,885	+ 9.3	90.1	31,562	-10.8	7.31	11,078	- 5.4	2.6	431,525	+7.1	
<i>Men</i>												
1996	238,461	- 0.2	90.2	20,075	+19.2	7.59	5,850	+ 2.9	2.2	264,386	+1.1	
1997	234,500	- 1.7	89.9	19,861	- 1.1	7.61	6,519	+11.4	2.5	260,880	-1.3	
1998	225,298	- 3.9	90.1	18,906	- 4.8	7.56	5,874	- 9.9	2.4	250,078	-4.1	
1999	242,355	+ 7.6	91.9	15,961	-15.6	6.05	5,340	- 9.1	2.0	263,656	+5.4	
<i>Women</i>												
1996	128,475	- 5.0	85.1	16,730	+ 7.6	11.08	5,849	+ 2.5	3.9	151,054	-3.5	
1997	133,454	+ 3.9	85.1	16,792	+ 0.4	10.71	6,500	+11.1	4.2	156,746	+3.8	
1998	130,491	- 2.2	85.4	16,468	- 1.9	10.78	5,831	-10.3	3.8	152,790	-2.5	
1999	146,530	+12.3	87.3	15,601	- 5.3	9.29	5,738	- 1.6	3.4	167,869	+9.9	

Source: AMS, WIFO.

work for six to twelve months). After a decline by 3.5 percent in 1998, the number of people taking up work once again dropped by more than 3.800 (-10.8 percent) even though total outflows rose in 1999. Similarly, flow to work decreased among persons unemployed for more than a year (-10.1 percent in 1998, -5.4 percent in 1999); the total share of new employment for this group was down to less than 25 percent (Table 8). Among short-time unemployed (fewer than six months), on the other hand, flows to work rose noticeably (+9.3 percent).

For an evaluation of changes in the flow figures, and in particular for evaluating the decreasing share of flow to

new work, the influence of the active labour market policies expanded in the course of the NAP must be taken into account. The growth of participation in measures (Tables 3 and 5) accelerated the outflow to training measures, which is recorded as an outflow but as taking up new work. When people enter jobs from training measures, they are no longer counted as outflow from unemployment. Unless such flow from unemployment to work is directly assignable to the effect of measures (i.e., would not have happened without the training), other things being equal, an expansion of active labour market policies thus reduces the flow from unemployment to work. This reasoning would explain at least part of the worrying decline of flow from unemployment to work¹⁶, since, in view of the excellent employment growth, rise in the outflow to work should have been expected even from the long-term unemployed.

Table 8: Flow from unemployment to work in terms of all outflows from unemployment

Annual total

	Up to six months		Duration of unemployment				Total	
	Percentage share	Changes from previous year	Percentage share	Changes from previous year	Percentage share	Changes from previous year	Percentage share	Changes from previous year
	In percent							
<i>Total</i>								
1996	62.8	-2.0	45.3	+ 1.2	28.7	+ 2.6	58.8	-2.0
1997	62.4	-0.7	42.7	- 5.6	28.5	- 0.8	57.9	-1.6
1998	61.7	-1.1	39.3	- 8.0	28.0	- 1.7	56.9	-1.8
1999	58.6	-5.1	32.8	-16.5	24.1	-14.1	53.5	-5.9
<i>Men</i>								
1996	66.7	-1.2	48.6	+ 2.6	28.0	+ 5.6	63.0	-1.0
1997	66.2	-0.7	46.5	- 4.2	28.6	+ 2.1	62.2	-1.3
1998	65.6	-0.9	42.4	- 8.9	27.6	- 3.4	61.1	-1.7
1999	62.8	-4.4	34.9	-17.6	23.2	-16.2	57.9	-5.2
<i>Women</i>								
1996	56.7	-3.8	41.8	- 0.9	29.4	- 0.5	52.7	-3.8
1997	56.6	-0.2	39.0	- 6.8	28.4	- 3.6	51.9	-1.5
1998	55.9	-1.2	36.3	- 6.9	28.4	+ 0.2	51.0	-1.7
1999	52.7	-5.7	30.9	-14.8	25.0	-12.1	47.8	-6.4

Source: AMS, WIFO.

FLOW FROM TRAINING TO WORK

Outflows from training exploded in 1999 (+70 percent from 1998 to 1999; Table 9), reflecting the larger number of participants. The increase was even greater for flow from training to work (+80 percent). Almost 21,000 persons took up new employment after training in 1999, about 9,300 more than in the previous year. Accordingly, 19 percent of people enter employment immediately upon completing a training scheme¹⁷.

¹⁶ Further on in the report, a correction accounting for the technical problem of assigning new employment is made.

¹⁷ Another 3,500 had a promise for employment upon completion of the scheme and were assumed to outflow from unemployment to work at a later date.

Table 9: Outflow from training

Annual total

	Men		Women		Total	
	Absolute	Percentage changes from previous year	Absolute	Percentage changes from previous year	Absolute	Percentage changes from previous year
<i>Total</i>						
1996	26,626	+ 8.0	25,984	+21.7	52,610	+14.4
1997	33,043	+24.1	36,583	+40.8	69,626	+32.3
1998	29,791	- 9.8	34,688	- 5.2	64,479	- 7.4
1999	50,711	+70.2	59,031	+70.2	109,742	+70.2
<i>To work</i>						
1996	3,428	+20.4	3,533	+22.3	6,961	+21.3
1997	5,242	+52.9	5,699	+61.3	10,941	+57.2
1998	5,550	+ 5.9	6,064	+ 6.4	11,614	+ 6.2
1999	10,039	+80.9	10,880	+79.4	20,919	+80.1
<i>Flows to work as a percentage of all outflows</i>						
1996	12.9	+11.5	13.6	+ 0.5	13.2	+ 6.1
1997	15.9	+23.2	15.6	+14.6	15.7	+18.8
1998	18.6	+17.4	17.5	+12.2	18.0	+14.6
1999	19.8	+ 6.3	18.4	+ 5.4	19.1	+ 5.8

Source: AMS, WIFO.

No data are available on the duration of unemployment spent by persons before they participate in measures. Accordingly, it was not possible to assign outflows from training directly to groups of unemployed (including long-term unemployed). Nevertheless it was possible to break down the flow from unemployment to training measures by the duration of unemployment (Table 10).

When making two highly restrictive assumptions (the probability of taking up work does not depend on the previous duration of unemployment; the structure of flows from unemployment to training – in terms of the duration of unemployment – equals the structure of outflows from training), for 1999, 24 percent of the additional outflow from training would have to be assigned to people out of work for six to twelve months, and 9.2 percent to those unemployed for more than a year, with 66.8 percent made up by the group of unemployed for fewer than six months.

This would mean an additional flow to work of about 2,300 training participants from the group of persons unemployed for six to twelve months and of not quite 900 from those unemployed for more than a year. Almost 6,100 flows from training to work would thus be training participants from short-term unemployment.

Taking into account the higher flow to work from labour market training schemes, the number of jobs taken up by unemployed out of work for six to twelve months fell by about 1,500 in 1999 (-4 percent; -10.8 percent from unemployment without training participation), while it rose by almost 300 or 2 percent among persons unemployed for more than a year (-5.4 percent from unemployment without training participation). Flows to work from short-term unemployment (fewer than six months) including training participants rose by 39,200 (a plus of about 11 percent).

Table 10: Flows from unemployment to training in 1999

	Men	Women	Total
<i>Unemployed for up to six months</i>			
Average stock	89,495	72,535	162,031
Total outflows	386,252	277,881	664,133
Flow to training	24,264	30,415	54,679
As a percentage of stock	27.1	41.9	33.7
As a percentage of all outflows	6.3	10.9	8.2
<i>Six to twelve months</i>			
Average stock	13,418	14,090	27,507
Total outflows	45,707	50,446	96,153
Flow to training	9,145	10,450	19,595
As a percentage of stock	68.2	74.2	71.2
As a percentage of all outflows	20.0	20.7	20.4
<i>More than twelve months</i>			
Average stock	18,606	13,599	32,205
Total outflows	23,055	22,968	46,023
Flow to training	3,552	3,979	7,531
As a percentage of stock	19.1	29.3	23.4
As a percentage of all outflows	15.4	17.3	16.4
<i>Total</i>			
Average stock	121,519	100,224	221,743
Total outflows	455,014	351,295	806,309
Flow to training	36,961	44,844	81,805
As a percentage of stock	30.4	44.7	36.9
As a percentage of all outflows	8.1	12.8	10.1

Source: AMS, WIFO.

Altogether flows from unemployment and training to work grew by 38,000 (+9.2 percent). Considering that the probability of reintegrating a person into working life fades with the time of unemployment, it is quite likely that long-term unemployed have an even smaller share of flows from training to work.

The substantial reduction, in 1999, of the stock of persons unemployed for six to twelve months (-7,700 over the previous year) thus cannot be explained by a greater flow from unemployment to work (-1,500 including outflow from training). Transfer rates to long-term unemployment similarly declined, as did, consequently, the stock of persons unemployed for more than a year (Table 4). The main explanation for the decline in the number of persons threatened by long-term unemployment (unemployed registered for six to twelve months) thus remains a significant rise of outflow from unemployment which does not lead to work (+10,000, including flow to training and persons leaving the labour force). In addition, it appears that transfers to unemployment of more than six months have declined slightly.

The reduction of the stock of persons unemployed for more than a year in 1999 (-6,300 against the previous year) may be explained by a decline in the transfer rate to long-term unemployment as well as by an increase in outflows from this group. The greater flow to work (+300 including estimated outflow from training) was of minor importance only.

The data analysed here, however, do not permit us to trace the extent to which flows from long-term unemploy-

ment which did not take up employment either directly or via training schemes have subsequently led to reintegration into working life. This issue remains to be studied in future evaluation steps, together with other issues that are relevant for an evaluation (such as the quality of the jobs accepted within the scope of NAP measures, or the flow from unemployment to retirement or to social assistance benefits, etc.).

CONCLUSIONS

A core issue of the National Action Plan for Employment ("NAP") is its emphasis on an active labour market policy, in particular for the long-term unemployed. Guideline 2 of the NAP, "Fresh start for long-term unemployed adults", provides for measures to prevent long-term unemployment, where possible even before its incipience. In order to encourage the reintegration in the labour market of long-term unemployed and people threatened by long-term unemployment, more employment and training schemes are financed and organised.

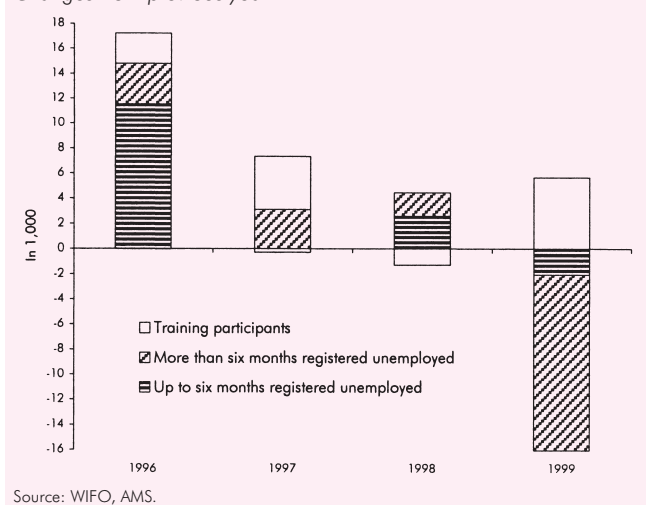
The data on long-term unemployment present a picture that is positive at first glance, and which is due not just to increased expenditure for active labour market measures but also to employment growth: the decline of unemployment starting in 1999 has had its greatest effect on the long-term unemployed. The average stock of persons out of work for six to twelve months contracted by about 7,700 from 1998 to 1999 (a minus of 21.9 percent), while the number of those unemployed for more than twelve months fell by almost 6,300 (-16.3 percent), and annual average unemployment declined by 16,100 (-6.8 percent). Women benefited slightly more from this decrease than men; young unemployed benefited substantially more than older unemployed.

The transfer rate to long-term unemployment was 4.7 percent in 1999, or 1.1 percentage points better than the envisaged value for 1999. NAP measures thus have a positive effect on the level and structure of unemployment.

Yet there are clear indications that the problem of long-term exclusion from the labour market did not change in 1999 as much as would be expected from the reduction of the stock of persons registered as long-term unemployed by the official data:

- The greater number of participants entering training schemes (+27 percent or 5,700 persons more in 1999 than in the pervious year) made for a reduction of the number of registered unemployed in general, as well as of the long-term unemployed.
- In spite of this reduction of the stock due to training schemes, the reduction in the number of persons

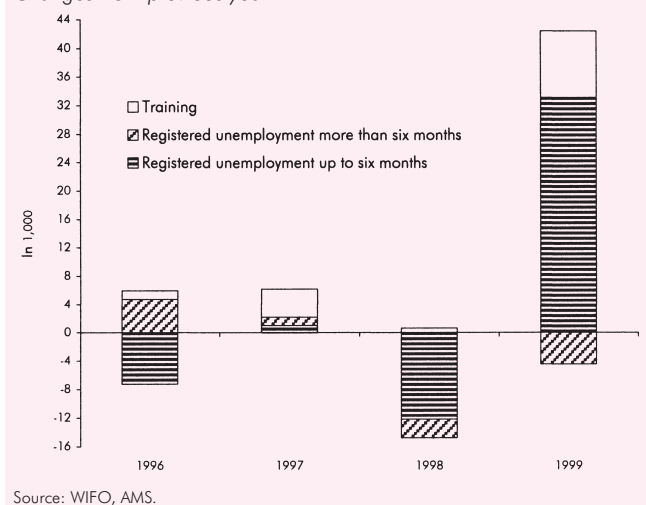
Figure 4: Average stock of unemployed and training participants
Changes from previous year



granted unemployment assistance, while falling at a slightly greater rate in 1999 (-8 percent, or 7,600 persons on average in 1999) than unemployment in general (-6.8 percent), was still markedly less pronounced than the decline in the number of long-term unemployed. The annual average stock of persons registered as unemployed for more than six months plummeted by 19 percent or 14,000 in 1999 (Figure 4).

- The flow from unemployment to work went up at a hefty rate in general (+9.2 percent), whereas the long-term unemployed (persons unemployed for more than six months) took on work at a lower rate than the year before (Figure 5).
- Jobs found after training schemes certainly contribute to reducing the stock of long-term unemployed. Yet

Figure 5: Flows from unemployment and training to work
Changes from previous year



much of the change is due to a lower transfer rate to long-term unemployment and in particular a higher flow from long-term unemployment to positions outside the labour force.

In order to reflect actual labour market problems in planning measures, it is necessary to take into account additional indicators of long-term exclusion from the labour market. The parameters used for this purpose point at the conclusion that the active labour market policy tools used within the NAP have actually reached their target groups:

long-term unemployed and persons at the verge of long-term unemployment. There are indications that more unemployed people find jobs after training schemes, although the measures have not yet been found to act profoundly on the reintegration of long-term unemployed in the labour market in 1999. Some of the measures extended in 1999 were applied to a very broad base, i.e., not targeted specifically at particular groups, and offered a relatively low training intensity. Better targeting and intensifying of measures should help to improve the reintegration effects especially for the long-term unemployed.

Active Labour Market Policy to Combat Long-term Unemployment – Summary

One pillar of the National Action Plan for Employment (NAP) focuses on active labour market measures, especially with regard to the long-term unemployed. Within the framework of Guideline 2, “New start for long-term unemployed adults”, activities were introduced to prevent long-term unemployment, where possible even before its incipience. In order to encourage integration in the labour market of the long-term unemployed and persons at risk of being long-term unemployed, more emphasis is placed on the financing and implementation of employment and training schemes.

The data on long-term unemployment offer a view that is positive at first glance, showing not just increased expenditure for an active labour market policy but also employment growth: the decline of unemployment starting in 1999 has had its greatest effect on the long-term unemployed. The average stock of persons unemployed for 6 to 12 months contracted by about 7,700 from 1998 to 1999 (–21.9 percent), while the number of those unemployed for more than 12 months fell by almost 6,300 (–16.3 percent) and annual average unemployment declined by 16,100 (–6.8 percent). Women profited slightly more from the decrease than men; young unemployed profited substantially more than older unemployed.

Yet there are clear indications that the problem of long-term exclusion from the labour market did not change in 1999 as much as would be expected from the reduction of the stock of registered long-term unemployed:

- The greater number of participants entering training schemes (+27 percent or 5,700 people more in 1999 than in the previous year) caused a reduction in the number of registered unemployed in general, as well as in those of the long-term unemployed.
- In spite of such a reduction of the stock due to training schemes, the reduction in the number of persons granted unemployment assistance (a welfare benefit

granted after expiry of unemployment benefit), while falling at a slightly greater rate in 1999 (–8 percent, or 7,600 persons on average in 1999) than unemployment in general (–6.8 percent), was still markedly less pronounced than the decline in the number of long-term unemployed. The annual average stock of persons registered as unemployed for longer than 6 months plummeted by 19 percent or 14,000 in 1999.

- The number of unemployed finding employment went up at a hefty rate in general (+9.2 percent), whereas the long-term unemployed took up less jobs than the year before.
- Jobs found after training schemes certainly contribute to reducing the stock of long-term unemployed. But much of the change is due to lower numbers of new long-term unemployed and in particular an increase in the number of those entering positions outside gainful employment.

In order to reflect actual labour market problems in planning measures, it is necessary to take into account additional indicators of marginalisation in the labour market. The parameters used for this purpose point at the conclusion that the labour market policy tools used within the NAP have actually reached their target groups: long-term unemployed and persons at the verge of long-term unemployment. There are indications that unemployed people find jobs after training schemes, although the measures have not yet been found to act profoundly on the reintegration of long-term unemployed in the labour market in 1999. Some of the measures extended in 1999 were applied to a very broad base, i.e., not targeted specifically at particular groups, and offered a relatively low training intensity. Better targeting and intensifying of measures should help to improve the integration effects especially for the long-term unemployed.

In the future, consideration should be given to the quality of jobs obtained by reintegrated unemployed and to what happens to outflows from unemployment who do not return to working life.

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