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Effects of Social Policy on Labour Markets

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EFFECTS OF SOCIAL POLICY ON LABOUR MARKETS

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ABSTRACT

The goal of the paper is the examination of the social policy effects on the labour markets. The evidence is based on the statistical techniques (regression) of the macro data of the social expenditures and development of the labour markets from 1991 to 2001 in eleven European countries. The text assumes that this period was typical by a conceptual shift of the institutional framework of the social security. The higher incentives of the social security should absorb the new conditions of the labour market. A combination of the analytical approaches is applied. The institutional conditions are controlled through the welfare regimes as well as by the most important factors (the real GDP growth, inflation (GDP deflator), globalization (share of trade in GDP), employment in services (post-industrialism), labour productivity).

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INTRODUCTION

The prominent texts concerning the labour market situation usually argue for negative influence of the social policy. The social policy is perceived as an important agent of the passivity and rigidity of the citizens in the developed western welfare countries. In the text, I would like to explore the thesis in the dynamic perspective (1991-2001) within the context of the welfare regimes (countries with similar institutional and economic situation). I expect that the social policy functioned in different mode in the time period.

The concept of the social policy effects is discussed from perspective of the unconscious socio-economic effects of the policy and its functions. In positive interpretation, it is believed that 'pushing' unemployed back into the labour markets (that is a prominent principle of popular activation) leads to the social integration. In the argumentation, I although shift the perspective from the individual level to macro perspective that enables me to analyze the effects of the social policy on rather general perspective. This perspective shows the effects of the social policies on the labour markets.

The paradox is that the principle of coercion can paradoxically lead to a second level of exclusion of the unemployed out of the social security system. Similarly, the policy can not reach those who are not registered at the agencies. Therefore, there are a minimum of two huge problems. First, even if the policy is successful and people get new jobs, it is still not sure whether the life abilities linked to the new jobs are necessarily greater than those in unemployment. Second, the question is about transitions from unemployment to inactivity (as the unintentional second-side effect of the pro-employment policies), together with problems of surpassing the high pre-registration barriers (in terms of the human psychological costs of overcoming the burdens).

The chapter is divided into three parts. First, the elementary theory of the effects of the social policy is introduced (the chapter has three parts: literature overview, basic elements of the theories, formulation of hypothesis according to the typical problems of the ideal types of welfare regimes). The goal of the part is to conclude the theoretical effects of social policy according to the typical social problems of the traditional welfare states. Later, I explain main methodological approaches of the analysis. The empirical part is divided into three parts. First, I describe development of the social expenditures and labour market situation in the four regimes (eleven countries). Second, analyze the overall effects of the social policies in the whole file. Third, my last step is about the analysis of the social policy effects under the particular regimes.

EFFECTS OF SOCIAL POLICY ON LABOUR MARKET

The discussion of the theoretical context influences the effects of the social policies rather in the political sphere. Besides the fact, there are other (rather empirical) internal and external, expected and unexpected effects which should be described here in the chapter. The efficiency of one level is however related to the perception of the effects in the other level (or spheres).

The coercion as a principle of social policy is usually perceived as the corrective reaction to the problems of the labour market. Jahn and Wagner (2000) argue that the social policies reduce negative and unintended effects of the placement activity of the PES, which increases the bargained wages, reduces active job search, and decreases the number of advertised vacancies. Some authors argue that the policies help to limit robust evidence that the duration and the less conclusive effects of level of unemployment (UI) benefits have a significantly positive impact on reducing unemployment (Scarpetta 1996; Nickell 1998; Elmeskov et al. 1998). Some studies show favourable effects of ALMP spending on aggregate unemployment but fail to agree on their magnitudes (e.g. Scarpetta 1996; Nickell 1997 1998; Boone and van Ours 2004). Lemieux and Milligan (2004) show the incentive effects of the social assistance itself.

During the last decade, there has been an increasing international interest in active labour market policies, i.e. measures to raise employment that are directly targeted at the unemployed. In both examples, it is necessary to consider the unexpected outputs of the policies1. ALMP implied a mix of macro-economic policies, solidarity wage policies and various selective interventions that gave Swedish policy its originality. It is based on 'an equitable balance between the individuals' rights to 'freely choose their jobs and society's obligation to citizens' expectations (Barbier 2000, pp. 32).

A substantial part of the literature on the effects of back-to-work policy programs focuses on the effect of program participation on future earnings (Heckman, Smith and Clements 1997) or on cost-benefit analysis of such programs (Bell and Orr 1994). Some studies focus on the effect on the transition rate from unemployment to employment, correcting for selection bias in a non-experimental context (see Bonnal, Fougere and Sqandon 1997, and Gritz 1993, who focus on training programs).

Further, there is a need to elaborate the complexities in assessing the

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[1] Scarpetta (1996) argues that the policies could have a positive effect of labour force participation, keeping otherwise discouraged workers in the labour force. Calmfors (1994), on the other hand, demarcates the effects: effects on the matching process, effects on the labour force, competition effects for insiders, deadweight and substitution effects, reduced welfare losses for the unemployed and crowding-out effects, productivity effects, work-test effects, and tax effects. All these aspects are dependent on matching the prospective of the unemployed into the labour market. Layard et al. (1991) gives strong empirical support for the effectiveness of active labour market policy as a means of raising employment.

unemployment benefits (Bartik 1998). This paper focuses on the labour supply effects of the welfare reform wave that began in 1993. Burgess et al. (2000) on the other hand consider the origins, application and implication of the coercion within the unemployment security in Australia. If conditional, these benefit reductions typically depend on the elapsed unemployment duration, on the refusal of a "suitable" job offer, or on the lack of proof of sufficient job search effort. The effectiveness of these sanctions is discussed in the paper of (Van der Linden and Dor 1998).

A paper of Berg et al (1998) investigates the effect of such sanctions on the transition from welfare to work using a unique set of rich administrative data on welfare recipients in The Netherlands. We find that the imposition of sanctions substantially increases the individual transition rate from welfare to work.

There are some papers which evaluate the effects of the active labour market programs on the specific group. O'Connel and McGinnity (1996) inquired the effects of ALMPs on young people in Norway. The results indicate that the studied programs gained a positive and often significant effect on the employment. Fay (1996) emphasises the basic evaluative problems of distinction between the gross and net effects. He devotes a great part of his text to deadweight loss, substitution effect and displacement effect (also Martin and Grubb 2001, Maré 2005). Fay (1996) estimates that the active employment programs have rather positive effects on aggregated unemployment (see also Forslung and Kruefer 1994 for Sweden). For further elaboration and estimation of the net effects, see for example Heckman (1999), who deals the problems of the heterogeneity of the experimental and control groups. Mechanisms and positive possible effects of the ALMPs in the Sweden context are summarized by Calmfors et al. (2002). Nicaise et al. (1995) evaluate the effects of the active labour programs on the low educated.

Some micro studies indicating positive effects have been realized in other countries. In the UK: Evans et al. (2003), Wilkinson, (2003), Lessof et al. (2003); in Denmark: Bolvig, Jensen, Rosholm (2003); in the Netherlands: Van den Berg et al. (2002); in the US: Lewin, (2001).

Reform in terms of Economic Activity Targets: Incentive Function of Social Policy
The concept of social policy is defined in terms of the incentive function. First of all, however I will demonstrate the origins of the concept as well as I will define what I mean by the social policy what is the object of the analysis. It may be used to describe a very common, if not universal, feature of the changing relationship between work and social protection (see Kvist 2000).

Generally, the social policy means the emphasis on the incentive function within the unemployment benefits whose are believed to be securing and de-motivating. This kind of perception on the incentive has also taken a part of discussion of the labour market economist, however only with the post-industrial risks of the long term unemployment and the social exclusion the passive mechanisms of the social security have become under a strong defence. Due to the fact, the main mechanisms of the unemployment benefits have gone under the redefinition that means the stricter monitoring of the job search (in the spheres of the punitive sanctions or of the emphasized active labour market policies). The second aspect is the direct regulation of the incentive function through the decreased generosity of the unemployment

benefits. The lower level of the benefits is, the more incentives are realized. On the other hand, the low replacement rate does not fulfil the precondition of the social security and therefore it is more questionable and often is applied just in the case of the long-term unemployed.

The problem needs to be discussed, as the original settings of unemployment security were based on insurance solidarity. With the coming of mass, long-term unemployment, social (or unemployment) assistance came into play for those who exhausted their eligibilities (Eardly et al. 1996). At the same time, the conditions of (traditional) 'less eligibility' were coordinated with those of a 'work test'. According to this model, the social policy is a combination of the 'social solidarity paradigm' and the 'contractual exchange'. However, the typical employment or wage transfers stress a combination of 'in unemployment' benefits. It is expressed by a move away from what the European Commission terms a 'passive policy of income support' towards 'measures which enable people to be self-supporting' due to flexibility.

However, for understanding the goals and principles, it is necessary to know that the context of the policies. For example, Daly (1997) reports that governments across Europe have devoted resources to active labour market programmes designed to increase the proportion of the population in employment. Such an approach is endorsed by the European Employment Strategy, agreed upon at the Luxembourg Summit in 1997. One question of the issue is the national specificity versus convergence of politics into a European Social Model. Bonoli (2004) argues that evolution is pursued by different countries. This is in relation to key independent variables of social policy making, which have by some means differed over the last three decades or so, in a way that is roughly consistent with Esping-Andersen's regime typology. As a result, we can expect trajectories towards a post-industrial welfare state to be distinct across the 'worlds' of welfare capitalism.

The response for the problems is that the policy-makers sought out new paradigms of the welfare state2. The chief response among economists was monetarism, which stresses neo-Liberal, anti-inflationary policies, rather then employment or growth objectives. Monetarism enjoins governments to pursue the welfare of citizens by reducing economic intervention and containing inflationary pressures by manipulating the money supply as the primary tool of economic management, rather than working directly on the level of demand. It is a shift from the employment goal to the inflation goal that is believed to ensure economic and social stability and prosperity in a global world. Social policy gains a new perspective. It is no longer supported by the new findings. Rather, there is a belief that policy should target those people who are in a disadvantaged situation, with the goal of

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[2] A convenient approach to the policy stance of a government is provided by the notion of a policy paradigm. Borrowed from Kuhn's influential work on the development of core ideas shared by communities of natural scientists (Kuhn, 1970), the notion of policy paradigm is used to sum up the shared core beliefs of a policy community.

integration.

Security also represents a certain quality of life for people who are currently unemployed. There is a certain prerequisite – that the person lacks an appropriate job (meaning a job that offers more utility than benefits). Further, it does not ensure that cash benefits are the most favourable alternative for the recipients (in the terms of their capabilities). This has its roots in the fact that financial sources do not solve other life situations, except the lack of resources (whose level does not necessarily ascertain enough space for free choice). At times of mass and pervasive unemployment (defined in terms of a lack of work as a commodity), security of the most disadvantaged loses its grounds.

The importance of incentive function is re-invented to ensure the 'activity' of the passive unemployed. It is realized through targeted policies of the individual prospectus – as an active partner of social policy. The conception is supported by the governance of all partners in the community. If the policy is not effective in achieving the incentives, this will result in some punishment and discipline of the unemployed. This could be actualized by withdrawing the rights (less eligibility) of the people, from the welfare provisions; or through an actual increase in the space of choices, in the case of the active labour programs. Both approaches could however impose such trends which would lead to the limitation of capabilities, as well as an increase of them. A profound and deliberate elaboration should be accepted.

THE SOCIAL POLICY AND SOCIAL RISKS WITHIN THE CONTEXT OF THE WELFARE REGIMES

As it is argued, social policies react on social problems which are determinately related to the national countries; and therefore welfare regimes. Because of the institutional specificity, I expect that the effects of the social policies will be different on the macro level. It is even more problematic because it involves large group with specific disadvantages and especially the low educated people without any specific skills. The concept of social risks (see Taylor-Gooby 2004, Bonoli 2005) highlights it because of the fundamental shift from the industrial to the post-industrial societies. This means that the traditional industrial jobs have disappeared and the offered jobs in services are lacking the needy productivity to offer competitive wages and other conditions (like life-course stability or quality working conditions). Therefore they are related to the problems of working poor. Instead of that the people without the human capital are trapped in the social security schemes (with similar revenues) without any prospects for better conditions (what is called social exclusion or the culture of dependency or generally underclass). The loss of employment finally undermines further possibilities of the welfare institutions to secure the social risks.

Once one leaves aside universalistic macro-economic or macro-sociological analysis, national diversity cannot be ignored. This means that social policy has diversifying concepts within their approach to the work attachment of welfare

recipients (Alcock et al 2003, Andersen et al. 2002, Berkel and Möller 2002). In these cases, activation and coercion approaches are explicitly distinguished3.

From the perspective of the European Union, there is not a strong directive but just benchmarks that indicate policy goals. These in particular are: full employment, quality of employment and employability (i.e. the ability to gain employment through adaptability). These indications are created during the discussion procedure and in communication between nation-states. (The process is known as Open Method Coordination – OMC). OMC was the direct result of the Lisbon process, which set out the main indicators of good practice. This benchmarking is to ensure minimal and universal standards within policy, while acknowledging national differences.

Given a new set of policy objectives, this type of reformulation of unemployment policies signifies that: every system (state) has to try to find the balance between social guarantees and incentives (especially targeted on 'low skilled'). The policy is meant to be recombined by existing regulatory elements, so as to assist in the desired pursuit (Esping-Andersen and Reginy 2000). The generosity of the post-war welfare state, the quick process of population ageing, and the weak political influence of groups, makes it extremely unlikely that available resources will be assigned to the development of new social policies; rather, then keeping the post-war welfare state. The cornerstones of post-war settlement of these countries, such as employment protection legislation, are not only of little use to secured groups, they seem to be detrimental to them (Esping-Andersen and Reginy, 2000).

Some institutional regimes are perhaps in better conditions to battle the social risks than the others. I argue that the general and also universal policies could enhance the problems rather than the insurance based social security systems because of the fact how they equally treat the people. As far as the long term unemployment more probably threaten the low educated people and other disadvantaged margins on the labour markets, the insurance systems deepen the abyss between the insiders and outsiders. It is my hypothesis that the actual functioning of employment and unemployment policies will influence the degree of class homogeneity. Therefore, the rates and structures differ under regimes.

It could be argued that traditionally, the Social-Democratic (Nordic) regime goes further to enhance the challenges of the social risks. Parallel developments in relation to various independent variables are combined in a way that turned out to be extremely favourable to the development of a large post-industrial welfare state. Relatively generous benefits, for a long duration, developed active labour market programs (Rehn-Meidner model's most important principle was the incentives and economic effectiveness of the unemployment security) and the same time strict work tests and correction of the long-term unemployment represent advantages for the

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3 This aspect also brings an important debate about the policies against social exclusion: the interpretation of the concept influences the measures of politics. (Compare with Levitas, 1998)

social risks just because they are implicitly anticipated. Similarly, the huge sector of public jobs represents a trajectory to the development of the low productive services all around the world. The universal coverage of the social services instead of the stress of insurance brings rather high level of the incentives as well as the security what is related with the individual social rights.

If this is true that the Nordic social is prepared to enhance the risks and the social policy works as intended. It means that the employment rates as well as structures are to be relatively higher together with the higher extend of the coercion within the social policy. There is however a risk with the poverty traps and therefore relatively higher unemployment risk in specific groups related to the clientelism of some vulnerable groups which are not under the umbrella of the policies.

The Liberal (Anglo-Saxon) regime on the other hand is similar in respect of the expectation of the labour market (preference of the taxes rather than the insurance). However it does not embrace the social rights through the institutional regulation, the regime has been regulated essentially by market mechanisms. Ideally, the regime is typical by low level of state regulation as well as consequential high level of the flexibility what is perceived as the magic formula of state legitimacy. The minimal wages are therefore low and the wage differentials are higher to enhance the effectiveness of the labour market. With low taxes, the Liberal regime represents the image of the ideal case for the de-regulative states well adapted to world competition for the economic sources.

Typically, the economy produces more jobs for low educated (low skilled) people. There should be higher level of the overall labour participation – female also included. There is however not as developed mechanisms of the security function and also the sector of public jobs is not developed. Instead of this, there is a space for the private services with low productivity jobs and hence low income. In sum, the low levels of unemployment benefits and their restricted duration are expected to bring higher risks of poverty, accumulation of the special problems as well as the problems of poor working in non-quality and irregular jobs on one hand, and the problems of stigmatization and exclusion in those groups of people who are not successful on the labour market.

The transition toward a post-industrial welfare state seems to be more difficult in Conservative (continental) welfare states. Here, the post-war settlement held measures that brought out protect specific-core workers groups, but also measures that contributed to exclude them form access to employment, such as strong employment protection laws. The insurance and strong entitlements criteria favour the internal labour market workers and therefore exclude the 'outsiders' to the less preferable (tax based) social (and unemployment) assistance. Conservative regimes concede a long duration and generosity for insiders, with restrictive strict rules, based on the principle of subsidiary (decentralisation), and with minimal state support, for outsiders.

This model of welfare state still holds the 'breadwinner' model (and on family oriented social rights) where is expected that a woman will be at the household to take care about and the children and that the income of her partner is sufficient for the needs. Similarly, the welfare benefits are often related to male's income what in

sum makes the situation for female problematic (especially if the family is broken-up). As the Conservative regime prefers the 'winners' on the labour market, the coercion is favourable in the schemes of the social assistance, not in the insurance schemes which are paid from the employers contribution and which cover the 'deserving' unemployed.

It seems that this combination is not favourable for the social risks where the large groups (females, youngsters, low skilled) of people do not operate as the model assumes. It could be effective in the 60's when the employment and family structures were stable, nowadays it is argue not to be well combined in the time of the strong insiders-outsiders division. As far as the labour is expensive, there is not enough territory to create jobs in the private services. In sum, low level of economic participation is expected as well as huge differentials between the groups. Similarly, the unemployment rates will be relatively higher in the vulnerable groups of workers. Social policies can be even more stigmatizing those people who are not able to get in the internal labour markets because of the institutional barriers (that is also especially important in the Latin Rim regime).

The southern (Mediterranean or Latin Rim) variant of Conservative welfare states seems to be facing even greater difficulties in developing a post-industrial welfare state. However, there has been a fundamental shift of the welfare provisions in the 90's which blurred the distinction; the welfare systems for unemployment are still underdeveloped. The centralized (without discretionary or favouring rules on the local level without strong outlines paternalism) is still lacking. Instead of that there are prominent systems of the social insurance for the 'core' workers who are able to fulfil the required entitlements (similarly to health and pension schemes). The system is typical by the dramatic division of the insider/outsider position. And the social problems are realized in wider families. The regime is not prepared to the shift to the post-industrial society and its challenges.

The social policy could even undermine the low coverage of the social services. It is expected, that the participation rate will be even lower then in the Continental regime as well as the both employment and unemployment are distributed unequally to different social groups. On the other hand, a new principle in the rigid system can help to keep the low level of the participation of specific groups (according to their economic prospects).

METHODOLOGY
Social Policy Dynamic measured as Expenditures

Understanding of the incentives of the social policy is related to the different structures and measurements of the social policy expenditures. There is a view on the extent of public (non-private) money invested into the (often mandatory) expenditures. It explains the number of beneficiaries due to the controlled generosity described in the previous paragraph. There are however several main distinctions how to understand the development of different structures: first, the overall social expenditures (if it is decreased, it means the retrenchment of the welfare state), second, distinction between active and passive expenditure (passive are benefits, payments; active are services and programs which should help the unemployed to integrate on the labour market), third, the distinction between different instruments of passive expenditures (insurance based – higher entitlement as well as the expectations on behaviour; assistance based – more market friendly, covers only basic needs; early retirement – option out version, which is less market friendly due to the fact that motivates to exit the labour market and constituting burdens on the public budgets).

[Table 1]

Besides, there is a conceptual division of the active measures, which shows the emphasis of the policy, there are: first, training programs (market friendly); second, subsidized jobs (last distance for those who are not able to compete on the labour market or applicable in period of the economic downturn); third, measures for youth (substitution of the educational systems, it should help to integrate the school-leavers on the market due to the insufficient experiences); and last, measures for disabled (there is perhaps an economic a political reason to integrate the disabled on the labour market due to the fact of their 'objective' problems of health state, however there should be a specific political will to do it because of limited resources and potentials).

There is however one problematic aspect related to the standard measurement for compared countries. Even if this indicator is expressed as a percentage of GDP to ensure cross-country comparability, the problem is the pro-cyclical regime of the expenditures (it means that the level of expenditures rises or lowers if there is a change in the economic situation in a country together with the rise or decline of unemployment). I count a specific indicator to control (at least partly) the effects. It is the percentage of the expenditures as a part of GDP divided by a percentage of unemployment in a given year. The development of the indicator is better to understand the policy gravitations.

Some macro-econometric studies solve the problem in an alternative way. They count the social expenditures per unemployed person as a part of the GDP per capita (Scarpetta 1996; Nickell 1997 1998; Boone and van Ours 2004). I assume that the macro effects analysis wipes the differences between the both methodological approaches and the counting the fraction of one percent of unemployment is perhaps more understandable.

The core of the analysis is based on rather quantitative indicators of the social expenditures which do not take into account the specificities of the national schemes. This problem is at least partly limited by the qualitative legal norms of social insurance and social assistance, that are key aspects of living conditions of the unemployed (as they defined in the above chapter). These are however rather general; therefore, only the axes are taken into account. The second also mentioned problem is close dependence of the legal rules on the level of the implementation.

The replacement rate as the second corrective indicator controls the effects of the social policies primarily because it also accepts the impact of other programs (such as pensions or family benefits). It also controls problems of discretion at a local level: the individual case is evaluated in the first part on the stage it is omitted. Furthermore, it is even necessary to qualitatively compare localities within the countries (Lødemel and Trickey 2001).

Labour Market Situation

As far as the success depends on the indicators of success, there is a need of the definition. Those targets are participation rates of the labour force, especially for target groups of young and older people, single parents, and people with disabilities; as well as, a drop in the number of unemployed households, among those of a working age. An indicator of labour enhancement is having priority over the quality and pay of jobs. A problem with this evaluative measure is that supply-side assumptions may undermine it. This is the reason why some other measures of non-participation of the labour market are utilized, in order to quantify the effects.

[Table 2]

I use the data of the OECD database (OECD Labour Force Statistics, OECD Employment outlooks 1993-2004, OECD Education in glance) which seems to have been as adjusted as possible to ensure comparability over time and to conform to the guidelines of the International Labour Office. All series are benchmarked to labour-force-survey-based estimates what means the fact that the national differences are controlled. In countries with annual surveys, monthly estimates are obtained by interpolation/extrapolation and by incorporating trends in administrative data, where available. The annual figures are then calculated by averaging the monthly estimates (for both unemployed and the labour force). For countries with monthly or quarterly surveys, the annual estimates are obtained by averaging the monthly or quarterly estimates, respectively. Minor differences may appear mainly because of various methodologies of the data collecting (OECD 2005 2006, methodological note under table A). For Austria, Belgium, Denmark, Ireland, Italy, the Netherlands, Spain and the United Kingdom data are from the European Union Labour Force Survey. However, the rates of the temporary contracts on the whole employment are taken from the Employment in Europe (EC 2004) which collects the data of the Eurostat.

Cross-sectional and dynamic comparison

In the investigation I follow the evolution of the social policy between the years 1991 and 2001, which covers the period of the welfare state resuscitation (social democrats won the elections after the new-right governances of the 1980's); including, the continuous monetary problems, being that it was the period of the European Union constitution (with its pro-employment rhetoric and the stress of social cohesion and later inclusion policies), with its fallout in the acceptation of the European Employment Strategy (and Open Method of Coordination in 1998).

In the case, there is the possibility to of two kinds of comparison: First and less persuasive, is the cross country comparison of the social policy and consequential effects in a given year where one can see the structures of the policies in the European region in a static given time and explore the dynamics of structures under the assumption of the welfare regime typology. This kind of analysis can not however say more about the effects of the policies just because of the other (especially macro economic and institutional) effects which are not the same in all the countries and it hardly possible to control them --- especially in the level of the legal rules.

The second and more promising perspective is to compare the effects of the change in the policy and shift of the output measured by the indicators (and control the main external indicators) analyzed in regression models. The effects are however seen in the next year. This perspective can fortunately look the impacts just because it is still one labour market. Hence, I assume that the shift of the output is at least a part of the result of the shift of the policy.

Analytical Approaches

The analysis is based on rather simple analytical tools and therefore I tend to talk about the associations instead of causalities. The main goal is to show that the social policy works differently in different regimes than to confirm the thesis. First, I describe the effects based on the bi-variation logic. I just show the association of between the policy setting and the employment and unemployment outcomes. Later, I try to control (partial coefficients) the overall effects of the policies on the structures while controlling the rates (trend) as well as the main external factors (OECD 2005):

- ❖ the real GDP growth,
- ❖ inflation (GDP deflator),
- ❖ globalization (share of trade in GDP), Trade in goods and services,
- ❖ employment in services (post-industrialism),
- ❖ labour productivity (EIE).

Welfare Typology and Countries

In the analysis, the welfare state typology is applied. There are four basic types describing the ideal types of the European welfare states. It is however evident, that my intention is not to model the types or to test the extent of appropriateness of them. The typology rather serves as a practical tool to pint out what is remarkable in further descriptions. It is however clear that a kind of the evaluation of differences is the part of the analysis. The question is also whether rates and structures of employment (or unemployment) and the effects of the policies continue with this typology and whether there are any indication of the successfull story to battle the social risks. The selection of the countries is based on a mix of practical and methodological considerations. Methodologically the countries are cases representing different types of labour movements and different approaches to the problems of unemployment.

These models are ideal types. It is practical, however, to describe the Nordic (Scandinavian) welfare states (Sweden and Denmark) as close to the universal model; the continental countries (Austria, Belgium, Germany and France) as closed to the corporativist model. There are also Mediterranean or southern European countries (Italy and Spain) forming a specific subgroup of the corporativist model (with significant institutional differences) and also the Anglo-Saxon welfare states (the United Kingdom) as the European countries that are closed to the Liberal model. Ireland is usually regarded as a combination of the corporativist and Liberal model (in the text it is assumed as the Liberal) and the Netherlands with the social-democratic and corporativist roots (in the text regarded as the corporativist).

RESULTS: LABOUR MARKET SITUATION AND EFFECTS OF POLICIES

This analytical chapter provides a broad comparative overview of the effects of policies on the labour market trends and patterns (expressed in rates and structures of employment, unemployment and other particular labour statuses) in different European countries. It is partly descriptive (in the level of the trends in social security and on labour market), but also examines and stresses to what degree the labour market situation (in dynamic perspective) is explainable by the policy setting. It is however hardly difficult to control the other variables in the model and therefore the aspiration are also to demonstrate differences across the welfare regimes and countries.

In the first part, there is also description of the social security expenditures as well as the policy requirements. The goal is to show the trends of social policy to open the field of the analysis of effects. The second section is description of the labour market trends in the in the period 1991 – 2001. This is the period of the significant changes on the labour market as well as the acceptation of the European Employment Strategy what is partly controlled in the text. The argumentation is that the labour market equilibrium is enhanced by the overall trends as well as the particular trends in the disadvantaged groups (according to gender, age or education). However, the most important is the third part where I try to model the statistics (correlations and regressions) to estimate the effects. Because of the analytical power, I hold the assumption of the importance the welfare regimes (however, I do not argue pros neither cons the theoretical concept – the analytical approach is only one reason to use the distinction; however I can not avoid evaluating the differences).

The chapter is based almost exclusively on international comparative statistics (that is on the ILO definition of economic participation and unemployment in particular, mainly on survey based measurement, and on OECD correction and modification and on the OECD statistics of social security database. OECD provides the most comprehensive, easily accessible and updated data set. (For further interpretation, see the methodological chapter.)

Comparison of Labour Situation Development

The analysed countries differ in all aspects we take into aspects. If one look at the labour market structures – even under the regime distinction – the huge differences are evident. The highest participation rate is in the Social democratic regime, the lowest rate – on the other hand – in the Latin Rim. The gender gap is however smallest in the Social democratic regime and then in the Conservative regime (female participation rate is lower in the other regions -difference is more than 15 % on average in the Latin Rim regime). There is however difference between the Social democratic and Conservative regime on one hand and the other regimes on the other hand in respect of the young participation. The (young) age gap is higher in the first; in the other the (young) age gap is comparable with the gender gap. In the Conservative regime, there is the highest gap between the total participation rate and the participation of the elderly. It is interesting that the smallest gap of the low

education is in the Latin Rim regime (about 5 %), in the other regimes the difference between low educated and average level is about 10 % without any exception.

[Graphs 1-5]

In the Social democratic regime is however typical by the fact that in the period from 1991 to 2001, the participation rate was very slightly decreasing. On the other hand, the participation rates of women and young and elder are slightly decreasing. The overall decline is therefore caused by the significant fall of the participation rate of the low educated in the half of 90's.

In Liberal regime, the dynamics of participation rate is rather stable: one can see that the overall level is a bit higher at the end of the analyzed period. On the other hand, one can see that the situation of particular disadvantaged groups on the labour market were getting better (participation rate was getting higher) with the exception of low educated people. In comparison with Social democratic regime, however the fall was rather moderated. Conservative regime was typical by the stable participation rates of all disadvantaged groups (in all groups the rate was although higher at the end of the analyzed period]. In Latin Rim regime, the participation rates were however slightly increasing (however, perspectives of low educated and elderly people were increasing relatively more slowly).

Perhaps better illustration of the labour market attachments is offered by the employment rates which were indications of the prospects. The highest employment rates were in the Social democratic regime, the lowest rates on the other hand in the Latin Rim regime. The employment rates are however almost the same in Liberal as well as in the Conservative regimes.

The more important aspect is about the gaps between the most disadvantaged groups. It is evident that the most equal labour market is the Social democratic welfare regime where there is just the relatively big gap of young people. In the Liberal regime, the situation of the disadvantaged groups is comparable – there are relatively equal employment rates of women, young, elderly as well as the low educated people (differences were about 10 %). The Conservative regime is typical by the fact that the rates of females and low educated are rather similar. In Conservative regime, the rate of elderly is rather low (the gap is bigger than 30 %). The Latin Rim regime is typical by the fact of the relatively low rates of females, young and old together with the relative high rate of low educated people (comparable with the overall level). The other important aspect of employment dynamics is the fact that there is only slight (in %) growth of the employment in all regimes and groups. In all regimes, one can see the fall of the low educated employment (especially in the Social democratic regime). The employment growth seems to be most important in Latin Rim regime.

The flexible contracts are presented as the involuntary part time jobs and temporary contracts. The involuntary contracts play important role in the Social democratic regime where the proportion of them on the total employment is around 4 %. In the Liberal and Conservative regimes, the proportion is around 3 % and in the Latin Rim the number is 2 %. The women are generally in higher risk of the kind

of employment, however particularly in Social democratic regime their proportion is above 5 %. Temporary jobs are more frequent in all regimes. The employment contracts are about 20 % in the Latin Rime regime, in the Social democratic and corporative regimes the proportion fraction is about 12, respectively 10 %. The probability of the temporary contract in the Liberal regime is just around 7 % (what is perhaps connected to the regulation of employment regulation). In all cases, the gap of women is around 2 %.

From the dynamic perspective, it seems that the boom of the involuntary jobs was in the middle of 1990's where was a small peak. In Conservative regime, however the highest percentage was at the beginning of 1990's. The temporary contracts are slightly increasing in the Social democratic and Conservative regimes. On the other hand, the decline is relatively significant at the beginning of 1990's in the Latin Rim regime and also in the Liberal regime; there is decrease of the risk of temporary contracts.

While observing the unemployment rates, it is evident that the average overall unemployment rate was almost the same in the Social democratic and Conservative regimes (around 7 %), slightly higher in Liberal regime (around 9 %) and significantly higher in the Latin Rim regime (almost 15 %). One can see the huge disadvantage of the young people whose unemployment risks where doubled in comparison with the overall average rate. Women are however in the most disadvantaged situation in the Latin Rim regime (where the risk of the group was 5 % above the overall risks). In other regimes, the risks of women were almost the same as the total unemployment (in Liberal regime, the risks of women were even under the overall average). The unemployment rates of elderly were 6 % without any exception according the overall average. The risk of unemployment of low educated people copy the average overall unemployment rates in Social democratic, Liberal and Conservative regimes (in the cases, the gap is around 4 %). The exception is Latin Rim regime, where the risk of unemployment is below the overall unemployment risk (minus 2 %).

From the dynamic perspective, the unemployment rate has a peak 1993 and 1994 in the Social democratic and Liberal regime. In the second decade of the 1990's the unemployment rate was decreasing in the two regimes. It is interesting that differences between the particular rates of the groups in risks were smaller in 2001 than it was when the unemployment was on the top. In the Latin Rim regime, the increase was slow (up to 1994 to 1996) as well consequential decrease was moderated, whereas in the Conservative regime, the unemployment was flat all the time. However in the two regimes, the differences stayed similar during the time.

The long term unemployment which had the most harming consequences on the social exclusion or generally people's well being was not the comparable same during the 1990's in the analyzed countries. In the Social democratic regime, a quarter of the unemployment people were in unemployment longer than one year. In the Liberal and Conservative regimes, it was around 45 % and in the Latin Rim regime the proportion of the long-term unemployed reached almost 60 %. Generally, the elderly were in the highest risks of the long-term unemployment (the gap was around 20 %) with exception Latin Rim regime where the risk of the elderly was almost the

same as the average. On the other hand, the risk of the long-term unemployment of young people is deeply below (from 15 to 20 %) the average with the same exception of the Latin Rime regime where the risk is almost comparable (minus only 5 %). On one hand, the risks of long-term unemployment of women are comparable to the overall average. On the other hand, it is seen that the risk of women are significantly lower in the Liberal regime (minus 10 %) and higher in the Latin Rime regime (plus 4 %).

From the dynamic perspective, the risks of the long-term unemployment were almost constant. One can however see that the risks of the elderly rapidly increased in the first half of 1990's – the trend was even more rapid than in the other groups and overall average. On the other hand, in the Liberal regime, the risk of the long-term unemployment was lower at the end of the analyzed period in comparison with the 1994 when the long-term unemployment was on the top.

Composition of Social Security Measures for Unemployed

From the perspective of the social security systems, the Social democratic and Conservative regimes are the generous one. On average, the Social democratic regime spends more then 5 % of gross domestic product (GPD) on the social sphere (countries of the Conservative cluster spend more then 4 %). The Liberal and Latin Rim regimes spend significantly (twice) less. Generally, it is possible to say that the social expenditure structures copy the overall trend. The important aspect is also the difference between the regimes in respect of the active social expenditures. Although, the Social democratic regime spends around 1 % of GDP, the Latin Rim regime spends just around of 0,1 % of GDP. Another aspect is the centralized financial capacity of the social assistance in Latin Rim countries where the role of central government is almost minimal.

The most important aspect in the analysis of the dynamics is about the general social expenditures which had tendency to grow. However, there are some differences across the regimes. The most important is the Social democratic regime, where there was a steep fall in the beginning of 1990's and as lately as in the time of the economic recovery in the second half of the 1990's, the social expenditures increased almost to the initial rate. In the Liberal regime, the social expenditures are however almost twice higher in perspective of the fraction of GDP. In Conservative and Latin Rim regimes, the increase is relatively steady by almost 1 %.

[Graphs 1-8]

In all regimes, one can observe a significant increase of the active labour market measures which are almost 1 % of GDP in 2001 in the analyzed sphere with exception of the Social democratic regime were the proportion were slowly reaching the initial value before the fall at the beginning of 1990's. With exception of the Social democratic regime, the early retirement expenditures are also diminishing. In the Social democratic countries, the early retirement measures (options-out of the labour market) were being steady growing.

The composition of the active measures shows the wide spectrum of the active policy strategies. One can see that a bit of similarities are within the Liberal and Latin Rim regime where there is a majority of the subsidized jobs (0,2 % of GPD per one % of unemployment in the Liberal regime, respectively 0,12 % in Latin Rim regime) followed by the measures for young people (0,1 %, respectively 0,07 %) and than the training programs. The measures for disabled are almost minimal in comparison of the previous programs.

The dynamic perspective of the social expenditures shows that welfare regimes stress different approaches. The Liberal regime emphasises the subsidized measures whose expenditures grew up from less then 0,1 % per one percent of unemployment in 1991 to almost 0,4 % in the end of the analyzed period (while development of the other measures stood on approximately same level). Bigger differences are in the Social democratic regime, where the training programs (and measures for youth) were being the most important programs in 1990's. Only in 1993 (when there was an economic crisis), the expenditures on the subsidized jobs were more important. Since the 1993, the expenditures on training and measures for youth were being steadily growing up.

In Conservative regime, however there was not a significant differences within the training, measures for youth and subsidized jobs. All the programs were copying the same stable growing trend from app. 0,1 % in 1994 to almost 0,3 % in 2001. Only, the measures for disabled people were relatively flat all the time. Last, the active labour market policy were being almost the same in the Latin Rim regime during 1990's. However, the subsidized jobs were moderately growing in the period.

The last aspect of the policies is the replacement rate. The analysis shows that the highest security in unemployment is as traditionally in the Social democratic regime where the rate is around 42 % of average net income in society. The less generous welfare regime is the Liberal regime where the average rate is less than 25 %. It is however also possible to say that the there was a fluctuation within the regimes. However, the Liberal and Conservative regimes were holding almost the same rate of replacement, in the Social democratic regime, there was a top in 1994 and later the replacement rate was decreasing. Although, the replacement rate in the Latin Rim regime had most important trend: the rate were steadily increasing from less than 20 % to almost 35 % during the 1990's.

Social Policy and Labour Market Situation: Model 1 (Synthesis)

However, specific countries are analyzed together in the families of the welfare regime, simple-bivariate comparison (correlation) is almost senseless due to the fact of the other intercessional factors. The different trends and situations on the national labour markets are outlined to control the effects of the other measures by the regression models. The above mentioned controlling variables therefore play important roles – they are crucial for the argumentation of the effects. Besides the rather external variables, the total rates are controlled for analysis of the particular differences between the risk groups of workers (gender, age – young and old – and educational) gaps.

From the perspective of the regime specification, it is evident that institutional factors (i.e. labour regulation) play significant roles. Even if the social security and main external factors are control, there are significant differences between the regimes. The participation rate as well as the employment rate (in less extent) is lower in all regimes in comparison with the Social democratic regime (controlled for other variables, the proportion lowest level is in the Latin Rim regime). In the comparison of 'flexible' jobs, Social democratic regime has the highest proportion of the involuntary part time jobs (Latin Rim is typical by the lowest rate). On the other hand, job contracts with temporary duration differ significantly. However, the rates in the Social democratic regime and Liberal regime are almost the same, the proportion of the jobs is significantly lower in the Conservative regime, and it is lower in the Latin Rim regime. Unemployment rate is significantly lower only in the Conservative regime in comparison with the Social democratic regime (differences within the other welfare regimes are however not significant).

Over all, the active measures seem to have rather negative effects on the involuntary part time jobs and well as the long term unemployment. On the other hand, higher expenditures on the active measures increase the risk of incidence of temporary contracts. (In both cases, the significance is limited to the opposite effects of the compositional measures. See below.) In comparison with this finding, the passive measures (unemployment insurance benefits) significantly decrease the risk of the involuntary part time jobs.

Surprisingly, the social assistance benefits increased the participation and employment rates what could means that the higher expenditures make higher security of the labour market institutions. In bunch of all countries, there is not however any significant effect of early retirement benefits (as the indicator of one of options out of labour market).

It seems that the structural measures (like a youth measures and measures for disabled) decrease the participation rate as well as the employment rate. The active measures are negatively associated with the participation and employment rates that are opposite to the trend of the overall active measures. The effects of the particular active measures are therefore the sum of the two factors. Similarly, the increase of the replacement rate is negatively connected with the participation and employment.

All the structural measures increase involuntary part time jobs (especially training and measures for disabled) – even if the above mentioned total amount of the active measures tend to decrease the involuntary part time jobs. On the other hand, the particular active measures decrease the incidence of the temporary term contracts - even if (as mentioned above) the effects of the total active measures are related to the temporary contracts in the opposite direction.

The structural measures are also connected with the higher proportion of the long term unemployment rate. All the particular measures – even if controlled for the general negative effects of the active measures – increase proportion of the long term unemployment on the general unemployment.

Replacement rate seems to have rather positive effects on the unemployment. Where the higher replacement rate is over time and cross-sectional, there is higher unemployment rate. On the other hand, the replacement rate reduces the negative

aspects of the social exclusion through decreasing the incidence of the LTU where the replacement rate is higher.

[Table 3]

Participation rate

Further, there is the importance of the gaps between the average value (rate) and the risk of the particular group (which are gender, age and education) in respect of the defined statuses. First, there is the participation rate on the list. For effective analysis of the gaps, it is even important to control the general trend which is the development of the participation rate. The variable has a different significance in different risk groups. It seems that there is a kind of the trade-off. The development of participation rate influences the situation of the particular groups of workers. On one side, there are groups of workers with higher human capital (women and young) whose disadvantages are diminishing. If the participation rate increases, the gender and young-age gaps are probably brought down. On the other hand, the increase of the participation rate improves the elder-age and education gaps. For those groups the increase of the participation rate has rather exclusive effects.

The lowest difference between the genders is in the Social democratic regime and than in the Conservative regime even if the external factors are controlled. The Liberal and Latin Rim regimes are rather more excluding women out of the labour market. However, the differences of young-age gap (up to 25 years) are lowest where the participation rate is also low (it means the Latin Rim regime), two other regimes have higher gaps in comparison with the Social democratic regime. In case of Conservative regime, the elder-age gap is relatively highest. The smallest differences are absolutely in the Social democratic regime, which is relatively comparable with the Liberal regime. People with the low education records are in the highest relative perspective in the Social democratic regime, whilst the risks higher and similar in the other regimes.

[Table 4]

It is interesting that the elder-age gap of participation is lowered by the active measures in combination with the particular programs. The passive measures influence the situation of the women (the gap is increasing) and the young people (the young-age gap is decreasing). It is strange that the early retirement measures are lowering the gender gap. Last, the youth measures decrease the gender gap, whilst increase the young and elder-age gaps.

Employment rate

Second aspect of the analysis is about the employment rate which brings the perspective of the labour market attachment into the analysis. The table shows the fact, that the improvement of the employment rate also diminishes the young-age gap, however the elder-age and low education gaps are rather increasing in respect of the positive development of employment.

The Social democratic regime is typical by the lowest gender gap; Liberal and Conservative regimes had almost the same disadvantage of women in comparison with the Social democratic regime. However, the Latin Rim regime's risk of women is almost doubled in comparison to the Liberal and Conservative regimes. Young-age gap is however deepest in the Social democratic regime. On the contrary, the Liberal regime reduces the risk of young the most (but perhaps comparable with the Latin Rim regime). The Social democratic regime is however most effective in comparison of the elder-age gap of employment while controlling the effects of other external effects. The less developed institutions of the equity of the elderly is the Conservative regime which is however almost three times disadvantaging that the „second best" (Liberal) regime. The dominance of the Social democratic regime is perhaps bets seen in perspective of the long term unemployment (where the risk of it is significantly lower). The highest risk of the long term unemployment is surprisingly in the Liberal regime.
[Table 5]

The table shows that the passive expenditures have negative effects on the gender gap (more unemployment benefits, higher gender gap). On the contrary, the passive expenditures increase the probability of diminishing the young-age gap, what means that the increased extent of the measures is targeted on the young males. The early retirement measures function negatively in respect that the low educated expect higher probability of the exit option to retirement and then tend to escape the employment (the higher expenditures on the early retirement measures, the bigger educational gap). Training (and subsidized jobs) increase the gap of elderly what could mean that the programs do not help the elder too much and also that the training is not targeted on the sphere of the labour segment. On the contrary, training helps to diminish the educational gap. Similarly, measures for youth increase the gap of the both young-age and elder-age gap but diminish the educational gap.

The measures for disabled increase the gap of the elderly what perhaps means that the measures are targeted on the other aged segments of the labour force. Positively, the diminishing effects of the replacement rate on the young persons could signal the fact that the young people are motivated to enter the employment if they expect higher security in the potential unemployment.

Flexible Jobs: Involuntary Part-Time Jobs and Temporary Contracts

The extent of the flexible jobs usually widens the gender gaps. The rate of the Involuntary Part-Time Jobs has however (three times) bigger effects on the gender gaps that the temporary contracts rate what can lead to the conclusion that the temporary jobs have more independent trajectory of gender. Similarly, the differences between the regimes are less important in the case of the temporary contracts (only Latin Rim is different than the reference category where the gap is less deep) than in the case of the Involuntary Part-Time Jobs where the other regimes are less unequal (in Latin Rim regime gender gap is however again the lowest).

[Table 6]

Passive measures increase the gender gap of the IPTJ, but lower the gender gap of the temporary jobs. However, social assistance and subsidized jobs' expenditures increase the gender gap of the temporary contracts. Early retirement similarly as the replacement rate tend to reduce the gender gap of the IPPJ.

Unemployment rate

The fourth aspect of the analysis is about the unemployment rates, which functions as a kind of connected vases. If the unemployment rate increases, the gender and young-age gap increases as well. On the contrary, the increase of the unemployment means the decrease of the elder-age and low education gaps. This could be interpretable by the fact of the new entrance to unemployment what people with relatively higher human capital are. The more disadvantaged people are more stable segments of the unemployed labour force.

From the analysis, it is evident that the Social democratic and Liberal regimes are comparable in respect of the gender gap. The Conservative and (in higher extent) Latin Rim regimes are typical by the higher gender gap in comparison with the Social democratic regime. In respect of the young-age gap, the difference is smallest in the Liberal regime and than in the Conservative regime; on the other hand, the young-age gap in the Latin Rim regime is higher then in the Social democratic regime. The unemployment structures the welfare regimes in a different way according to the elder-age gaps. The comparison of the elder-age and education gaps indicates dependence on the economic modernization in the countries. In the Social democratic and Conservative regimes, the gaps are almost the same; the elderly are in worse situation in the Liberal regime, however the risk of elder unemployment is lowest in the Latin Rim regime. Similarly, the risk of the unemployment of low educated are lowest in the Latin Rim, if compared with the Social democratic regime, Liberal regime has the highest education gap.

[Table 7]

However, active measures increase the gender gap, the measures decrease the young-age gap, what is further related to the particular programs whose effects go against the effects of the aggregated expenditures. Therefore, the active measures increase the gender gap of unemployment, but programs like training or subsidized jobs decrease the gender gap. Similarly, the active measures else decrease the young-age gap, but the particular programs further increase the difference between the young unemployment rate and total (average) unemployment rate. Measures for youth itself increase the young-age gap.

Replacement rate increase the gender gap – while opening the prospects of advantages for women to enter the unemployment; but decreasing the young-age gap. Perhaps, it is because of the fact that the young people are motivated to earn better eligibilities.

Long Term Unemployment

The development of the long term unemployment rate itself does not have any influence on the particular records of the disadvantaged groups. Some explaining power however has the indication of the application to a particular welfare regime. It seems that the Liberal regime makes better conditions (or tough condition) for women than the Social democratic regime (in the Liberal regime, there is lower incidence of the difference between the unemployment of women and men). In the Conservative and Latin Rim regimes, the disadvantages of women (gender gaps) are higher. In the Liberal regime, the young-age gap is comparable with the Social democratic regime. The Conservative regime perhaps makes the access to the LTU for the young more complicated and therefore the gap is even lower than it is in the Social democratic regime. On the other hand, the Latin Rim regime increases the elder–age gap – probably through rather generous and long lasting unemployment benefits for the senior workers who can not find a job on the competitive labour market.

[Table 8]

Surprisingly, active measures themselves increase the gender gap what is perhaps equilibrated by the perverse effect of the particular active labour market policy programs. The general tendency however show the negative effects of the ALMP on the position of women what indicates the fact that the market policies are more oriented on the male segment of the labour force. Similarly, the active measures decrease the incidence of the youth LTU, but the training and measures for youth limit the overall relation.

Higher expenditures on the passive unemployment benefits reduces the elder-age gap, what can indicate the fact that the unemployment schemes are more open and the elderly do not suffer from the impossibility to return back if a new job is not suitable for them. The gender gap of LTU is - on the other hand - reduced by the extended expenditures on the social assistance. The (gender and age) gaps are influenced by the fact of the replacement rate: replacement rate increases the gender and elder-age gap, on the contrary it reduces the young-age gap.

SOCIAL POLICY AND LABOUR MARKET SITUATION: MODEL 2 (WELFARE REGIMES)

This part of the analysis takes into account the variations of the social expenditures and labour market situations within the context of the separated welfare regimes. This kind of perspective is to understand the functioning of the social policy in a direct way –due to the fact of the detached effects of the particular theoretical regime. Here, the analytical framework is divided into parts that the analyzed part is about the more general social policy indicators (only significant factors are analyzed what is due to the limitation of the finite number of cases).

For other analytical aspects, the chapter has a different structure than the previous one. The effects of the social policy are perceived on the participation rate, employment rate, flexible jobs (involuntary part-time jobs and temporary contracts) rate, unemployment and Long-Term Unemployment Shares. Besides the general rates, the analysis is also focused on the main risk groups of the people (gender, age and educational perspectives). The particular indicator is analyzed separately.

The relations are provided by the further tables where the significance of the particular factors is indicated. The most complex picture is provided in the Conservative regime that however indicates the fact of the valuation of this regime (there are five countries in comparison with the usual two countries in one regime cluster). Generally, it is hardly possible to shape a perfect and clear picture of the effects. It is possible to see rather perverse effect of different components of the social policy.

Active measures

Active measures provide rather perverse picture of the effects. In the Social democratic regime, however, the active measures reduce the participation rate; in the Conservative regime, participation rate is positively associated with the active measures. It is however caused by the development in the first part of 90's when Sweden was in the problematic economic situation and also due to the effect of the more fast growth of the participation in the Conservative regime. Further, the active measures heighten the gender gap in the Liberal regime and in the Conservative regime. On the other hand, the active measures reduce the young-age gap in the Conservative regime but increase the elder-age gap in the Latin Rim regime. The active measures however worsen the position of the low educated people what can indicate the fact that this regime favours the middle age category in the active schemes.

Active measures further increase the employment rate in all regimes with exception of the Social democratic regime by cause of the fall of the active expenditures in the beginning of 90's. In this regime on the other hand, the active measures reduce the differences between men and women what is explained by the extension of the public services where is majority of women. In the Conservative regime, the active measures increase the gender gap but reduce the disadvantage of young people – orientation on the young men is a sign of the breadwinner model orientation.

Active measures however reduce the involuntary part-time jobs in the Liberal

regime, what could mean the fact that the programs help to increase the possibility of choices. They also decrease the gender gap of the involuntary part-time jobs in the Conservative and Latin Rim regimes that is the indication of the will of governments to decrease the majority of female disadvantage through the direct support of the full time jobs for women. Active measures have however rather significant effect on the temporary contract. The entrepreneurships tend to accept the clients of the active measures in order to limit negative aspects of the rigid labour markets. In the Social democratic and Conservative regimes, the active measures increase the proportion of the temporary contract jobs as the reaction to the regulation of the labour markets, in the Liberal and Latin Rim regimes – on the contrary – the temporary contracts are reduces by the active measures; active measures is the element of the deregulation of the labour markets. In the Liberal regime, however, the active measures increase the gender gap: women lose their position while they must compete for better jobs.

Unemployment rate is partly explained by the active measures. In the Liberal regime, the effect is negative what means that the extended active measures reduce unemployment. This finding corresponds with the fact of the deregulation where the active measures are followed by the fact of the increased job match. In the Latin Rim – on the other hand – the effect is opposite (active labour market programs increase the unemployment rate); the measures are not effective because they are underdeveloped and not financed enough. Active measures however increase the young age gap in the Social democratic and Conservative regime (indication of the fact, that they are not able to convert the direction of the disadvantage of young people, but reduce the elder-age gap in the Conservative regime (partly due to the fact of the subsidized jobs in the public sector). In the Social democratic regime, the active measures reduce the educational gap – the policy is to help with the integration of the segments on the labour market mediated by the traditional solidarity more equipped workers). In the Latin Rim regime – on the other hand – the educational gap is increased by the active measures because the programs are probably targeting the well educated people.

Active measures reduce the share of the long-term unemployment in the Conservative and Latin Rim regimes – what is the indication of positive trends behind the labour market measures. On the other hand, the active policy increases the long-term unemployment gender gap in the Liberal regime where the gap is perhaps connected with the fact of the inequalities of the risks of exclusion on the deregulated labour markets. In the Social democratic and Latin Rim regimes – on the other hand – the active measures decrease the difference between the genders. In the first case, this is a tradition of the Scandinavian countries, however in the second case, it is the reduction of the traditional extreme differences between men and women. Active measures also increase the young-age gap in the Latin Rim regime that indicates that the measures are not strong to reverse the specific problems of the labour force segments (especially, habits and impenetrability of the internal markets).

[Tables 9-13]

Passive measures

It seems that the higher expenditures on the benefits in the unemployment have rather positive effects on the labour market functioning. In the Conservative regime, passive measures increase the participation rate as well as they reduce the gender inequalities what indicates that they make the corporative system more open for the specific segment of labour force. For similar reason, they also reduce the gender gap in the Latin Rim regime. On the other hand, they increase the young-age gap in the in the Social democratic and Conservative regimes. It can be explained by the fact of the internal workers earn more benefits of the shift in the benefits. In the Liberal regime, the passive measures increase the education gap of the participation perhaps because of the fact that the higher expenditures attract the people with high human capital.

Employment rate is however increased by the passive measures in the Conservative regime where passive measures reduce the gender gap that is comparable with the evidence of the participation rate. In the Liberal regime, higher expenditures on the passive measures increase the gender differences that shows the fact of the women have perhaps lower chance to reach the benefits in unemployment. In the Social democratic and Liberal regime, the passive measures reduce the elder-age gap of employment – that means the accessibility of the benefits motivates the elder-age people to enter the labour market. In the Liberal regime on the other hand, the education gap is increased by the higher expenditures on the unemployment benefits because the utility of the higher expenditures is in hands of those people who have better connection on the labour market.

The extent of the involuntary part-time jobs is however influenced by the passive measures in the Liberal regime (positively – in this regime, this kind of employment records is enough to earn the benefits) and in the Conservative regime (negatively – the beneficiaries are motivated to enter this kind of contracts because they do not enable them to further benefits). Temporary jobs are however negatively connected with expenditures on unemployment benefits in the Liberal regime – the beneficiaries prefer to be in unemployment rather than in the insecure jobs, especially if the expenditures are higher). In the Conservative regime, the unemployment benefits are connected with the reduced gender gap of the temporary jobs (here, this is probably due to the fact that the women have further options for the lives and are not forced to the flexible jobs and can wait for a job without any limits).

Looked at the unemployment rates, it is seen that the passive measures increase the rate of unemployment in the Liberal regime (the benefits are more accessible and therefore have higher utility in the flexible market), but this kind of expenditures reduce the unemployment in the Conservative regime (the people do not fear to accept a job when they are aware of the possibility to come back even if the job is not perhaps stable). Passive measures also reduce the gender gap and young-age gap in the Social democratic and Liberal regimes (this means that they help to balance the inequalities between the two segments of labour and the average rate through the moderate increase of the average rate). Conversely, the passive measures however increase the education gap in the Liberal regime (higher passive expenditures constitute more utility for the segment of labour especially in the case

of the flexible and insecure labour market).

In the Liberal regime, the unemployment benefits also increase the long-term unemployment; they provide higher security. The gender gap of long-term unemployment is however higher when the unemployment benefits are increased in the Conservative and Latin Rim regimes that indicates the fact of the traditional gender inequalities in the two regimes (what has the consequences for the relative exclusion of women under the passive measures). Similarly, if the unemployment benefits increase, the young-age gap also increases in the Conservative regime (the utility of young-age people is higher), but the young-age gap is reduced in the Liberal regime (that is the important goal of governmental agenda). Unemployment benefits however reduce the elder-age gap in the Conservative regime perhaps through the mechanism of the higher accessibility of the benefits for all groups of the labour force.

Social Assistance Expenditures

The expenditures on the social assistance reduce the participation rate in the Conservative regime (where the social assistance expenditures are higher), but it increase the participation rate in the Latin Rim (where the social assistance is less developed). In the Conservative regime, the assistance expenditures reduce the differences of participation between women and men but increase the disadvantage of the young and low educated people (who are therefore excluded).

The social assistance reduces the employment rates in the Social democratic and Conservative regimes (with the developed social assistance schemes). In Conservative regime, the social assistance reduces gender gap of the employment, but in the Latin Rim regime, the expenditures on the social assistance probably heighten the gender differences. It is therefore evident that the social assistance's effects depend on the development of the schemes. The rather positive effects on the employment of women in Latin Rim regime is perhaps given by the discretionary implementation on the level locality. On the other hand in the Conservative regime, the social assistance increases the young-age gap and the elder-age gap in the Latin Rim regime. In both cases, the agencies perhaps do not have enough instruments to battle the exclusion of the disadvantaged groups and therefore they become a last resort security schemes.

Social assistance reduces the involuntary part time jobs in the Latin Rim regime (the people have more space for personal choices and therefore in majority they try to avoid to work less than they would like), but these expenditures increase the gender gap of involuntary part-time jobs in the Conservative regime (women are perhaps more forced to accept this kind of jobs). Social assistance reduces the rate of the temporary contracts in the Conservative regime but increases the rate of temporary contracts in the Latin Rim regime. This converse relation indicates that the flexible jobs have different meaning in these two regimes. In the Latin Rim regime, the temporary jobs are acceptable; in the Conservative regime, the more acceptable flexible jobs are involuntary part time jobs (at least from the perspective of the social assistance).

Unemployment rate is negatively influenced by the social assistance expenditures in the Latin Rim regime (unemployment drops perhaps due to the fact of the rather discrete and non-transparent jobs), but social assistance also increases the gender gap of unemployment in the Conservative regime (here, the social assistance is a scheme for women who do not reach the insurance scheme due to the fact of the insufficient employment contracts). Social assistance reduces the young-age gap in the Conservative and Latin Rim regimes (the utility of the social assistance is not as high for young people as for other segments because of the work tests). Elder-age gap is however increased by social assistance in the Liberal regime and also in the Conservative regime (those people are not able to participate on the labour market and the higher expenditures provide higher prospects for this segment). Social assistance increases the education gap in the Social democratic regime but reduces the differences in the education background in the Liberal regime (in the Liberal regime, there has been higher created more non-qualified jobs than in the Social democratic regime and higher expenditures reacted by the absorption of the segments in the Scandinavian countries).

Last, the effects of the social assistance on the long-term unemployment are taken into account. Social assistance heightens the LTU in the Conservative regime, but reduces it in the Latin Rim (due to the effect of the higher expenditures in the Conservative regime). In the Liberal and Social democratic regimes, the social assistance reduce the gender gaps of the LTU (here, the social assistance activated extensive segments of the female labour force) and in the Conservative regime the social assistance probably decrease the disadvantage of the young people (the policy was probably oriented on the young people).

Early Retirement Expenditures

Early retirement measures reduce the participation rate in the Conservative and Latin Rim regimes that is rather expectable due to the segmentation of the labour market. In the two regimes, the elder people being in more vulnerable situation accept the relatively generous conditions of the schemes and therefore they tend to escape. Also the programs reduce the young-age gap of the participation rate (in the Social democratic and Conservative regimes) probably through the fact of the decreased general rate of participation.

From the perspective of the employment, the early retirement schemes provide reduced employment rate in the Conservative regime. Early retirement programs reduce the temporary contracts in the Conservative regime (the elder people have the possibility to escape), but in the same time they increase the gender gap of the involuntary part time jobs and temporary contracts (perhaps because the conditions of the early retirement favour the male labour force and elder women accept the flexible jobs). Early retirement schemes also reduce the gender gap of the temporary contracts in the Liberal regime due to the fact that the temporary jobs are not extensive and that the women can more easily to fulfil the liberal early retirement scheme.

The programs of the early retirement increase the probability of unemployment in Conservative and Latin Rim regimes (where the preliminary unemployment is one of the important conditions of the entitlements for the early retirement schemes) and increase the gender and young-age gaps in the Conservative regime. Young age gap is also heightened in the Liberal and Latin Rim regimes. Elder-age gap is reduced in the Conservative regime and educational gap is lowered by the early retirement programs in the Social democratic regime.

Replacement Rate

Replacement rate plays an important role in the analysis of structures of the labour force situation. In the Conservative regime, the replacement rate decreases the participation rate. It seems that in this regime, the replacement rate motivates the people to enter the labour market. However the replacement rate reduces the gender inequalities in the Social democratic regime that is probably one of the traditional values. On the other hand, the replacement rate increases the young-age gap in the Social democratic regime because the replacement rate is probably more important factor for the older people. Conversely, the elder-age gap is reduced by the replacement rate in all regimes with exception of the Latin Rime where the gap is although the lowest and is not related to the social policy. In the Liberal regime, the replacement rate increases the educational gap of participation because the people are not able to reach the better jobs, however the better educated are able.

Replacement rate reduces the employment in the Conservative regime where the proportion of the benefits to the average gross income is rather perceived in the unemployment. There are however more important differences of the gender aspects where the gender gap are reduced in the Social democratic and Conservative regimes but increases the differences in Liberal and Latin Rim regimes. In the Social democratic regime, the replacement rate influences the age structures in the way, that the young-age gap is increasing, but the elder-age gap is reducing. In the Liberal regime, the replacement rate significantly heightens the differences between educational degrees.

The flexible jobs are also affected by the generosity of the social security. Involuntary part-time jobs decrease if the replacement rate increases in the Social democratic regime }the vulnerable groups are in less stress). In the Conservative and Latin Rim regimes on the contrary, the involuntary part time jobs increase if replacement rate heightens (people are more motivated to accept even these flexible jobs if they can reach higher benefits). Temporary contracts are lowered if the replacement rate is increased in the Liberal regime.

Replacement rate decreases the unemployment rate in the Social democratic regime (it is positive motivation to escape the unemployment) but also replacement rate increases the gender and young-age gaps of unemployment in the Conservative regime (the only elder-age gaps are reduced within the regime). Replacement rate increases the educational gap in the Social democratic regime (the low educated people can not ultimately find any job). In the Conservative regime, the replacement rate reduces the long term unemployment and also gender gap of the LTU but increases the elder-age gap.

CONCLUSION

First of all, there is the analysis of the effects of social policy on the labour markets in different regimes. If one looks at the effects of social policy, it is evident that social policy has positive effects on the participation and employment rates in the Social democratic regime. The Liberal regime is, however, quite close to the Social democratic regime, as well as in the case of employment, so there are no significant differences between the two regimes. On the other hand, the Conservative regime is close to the Latin rim regime in the two respects (employment and participation rates are lowest).

Social policy also takes same risks in regards to flexible contracts. It seems that social policy in the Social democratic regime is connected with the highest rate of involuntary part-time jobs (in Latin rim, involuntary part-time jobs are at the lowest rate). The analysis of temporary jobs shows that the Social democratic regime is almost the same as the Liberal regime, but temporary jobs are less frequent in the Conservative regime and respectively higher in the Latin rim regime.

If one looks at the differences within labour market measures, the different but overlapping shapes of social policy effects are perceived. Active measures (as the example of the coercive principle for the conclusion) influence the labour market situation in a more structural way. (As an example, it seems that the programs reduce participation and employment, but reduce the disadvantage of the risk groups in the Social democratic regime. On the contrary, in the Conservative regime the active programs increase the overall employment and participation rates, but also increase the differences between the disadvantaged groups.)

The differences between unemployment rates were not different during the 1990's between the regimes (with the exception of the lower rate in the Conservative regime) when social expenditures were controlled. The share of long-term unemployment in unemployment is, however, different for the welfare regimes. The lowest shares were in the Social Democratic regime, and then the Liberal Regime. On the contrary, the highest proportions of long-term unemployed were in the Conservative and Latin rim regimes. In the Social Democratic regime, the active measures reduce participation rates and increase temporary jobs. On the other hand, the active measures reduce the gender differences of the employment here in the regime. Further, the active programs increase the young-age gap unemployment, but reduce the educational gap in the Social Democratic regime. They also have positive effects on gender differences in long-term unemployment. In the Liberal regime, the active measures increase the employment rates and decrease the negative aspects of flexible jobs as well as the unemployment rate. The active schemes, however, increase the gender differences of participation and the elder-age gap of employment. Additionally, the active measures increase the gender differences of temporary jobs.

In the Conservative regime, the participation and employment rates are increased by the active measures but also the programs increase the extent of the temporary jobs and reduce long term unemployment. The gender differences of participation are increased by the active measures, but the young-age gap is reduced. On the other hand, the active measures increase the young-age gap of unemployment and

decrease the elder-age gap. The active measures have positive effects on employment and also decrease the flexible contracts and the long term unemployment rate in the Latin rim regime. On the other hand, the active programs heighten the overall unemployment rate. Some dominant trends are that the active measures increase the disadvantage of the risk groups connected with age (elder-age gap of participation, young-age gap of long-term unemployment), or the educational problems (education gap of the unemployment), but reduce traditionally high differences of gender.

Although no clear patterns based on welfare regimes can be perceived, some conclusions can be provided. It seems that the hypothesis has rational fundaments, but the chosen perspective of the analysis was not the most appropriate. However, this is also a positive aspect of the text due to the evaluation of the approach which has not been applied yet. It seems that the macro level cross-sectional comparison is too cumbersome for the analysis of such subtle effects as social policy effects. In the analysis, important aspects of the implementation are missing, as well as a mechanism on the individual level and a connection to the legal rules, due to the weak connections to the macro effects.

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APPENDICES - TABLES AND GRAPHS

Table 1: List of the policy expenditures

Public social expenditures (% of GDP per 1 % of unemployment)	The development represents a certain level of the political strategy. It is understood as the reaction on the theories of retrenchment. It indicates the policy effort.
Active social expenditures (% of GDP per 1 % of unemployment)	Active measures are generally programs with goals to increase the abilities of unemployed to participate on the labour market. It is in the opposition to the 'passive measures' that present the benefits and social security of the unemployed.
Unemployment Insurance (and Assistance) benefits (% of GDP per 1 % of unemployment)	This kind of measures should help to maintain the certain level usual income. The unemployed are insured to cover the common standards of life.
Social Assistance Benefits (% of GDP per 1 % of unemployment)	This is last distance measure with the less generous benefits (often in kind) to cover just the basic needs. The entitlements conditions are usually low, the beneficiaries have to although fulfil many eligibility requirements. These benefits are for those who do not reach the entitlements for the other benefits or for those have already exhausted it.
Early Retirement (% of GDP per 1 % of unemployment)	This is a standard 'option-out' program. The early retirement programs are to solve problems of the elderly who are in high risk on one side, what represents the problems in the pension schemes as well as the lack of the labour force on the labour market (very similar to 'Holland ill' where the unemployment were solved by some disability schemes what brought the schemes into huge deficits).
Training (% of Active Expenditures)	Most pro-market oriented approach.
Subsidized Jobs (% of Active Expenditures)	Not too much effective with the exception of the times and regions with the chronicle lack of vacancies.
Youth Measures (% of Active Expenditures)	Partly solve problems of the educational systems and family.
Measures for Disabled (% of Active Expenditures)	Important and perspective, usually when the other problems are relatively solved.
Training (% of GDP per 1 % of unemployment)	See above.
Subsidized Jobs (% of GDP per 1 % of unemployment)	See above.
Youth Measures (% of GDP per 1 % of unemployment)	See above.
Measures for Disabled (% of GDP per 1 % of unemployment)	See above.
Replacement Rate (OECD) (real average level) – gross or net*.	The RR represent the degree of work incentives, i.e. neo-classical economics or the quality of social rights means the higher the benefits which mean the greater the social rights. It is not only the relation to the previous income, but the real substitution of income through welfare benefits. It is real because it is an empirical indicator. The decrease of the RR expresses a higher risk of the poverty.

Note: all data is from the OECD datasets of Tax-Benefit Models (OECD (2005), Social Expenditure Database (SOCX, www.oecd.org/els/social/expenditure)). At constant (1995) prices in national currency, in millions-constant GDP.

* The OECD summary measure is defined as the average of the gross unemployment benefit replacement rates for two earnings levels, three family situations and three durations of unemployment. For further details, see OECD (1994), *The OECD Jobs Study* (chapter 8) and Martin (2000).

Table 2: List of the labour market situation

Participation rate		
Participation rate (total labour force)	% of Population from 15 to 64 years	It is an indicator of the labour market attachment. It is a group of employed plus unemployed. It is negative definition of the economic inactivity what is however too heterogenic due to the fact that it is hardly possible to identify 'nonemployment' (i.e. discouraged) because statistical limits of work with small groups. The fair labour market equals the positions of the most important disadvantaged groups. (There is however missing other factors of risks such as health etc.)
Participation rate of females	% of female from 15 to 64 years	
Participation rate of low educated	% of persons obtained lower then second lower educational level	
Participation rate of young	% of Population from 15 to 24 years	
Participation rate of elder	% of Population from 55 to 64 years	
Employment rate		
Employment rate	% of population from 15 to 64 years	It is expected that the employment status is one of the most important factors of the social inclusion. The employment brings a lot of the advantages from the self-respect, through the economic independence, to the 'more generous' entitlements for other social benefits. Similarly to the participation rate, the employment rate should be equal in the groups in risks (on the average). The situation of you people is however tricky due to the fact of the parallel schools and tertiary education.
Employment rate of females	% of female 15-64 years	
Employment rate of low educated	% of population of low educated	
Employment rate of the young (15-24 years)	% of population 15-24 years	
Employment rate of the elder (55-64 years)	% of population 55-64 years	
Part-time jobs		
Involuntary Part-time employment (IPTE)	% of Total employment	It is however rather negative situation because the persons declared to work part-time because they could not find a full-time job. It is expected that the jobs are not as perspective and bring higher risks of working poor.
Female IPTE	% of Part-time employment	
Temporary contracts		
Temporary-contract jobs	% of Employed persons	It is also rather negative aspect of the (especially regulated) labour markets. From one perspective, this is a way how to avoid the impossibility to release the redundant workers if anticipated, from the other perspective, the temporary contracts are burdens to plan the future prospects. (For structures, see the above mentioned notes.)
Female temporary-contract jobs	% of Employed women	

Table2: List of the labour market situation (cont.)

Unemployment		
Unemployment rate	% of Labour force from 15 to 64 years	This position is however even more risky due to the threat of the social exclusion. Especially in the most vulnerable groups, it means the fact of the way out of the society to the negative aspects of the unemployment (bed health, situation of poor, less social contact, lost of the identity, welfare benefits dependence, and it is destructing sui generic due the process of hysteresis.) On the other hand, it can only mean the time between the old and a new job without the mentioned aspects.
Unemployment rate of females	% of female 15-64 years	
Unemployment rate of low educated	% of population of low educated	
Unemployment rate of young (15-24 years)	% of Total group	
Unemployment rate of elder (55-64 years)	% of Total group	
Registered unemployment (some countries)	% of Labour force from 15 to 64 years	
Long-term unemployment (more than 12 months)		
Long-term unemployment (more than 1 year)	% of Unemployment	It is argued that the long-term unemployment is the most important factor of the social exclusion. These people are usually in a specific situation to the exception of the major population and also tend to accept the alternative life styles.
Female long-term unemployment	% of long term unemployment	
Long-term unemployment of young	% of long term unemployment	
Long-term unemployment of elder	% of long term unemployment	

G r a p h 1: Average participation rate and structures (1991-2001, in %)
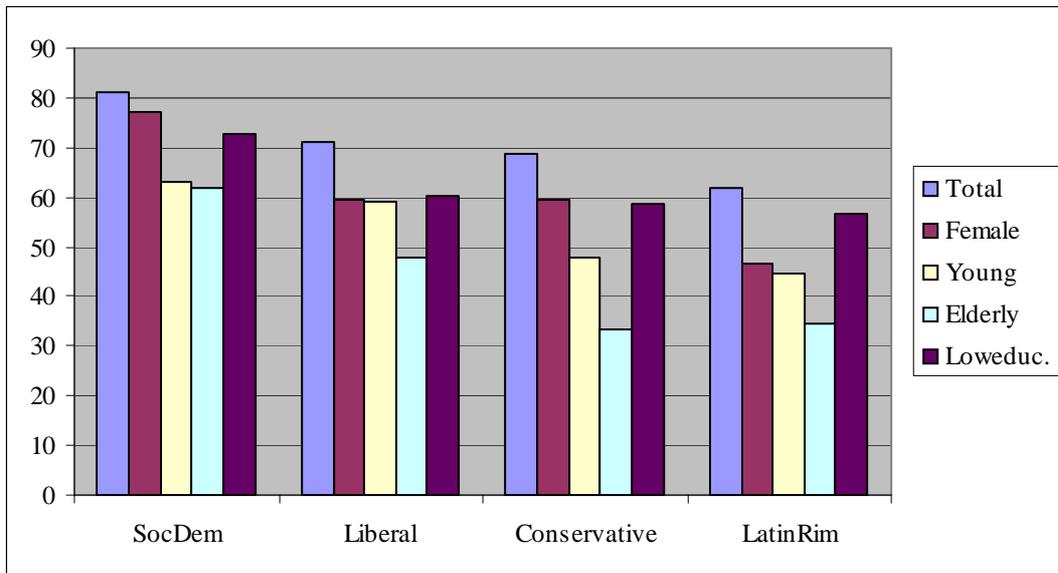
Note: For definition and sources, see the methodological part.

G r a p h 2: Average employment rate and structures (1991-2001, in %)
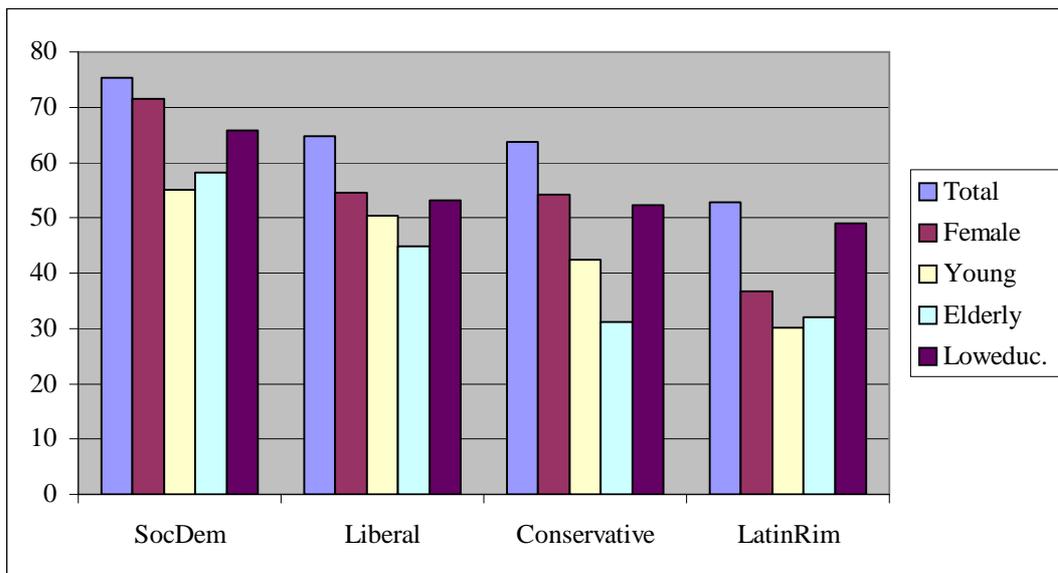
Note: For definition and sources, see the methodological part.

G r a p h 3: Average proportion of flexible jobs and women on employment (1991-2001, in %)
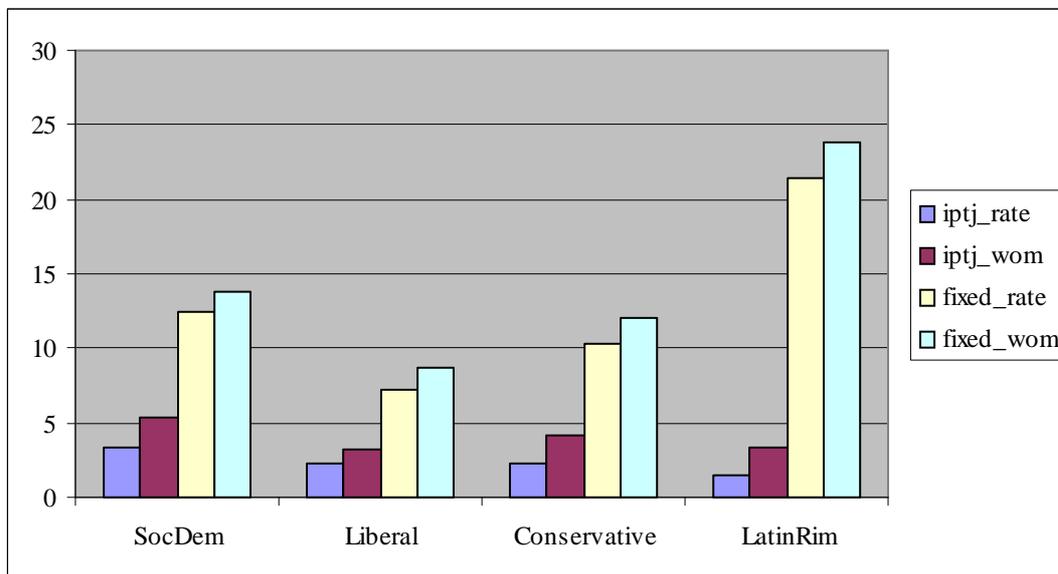
Note: iptj means involuntary part-time jobs, temporary means fixed contracts (further see the methodological part)

For definition and sources, see the methodological part.

G r a p h 4: Average unemployment rate and structure (1991-2001, in %)
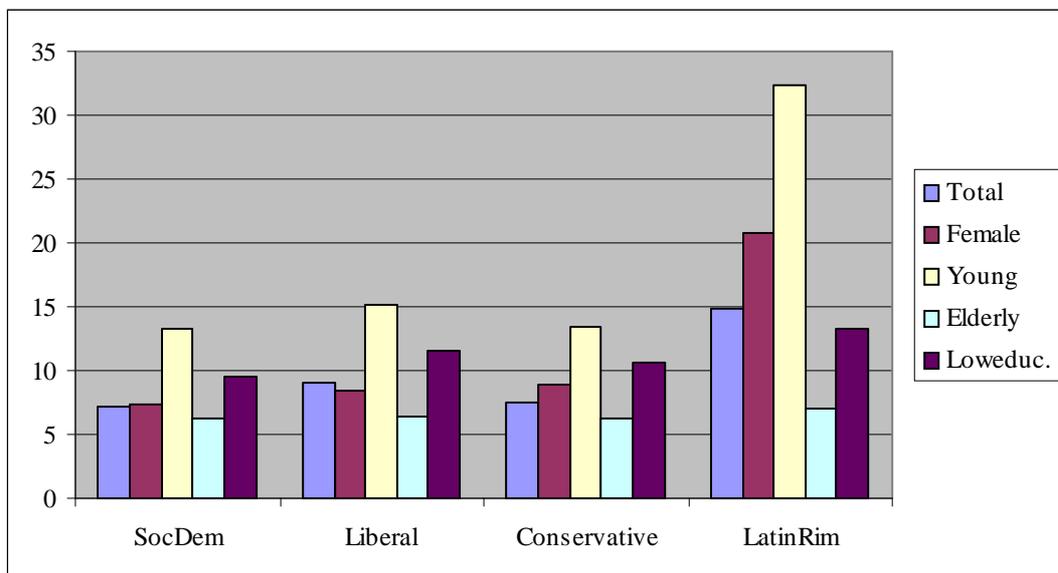
Note: For definition and sources, see the methodological part.

G r a p h 5: Average Long Term Unemployment Shares and Structures (1991-2001, in %)
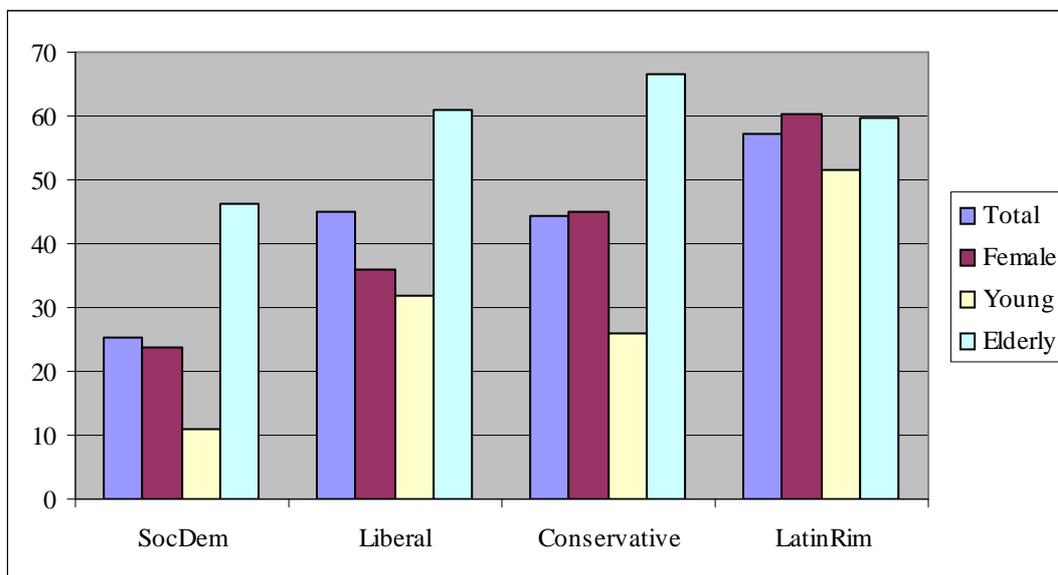
Note: For definition and sources, see the methodological part.

G r a p h 6: Public social expenditures per one % of unemployment (average, in % of GDP)
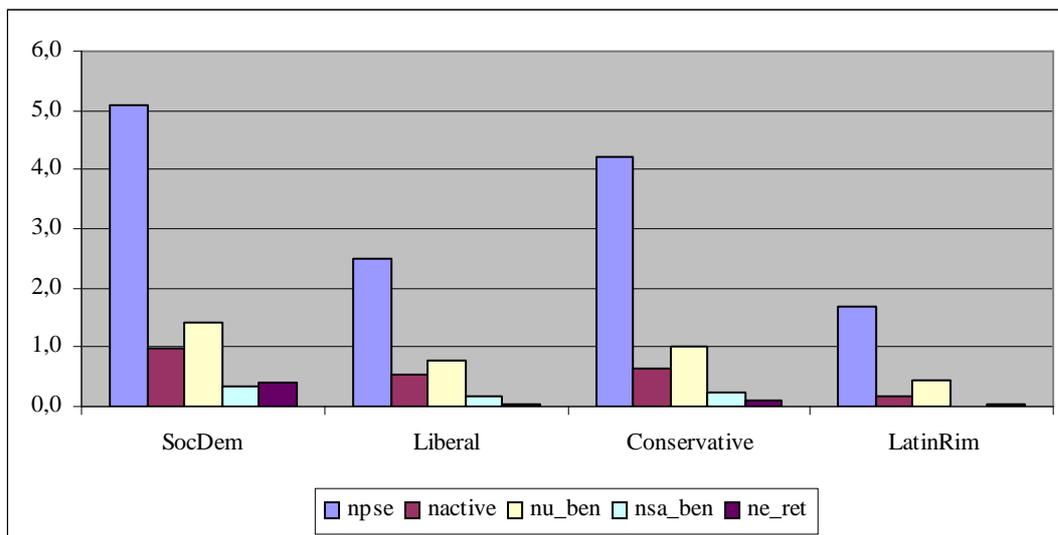
Note: For definition and sources, see the methodological part.

G r a p h 7: Composition of Active Labour Market Measures per one % of unemployment (in % of GDP)
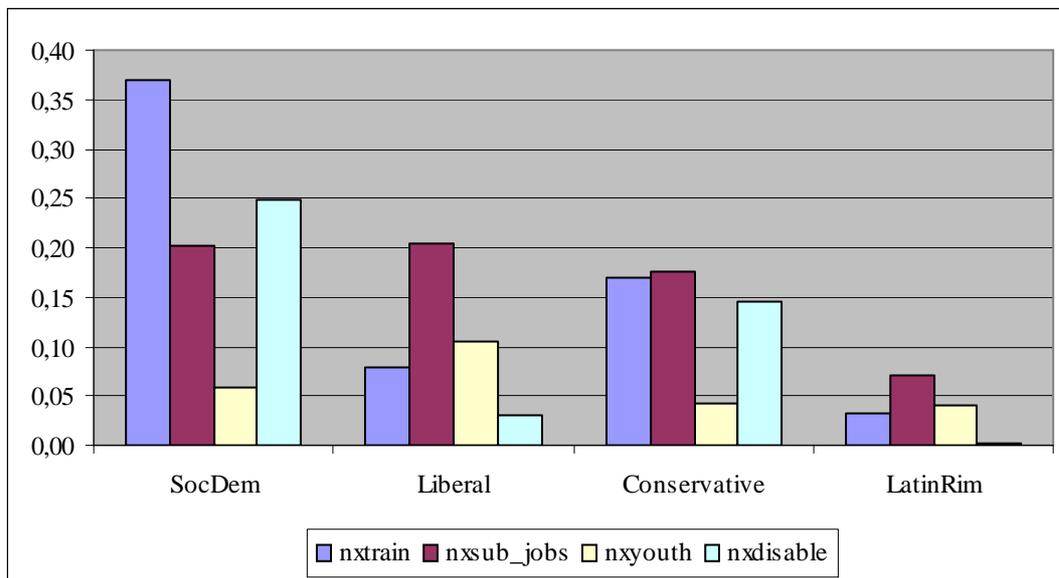
Note: For definition and sources, see the methodological part.

G r a p h 8: Replacement Rate (%)

Note: For definition and sources, see the methodological part.

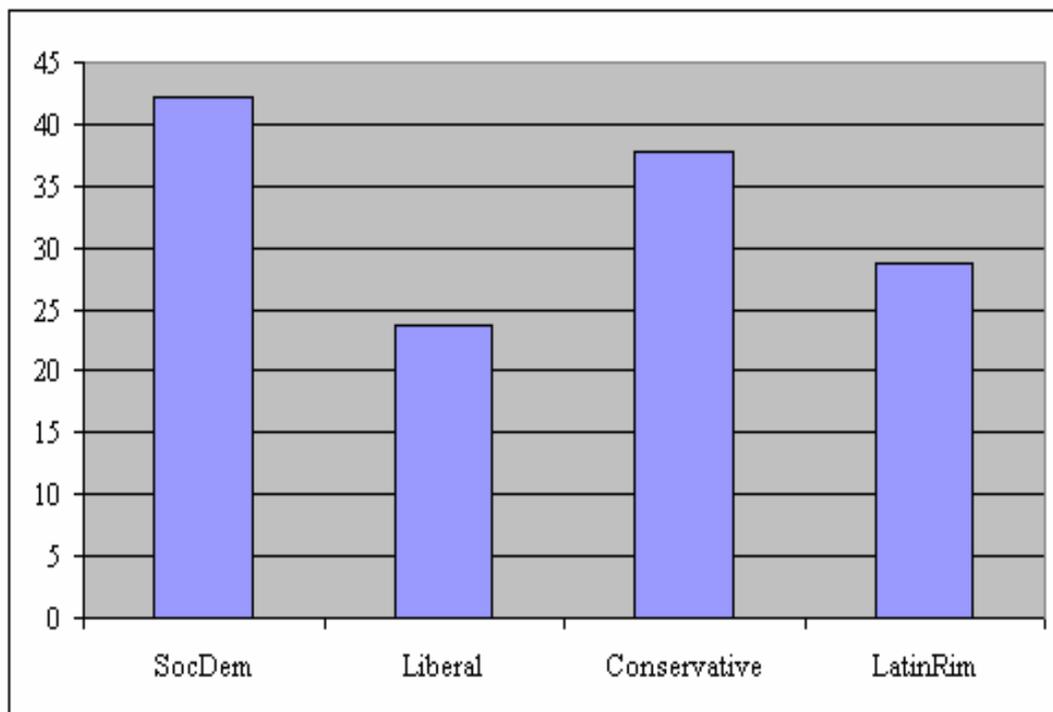**Table 3**: Labour Market Situation and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Participation rate		Employment rate		Involuntary Part-Time Jobs		Temporary Contracts		Unemployment rate		Long-Term Unemployment Share	
	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.
(Constant)		0,00		0,00		0,11		0,21		0,00		0,00
Active expenditures				0,09	-4,75	0,00	5,11	0,00			-3,00	0,00
Insurance benefits					-1,22	0,00						
Social assistance benefits	0,34	0,02	0,35	0,04								
Early retirement												
Training					1,90	0,01	-1,97	0,00			0,97	0,01
Subsidized jobs					1,76	0,00	-1,46	0,00			0,99	0,00
Youth measures	-0,22	0,00			0,48	0,00	-0,86	0,00			0,19	0,02
Measures for disabled	-0,55	0,05	-0,71	0,02	1,81	0,00	-1,99	0,00			1,24	0,00
Replacement Rate			-0,22	0,04			1,06	0,00	0,72	0,00	-0,32	0,00
Growth of labour productivity			-0,09	0,04								
Growth of GDP												
Inflation											-0,17	0,00
Employment in services	0,39	0,00	0,45	0,00					-0,43	0,00	-0,27	0,00
Share of international trade	-0,74	0,00	-0,58	0,00	0,79	0,00	-0,72	0,00			0,64	0,00
Liberal regime**	-0,17	0,05	n.s.	0,06	-1,02	0,00					0,34	0,00
Conservative regime**	-0,64	0,00	-0,40	0,00	-1,00	0,00	-0,22	0,04	-0,29	0,01	0,53	0,00
Latin rim regime**	-0,71	0,00	-0,52	0,00	-1,52	0,00	0,49	0,00			0,58	0,00
R²	0,923		0,903		0,723		0,765		0,745		0,912	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.

** It means dummy variable where the Social democratic regime is reference category.

Note: For definition and sources, see the methodological part.

Table 4: Participation Rate: Differences between Disadvantaged Groups and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Gender Gap		Age Gap (young)		Age Gap (elder)		Educational Gap (lower then 2nd)	
	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.
(Constant)		0,00		0,00		0,00		0,00
Participation rate	0,23	0,00	1,23	0,00	-0,41	0,00	-1,28	0,00
Active expenditures					3,54	0,00		
Insurance benefits	-0,37	0,00	0,67	0,00				
Social assistance benefits								
Early retirement	0,13	0,02					-1,09	0,00
Training					-1,33	0,00	1,65	0,04
Subsidized jobs					-1,07	0,00		
Youth measures	0,10	0,00	-0,17	0,04	-0,39	0,00		
Measures for disabled					-1,32	0,00		
Replacement Rate								
Growth of labour productivity	-0,03	0,05	0,09	0,03				
Growth of GDP	0,07	0,00					0,34	0,00
Inflation							0,31	0,00
Employment in services	0,31	0,00	-0,34	0,00	-0,18	0,01	0,29	0,05
Share of international trade			0,32	0,01	-0,58	0,00		
Liberal regime**	-0,72	0,00	1,28	0,00	-0,55	0,00	-1,61	0,00
Conservative regime**	-0,44	0,00	1,08	0,00	-1,38	0,00	-1,62	0,00
Latin rim regime**	-0,83	0,00	1,60	0,00	-0,98	0,00	-1,87	0,00
R^2	0,985		0,800		0,908		0,791	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.
** It means dummy variable where the Social democratic regime is reference category.
Note: For definition and sources, see the methodological part.

Table 5: Employment Rate: Differences between Disadvantaged Groups and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Gender Gap		Age Gap (young)		Age Gap (elder)		Educational Gap (lower then 2nd)	
	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.
(Constant)		0,00		0,00		0,00		0,00
Employment rate			1,29	0,00	-0,96	0,00	-1,27	0,00
Active expenditures					3,61	0,00		
Insurance benefits	-0,34	0,00	0,49	0,00				
Social assistance benefits								
Early retirement							-0,89	0,00
Training					-1,27	0,00	1,38	0,05
Subsidized jobs					-1,11	0,00		
Youth measures			-0,34	0,00	-0,35	0,00	0,41	0,00
Measures for disabled					-1,38	0,00		
Replacement Rate			0,34	0,00				
Growth of labour productivity			0,08	0,02				
Growth of GDP			-0,09	0,04			0,20	0,04
Inflation	-0,05	0,04					0,29	0,00
Employment in services	0,31	0,00	-0,53	0,00			0,39	0,00
Share of international trade	-0,17	0,00			-0,66	0,00		
Liberal regime**	-0,60	0,00	1,38	0,00	-0,63	0,00	-1,49	0,00
Conservative regime**	-0,63	0,00	0,92	0,00	-1,53	0,00	-1,27	0,00
Latin rim regime**	-1,04	0,00	1,27	0,00	-1,09	0,00	-1,24	0,00
R^2	0,908		0,780		0,848		0,788	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.
** It means dummy variable where the Social democratic regime is reference category.
Note: For definition and sources, see the methodological part.

Table 6: Involuntary Part-Time Jobs and temporary Contracts: Differences between Disadvantaged Groups and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Gender Gap			Gender Gap	
	Std.Coef. Beta	Sig.		Std.Coef. Beta	Sig.
(Constant)		0,56	(Constant)		0,53
Involuntary Part-Time Jobs	0,95	0,00	Temporary Contracts	0,32	0,00
Active expenditures			Active expenditures		
Insurance benefits	-0,34	0,02	Insurance benefits	0,68	0,01
Social assistance benefits			Social assistance benefits	-0,97	0,00
Early retirement	0,49	0,00	Early retirement		
Training	-0,65	0,04	Training		
Subsidized jobs			Subsidized jobs	-1,02	0,03
Youth measures	-0,28	0,00	Youth measures		
Measures for disabled			Measures for disabled		
Replacement Rate	0,34	0,00	Replacement Rate		
Growth of labour productivity			Growth of labour productivity		
Growth of GDP	-0,14	0,00	Growth of GDP		
Inflation	0,09	0,04	Inflation		
Employment in services			Employment in services		
Share of international trade			Share of international trade	0,85	0,00
Liberal regime**	0,23	0,01	Liberal regime**		
Conservative regime**	0,40	0,00	Conservative regime**		
Latin rim regime**	0,47	0,00	Latin rim regime**	0,37	0,02
R^2	0,690		R^2	0,756	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.
** It means dummy variable where the Social democratic regime is reference category.
Note: For definition and sources, see the methodological part.

Table 7: Unemployment Rate: Differences between Disadvantaged Groups and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Gender Gap		Age Gap (young)		Age Gap (elder)		Educational Gap (lower then 2nd)	
	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.
(Constant)		0,00		0,00		0,00		0,00
Unemployment rate	0,33	0,00	0,52	0,00	-0,68	0,00	-0,42	0,00
Active expenditures	1,79	0,00	-3,75	0,00				
Insurance benefits								
Social assistance benefits					0,53	0,01		
Early retirement	0,25	0,03						
Training	-0,88	0,00	1,85	0,00				
Subsidized jobs	-0,63	0,00	1,19	0,00				
Youth measures	-0,18	0,00	0,81	0,00	-0,53	0,00	-0,38	0,03
Measures for disabled	-0,66	0,00	1,47	0,00	-0,81	0,02		
Replacement Rate	0,19	0,02	-0,49	0,00				
Growth of labour productivity	-0,08	0,02						
Growth of GDP	0,11	0,00						
Inflation	0,13	0,00			-0,18	0,00	-0,23	0,01
Employment in services			0,35	0,00	-0,18	0,02	-0,35	0,02
Share of international trade			0,85	0,00	-0,87	0,00	-0,64	0,01
Liberal regime**			-0,63	0,00	0,28	0,01	0,53	0,01
Conservative regime**	0,38	0,00	-0,17	0,03				
Latin rim regime**	0,85	0,00	0,22	0,05	-0,39	0,00	-0,69	0,00
R^2	0,921		0,816		0,720		0,780	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.
** It means dummy variable where the Social democratic regime is reference category.
Note: For definition and sources, see the methodological part.

Table 8: Long-Term Unemployment Share: Differences between Disadvantaged Groups and Social Expenditures* (Reg. Model, significant variables – sign.<=0,05)

	Gender Gap		Age Gap (young)		Age Gap (elder)	
	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.	Std.Coef. Beta	Sig.
(Constant)		0,19		0,86		0,91
Long-Term Unemployment Share						
Active expenditures	2,66	0,00	-1,79	0,04		
Insurance benefits					-0,59	0,01
Social assistance benefits	-0,42	0,02				
Early retirement	0,56	0,00				
Training	-1,89	0,00	1,12	0,01		
Subsidized jobs						
Youth measures	-0,45	0,00	0,55	0,00		
Measures for disabled	-0,81	0,02				
Replacement Rate	0,45	0,00	-0,35	0,01	0,74	0,00
Growth of labour productivity			0,19	0,00		
Growth of GDP			-0,19	0,00		
Inflation			0,15	0,03	0,17	0,03
Employment in services	-0,20	0,01	-0,16	0,05		
Share of international trade	-0,63	0,00	0,51	0,00		
Liberal regime**	-0,29	0,02				
Conservative regime**	0,26	0,01	-0,38	0,00		
Latin rim regime**	0,38	0,01	0,32	0,03	-0,55	0,00
R^2	0,884		0,863		0,810	

* Social expenditures are standardized by the particular unemployment rates in years of the analysis.
** It means dummy variable where the Social democratic regime is reference category.
Note: For definition and sources, see the methodological part.

Table 9: Variables explaining the particular form of labour market position (regression, significance<=0,1, further see Appendix) – Participation rate and Structures

	Social democratic	Liberal regime	Conservative regimevative	Latin rim regime Rim
Participation Rate*	Active measures (-)	---	Active measures (+), Passive measures (+), Social assistance (-), Early Retirement (-), Replacement (-)	Social assistance (+), Early Retirement (-)
Gender Gap**	Early Retirement (+), Replacement (--)	Active Measures (+)	Participation rate (+), Active Measures (+), Passive Measures (-), Social Assistance (-)	Participation rate (+), Passive Measure (-)
Age Gap (young) **	Participation rate (+), Passive Measures (+), Early retirement (-), Replacement Rate (+)	Participation rate (++)	Participation rate (+), Active Measures (-), Passive Measures (+), Social Assistance (+), Early retirement (-)	---
Age Gap (elder) **	Replacement Rate (-)	Participation rate (--)	Replacement Rate (-)	Active Measures (+), Early retirement (-)
Educational Gap (lower than secondary) **	---	Passive Measures (++), Replacement Rate (++)	Active Measures (-), Social Assistance (+), Early retirement (+)	---

* Control for labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
** Control for participation rate, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
Note: Double mark indicates the intensity of the influence (Std.Coeficient Beta <-1,00 or > 1,00).

Table 10: Variables explaining the particular form of labour market position (regression, significance<=0,1) – Employment rate and Structures

	Social democratic	Liberal regime	Conservative regimevative	Latin rim regime Rim
Employment Rate*	Social assistance (- -)	Active measures (+)	Active measures (+), Passive measures (+), Social assistance (-), Early Retirement (-), Replacement rate (-)	Active measures (+),
Gender Gap**	Active measures (-), Replacement rate (-)	Passive measures (+), Replacement rate (+)	Employment Rate (+) Active measures (+), Passive measures (-), Social assistance (-), Replacement rate (-)	Social assistance (+), Replacement rate (+)
Age Gap (young) **	Employment Rate (+) Passive measures (+), Early Retirement (-), Replacement rate (+)	Employment Rate (++) Passive measures (+)	Employment Rate (+) Active measures (-), Passive measures (+), Social assistance (+), Early Retirement (-)	Employment Rate (-)
Age Gap (elder) **	Passive measures (-), Replacement rate (-)	Employment Rate (--) Active measures (+), Passive measures (-)	Employment Rate (-) Active measures (+)	Employment Rate (-) Social assistance (+), Early Retirement (-)
Educational Gap (lower than secondary) **	---	Passive measures (++), Replacement rate (++)	Early Retirement (+)	---

* Control for labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
** Control for employment rate, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
Note: Double mark indicates the intensity of the influence (Std.Coeficient Beta <-1,00 or > 1,00).

Table 11: Variables explaining the particular form of labour market position (regression, significance<=0,1) –Involuntary Part-Time Jobs and temporary Contracts and Structures

	Social democratic	Liberal regime	Conservative regimevative	Latin rim regime Rim
Involuntary Part-Time Jobs*	Replacement rate (--)	Active measures (- -), Passive measures (++)	Passive measures (--), Replacement rate (++)	Social assistance (-), Replacement rate (+)
Gender Gap**	IPT jobs Rate (++)	IPT jobs Rate (+)	IPT jobs Rate (+) Active measures (-), Social assistance (+), Early Retirement (+)	Active measures (-),
temporary Contract*	Active measures (+), Early Retirement (-)	Active measures (- -), Passive measures (-), Replacement rate (-)	Active measures (+), Social assistance (-), Early Retirement (-)	Active measures (-), Social assistance (+), Early Retirement (-)
Gender Gap***	---	Temporary Contracts (+) Active measures (++), Early Retirement (--),	Temporary Contracts (+) Passive measures (-), Early Retirement (+), Replacement rate (+)	Early Retirement (--)

* Control for labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
** Control for involuntary part-time jobs, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
*** Control for temporary contract, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
Note: Double mark indicates the intensity of the influence (Std.Coeficient Beta <-1,00 or > 1,00).

Table 12: Variables explaining the particular form of labour market position (regression, significance<=0,1) – Unemployment rate and Structures

	Social democratic	Liberal regime	Conservative regimevative	Latin rim regime Rim
Unemployment Rate*	Replacement rate (-)	Active measures (- -), Passive measures (++),	Passive measures (-), Early Retirement (+),	Active measures (++), Social assistance (+), Early Retirement (+)
Gender Gap**	Passive measures (-), Social assistance (+),	Passive measures (- -),	Unemployment Rate (+) Social assistance (+), Early Retirement (++), Replacement rate (++)	Unemployment Rate (+)
Age Gap (young) **	Active measures (+), Passive measures (- -),	Unemployment Rate (++) Passive measures (- -), Early Retirement (++)	Unemployment Rate (+) Active measures (+), Social assistance (-), Early Retirement (+), Replacement rate (+)	Unemployment Rate (+) Social assistance (-), Early Retirement (+),
Age Gap (elder) **	Unemployment Rate (-)	Social assistance (++),	Unemployment Rate (-) Active measures (-), Social assistance (+), Early Retirement (-), Replacement rate (--)	Unemployment Rate (-)
Educational Gap (lower than secondary) **	Active measures (-), Social assistance (+), Early Retirement (--), Replacement rate (+)	Unemployment Rate (++) Passive measures (++), Social assistance (- -)	---	Active measures (+),

* Control for labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
** Control for unemployment rate, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.
Note: Double mark indicates the intensity of the influence (Std.Coeficient Beta <-1,00 or > 1,00).

Table 13: Variables explaining the particular form of labour market position (regression, significance<=0,1) – Long Term Unemployment rate and Structures

	Social democratic	Liberal regime	Conservative regimevative	Latin rim regime Rim
LTU*	---	Passive measures (++)	Active measures (-), Social assistance (+), Replacement rate (-)	Active measures (-), Social assistance (-),
Gender Gap**	Active measures (-), Social assistance (- -),	Active measures (++), Social assistance (- -), Early Retirement (++)	LTU Rate (+) Passive measures (+), Early Retirement (+), Replacement rate (--)	Active measures (-), Passive measures (+), Early Retirement (-),
Age Gap (young) **	LTU Rate (-)	Passive measures (--),	Passive measures (++), Social assistance (- -),	LTU Rate (+) Active measures (+), Early Retirement (+), Replacement rate (+)
Age Gap (elder) **	---	----	Passive measures (--), Early Retirement (+), Replacement rate (++)	---

* Control for labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.

** Control for LTU rate, labour productivity, GDP growth, inflation (GDP deflator), employment in services and inflation.

Note: Double mark indicates the intensity of the influence (Std.Coeficient Beta <-1,00 or > 1,00).

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