

Table A-1. Japan: Calculation of discouraged workers, March 1984 and February 1984-86
[In thousands]

Category	March 1980	February 1984	February 1985	February 1986
Persons reporting no prospect of finding a job	2,350	2,880	3,740	3,920
Less those who sought work in the past month and were immediately available	270	60	90	90
Less those who respond "No, or undecided" as to whether they could take up a job now	460	990	1,410	1,490
Equals: Discouraged workers I	1,620	1,830	2,240	2,340
Plus those who respond "No, or undecided" as to whether they could take up a job now	460	990	1,410	1,490
Plus persons reported as unemployed but not seeking in past month	540	430	370	360
Equals: Discouraged workers II	2,620	3,250	4,020	4,190

SOURCE: Management and Coordination Agency, Japanese Statistics Bureau, *Report on the Special Survey of the Labour Force Survey*, March 1980, February 1984-86.

discouraged workers I plus: (1) those who responded "No, or undecided" as to whether they could take up a job now (because the CPS allows "maybe" as an answer to the question about wanting a job "now"); and (2) the "inactive job-seekers," those persons reported as unemployed in the Japanese survey, but who were not seeking work in the past month.

For further information on problems of measuring labor force discouragement, see Paul Flaim, "Discouraged workers and changes in unemployment," *Monthly Labor Review*, March 1973, pp. 8-16; and "Discouraged workers: how strong are their links to the job market?" *Monthly Labor Review*, August 1984, pp. 8-11.

OECD meeting calls for job growth, flexibility, and readjustment

MELVIN BRODSKY

In their first meeting since 1982, labor ministers of the Organization for Economic Cooperation and Development (OECD)¹ met in Paris to discuss job creation in a changing economy. The specific issues addressed were new sources of job growth; labor market flexibility; and education, training, and adjustment. The ministers met in November 1986 and some ministers plan to resume the dialogue in Washington in September 1987. Other topics will include demographic trends in the work force and small business development.

During the November meeting, the ministers recognized that no grand strategy for solving employment problems in

Melvin Brodsky is an economist in the Office of International Organizations, Bureau of International Labor Affairs, and serves as the Department's OECD coordinator.

the 24 OECD countries was possible. However, they agreed on some fundamental approaches to address the common problems of unemployed youth and dislocated workers (particularly older workers) and the need to promote education and training policies to help ensure a competent and adaptable work force.

The labor ministers face different employment problems. While Secretary of Labor William E. Brock noted specific U.S. problems related to youth unemployment, minority unemployment, and older dislocated workers, many of the European ministers reflected on Europe's lack of job creation. Over the decade from 1973, the gross national product in Europe grew almost as much as the gross national product in the United States—18 percent compared with 22 percent. Yet, the U.S. economy created 16 million net new jobs and Europe did not create any.² Long-term unemployment is another problem more characteristic of European labor markets, although the number of long-term unemployed has increased in the United States since the 1970's. For example, in 1985, those persons who were unemployed for more than a year accounted for 45.3 percent of total unemployment in Europe³ but only for 9.5 percent in the United States.⁴

Job growth

Regarding new sources of job growth, many of the ministers favored market-oriented strategies instead of renewing calls for increased government intervention. The ministers emphasized reforming the tax system to encourage risk-taking among entrepreneurs; removing administrative disincentives to self-employment; providing training and advisory services for new businesses; providing access to credit and capital markets to new businesses; and encouraging local communities to become more involved in job creation activities. (Labor Secretary Brock noted that in the United States more than half of the net new jobs created were in companies less than 4 years old.) Also, the ministers identified the introduction of new technologies as another potential basis for employment growth. The ministers adopted a Declaration on the Social Aspects of Technological Change, which stressed the importance of cooperation among government, labor, and the business community in the process of technological change. Because of the ministers' interest in this area, they asked the OECD Secretary-General Jean Claude Paye to establish a group of experts to examine the implications of new technologies both for employment and for society.

All of the ministers agreed that economic growth was a prerequisite for higher rates of job creation and that wage moderation, investment in capital stock, flexible labor and capital markets, and free international trade were important contributors to such growth.

Flexibility

The ministers recommended supporting more flexible patterns of working time to facilitate efficiency and to assist the increasing number of women with family and career responsibilities; strengthening basic education and education and training programs for young people and adults; overcoming functional illiteracy; and modifying social security, pension, and housing policies to facilitate mobility between regions and enterprises.

Readjustment

In the area of education and training, ministers noted that educational and training institutions needed to adapt curricula to changing labor market requirements and stressed the importance of increased employer investment in training activities. Secretary Brock emphasized the importance of high-quality basic education to the future employability of young people. Furthermore, the ministers stressed helping young people adapt to changing labor market requirements and helping dislocated workers find employment.

The ministers also called for the development of unemployment compensation policies and other labor market programs to help workers find jobs. They agreed that while income maintenance programs were necessary, other measures such as job search, counseling, training, and relocation assistance were also needed. The ministers noted that levels of unemployment compensation, trainee wages, and mini-

imum wages should be set to encourage entry or reentry into training or employment.

Finally, the ministers held a brief discussion on trade and dislocated workers. The ministers supported international cooperation to phase out protectionist measures and to develop adjustment programs for workers in economic sectors that have to adapt to freer international trade. Secretary Brock proposed a minimum tariff under the General Agreements on Trade and Tariffs to finance adjustment programs for workers adversely affected by international trade.

In conclusion, the ministers agreed that each country's employment policy should be guided by the objectives of increased, faster job growth; more flexibility; and stronger efforts to readjust the labor force to changing economic conditions. In addition, the ministers recognized that these objectives could not be reached without cooperation among government, industry, labor, different countries, and other interested groups. □

—FOOTNOTES—

¹ The members of the OECD are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

² *The OECD Employment Outlook* (OECD, September 1986), pp. 7-8.

³ *Ibid.*, p. 33.

⁴ *Ibid.*, p. 141.