

# Wage Insurance, part-time unemployment insurance and short-time work in the XXI Century

by Pierre Cahuc

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fRDB XX European Conference  
The Welfare State in the XXI Century

# My own reading of the report

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- We need these programs because labour markets have structurally changed and old tools don't work as well as in the past.
  - Technological progress, often biased towards skilled workers.
  - Globalisation, of goods, services and people.
- Are these programs appropriate for the new labour market? Are traditional welfare programs obsolete?
  - We don't really know! We need to understand the implications of structural change and where it will take us.

# Structural change in the labour market

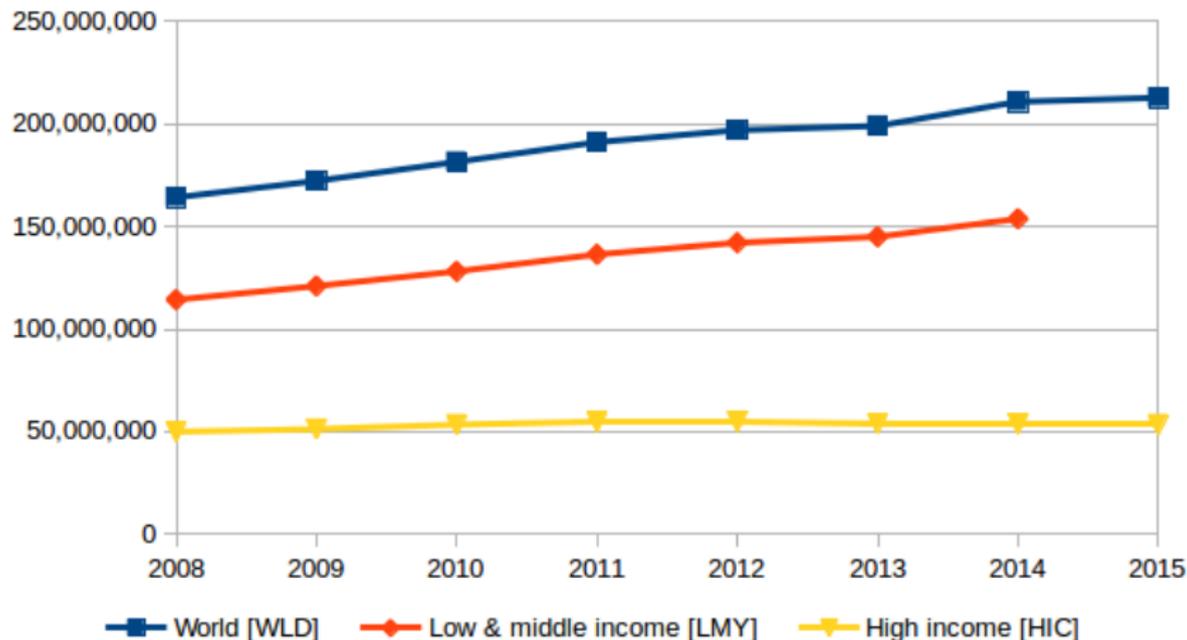
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- 1 It is here to stay!
  - Enormous rise in educational attainment around the world.
  - Fall of trade and migration barriers.

# Enrolment in tertiary education around the world



Source: World Bank

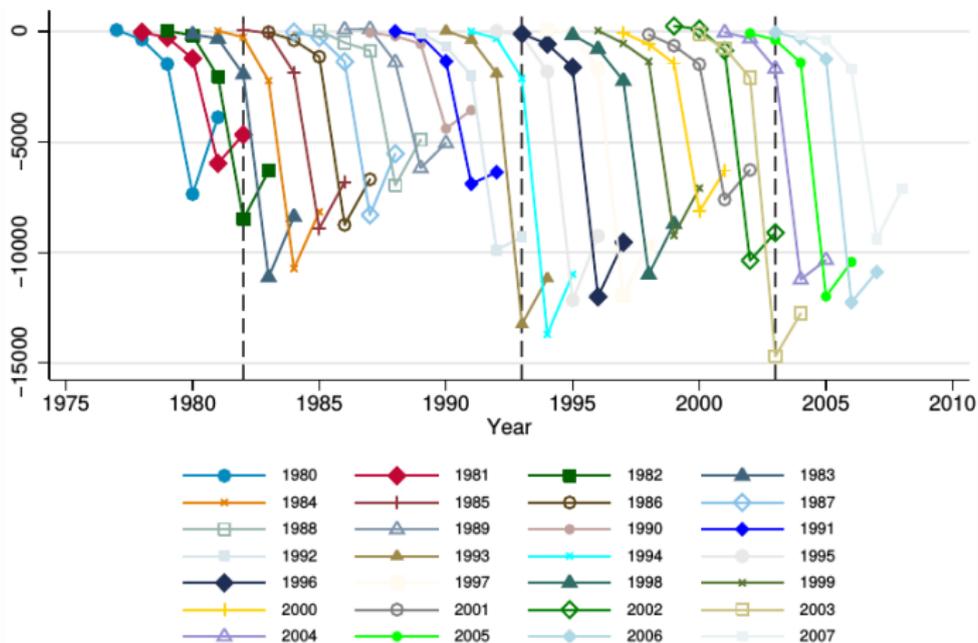
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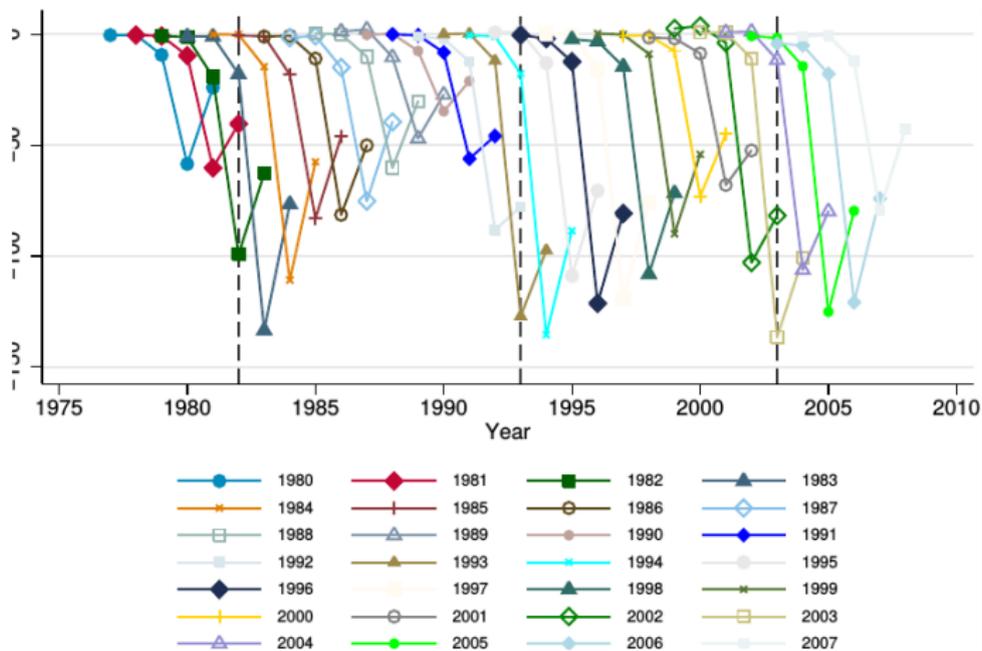
Figure 4: Earnings Losses of Displaced Workers by Year of Job Loss - Men



Source: Schmieder, von Wachter & Heining (2018)

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Figure 5: Days Worked of Displaced Workers by Year of Job Loss - Men



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  - The problem is not just accompanying the transition but also preparing for a rather different future.
- ③ The “victims” are workers who were used to face very limited risk
  - prime-age male workers, well educated, often in the manufacturing sector, often unionised.

# Implications for employment relations

- The end permanent employment?
  - With permanent contracts (and firing restrictions) employers were bearing the risk of economic uncertainty and workers were paying for it in the form of lower wages.
  - In this new economic environment, is the cost too high for this deal to be viable?

# The rise of non-standard employment



## Osservatorio sul Precariato

TAB. 1 – NUOVI RAPPORTI DI LAVORO\* ATTIVATI PER MESE - ANNI 2017 E 2018

Mese	Assunzioni a tempo indeterminato		Assunzioni a termine		Assunzioni in apprendistato		Assunzioni stagionali		Assunzioni in somministrazione		Assunzioni con contratto intermittente		Totale	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Gennaio	118.614	143.863	222.065	286.930	20.333	27.557	17.481	21.609	137.485	178.221	21.135	41.284	537.113	699.464
Febbraio	91.967	97.307	196.386	225.411	20.342	24.567	16.458	17.871	74.709	92.460	18.262	35.481	418.124	493.097
Marzo	107.936	93.293	252.169	239.395	25.825	26.730	41.928	60.223	86.505	81.818	43.421	49.002	557.784	550.461
Aprile	107.655		283.616		26.213		92.131		91.441		86.043		687.099	
Maggio	105.827		292.426		25.445		78.398		110.881		59.322		672.299	
Giugno	97.549		339.724		27.582		129.014		110.779		62.905		767.553	
Luglio	95.501		310.926		24.523		83.043		109.206		48.271		671.470	
Agosto	52.141		189.143		12.993		35.340		78.997		31.809		400.423	
Settembre	110.338		332.070		28.895		22.844		113.755		50.188		658.090	
Ottobre	104.975		308.522		30.199		20.950		118.101		51.197		633.944	
Novembre	85.490		265.663		24.457		19.894		111.193		40.339		547.036	
Dicembre	57.198		218.708		17.826		56.180		90.012		52.708		492.632	
<b>TOTALE</b>	<b>1.135.191</b>	<b>334.463</b>	<b>3.211.418</b>	<b>751.736</b>	<b>284.633</b>	<b>78.854</b>	<b>613.661</b>	<b>99.703</b>	<b>1.233.064</b>	<b>352.499</b>	<b>565.600</b>	<b>125.767</b>	<b>7.043.567</b>	<b>1.743.022</b>

Fonte: INPS - elaborazione al 10 Maggio 2018

**Campo di osservazione: archivi UNIEMENS dei lavoratori dipendenti privati esclusi lavoratori domestici e operai agricoli. Sono compresi i lavoratori degli enti pubblici economici.**

N.B.: i dati 2018 sono provvisori, in quanto le aziende, con la denuncia del mese di aprile possono integrare i dati di competenza relativi a marzo. Inoltre, i dati 2018 e 2017 possono subire variazioni per effetto di rettifiche effettuate dalle aziende ovvero di accertamenti realizzati dall'INPS.

\* Sono stati rilevati tutti i rapporti di lavoro attivati nel periodo, anche quelli in capo ad uno stesso lavoratore, con riguardo a tutte le tipologie di lavoro subordinato.

# The rise of non-standard employment

**Table 2**  
**Alternative Work Arrangements**

<b>(Percent of Employed Who Also Worked During Survey Week)</b>	<b>CPS</b>	<b>CPS</b>	<b>RAND Oct/Nov-2015</b>	
	<b>Feb-1995</b>	<b>Feb-2005</b>	<b>Weighted</b>	<b>Alt. Weight</b>
Alternative Work Arrangements	10.0	10.7	17.2	15.8
Independent Contractors	6.3	6.9	9.6	8.4
On-Call Workers	1.6	1.7	2.8	2.6
Temporary Help Agency Workers	1.0	0.9	1.6	1.6
Workers Provided by Contract Firms	1.3	1.4	3.3	3.1
Workers Provided by Contract Firms (Single Jobholders)	1.2	1.3	2.1	2.0
Number of Observations	55,453	42,802	2,194	2,194

Note: Workers provided by contract firms can be assigned to more than one customer and do not have to work at the customer's worksite. 1995 and 2005 CWS data are weighted using supplement weights. 2015 RPCWS data are weighted using (1) weights developed by RAND and (2) an alternative set of weights that accounts for the over-representation of self-employed workers in the ALP sample of respondents relative to the October 2015 Current Population Survey.

Source: 1995 and 2005 Current Population Survey CWS; 2015 RPCWS.

Source: Katz & Krueger (2016)

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- With more unstable employment conditions standard unemployment insurance does not work very well.
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- People are extremely worried!
  - structural change brings uncertainty + the future looks riskier than the past + a lot more so for the “victims” of structural change

# Which policies?

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  - 3 Education and training
    - General vs vocational? Schooling vs adult education (ALMP)?