

# Developments in the job market at the turn of the XXI<sup>st</sup> century

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***Between the end of 1996 and the end of 2001, France pulled off a record job creation and unemployment cutting performance, with 2.1 million new jobs created and unemployment cut by 750,000. What were the underlying engines of this performance? Who benefited from the improvements? Did the jobs that were created enhance the overall quality of the job mix? How did people's activity profiles develop as a result? We analyse the underlying causes and outcomes of this development.***

Over a period of five years, between the end of 1996 and the end of 2001, 2.1 million new jobs were created in France (excluding draftees). Underlying this increase were a large increase in the number of people in wage earning employment and a small fall in the number of people in non-wage earning employment. In comparison, the previous economic cycle (the growth years from the end of 1985 to

the end of 1990) generated only half that number of new jobs combined with a greater fall in the number of non-wage earners, resulting in a net balance of 900,000 jobs created. Until recently, 1969 was upheld as the year in which the greatest number of jobs had been created: 430,000. Now this record has been superseded by each of the last three years of the XX<sup>th</sup> century, and most spectacularly in the year 2000,

when 610,000 new jobs were created (see *figure 1*).

The surge in wage earning employment was fuelled by exceptional dynamism in the commercial sector (two times as many jobs were created there than in the late eighties), combined with substantial growth in the non-commercial services sector. By Autumn 1997, the level of employment in the private sector had thus exceeded the historic record set at the end of 1990.

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Figure 1 - Annual fluctuation in total employment from 1955 to 2001

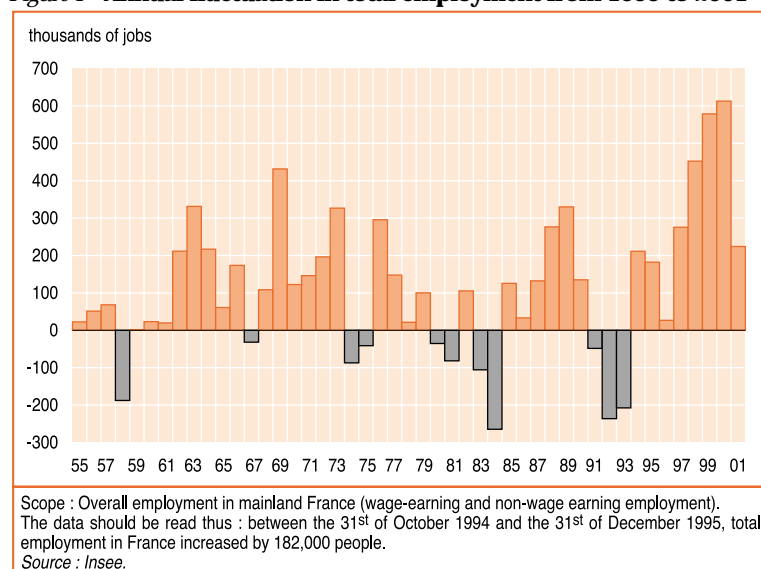


Figure 2 - Changes in employment

	thousands of jobs		
	From the end of 1985 to the end of 1990	From the end of 1996 to the end of 2001	Level reached at the end of 2001
<b>Total employment</b>	<b>906.9</b>	<b>2,143.6</b>	<b>24,457.2</b>
<b>Non-wage earning employment</b>	<b>- 291.5</b>	<b>- 147.2</b>	<b>2,117.3</b>
Agriculture	- 281.7	- 97.3	542.5
Industry	62.3	- 11.8	202.9
Construction	- 100.7	- 9.6	166.5
Services	28.6	- 28.5	1,205.4
<b>Wage-earning employment</b>	<b>1,198.4</b>	<b>2,290.8</b>	<b>22,339.9</b>
<b>Of which, private sector jobs<sup>1</sup></b>	<b>886.1</b>	<b>1,808.8</b>	<b>15,431.7</b>
Agriculture	8.0	- 9.2	343.2
Industry	- 162.5	58.9	4,166.3
Of which: intermediate goods	- 44.7	30.1	1,485.8
Investment goods	- 9.0	37.9	849.7
Automotive	- 32.7	17.0	299.6
Consumer goods	- 40.4	- 44.3	707.5
Construction	110.6	119.0	1,266.7
Services	1,259.6	2,104.8	16,588.5
Including:			
Commercial services	938.0	1,630.8	9,998.7
Of which: Trade	215.4	345.4	2,955.5
Transportation	56.4	138.0	1,050.9
Business-to-business services	426.1	777.1	3,166.1
Business-to-consumer services	176.1	327.6	1,854.6
Non-commercial services <sup>2</sup>	321.6	474.0	6,656.2
Of which: State-assisted employment	- 13.6	81.9	494.0

1. The commercial sectors comprise industry, construction and the commercial services sector.

2. The non-commercial services sector includes administration, health, social services, education and charities.

Source : INSEE.

### The job market has been stimulated by the combined effect of sustained economic growth and dynamic employment policies

Overall, trends in employment tend to mirror the economic situation at any moment in time. Thus the dynamism of the job market over the past few years is above all related to France's economic recovery. The French economy grew by 3% per year on average between 1997 and 2001 compared with only 1% between 1991 and 1996, a period which was furthermore adversely affected by an economic recession in 1993. At the end of the eighties, growth in employment was slower, in spite of stronger economic growth. As a result, the growth in productivity (the ratio between added value created and employment) in the private sector has slowed down substantially over the past ten years, to around 1% per annum on average over the nineties as a whole compared with 2.2% per annum during the eighties.

The fact that growth has become richer in jobs may be partly attributed to official employment policies, which have been far more dynamic over the past few years than during the economic recovery in the late eighties. Various measures have been successively implemented which aim to create more jobs through job-share schemes and through reducing the cost of employing people. These measures, which involve lightening the tax and social burden on low-wage jobs, have been introduced progressively since 1993 and complemented by measures to reduce the standard number of working hours in a week (the *Robien* rules implemented from

1996 to 1998 and lately the *Aubry* rules).

Meanwhile, a number of more precisely-targeted schemes have been launched as part of the struggle against social exclusion, in favour of certain high-priority groups, such as the young and the long-term unemployed. Come the end of 2001, 500,000 people were in special State-assisted contracts (*emploi-jeune, emploi-solidarité or emploi-consolidé*). These State-assisted, non-commercial jobs have made a substantial contribution to the dynamism of the job market in the non-commercial services sector: nearly one in five of the jobs created since the end of 1996, compared with no contribution at all during the economic recovery in the late eighties.

## Services and trade: the main engines of employment in the private sector

Since the end of 1996, all areas of the private sector have benefited from the upturn in economic

activity. However, the greatest contribution to the dynamism of the job market has been made by the services sector, and in particular business-to-business services, trade and business-to-consumer services (see *figure 2*). In the business-to-business services sector, two times as many jobs have been created since 1996 than over the 1985-1990 period. This sector is led by consultancy and helpdesk services, which have been picking up speed recently, as well as agency temping.

Agency temping has developed in fits and starts, much in keeping with the employment situation in Industry, the sector that is the leading provider of such employment. Fixed-term contract employment took off dramatically at the start of the recovery, before edging back somewhat in 2001. Overall, the sector accounts for almost a fifth of the new jobs created in the private sector over the past five years.

After the loss of more than 200,000 jobs since the early

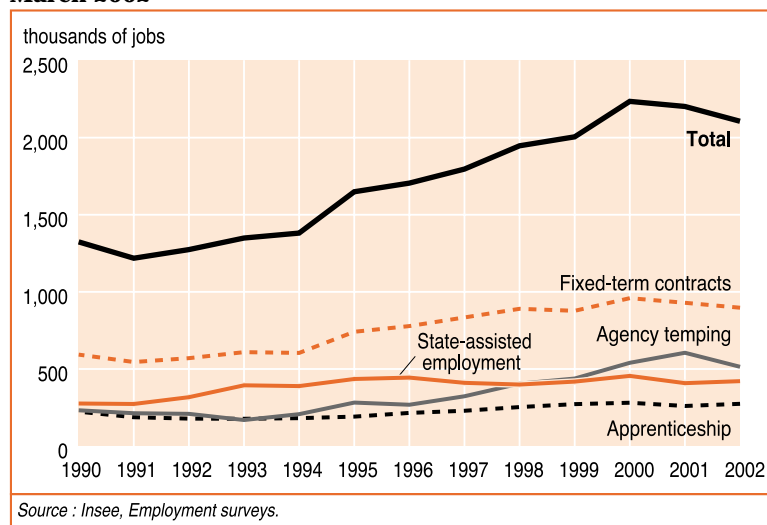
eighties, employment in the construction sector (excluding agency temping) began to rise once again come the end of 1997. Overall, as many jobs were created in this sector between 1996 and 2001 as between 1985 and 1990.

After falling for several years, the number of jobs in Industry (excluding agency temping) increased by 60,000 over five years, mostly in 2000, the first time such a sizeable reversal had occurred since the seventies.

## There are fewer part-time and temporary jobs in 2002

The number of temporary jobs (fixed-term contracts, agency temping, apprenticeship contracts and State-assisted jobs) has grown dramatically since 1990. By March 2002, such jobs accounted for 9.9% of total employment (+ 3.0 points in twelve years). Companies made heavy use of such employment devices at the start of the recovery (in 1997/8) and these forms of employment at the time accounted for half of the overall increase in employment throughout the economy. During the previous recovery (in 1994/5), this phenomenon had also been observed, but to an even greater extent, since temporary jobs then accounted for three quarters of the overall increase in employment. Temporary employment is seen to be following a cyclical trend underpinned by an underlying upward historic trend. Companies often revert to such forms of employment for they enhance their ability to adapt to fluctuations in economic activity.

**Figure 3 - Temporary employment between March 1990 and March 2002**



Different types of temporary jobs are highly specific to different sectors of the economy: agency temping is used mostly in Industry, while fixed-term contracts are used mostly in the services sector. More recent arrivals to the job market are employed in temporary contracts than their more established peers: in 2002, 17% of recent school and college leavers (i.e. people having left the education system less than 5 years before) were employed on temporary contracts, compared with 6% of all members of the workforce aged under 50.

Since 1997, agency temping has been the most popular form of temporary employment, increasing at a far greater pace than apprenticeships and fixed-term contracts, while the number of State-assisted jobs has more or less stagnated (see figure 3). The prevalence of temporary jobs as a whole was seen to edge back between March 2000 and March 2002. The number of apprenticeships, State-assisted jobs and fixed-term contracts fell, partly owing to changes in national employment policy, which began to focus on implementing a reduction in the length of the working week, thus favouring regular long-term employment. Temping continued to grow in popularity until early 2001, when it began to edge back, only recovering at the start of 2002.

Nowadays, there is an increasing tendency for temporary jobs to lead to regular long-term jobs. The holders of fixed-term contracts tend to be offered open-ended employment contracts more often than in the past after a year in the job (35% between March 2001 and March 2002, versus 29% between

Figure 4 - Proportion of members of the active population who hold a part-time job <sup>1</sup>

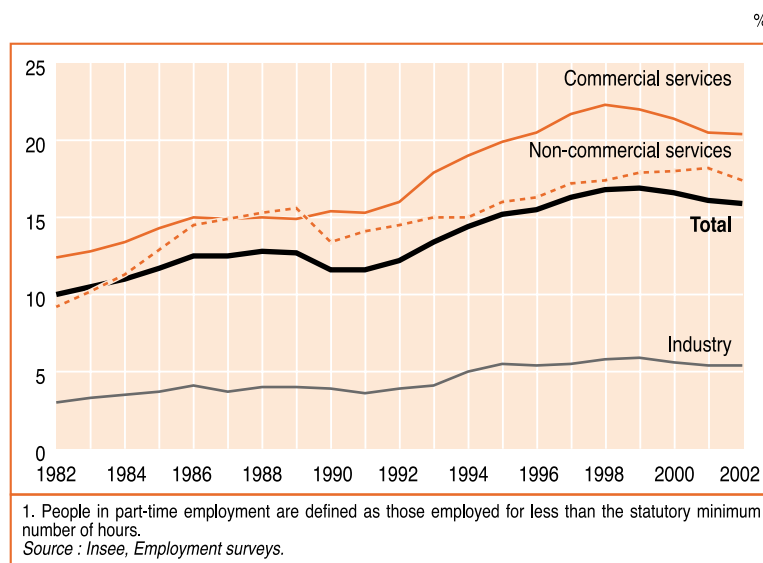


Figure 5 - Change in overall employment by social category

	January 1990	March 1997	March 2002
<b>Numbers (in thousands)</b>			
<b>Total</b>	<b>22,550</b>	<b>22,223</b>	<b>23,942</b>
Men	13,140	12,409	13,103
Women	9,410	9,814	10,838
Non-wage earners	3,469	2,847	2,575
Wage-earners	19,081	19,376	21,367
<b>Rate of employment (in %)<sup>1</sup></b>			
<b>Total</b>	<b>49.7</b>	<b>47.8</b>	<b>50.0</b>
<b>Temporary employment (as a proportion of total wage-earning employment)</b>			
<b>Total</b>	<b>6.9</b>	<b>9.3</b>	<b>9.9</b>
People on agency temping	1.2	1.7	2.4
People on fixed-term contracts <sup>2</sup>	3.1	4.3	4.2
Apprentices	1.2	1.2	1.3
State-assisted jobs <sup>3</sup>	1.4	2.1	2.0
<b>Proportion of members of the workforce who are employed on a part-time basis (in %)</b>			
<b>Total</b>	<b>11.9</b>	<b>16.6</b>	<b>16.2</b>
Men	3.3	5.4	5.1
Women	23.6	30.8	29.7
<b>Rate of under-employment among those employed on a part-time basis (in %)</b>			
<b>Total</b>	<b>30.0</b>	<b>39.4</b>	<b>31.6</b>
Men	33.1	51.5	39.1
Women	29.5	36.7	30.0

1. Proportion of members of the workforce in active employment out of the total population of those aged 15 and above.  
2. Fixed-term contracts (excluding State and local authorities.)  
3. State-assisted contracts of employment (CES, CIE, etc.) and work placements classed as employment under the criteria of the International Labour Organisation (ILO).  
Source : INSEE, Employment surveys.

March 1997 and March 1998). Young people having recently entered the job market began to benefit from this trend from 1999 onwards.

As for part-time jobs, over the past ten years, there has been a dramatic increase in the incidence of such employment in France, just like in the majority of OECD countries: 11.9% of the active population was employed on a part-time basis in 1990; by 1999 the figure had risen to 17.2%, edging back down to 16.2% in 2002 (see *figure 4*). 30% of women and 5% of men are employed in part-time jobs. This form of employment, which is

particularly prevalent in those areas of the services sector that are the most intensive employers of female labour, is also increasingly prevalent in Industry. As a result of a series of incentives introduced in 1993, part-time employment accelerated, before peaking in 1999, as a result of the implementation of measures aimed at reducing the length of the working week, which made part-time employment less attractive.

During the nineties, while unemployment was rising, the incidence of under-employment or reluctant part-time employment grew dramatically, affecting 1,450,000 people come March

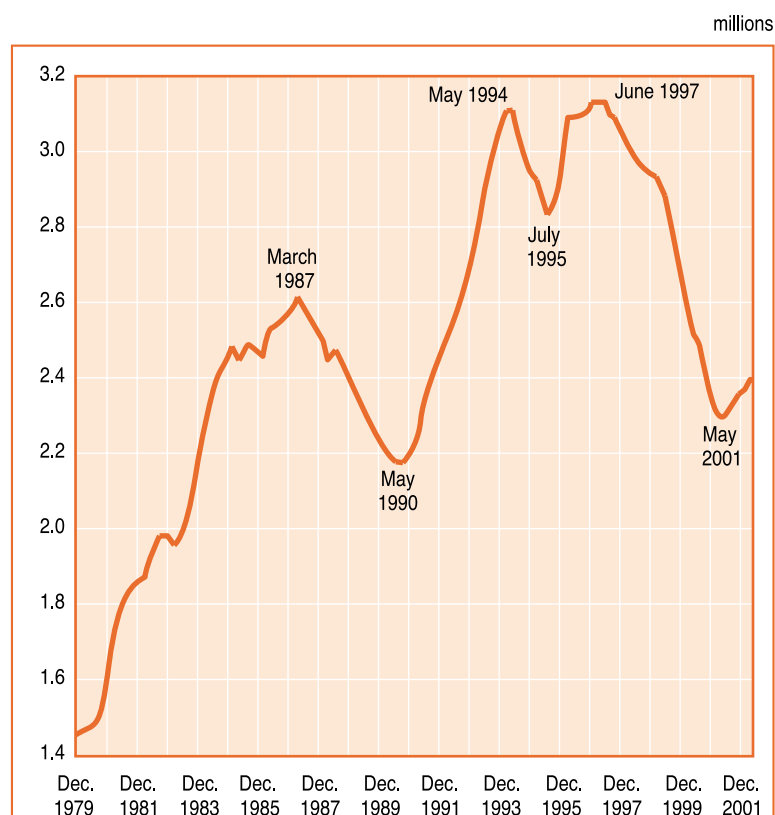
1997. The proportion of such employment among part-time employment as a whole rose by 10 points, to reach 39.4% in 1997 (see *figure 5*). Since then, thanks to an upturn in the job market and the gradual adjustment to the 35 hour working week, the number of underemployed people dropped by 7.8 percentage points to 1,225,000 in March 2002. They are mostly men and young people under 25 years.

## An unprecedented fall in unemployment

In June 1997, 12.2% of the active population was registered as unemployed. Since that date, the rate of unemployment fell nearly continuously until May 2001 (by 3.6 percentage points, equivalent to 840,000 less people registered as unemployed over four years) (see *figure 6*). Unemployment then began to edge up again slightly, so that by May 2002, 8.9% of the active population was registered as unemployed. This is still higher than the figure in the United States (with an unemployment rate of 6.1%) and the Euro zone as a whole (8.3%). It nevertheless represents a major achievement, considering the extent of the improvement. During the previous economic recovery, unemployment had fallen by 1.9 percentage points (- 430,000 people) between March 1987 and May 1990. Unemployment had also fallen temporarily by one point between May 1994 and July 1995 (equivalent to - 270,000 people registered as unemployed).

The upturn has benefited both men and women, even though the risk of unemployment still remains higher for women (at 10.0%) than for men (8.0%).

**Figure 6 – Fluctuations in unemployment (as defined by the ILO<sup>1</sup>)**



1. According to the ILO, someone may be defined as unemployed if they are of working age (15 years old or above), and (a) are actively seeking a job, are available and have not done any work during the week under consideration, or (b) are available and have found a job which is due to begin at a later stage.  
Source : Insee.

### The young were the first to benefit from the upturn in the job market

The fall in unemployment was particularly marked among young people aged under 25. Their position began to improve well before that of their elders as of January 1997, and the rate of

unemployment for this age group fell more than that of any other age group (it had fallen by 10 percentage points by 2001). However, the under-25s were also the first group to be affected by the resurgence in unemployment that began in the beginning of 2001.

In fact, the position of young people on the job market always

seems to over-react to changes in the economic situation. As newcomers on the job market, they tend to be far more likely than any other age group to have been hired recently, and in particular on a temporary basis – and temporary positions are known to be particularly sensitive to economic ups and downs. In March 2002, 42% of young people in the workforce were employed on fixed-term contracts, versus only 8% of their elders. Since 1997 though, a series of targeted employment measures have been unleashed to boost youth employment, with schemes such as jobs reserved for the young, sandwich courses, and the TRACE programme to foster access to the job market. Young people were therefore the greatest beneficiaries of the favourable economic conditions between late 1996 and early 2001 and of the appetite of the market for temporary jobs over that period.

People aged 25 to 49 also benefited from the fall in unemployment: the rate of unemployment in that age group has fallen by 3.2 points since June 1997 (see *figure 7*). In the case of people aged 50 or more, the effects were felt much later and to a far lesser extent, with the rate of unemployment in that age group dropping by a mere 1.9 points as of early 1999, a trend that has lagged far behind that for young people (which began in January 1997) or for adults aged 25 to 49 (July 1997).

Overall, the disparity in the risk of being unemployed between the 15-24 age group and the 50+ age group fell dramatically: the gap between the respective unemployment rates in these age groups shrunk by 6.2 points

**Figure 7 – Changes in the main characteristics of unemployment (based on ILO criteria<sup>1</sup>)**

	January 1990	March 1997	March 2002
<b>Total number of unemployed (thousands)</b>			
<b>Total</b>	<b>2,254</b>	<b>3,105</b>	<b>2,341</b>
Men	969	1,496	1,123
Women	1,285	1,609	1,218
<b>Rate of unemployment by gender (%)</b>			
<b>Total</b>	<b>9.2</b>	<b>12.3</b>	<b>8.9</b>
Men	7.0	10.8	7.9
Women	12.0	14.1	10.1
<b>Rate of unemployment by age group (%)</b>			
15-24 years	19.1	28.1	20.2
25-49 years	8.1	11.5	8.3
50 +	6.5	8.5	6.3
<b>Rates of unemployment in selected social groups (%)</b>			
Managerial and higher professions	2.6	5.1	3.8
Intermediate professions	4.1	7.0	5.4
White collar	11.9	14.4	10.5
Blue collar	12.2	15.8	11.4
<b>Rate of unemployment by level of education (%)</b>			
No qualification or Primary School Certificate	13.0	17.5	14.1
BEPC, CAP, BEP	8.4	11.4	8.3
Baccalaureate	6.5	11.4	8.2
Baccalaureate + 2 years	3.7	8.2	5.6
2 <sup>nd</sup> or 3 <sup>rd</sup> level further education diploma	3.5	7.3	5.7
<b>Proportion of people who are unemployed for over a year (%)</b>			
<b>Total</b>	<b>39.7</b>	<b>39.0</b>	<b>31.7</b>
Men	37.3	37.0	30.2
Women	41.5	40.9	33.1
<p>1. The ILO considers that a person may be referred to as unemployed if he or she is aged fifteen or over and is (a) actively looking for work, available and was not involved in any work during the past week, or (b) is available and has found a job that is due to begin at a later date.</p> <p>Source: INSEE, Employment surveys.</p>			

## Box 1

### The underlying factors behind the changes in the size of the active population

At the start of 2001, 45% of France's total population was classed as being part of the active segment of the population, or workforce.

The French model of workforce distribution is characterised by a concentration of activity in the intermediate age groups, with the highest rates of involvement in the workforce occurring between the ages of 27 and 50. Across all age groups, the involvement of women is lower than that of men, particularly from the age of 27 onwards (owing to factors connected with maternity). Among all people aged 15 to 64, the overall rate of involvement in the workforce is 68%: 74% for men and 62% for women.

Over a period of ten years from 1991 to 2001, the workforce or active population increased by 1.4 million people, primarily under the impetus of demographic effects (+1.2 million), combined to a rather lesser extent with changes in activity-related behaviour. The growth of the workforce since the sixties basically mirrors the onset of maturity among the bumper baby boom generations born between 1945 and 1975. These generations gradually replaced previous, less numerous generations, as the latter went into retirement. As for the overall effect of changes in activity-related behaviour, this was the result of changes that differ according to age and gender: first, an increasing rate of involvement of women in the workforce; a declining rate of involvement among young people, due to the gradual lengthening of study periods which delayed their entry into the job market; a declining rate of involvement among the oldest active age groups, due to the lowering of the retirement age and the increasing prevalence of other early withdrawal measures (early retirement and dispensation from having to look for work).

between mid-1997 and May 2002. However, this statistic should be viewed in context. Over any given year, an older person who is unemployed is far less likely to find a job than a younger person who is unemployed (15% versus 40%), and is far more likely to remain unemployed (70% versus 50%). Furthermore, the proportion of members of the active population in the younger age group is relatively small, given that most people in this age group are still in the education system. So in fact, the proportion of people in the 15-24 age group as a whole who were unemployed fell from 8% to 6.1% between March 1997 and March 2002. We should also point out the low rate of employment among the older strata of the population as a result of the many measures implemented in recent years that have contributed to reducing the active population over the past twenty years – from early retirement schemes to dispensations from having to look for a job.

### Unemployment is down for people of all education levels and across all socio-economic categories

The risk of being unemployed has fallen across the board regardless of the level of qualification of the people involved, including those people with the lowest qualifications: the drop in the number of unemployed who have no diploma or merely hold a primary school certificate accounts for almost half of the overall drop in unemployment. The gap in terms of employment

between those with the lowest qualifications and those with the highest qualifications has thus shrunk. However, educational qualifications still constitute the best bet for finding a job. Thus in March 2002, the unemployment rate for people without any qualifications still stood at 14.1%, compared with 5.5% among holders of further education diplomas.

Disparities along socio-economic lines have also faded significantly. Indeed, among blue collar workers, who were the group most prone to unemployment, the risk of unemployment fell dramatically by 4.4 percentage points between March 1997 and March 2002. The rate of unemployment among blue collar workers is thus seen to be converging with that of white collar workers (10.5% in March 2002, down 4 points). Other socio-economic categories saw less dramatic improvements in their exposure to unemployment, but it should be pointed out that some of them are in fact currently nearing a state of full employment: the rate of unemployment among the managerial classes and members of the higher professions now stands at 3.8% (down 1.3 percentage points) and among members of the intermediate professions the figure is now 5.4% (down 1.6 percentage points).

The marked improvement in the employment position of blue collar workers and that of the less qualified members of the workforce was doubtless aided by the introduction of measures designed to alleviate the social costs associated with employing people on low wages. These measures helped to stabilise the number of

unqualified people in employment in 1994 and helped to boost their number from 1997

onwards. This is in sharp contrast to the situation that existed beforehand: between 1984 and

1994, the number of unqualified people in employment had been falling steadily.

#### **Box 2**

#### **Projection of the size of the active population: concept, method, scenarios**

The projection relates to the *active population or workforce* as defined by the International Labour Organisation (ILO). This comprises 'employed people' defined as those having worked for any length of time during the period under consideration, and 'unemployed people' defined as those who do not have any employment, are available and actively searching for work. This new projection differs thereby from previous projections, which tended to be based on a wider definition of the active population: the active population according to census data, and also people having taken early retirement and those having been granted a dispensation from seeking work.

The method used for projecting the growth in the active population combines, for each age and gender category, the latest INSEE population projections, based on the results of the 1999 census, with new projections for the rates of involvement in the active population, updated in light of recent observations. The latter are based on an econometric model of the rates which focuses on an established trend for growth, extrapolates this over time and superimposes various mitigating factors: likely trends for unemployment, apprenticeship, early retirement, the impact of the introduction of second level parental education allocations, the reform of the rules relating to retirement instituted in 1993 and the likely impact of the past lengthening of study periods on the age at which people are likely to leave the job market in the future.

Using this method, a *trend-based active population forecast* is developed by extrapolating previous tendencies. This makes use of INSEE's central population model (For further information: Brutel, 2001) and of the trend-based ac-

tive population forecast developed by simulating the future behaviour of equations relating to the rates of involvement in the active population derived over the period from 1968 to 2001. The demographic assumptions retained are: a gradual decline in the total fertility of women (from 2.1 children on average in the case of those generations born prior to 1955 to 1.8 children for those born after 1985), the continued lengthening of average life-spans (from 79 years nowadays to 88 years by 2050), and a net immigration balance that will remain at the average level witnessed over the last few years (+ 50,000 people per year, including children and adults). With regard to activity-related behaviour, the econometric model foresees a rapid stabilisation of rates of involvement in the active population for all population categories, except women aged 45 to 59 and men and women aged 60 to 64. In the case of the first group, the growth in the rates of involvement in the active population among women from successive generations born until the mid-sixties means that it is likely that rates of involvement will increase substantially among women aged 45 and above. As for the 60-64 age group, the recent lengthening of study periods over successive generations, which resulted in these joining the active population at a later stage, should eventually lead to later retirement ages.

This basic projection is complemented by *projection variants* which take into account the various prevailing factors of uncertainty. These variants involve either the use of other demographic assumptions (For further information: Brutel, 2001), or the use of mitigating assumptions as to likely changes in activity-related behaviour (For further information: Nauze-Fichet and Lerais, 2002).

#### **The hard core of long-term unemployment has been cracked**

The upturn in the job market, combined with policies that created incentives for boosting employment, have finally enabled the hard core of long-term unemployment to be cracked. Between March 1997 and March 2002, the average duration of a period of unemployment fell by 2.2 months, to 12.8 months in 2002, its lowest level since March 1993. The incidence of long-term unemployment (i.e. unemployment for a period of more than a year) fell sharply as the benefits of the recovery filtered down towards those people who had been excluded from the job market for the longest time. The proportion of long-term unemployed thus fell from 39% in 1997 to 31.7% in 2002. There is still a huge disparity in this respect between the young and older unemployed – among these groups, the figures for long-term unemployment are 15% and 53% respectively.

Since 1997, no sector of the population has failed to benefit from the improvement in the job market, and over the space of five years, the number of people who are unemployed has dropped by nearly a quarter. Come 2002, after more than four years of falling unemployment rates, some categories of the population found themselves nearing full employment – the managerial classes, members of

the higher professions, members of the intermediate professions and people with a diploma equivalent to two years or more study beyond secondary school.

However, although some disparities appear to have faded somewhat, some of the pre-existing inequality remains. This prevailing inequality shows that the skills level of the active population is still inadequate relative to the requirements of the market; it also discloses the continued existence of queuing phenomena and of social discrimination. The social groups that are most at risk of unemployment are still those with the least qualifications, young people in general, women and immigrants.

## The active population is set to grow before dipping come 2006

In 2001, the active population in France numbered 26.4 million people, up 700,000 on 1997. Over that period, some work-related behavioural trends were reversed (see *box 1*). The number of young people in the workforce rose slightly from 1997 onwards, owing to the fact that young people were seen to be leaving the education system a little earlier than before, and owing to a slight increase in job opportunities combining education and a form of employment (such as apprenticeship and other work-study schemes), particularly as a result of the elimination of national service. The downward trend in the numbers of workers aged over 55 (men) and over 60 (women) also slowed down somewhat. This is due to a gradual drop in the number of

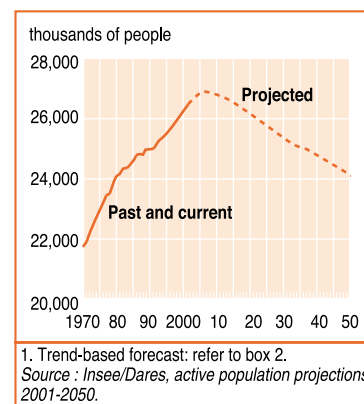
people opting for early retirement since the mid-eighties. However, the number of people with a dispensation from having to look for work increased dramatically, which had the opposite effect. In the case of people aged 60-64, the first effects of the reform of the rules governing retirement (from the private sector), implemented in 1993, helped to limit the fall in the proportion of people in that age group who remained in the workforce. In the case of women aged 25 to 59, involvement in the workforce has continued to increase sharply over time, but this trend now appears to be slowing down. Around the age of maternity, the increase in involvement in the workforce has been slowed right down by the extension, as of July 1994, of the parental education allowance. Finally, the rate of involvement of men aged 25 to 54 in the workforce has remained stable.

The active population is expected to grow between now and 2006 but at a much slower rate, with a total gain of nearly half a million people. From 2006 onwards, when the first generations of the baby boom start to reach the age of 60, the trend is likely to be reversed: the number of people in the workforce should begin to fall, slowly at first (by some 30,000 people a year between 2006 and 2010), and increasingly rapidly thereafter as the population continues to age (by 80,000 people a year come 2025). Given such trends, the workforce will have returned to its level in the early eighties come 2050 (see *figure 8*).

This trend-based projection (see *box 2*) merely describes one of many possible outcomes, assuming constant economic

circumstances and no changes in legislation. The fall in the number of people involved in the active population could be delayed or even dampened by encouraging increased participation on the part of certain categories of the population, e.g. women, the older age groups and maybe young people. An improvement in the economic situation, or the implementation of a better framework of incentives could contribute to such an outcome. A change in the level of immigration would have an immediate effect on rates of involvement in the active population, whereas a rise or fall in fertility would only begin to affect the workforce come 2020. Given the substantial anticipated growth in the proportion of older people as part of the population as a whole, all the scenarios under consideration foresee that the ratio between members of the active population and those aged 60 or above will fall gradually. According to the trend-based scenario, this ratio should fall from 2.2 in 2001 to 1.5 in 2020, and 1.1 in 2050. ■

**Figure 8 – Active population – past, present and future (trend-based forecast<sup>1</sup>)**



## For further information

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