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**Article**

## Are We Really Running out of Jobs?

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## ARE WE REALLY RUNNING OUT OF JOBS?

The argument is often voiced that highly developed economies are running out of jobs due to progress in labour-saving technologies and the shift of jobs to low-wage countries. Does this hold true for the recent past?

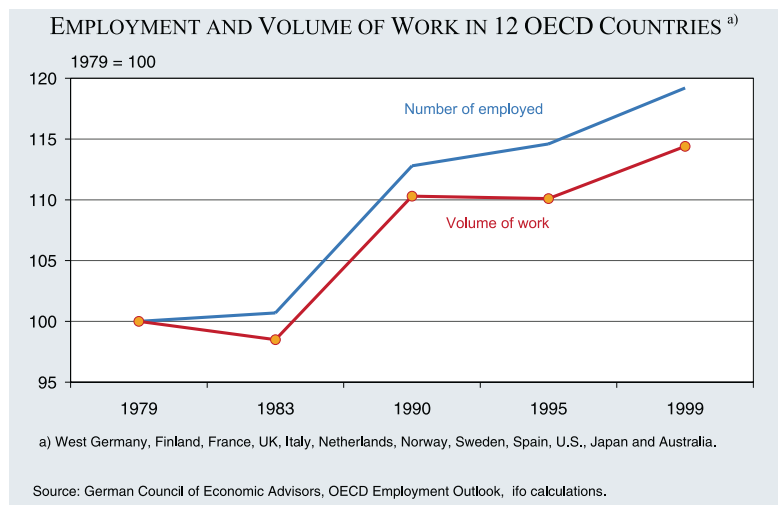
Employment performance can be measured by various indicators, an important one of which is the number of gainfully employed. In all twelve OECD countries examined, this number has increased by nearly 20% since 1979, i.e. a considerable number of new jobs has been created (Figure 1). The increase in the number of jobs clearly differs from country to country. Australia, the U.S. and the Netherlands had the highest employment growth, the lowest was reported in Italy, Finland, West Germany and France. Sweden recorded a decline in employment (Figure 2).

One could argue that the number of gainfully employed is an inaccurate measure of how much work was performed. With a shortening of weekly working hours and the expansion of part-time work, the number of gainfully employed can increase without more hours having been worked. It is thus necessary to multiply the gainfully employed (including part-time workers) by the average annual working hours to determine the volume of work (total number of man-hours worked). Even taking

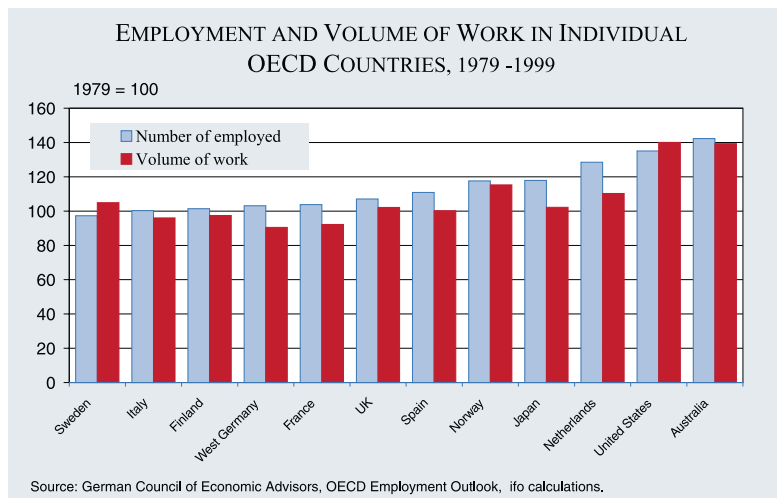
into consideration that, with the exception of Sweden and the U.S., average annual working hours have decreased, the twelve countries still show a positive development in the volume of work, on average. Between 1979 and 1999, the volume of work increased by 15%, with the strongest increases occurring in the U.S., Australia, Norway and the Netherlands. A decline was reported in West Germany, France, Italy and Finland (Figures 1 and 2).

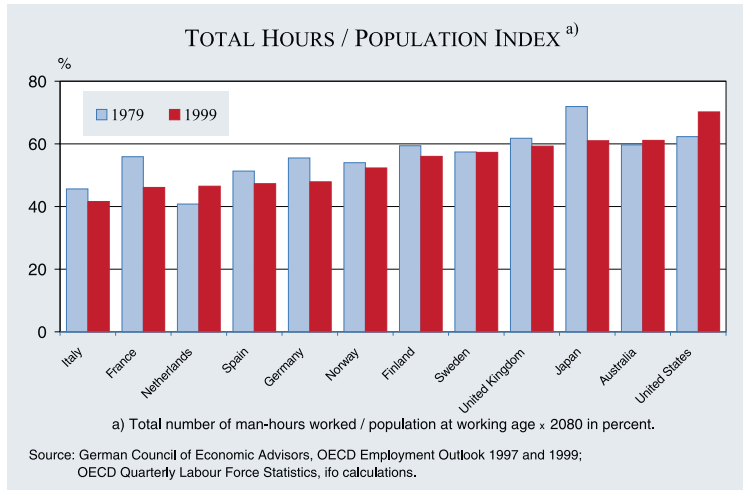
The increase in the number of gainfully employed and in the volume of work in itself does not indicate

**Figure 1**



**Figure 2**



**Figure 3**

whether there is an associated improvement in the employment situation with an accompanying increase in the working age population. In order to take population trends into account, the volume of work must be divided by the working age population, or better by the potential number of working hours that the population could work if they worked full out. This entails calculating the “utilisation rate” of the factor labour. It is usually assumed that 2,080 hours a year are worked, i.e. 173 hours a month. The calculations show that as the working age population grows, the per capita volume of work increases only marginally. The utilisation rate of the factor labour rises, on the average of the countries examined from

59.5% to 59.9%. As shown in Figure 3, there are marked differences from country to country. A clear increase in the utilisation rate is seen in the U.S. and the Netherlands, a slight increase in Australia, but a decline in all other countries, and a considerable decline in Japan, France and West Germany.

The conclusion to be drawn is that work is not running out: employment and the volume of work have increased in the past twenty years, and despite a growing working age popula-

tion the per capita amount of gainful work performed has not declined. This overall favourable development is due to the countries whose institutional regulations and economic policies are designed to boost employment. These countries include especially the U.S., Australia and the Netherlands, but also Norway and more recently the U.K. Other countries such as France, Italy and Germany which failed to introduce comparable reforms, display unfavourable developments in employment. They are the ones who have given rise to the sceptics’ claims that the jobs are running out.

Wolfgang Ochel