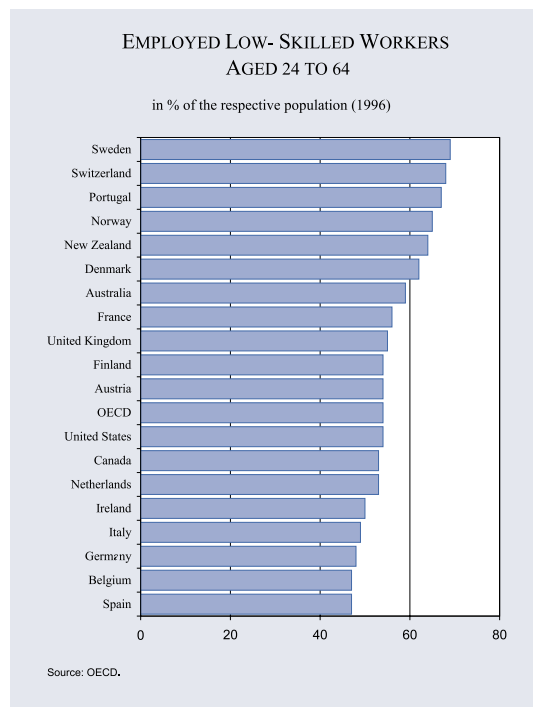


## LOW-SKILLED WORKERS DO BEST IN SWEDEN

People without general or vocational training, so the international definition of the group with the lowest skills, suffer above-average unemployment. In addition, their unemployment rates have risen in most European countries in past decades. This is mainly due to skill shift, i.e. the shift in labour demand in favour of higher-skilled workers. The relative decline of unskilled labour input in the manufacturing sector and increasing competition from low-wage countries have reinforced this trend. Rising unemployment intensifies the competition for existing jobs, triggering a race for ever higher qualifications which further worsens the employment chances of unskilled workers.

In addition, relatively generous social systems in Europe result in adverse incentives to look for a job in the first place. Although the United States is usually the reference country where greater wage differentials help reduce unemployment of the low-skilled, low-wage workers as compared, for example to Germany, it is Sweden where the employment chances of the unskilled are best, followed by Switzerland, Portugal and Norway. The United



States is not better than the OECD average. At the bottom of the list are Germany, Belgium and Spain. At 14%, the unemployment rate of unskilled workers in Germany was a quarter above the OECD average and three to four times the levels of Sweden, Switzerland and Portugal. H.C.S.