Studying the labour market using registered unemployment and labour flows

1. Introduction

The objective of this report is to present, analyze and discuss the labour market data gathered by the Manpower Employment Organization (OAED), the main employment agency in Greece.

Since January 2010, OAED publishes, on a monthly base, figures on the number and structure of the registered unemployed as well as on the number and structure of unemployment benefit recipients. Data on labour flows (recruitment and dismissals) are also being published regularly. Recently (January 2011) the data have been enriched with information on several of job applicants characteristics.

The figures for the registered unemployed (RU) with the Public Employment Services (PES) are worldwide the most commonly used references for the analysis of labour market policies at national level. Unemployed persons need to register with the PES whenever they want to find a job and/or benefit from public support or to participate in a labour market policy measure, and this registration enables the Public Employment Services to calculate the levels of unemployment registration and the monitoring of Labour Market Policy (LMP) measures, in other words, assessing the type of interventions needed and monitoring their impact (Eurostat, 2006).

Apart form being a useful indicator for monitoring labour market interventions, data on registered unemployment can also give a reliable indication of the extent of unemployment. This is particularly true in the case of Greece, where the PES function in close connection with unemployment insurance (registration being a qualifying condition for the receipt of unemployment benefits) and where OAED provides most of the unemployment relief schemes. In addition, provided that there are no changes in legislation and administrative regulations, changes in the incidence of registered unemployment over time, may accurately reflect the trends in the prevalence of unemployment.

Admittedly, most experts in the field of labour market policies prefer to work with the 'official' unemployment figures and these are the data on "harmonized unemployment", provided by the Labour Force Survey (LFS), according to the definitions of the International Labour Organization (ILO). This is because it is generally believed that the unemployment registers are more restrictive than the sample surveys. Persons engaged in agriculture and living in less populous areas, for example, are scarcely represented in the unemployment register, if at all. On the other hand, persons engaged in marginal and extremely low-paid jobs are technically employed and hence they are unlikely to be counted as unemployed in the LFS. The question of whether the register is more restrictive than the sample survey depends entirely on the national regulations concerning unemployment (European Commission, 1999).

This report is structured in six sections, including the introduction. Section 2 presents information on the registered unemployed, the job seekers and the unemployment benefit recipients over the twelve months of 2010 and the first month of 2011. Section

3 examines the regional dimension of registered unemployment, whereas Section 4 provides an analysis of the job applicants' characteristics. The issue of labour flows (recruitments and dismissals) is taken up in Section 5. The concluding Section presents a number of policy recommendations.

2. Registered unemployed, job seekers and unemployment benefit recipients

Table 1 presents data on the registered unemployed, classified according to duration of registration and according to whether or not they were seeking work, from January 2010 until January 2011. The number of unemployment benefit recipients, classified according to whether they are 'regular' recipients or 'seasonal' recipients, is also shown in Table 1, together with the new registrations with unemployment benefit entitlement. The data of Table 1 are depicted graphically by Figures 1, 1a and 1b. A quick look at the data helps to highlight a number of observations:

First, registered unemployment appears to be subjected to seasonal factors. By seasonality we refer to an approximate cyclical factor that more or less repeats itself each year, irrespective of drifts due to recession or expansion. The total number of registered unemployed starts at relatively high levels during the first months of the year (in this case in the first months of 2010) and then declines monotonically until May (Figure 1). From there on and until September, the number of registered unemployed remains practically constant, starting to rise again in autumn months. This pattern reflects the seasonal character of various economic activities in Greece and more specifically the predominance of tourism and other major activities (construction, education)

Second, measured on a year-to-year base, the number of registered unemployed has increased. More concretely, the population of registered unemployed has risen from 767602 persons in January 2010 to 834292 persons in January 2011. The number of registered unemployed recorded in January 2011 was the highest recorded for the last thirteen months. Again on a year-to-year base, the increase in the number of registered unemployed was 8.69%, which is probably less than one would expect given the strong output loss recorded for the same time period (GDP down by 4 %).
Third, the bulk of registered unemployed (66% in January 2011) have been registered for a period shorter than one year. Those registered for more than one year complete the picture with a smaller share (34%). Yet these two components appear to have moved towards different directions during 2010. More specifically, the number of long term registered unemployed increased from 176504 persons in January 2010 to 283466 persons in January 2011, an increase of 60.6%. In contrast, the number of short term registrations declined during the same time period by 6.8%. What are we to infer from these developments?

For one thing, the duration of the unemployment spells experienced by the unemployed is clearly on the increase. This, in its turn implies that the re-employment chances for someone becoming unemployed are diminishing. In addition, taking in account the finding that in relation to the impressive increase in the number of long term registered unemployed (60% within a year) the increase in the total number of registered unemployed was relatively modest (8.7%), we conclude that the primary

effect of the recession was not the pressure upon employment levels but rather the increasing inability of the economy to generate new work posts.

The abrupt increase in the number of long term registered unemployed is a cause for alarm on various policy grounds. Eligibility for benefits expires after twelve months in Greece, raising the question of risk of poverty among the long term unemployed. There is also the issue of de-skilling and of the longer-term consequences from labour market detachment. On the basis of the data presented in Table 1, we would strongly recommend changes in legislation, allowing for a temporary extension of benefits. Such a measure would be in line with similar measures adopted by a number of countries as a means to protect the most vulnerable of the unemployed in the face of the economic crisis. Admittedly however, the extra financial cost entailed by such a measure would be hard to sustain, giver the grim domestic economic situation. Alternatively, the establishment of special active programmes targeting exclusively the long-term registered unemployed, and/or the use of quotas for their participation in mainstream ALMPs, could prove useful. It should be noted that the longer term registered unemployed are often at a disadvantage when it comes to participating in active programmes. This is the case, for example, with the programme envisaging the conversion of benefits into employment subsidies. The long term registered unemployed are practically excluded for not being benefit recipients.

In relation to the changes in long-term registered unemployment, changes in the number and composition of unemployment benefit recipients have been less spectacular (Table 1 and Figure 1b). Although the number of registered unemployed increased by 8.7% between January 2010 and January 2011, the number of benefit recipients increased by a modest 1.89% during the same period, indicating that the majority of new registrations were not eligible for benefits. Further, the number of 'regular' recipients, comprising the majority of the total number of benefit recipients has increased even less than the total (by 1.4%), on a year-to-year base. 'Seasonal' recipients increased somewhat faster (3%) and as a result the latter now constitute a larger share of the total benefit recipients.

In most EU countries, spending on unemployment benefits and social assistance increased during the current economic downturn as a response to the increase in unemployment. The increase in spending is likely to have been accelerated by discretionary measures adopted during 2009 in many countries that increased generosity or duration of benefits or extended eligibility to groups of job losers not usually covered by benefits, notably temporary or irregular workers. Measures were also adopted in many countries to provide additional support for job losers through social assistance, housing, health or childcare (OECD, 2009).

In a clearly contrasting situation, rising unemployment rates in Greece do not seem to have put a considerable strain on the unemployment benefit system. According to Table 1, the existing benefit system has failed to match the pace of growth of unemployment, suggesting that coverage of the unemployed by benefits may have fallen. It is evident that the government has to make some adjustments here, as by keeping the entitlement conditions for unemployment benefits intact, growing shares of workers have remained ineligible for benefits and hence, unprotected.

Apart from providing a reasonable degree of income maintenance during joblessness, another function of the benefit system is the facilitation of effective job-search. It is generally accepted that eligibility criteria which make the payment of unemployment benefits conditional upon job search and related behavior can offset, or even reverse, the disincentive effects which arise when benefits are paid without such conditions. Up to now relatively little attention has been paid to the potential impacts of varying benefit eligibility criteria and their enforcement on unemployment. The current crisis however has necessitated the use of eligibility criteria as another instrument of labour market policy. In this frame, a study of the main eligibility criteria relating to labour market behavior, namely legislation defining when loss of work has occurred, valid reasons for quits, availability for work, suitable work, obligations to enter labour market programmes, requirements for reporting independent steps of job search and requirements to co-operate with the Public Employment Service (PES) in such matters as calls to interview and specific instructions from employment counselors, merits high priority. In particular, the treatment of seasonal workers during the slack period ought to be revised, with a view to bring eligibility conditions in line with the eligibility conditions prevailing in most other EU countries. In recent years many countries have instituted significant reforms in eligibility conditions and although empirical evidence in this area is relatively scant, it does suggest that there were significant payoffs in terms of lower unemployment rates.

TABLE 1
Registered unemployed, January 2010-January 2011

	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	N0v 2010	Dec 2010	Jan 2011	% change
Registered unemployed, total	767602	766159	734509	711669	658085	659119	659384	648032	665059	717382	773344	804597	834292	8.69
Unemployed, registered for more than 1`2 months	176504	192174	204704	208909	211814	214252	215626	215896	228270	247306	258642	271513	283466	60.60
Unemployed, registered for less than 1`2 months	591098	573985	529805	502760	446271	444867	443758	432136	436789	470076	514702	533084	550826	-6.81
Job seekers	615286	620329	601739	599728	572720	566804	569742	569222	587213	609249	627301	653552	689558	12.07
Non Job seekers	152316	145830	132770	111941	85365	92315	89642	78810	77846	108133	146043	151045	144734	-4.98
Benefit recipients, total	253490	271297	296245	242108	207992	177443	184709	191653	197922	183161	206779	277904	258285	1.89
Regular recipients	180102	196000	216298	196766	184938	171596	181859	189432	195739	179213	175716	195605	182684	1.43
Seasonal recipients	73388	75297	79947	45342	23054	5847	2850	2221	2183	3948	31063	82299	75601	3.02
New registrations with UB entitlement	30829	20760	17809	9072	7898	18399	10396	6580	9928	22293	32599	12259	41614	34.98

Figure 1: Registered unemployed, January 2010-January 2011

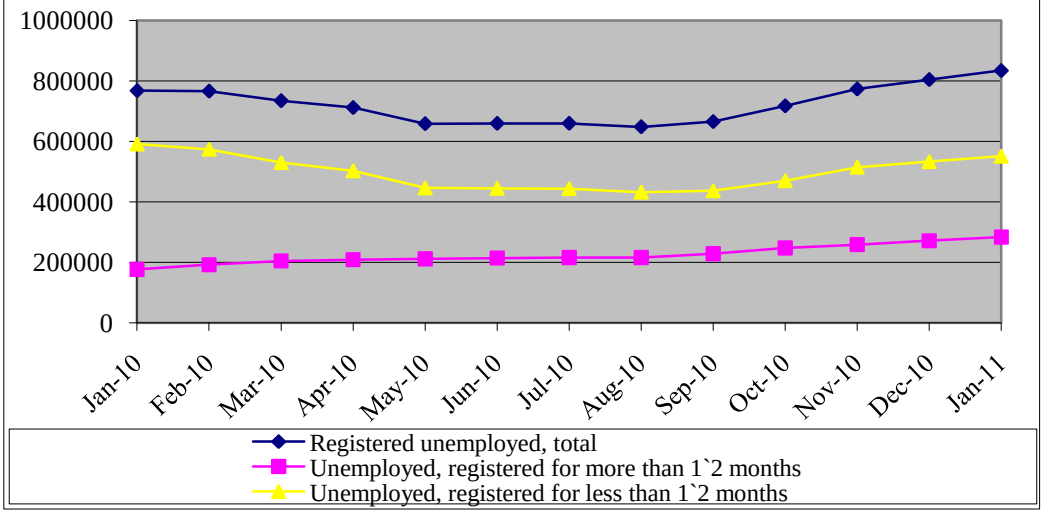


Figure 1a: Job seekers and non job seekers, January 2010-January 2011

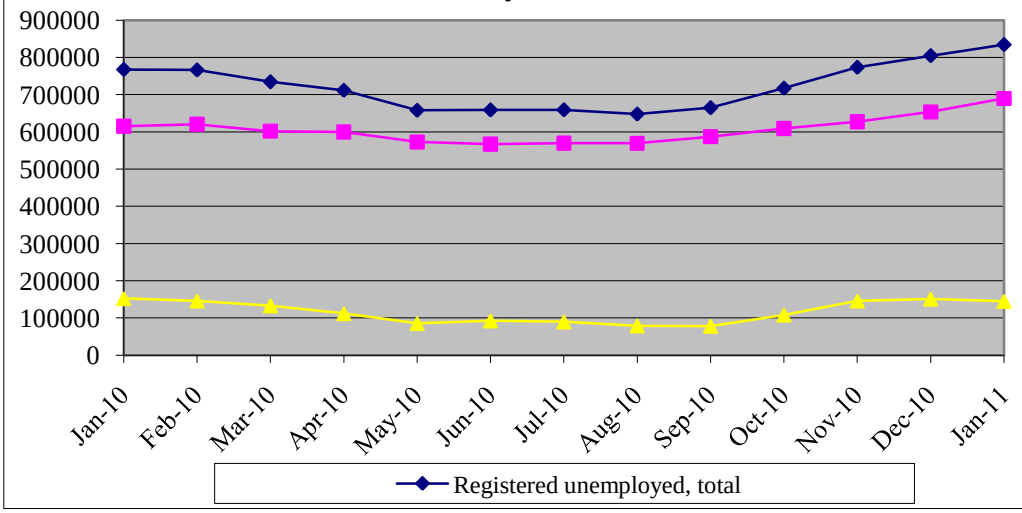
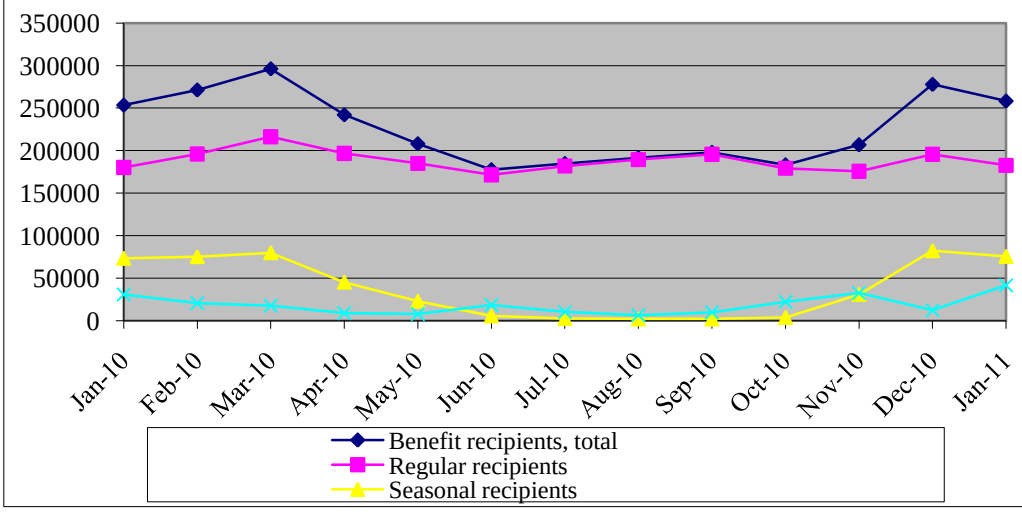


Figure 1b: Benefit recipients, January 2010 - Jenuary 2011



3. The regional dimension

Turning to regional unemployment trends, Table 2 and Figure 2 presents statistical information on the number and structure of registered job seekers in the thirteen regions, as well as in Greece taken as a whole for January 2010 and 2011. A number of points can be highlighted on the base of the data:

First, as regards the regional variation of the number of registered job seekers, it must be pointed out that differences between the regions are substantial. The number of job seekers ranges from as low as 10 thousand in Borio Aigaio and in Ionia Nisia to almost 230 thousand in Attiki. This variation reflects the population size of each region. Greece has a total population of over 11 million people with over four million people living in the Attiki region, which contains the capital, Athens. Another nearly two million, live in the Kentriki Makedonia region, which contains the city of Thessaloniki. With respect to population densities, apart from the exceptionally high concentration of the population in the Attiki region, Kentriki Makedonia, Ionia Nisia and Kriti, are three regions with population densities close to the average for Greece. All other regions have extremely low population densities, explained by the fact that great parts of many regions are either mountainous or remote island areas, which are scarcely populated.

Second, the regions with the highest number of registered job seekers are Attiki, and Kentriki Makedonia. These two regions account for 54% of the total (Jan 2011). At the other end of the scale, the regions of Borio Aigaio and Ionia Nisia exhibit very small numbers of registered job seekers (less than 2% of the total). The remaining regions complete the picture with varying shares, accounting for 3-7% of the total.

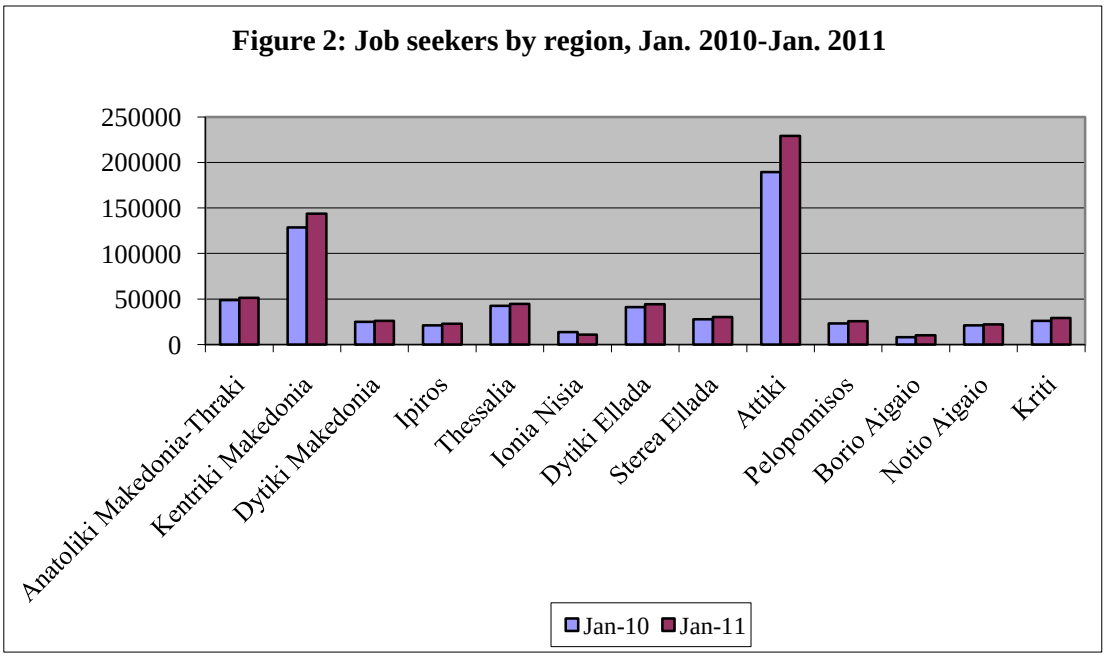
Third, as regards changes in the number of job seekers between January 2010 and January 2011, in three regions, namely in Attiki, Borio Aigaio and Kriti, the increase was higher than the national average (12%). In contrast, in most of the remaining regions changes have been more modest, while one region, Ionia Nisia, exhibited a drop in the number of registered job seekers of almost 20%.

The study of the regional variation of the incidence of registered unemployment (together with unemployment rates, which of course can not be derived from the data) can act as a guide for the authorities for distributing opportunities through labour market programmes across space. A modeling of the labour market interventions based on space has advantages, but of course it has to be based on a variety of job seekers characteristics, other than their numbers, if it is to be conducted adequately. Such an analysis was not attempted here because of time constrains. The data presented in Table 2 do show however than one in two job seekers live in Athens or in Thessaloniki and that job seekers are increasing in these two areas, implying that the recession is primarily hitting the so called ‘urban’ type of activities.

Table 2
Job seekers, by region, January 2010 and January 2011

	Jan 2010		Jan 2011		% change Jan.2010-Jan.2011
	No	%	No	%	
Anatoliki Makedonia-Thraki	48880	7.94%	51202	7.43%	4.75%
Kentriki Makedonia	128561	20.89%	143609	20.83%	11.70%
Dytiki Makedonia	24845	4.04%	25912	3.76%	4.29%
Ipiros	20998	3.41%	22764	3.30%	8.41%
Thessalia	42409	6.89%	44549	6.46%	5.05%
Ionia Nisia	13500	2.19%	10977	1.59%	-18.69%
Dytiki Ellada	41081	6.68%	44147	6.40%	7.46%
Sterea Ellada	27574	4.48%	30024	4.35%	8.89%
Attiki	189548	30.81%	229316	33.26%	20.98%
Peloponnisos	23087	3.75%	25622	3.72%	10.98%
Borio Aigaio	8006	1.30%	10194	1.48%	27.33%
Notio Aigaio	20852	3.39%	22151	3.21%	6.23%
Kriti	25945	4.22%	29091	4.22%	12.13%
Total	615286	100.00%	689558	100.00%	12.07%

Figure 2: Job seekers by region, Jan. 2010-Jan. 2011



4. Characteristics of job seekers

As noted in the introduction, recently the data on the registered unemployed have been enriched with information on several of job applicants' characteristics. Table 3 and Figures 3a-d, present the relevant information. The data help to make a number of points.

The majority of the job seekers are women (57% of the total), aged 30-54 (62% of the total), with low or intermediate educational credentials (86% of the total) and, almost exclusively Greek nationals (92% of the total).

The data of Table 3 can be set against similar data provided by the LFS in order to check for any discrepancies among the two series. From this exercise it has been observed that three groups of people are grossly underrepresented in the unemployment register (assuming of course that the harmonized unemployment data are less restrictive that the register):

- The young and especially the holders of university degrees and other tertiary education certificates,
- The older workers, above the 50 or the 55 years of age mark, and
- The economic immigrants from non-EU countries.
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In the next paragraphs we examine these population sub-groups in more detail.

Young unemployed people even those actively looking for a job do not register with OAED in large numbers for various reasons. First, they are often new labour market entrants and due to their lack of previous work, they are not eligible for unemployment benefits. Second, many young people and especially those with tertiary education may think that most of the employment opportunities OAED has to offer, involve low-paid and low-skill jobs.

Addressing the issue of underrepresentation of young and better educated job seekers in the unemployment register, requires a number of actions. OAED can hope to be able to attract more young people through advertisement campaigns and through the development of closer links with universities and other education establishments, as well as through networking with NGOs and other governmental departments (e.g., the General Secretariat for Youth) active in the field. In a recent publication, OECD has suggested changes in unemployment benefit regulations as a means to attract young people (OECD, 2010). According to the current regulations, unemployment benefits are available to youth without any work experience. However, only youth aged 20-29 who are registered unemployed for at least one year are eligible and the allowance is small, at just EUR 73 per month for a maximum duration of five months. Relaxing these strict eligibility conditions may prove useful.

Older people are considered as having little chances of finding a job. Consequently, they are eligible to receive unemployment benefits, but are not obliged to look for a job nor registered as "unemployed" anymore. It should be noted that since the start of the economic crisis employment levels have been under pressure and unemployment among older workers has been increasing fast, in line with the general increase for the

whole of the work force. In addition, the government has taken measures to make the labour market more flexible so as to facilitate access to employment for the so-called peripheral workers (the young and women). Some of the measures instituted recently, such as individual work contracts, sub-minimum wages for the young and cuts in severance payments, are bound to affect the older segment of the labour force negatively. In effect, it may be argued that as a result of the crisis and of the policies that were chosen to address the crisis, older workers stand to loose their relatively supported position they have enjoyed in the labour market up to now. Furthermore, older workers have also been adversely affected by the latest social security reforms, which aimed at raising retirement age limits, closing early retirement pathways and cutting pensions and other social benefits. These reforms have been necessitated by the enormous deficits facing the pension funds.

In the field of active labour market measures (ALMPs), policies to boost the employment of older people include measures pertaining either exclusively to older people or to older people in combination with other population groups. In the majority of cases, the training and employment programmes benefiting older workers in Greece have been designed so as to benefit broader age groups. The development of active measures targeting the older workers exclusively can attract older people and help retain them in the labour market. Such programmes could provide extensive job-search assistance and removal of the barriers which older people (including early retirees) face with respect to training.

Finally, with respect to immigrants, recent studies estimate the immigrant population of Greece at about 1.3 million, or 12% of the total population of 11 million, composed of 678,000 legal migrants (2008), 185,000 co-ethnic migrants from Albania, 155,000 co-ethnic returnees from the former Soviet Union and an estimated 280,000 irregular migrants. Migrant workers are concentrated in specific sectors, including construction, agriculture, tourism and care services and in temporary, low-skilled and often undeclared jobs, rendering them particularly vulnerable in the context of the current economic downturn.

Turning to unemployment rates, immigrants had been facing lower unemployment rates than Greek nationals up to the end of 2008. The first quarter of 2009 was a turning point since for the first time in recent years the unemployment rate of foreigners surpassed the unemployment rate of nationals. This situation remained as such throughout 2009 and worsened in 2010, illustrating that foreigners are more affected than nationals by the current economic crisis suffered in Greece.

It is likely that many of the legal immigrants are unaware of their rights to unemployment compensation as well as to labour market assistance (job search, training, and employment opportunities). The setting up of specialized information bureaus/desks by OAED, the training of PES staff on the problems facing the immigrant population and more generally a greater effort in reaching out for the immigrants is necessitated, first of all, for reasons of fairness. Greater representation of the immigrants in the unemployment register can also have positive effects on other policy fronts (e.g., avoidance of social tension, combating of undeclared work, etc).

Table 3
Job seekers by various characteristics, January 2011

	Registered for more than 12 months	Registered for less than 12 months	Total	%
Gender				
Males	74061	221468	295529	42,86%
Females	172939	221090	394029	57,14%
Total	247000	442558	689558	100,00%
Age				
Less than 30	56550	138496	195046	28,29%
30-54	157057	272640	429697	62,31%
55 +	33393	31422	64815	9,40%
Total	247000	442558	689558	100,00%
Education level				
No schooling	4961	4127	9088	1,32%
Compulsory education only	96724	171051	267775	38,83%
Upper secondary	114155	201386	315541	45,76%
Tertiary education	31160	65994	97154	14,09%
Total	247000	442558	689558	100,00%
Ethnicity				
Greek citizens	239426	396762	636188	92,26%
Citizens of other EU countries	1636	9348	10984	1,59%
Citizens of non-EU countries	5938	36448	42386	6,15%
Total	247000	442558	689558	100,00%

Figure 3a: Job seekers by gender, Jan 2011

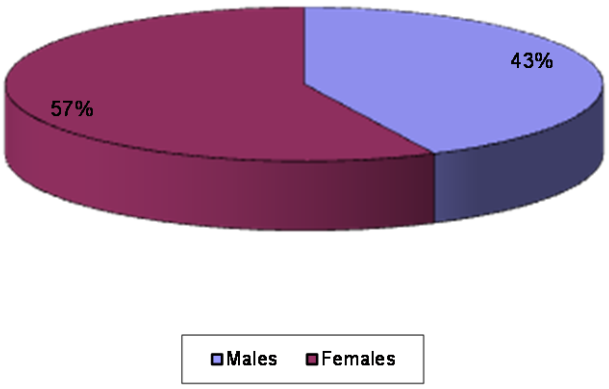


Figure 3b: Job seekers by age, Jan 2011

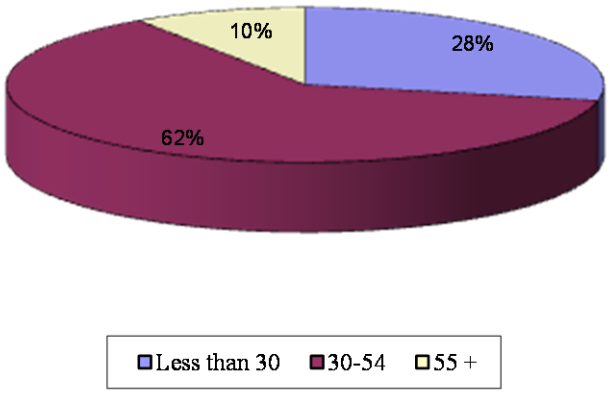


Figure 3c: Job seekers by education, Jan 2011

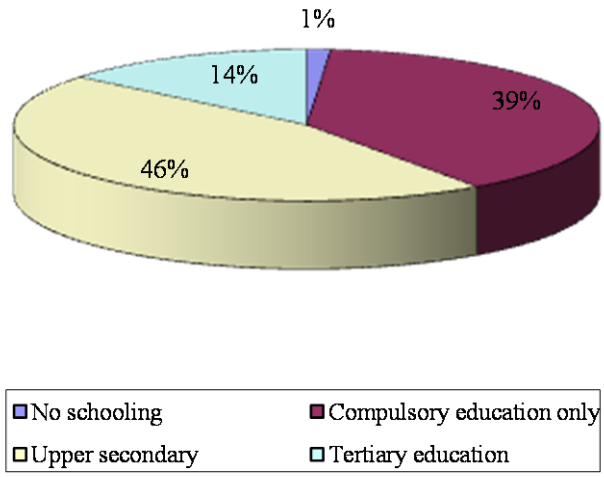
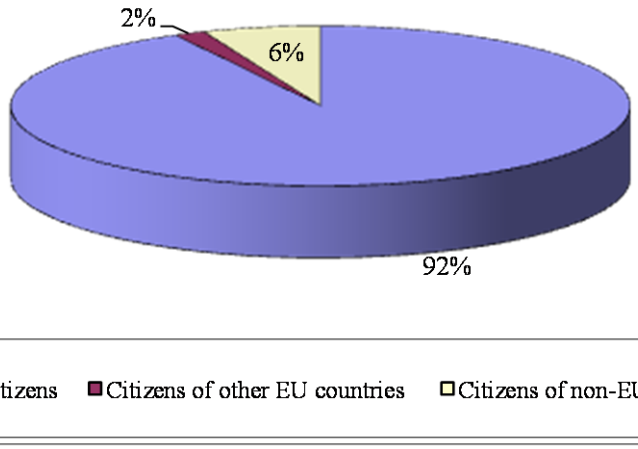


Figure 3d: Job seekers by citizenship, Jan 2011



5. Labour market flows

Table 4 and Figures 4a and 4b presents evidence on the number of hires and separations (dismissals and quits), on a monthly basis from January 2010 to January 2011.

Most labour market researchers and policy analysts are familiar with the standard indicators used to measure the health of the labour market, such as employment growth and the unemployment rate. Although there is no doubt that the data on employment and unemployment are useful and indeed indispensible, data on the underlying labor dynamics are also useful because they add depth to the standard measures. Knowing, for example, that employment increased by that many jobs or that the unemployment rate fell by that many percentage points provides a reasonable insight, but for those looking to make labour market policy decisions, this information leaves key questions related to how these changes came about unanswered. Employment growth represents a net gain summed over thousands of businesses simultaneously expanding, contracting, starting up or closing down each month. Some businesses have hired new employees, others have let workers go or have had workers quit, and others still have had some mix of workers starting work and separating from employment. In effect, there are several ways the economy can generate a net gain of jobs. For example, there could be a rise in job creation that outpaces an increase in job losses. On the other hand, there could be a fall in job loss that is steeper than a decline in job gains. Te economic and policy implications of each change are quite different (Boon, Z., et all, 2008).

The first impression that can be gained from a quick look at the data of Table 4 is that labour market flows exhibit strong seasonal variation. For example, hires fluctuate from as low as 52660 in August to as many as 123822 in May. Similarly, dismissals range from 36473 in April to 109091 in October. The seasonal pattern, apparent in the case of the unemployment register data, is more pronounced here, affecting the scene more clearly. In effect, the first recommendation that can be made is that these data must be subjected to seasonal adjustment. Seasonal adjustment is a natural way to further improve the utility of gross flows, and it is also highly useful as an analysis tool to evaluate data quality and to uncover hidden or hard-to-see characteristics. Further, the seasonal pattern depicted in Table 4 has implications for the timing of the launching of labour market measures. It is obvious that there is less scope in announcing measures to subsidize new jobs or incentives to maintain existing jobs in the spring and summer months (when hires are at a peak and layoffs at their lowest level) rather than in the autumn and winter months (when hires and dismissals are at their lowest and highest levels, respectively).

Measured on a year-to-year base, recruitments dropped by almost 10 thousand, as a result of the downturn. More concretely, recruitments declined from 59584 persons in January 2010 to 49626 in January 2011, a drop of 16.71%. Dismissals on the other hand, exhibited an upward trend, increasing from 52552 to 56011 persons. In absolute terms, the increase involved 3459 persons (6.58%). Lastly, voluntary withdrawals declined by 2.98%, from 23305 to 22610 persons. The drop in the number of those quitting their jobs is consistent with the recession. In periods of downturn, people are less willing to take up early retirement and more reluctant to leave their jobs for

another one. Finally, total separations defined as the total number of terminations of employment occurring at any time during the reference month, increased by 2764 persons, or by 3.64%.

Table 4
Hiring and separations, January 2010-January 2011

Month	Recruitments	Dismissals	Quits	Separations*	New jobs**
Jan 2010	59584	52552	23305	75857	-16273
Feb 2010	57181	37655	20834	58489	-1308
Mar 2010	65196	39466	24483	63949	1247
Apr 2010	83102	36473	23330	59803	23299
May 2010	123822	49031	25183	74214	49608
Jun 2010	117576	84552	28592	113144	4432
Jul 2010	92996	62520	29417	91937	1059
Aug 2010	52660	39410	25380	64790	-12130
Sep 2010	90657	72568	33886	106454	-15797
Oct 2010	91594	109091	26805	135896	-44302
Nov 2010	61870	91669	22731	114400	-52530
Dec 2010	49673	60476	22652	83128	-33455
Jan 2011	49626	56011	22610	78621	-28995

Notes: * Dismissals plus voluntary quits
** Net difference between recruitment notifications and separations

Figure 4a: Dismissals and Quits, Jan 2010- Jan 2011

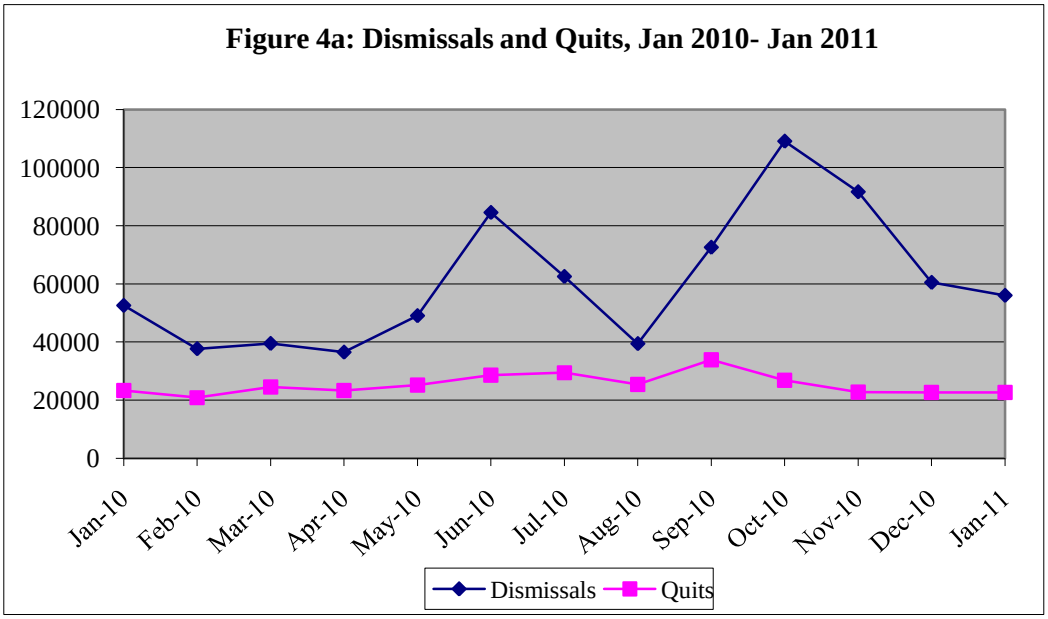
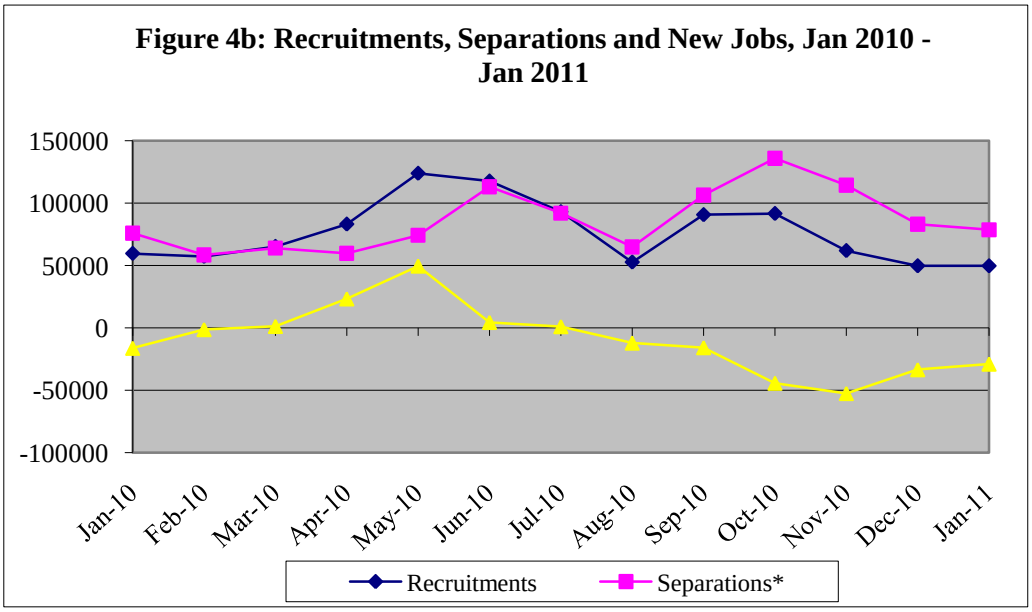


Figure 4b: Recruitments, Separations and New Jobs, Jan 2010 - Jan 2011



The downward trend in job hires and quits, and the upward trend in layoffs are consistent with recessionary trends in other economic statistics. Recessionary trends are evident in increasing unemployment and declining employment levels. Further, the analysis reveals that the current recession, is primarily characterized by the slowing of flows into employment, rather than by increasing flows out of employment. Recruitments decreased by 16.7%, while total separations increased by a mere 3.6%. To put in other words, rather than exerting major pressures on employment levels, the current recession has hurt the ability of the economy to generate new work posts. From a policy designer's point of view this finding is not without implications. It means that it is preferable to provide incentives for the creation of new jobs (such as employment subsidies for instance), to incentives for the avoidance of dismissals.

Finally, the comparison of recruitment and total separations again brings up the issue of the seasonal character of employment and hence, of the Greek economy. When total separations exceed recruitments we experience an economic contraction, while expansion occurs when recruitments exceed total separations. According to the last column of Table 4 and Figure 4b, the economy is expanding from March to July and contracting in the remaining months, i.e., from August to February. It would be interesting to see how these national trends affect the sexes, the sectors of activity, or the regions. Although these data are not available at the moment, their analysis could greatly enhance our knowledge of the labour market.

6. Concluding remarks

This article has presented, analyzed and discussed new data on registered unemployment and gross labour flows and explained how these data can provide a more detailed picture of the labor market. The administrative data gathered by OAED have a number of advantages, such as that they are free of the limitations encountered in sample surveys (sampling biases and response errors) and if used in conjunction with the LFS, they can enhance understanding of how the labor market functions and how it changes with the business cycle. Data on labour flows also add context to the observed changes in the labor market and help answer questions that the more traditional employment data cannot address. By providing a deeper understanding of movements in the labor market, this information can aid analysts and policy makers alike.

The data of Section 2 have shown that registered unemployment is on the increase. The increase in the number of registered unemployed has however been modest, if compared with the increase in the number of unemployed recorded by the LFS during the same period (2010). More concretely, the number of unemployed according to the LFS increased from 567132 in January 2010 to 733645 in December 2010, an increase of 29.36%. During the same time period, the number of registered unemployed increased from 767602 to 804597, an increase of 4.8%. Note that the level of registered unemployment far exceeds that of the 'official' unemployment, casting doubt on the notion that the register is more restrictive than the survey.

In contrast with the rise of unemployment, be it registered or 'official', the pressure upon the benefit system has been small. On a year to year base (Jan 2010-Jan2011), the number of benefit recipients increased by a mere 1.89%, raising questions on the ability of the unemployment compensation system to provide adequate safety nets during the current downturn.

Further analysis of the data revealed that as a result of the recession, the unemployed are faced with longer unemployment spells. The number of those registered for more than 12 months increased very fast, by 60% last year. As unemployment spells lengthen, beneficiaries are confronted with expiring entitlements (benefits expire after 12 months). In short, the unemployment compensation system has resulted in increasing numbers of ineligible jobseekers.

Cash benefits provide safety nets for job losers and, more generally, for those whose resource situation is considered inadequate. With increasing unemployment and deteriorating incomes, these policies become even more important as safety nets for individual families and as macroeconomic stabilizers. But a severe downturn with far-reaching changes in labour market conditions and earnings opportunities can produce individual risks that existing income-support systems were not designed to address. In addition, large increases in the number of people facing such risks can expose structural deficiencies in safety-net policies that are less apparent when labour markets are tight (OECD 2009, OECD 2010).

It is critical to examine whether the balance of existing eligibility requirements (described in the Appendix) provides an adequate degree of income security while

defining credible pathways towards labour market re-integration. It might be worth to study whether there is room for relaxation of eligibility criteria in some areas (e.g., the young, the long-term unemployed, etc), and for tightening in some other areas (e.g., reporting independent job-search, seasonal workers). The case for excluding seasonal workers from unemployment benefit, for example, often involves considerations such as the insurance principle (foreseeable events should be excluded), need (seasonal workers may not need or merit extra help), the practical possibilities for documenting whether people are in the group or not and whether alternative work can be found for them during the slack season (OECD 2000).

In any case, the implementation of the eligibility criteria could be improved through the introduction of a more precise legal framework for procedures such as individual action plans, reporting of independent job search and instructions from the PES, and through the reform of institutional arrangements and responsibilities.

The data of Section 3 have shown that one in two job seekers live in Athens or in Thessaloniki and that job seekers are increasing in these two areas, indicating that the current recession is primarily hitting the so called 'urban' type of activities.

The study of the regional variation of the incidence of registered unemployment can act as a guide for the authorities for distributing opportunities through labour market programmes across space. Such a modeling of labour market interventions has advantages, but of course it has to be based on a variety of job seekers characteristics, other than their numbers, if it is to be conducted adequately. Such an analysis was not attempted here because of time limitations.

The study of the structure of job seekers by a number of characteristics (available since January 2011), attempted in Section 4, revealed that at least three groups of the population, namely young people, older workers and immigrants are grossly underrepresented among the registered unemployed. It should be noted that these three groups were among the groups most hardly hit by the recession. A number of policy initiatives designed to attract persons from these groups are proposed in the same section. These include changes in unemployment compensation and networking with education establishments and NGOs for the young, the design of employment and training courses aimed exclusively at older workers and information campaigns and training of PES staff for third country nationals.

Finally, the study of labour flows in Section 5 has revealed that the current recession, is primarily characterized by the slowing of flows into employment, rather than by increasing flows out of employment, indicating that the focus from now on ought to be upon measures designed to facilitate the creation of new jobs.

To our knowledge, OAED's new data on registered unemployment have not yet been the subject of a full-scale study. We have shown that these data are useful in describing the labour market and we regard that there is scope for maintaining and improving the information gathered. In particular, information on the average duration of benefit percipiency and on the geographical and sectoral distribution of hires and layoffs, could add to our understanding of the situation and of the trends. Time limitations have prevented us from utilizing the data series in conjunction with the

LFS (so as to identify, analyze and reconcile discrepancies among the two data series) and also in conjunction with the labour market policy measures (so as to assess the overall balance of the interventions). Research along these lines merits priority.

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APPENDIX

Country chapter for OECD series Benefits and Wages (2009 Edition) (www.oecd.org/els/social/workincentives)

Unemployment Insurance

The unemployment insurance system covers persons who are insured against diseases with a social insurance body. The benefits are divided into regular benefits and special allowances. This programme is targeted on employees that became unemployed against their will and are not capable of finding a job relevant to their qualifications.

Condition for receipt

- The person must be capable of and available for work
- The person must be unemployed unwillingly
- The person must have registered with an employment agency.
- The person must not receive a pension equal to or larger than the minimum pension granted by IKA (Social Insurance Institute)
- The person must not be self-employed.

Employment conditions

- 125 days of employment in the last 14 months prior to applying for the benefit, or
- 200 days of employment in the last 2 years prior to applying for the benefit

The persons applying for the benefit for the first time must have worked for at least 80 days per year in the last two years prior to their application.

Contributions conditions

The system is contributory. The contributions made to the OAED (Manpower Employment Organization) are paid both by the employer and the employee.

Calculation of benefit amount

Calculation of gross benefit

Pursuant to article 5 of Act 3352/07 the unemployed that were employed in a full-time job, the basic unemployment benefit is defined to 50% of the daily wage of the unskilled worker from January 1st and from January 1st 2008 to 55% of the daily wage of the unskilled worker.

To the unemployed that were not employed in a full-time job and whose monthly wages were lower than or equal to the six-fold of the daily wage of the unskilled worker, 50% of the basic unemployment benefit is paid, whereas to the unemployed that were not employed in a full-time job and whose monthly wages were higher than the six-fold and lower than or equal to the twelve-fold of the daily wage of the unskilled worker, 75% of the basic unemployment benefit is paid.

The basic daily unemployment benefit on the 1st of May 2009 amounts to 18,17€, while the monthly one to 454,25€.

The lowest daily unemployment benefit is 9,08€ and the monthly 227,00€.

The unemployment benefit is paid for 25 days per month and increases by 10% for every dependant member of the beneficiary

Income and earnings disregards
None. The payment of the benefit is interrupted in case there is an income from commercial businesses or liberal professions.

Tax treatment of the benefit
No taxation is imposed on the benefit.
Benefit duration
Following a waiting period of six days the benefit is paid during a period, which differs depending on the worker's employment background:

Days of employment	**Duration (months)**
125-149	5
150-179	6
180-219	8
220-249	10
250 or more	12
210 days and 49+ years old	12

employed following the end of payment of the unemployment benefit, on condition that they remain unemployed and their family income does not exceed a fixed amount (8.510,64€).
This special allowance amounted to **223, 99€** from 1/9/2008 (17, 23*13).

Special aid after a three-month registration in the unemployed persons list
It is paid to the unemployed, who do not have the prerequisites for a regular benefit (not seasonal workers) and have actually worked for at least 60 days in the year prior to that in which they registered with the OAED. These persons must remain unemployed (registered with the OAED) for 3 months. The benefit is paid every three months in three separate instalments in the same year. The payment consists of 15 daily wages of the unemployment benefit, on condition that their family income does not exceed 8.510, 64€.
This special benefit amounted to 258, 45€ from 01/09/2008 (17,23*15).

Special Social Solidarity Allowance
By virtue of article 90 of Act 3746, O.G. 27 16.02.2009, a lump sum is granted as special financial assistance to all persons who on 22nd of January 2009 belonged to the following groups: **all types of pensioners receiving the EKAS, pensioners of the OGA, persons who suffer from chronic end-stage renal disease receiving food allowance, as well as persons with disabilities who are indirectly insured or uninsured**, on condition that they receive the welfare benefits by virtue of No 63731/21.5.2008 Joint Ministerial Decision (O.G. 931 B") of the Ministers of Economy and Finance and of Health and Social Solidarity, as well as the unemployed persons who are **registered with the OAED**. The amount of this special financial assistance is set as follows:
a) € 200 for the beneficiaries who live in the Prefectures of Arcadia, Grevena, Drama, Evros, Evrytania, Imathia, Thessaloniki, Ioannina, Kavala, Karditsa, Kastoria, Kilkis, Kozani, Larissa, Xanthi, Pella, Pieria, Rhodope, Serres, Trikala, Florina, Chalkidiki.

b) € 150 for the beneficiaries who live in the Prefectures of Attica, Aetolia-Acarnania, Argolis, Arta, Achaea, Boeotia, Euboea, Ilia, Thesprotia, Laconia, Lesbos, Lefkada, Magnesia, Messinia, Corfu, Corinthia, Preveza, Phthiotis and Phocis.
c) € 100 for the beneficiaries who live in the Prefectures of Dodecanese, Zakynthos, Heraklion, Keffalinia, Cyclades, Lasithi, Rethymno, Samos, Chania and Chios.
This **aid is tax free** and it is not calculated within the income limits set for the payment of the EKAS, the benefit for families with many children and any other provision of social nature.
The aid is paid to pensioners who suffer from renal failure through the insurance bodies that grant them the main pension. The aid is paid to persons with disabilities through the local prefectural Self-Government and to long term unemployed persons through the OAED. Each beneficiary receives the said aid from only one source.
The financial assistance of the said article is borne by the State budget allocations which are intended for financing and subsidies to the National Social Cohesion Fund (Act 3631/2008, O.G. 6 A")

Income and earnings disregards
None.

Calculation of the benefit
Irregular additional payments
No additional benefits are granted.
Obligations of family members
The family members are under no obligation.

Income and taxes disregards
None. The payment of the OAED benefit ceases, in the case of an income, by any source, exceeding 8.510, 64Euro.
No taxation is imposed on special allowances.

Treatment of particular groups
It is impossible to grant a benefit again

Young persons
A benefit granted to young persons (aged 20-29).
The benefit is granted to young persons, on condition these are unemployed and remain registered as unemployed for one year. The benefit amounts to 73,37€ per month and is paid for a period of five months. It aims to support the new entrants into the labour market.

Long–term unemployed people
The OAED grants a benefit to the long-term unemployed.
The "long-term unemployed people benefit" is paid to persons between **45 and 65 years of age** who are insured for the unemployment risk, and remain registered as unemployed with the OAED for twelve consecutive months and have exhausted their regular unemployment insurance right after 12 months of payment (irrespectively if it happened in the last 12 months or in the past, consecutively or with suspensions), and their family income does not exceed 5.000€ (increased by 587 € for every child under the age of 18).

The benefit amounts to 200€ and is paid for twelve months.
The increase of 10% by each dependent person is given only to the "special aid" recipients and not to the recipients of the "long-term unemployed people benefit".

Seasonal aid
This aid is offered to persons belonging to occupational groups employed on a seasonal basis (construction workers, tobacco workers, actors, tile makers, forest workers, musicians, etc). The aid is paid on a yearly basis in the period from 1 October to 20 December. The following prerequisites must be fulfilled:
-The applicant must have actually worked for 50 – 210 days, as the case may be in the pertinent branch in the year prior to the year of payment.
-The applicant must not have actually worked for more days in branches other than the pertinent one in the previous year.
-The total of daily wages in any work must not exceed 240.
-The applicant must not fulfil the preconditions for regular benefit in the period in which the seasonal aid is paid.

Worker laid off due to insolvency of the employer
The OAED keeps an independent account called "Account for the protection of workers against employers" insolvency". The said account aims to pay up to three months earnings unpaid, due to the employer's insolvency, as provided for in a contract of employment or a dependent working relationship. These earnings are considered and are being taxed as paid services.