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Employment Policies
for People with Disabilities:
Report by an Evaluation
Panel

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OCCASIONAL PAPERS

N° 8

**EMPLOYMENT POLICIES
FOR PEOPLE WITH DISABILITIES**

REPORT BY AN EVALUATION PANEL

PARIS 1992

DIRECTORATE FOR EDUCATION,
EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS

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This Occasional Paper contains a report by a panel of experts from fourteen OECD Member countries who compared their policies for the employment of persons with disabilities. It is preceded by a preface by a member of the OECD secretariat covering some of the major issues in this regard.

* * * * *

Cette étude occasionnelle contient le rapport d'un groupe d'experts venant de quatorze pays Membres de l'OCDE qui a comparé les politiques suivies dans leur pays pour l'emploi des personnes handicapées. Le rapport est précédé d'un avant-propos écrit par un membre du secrétariat pour mettre en lumière quelques-unes des principales questions dans ce domaine.

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PREFACE

1. The OECD report Labour Market Policies for the 1990s draws attention to the need to develop "a socially responsible labour supply policy" in which the risk would be diminished that disadvantaged groups might not benefit from increased job opportunities. People with disabilities are one of the most disadvantaged groups in most OECD countries, as reflected in low rates of labour market participation and above-average rates of unemployment. Those who are employed are more likely to be in poorly-paid jobs and their careers may not progress. Yet it is not unusual to find examples of persons with severe disabilities who are employed to their own satisfaction and to the benefit of their employers and communities. Persons with disabilities may therefore represent a potential asset if they can be more fully integrated.

2. The present time is particularly well chosen to reconsider policies for people with disabilities, not only because of the implications for labour supply, and not only because the costs of not integrating them into the labour force are becoming an increasing burden for social policies, but because public perceptions and education systems are changing rapidly. As the OECD/CERI work on the integration of the handicapped adolescent shows, young people with disabilities are increasingly integrated in the same classes and structures as their peers without disabilities. It would be a singularly short-sighted view to educate all young people together and then to tolerate their separation on the labour market. The Employment, Labour and Social Affairs Committee of the OECD decided that Member countries should be invited to compare their policies for the employment of people with disabilities. A panel of countries was constituted and the report prepared for the panel by its technical secretary (Mr. Thorgeir Hernes from the Norwegian Ministry of Labour) constitutes the bulk of the present Occasional Paper.

The problem of defining "disability"

3. A natural starting point for any consideration of the employment policies in favour of people with disabilities is the question of what constitutes a disability, leading on to an attempt to quantify the scale of the problem represented by people with disabilities. Assuming that, for any given physical or mental function, human beings in the same age group could be assessed and would present a normal distribution, those with disabilities would be the ones who performed at the lower end of the distribution curve. However, not all functions are required to the same extent in employment. Moreover disabilities in respect of some functions can be compensated for by higher performance in respect of others. In addition to such objective measurements of performance, disability is very dependent on the environment. There may be great differences in the way society regards those of its members whose functions are below average in some respects. Work-place arrangements and provision of transport accessible by people with disabilities have a big influence on the possibility to engage in employment. Factors such as these will have effects on the estimates of the numbers of persons with disabilities and on the special measures which may be needed in order to permit their employment.

4. It follows from the above that it is not sufficient, in looking at policies for the employment of people with disabilities, to consider only measures to improve the capacity to undertake a task. Measures to help alter the way people with disabilities are perceived are also important. The changes in the way young people are educated are important in this respect, but there is a need for more to be done to ensure that equal opportunities are given to all members of society as a matter of course.

5. It is apparent from the work of the Panel that the estimates of the numbers of persons in the population of working age who are, or could be, classified as having disabilities vary between countries, not only according to differences of view as regards what is a disability (more than 80 per cent impairment, 50 per cent or 20 per cent), but also according to the functions which are affected and to demographic and socio-economic conditions. The commonly accepted view is that with the increasing growth of the service sector, and the more widespread introduction of new technologies, there is an increasing need for personal and behavioural skills in employment. This fact alone has great importance for the employment of people with disabilities. It may, properly used, make it easier for persons with some types of disabilities, such as those related to physical impairments, or those with learning difficulties, to reach levels of performance sufficient to enable them to compete on the open labour market. But it is also likely to make other types of disability, in particular those related to social behaviour, grow in significance.

6. The Panel has confined its report to a definition which excludes socially-based types of disability and has, as is appropriate to a group of experts from different countries, avoided laying down a single preferred definition of disability. It has therefore been unable to estimate the numbers of persons with disabilities with any precision. Nevertheless, the conclusion is inescapable that persons with disabilities form a large part of the labour force in all countries, and that they constitute an even larger proportion of the population of working age. There is thus an important reserve of underutilised talents and capacities which can be tapped provided the right policies are developed to facilitate their introduction into the labour market.

7. The definition of disability necessarily involves an element of subjective judgement and it would be advisable to recognise this from the outset. This is most clearly seen in borderline cases where one person with a given level of impairment will be judged to be at a serious disadvantage in performing a given task and will therefore qualify for some special help, whilst another person with an identical degree of impairment will be recognised to be able to compensate for it without such help. The judgement should therefore be based on the difficulty of competing on the labour market, taking account of the whole personality and experience of the person concerned. However, the assessment should also be related to stable labour market conditions. To do otherwise would involve risks of seeing numbers of persons with disabilities moving in parallel to the unemployment level, which could result in distorted focus of measures to assist the general unemployed and in concentrations of people with disabilities in depressed regions.

The objective of policy

8. An important aspect of the Panel's work has been to discuss the degree to which persons with disabilities are induced de facto not to seek employment at all, or to accept sheltered employment with little prospect of transferring to the open labour market. This is a difficult issue, because, as noted above, a particular person's degree of impairment has to be assessed against the background of many other matters. It is generally accepted that whilst policy can strive to incite people to a particular course of action, like seeking full integration into the open labour market, it should avoid subjecting people to sudden and heavy pressure to move in the desired direction. In this context, the existence of systems of income support for people with disabilities can act as a disincentive to enter employment. At the same time, there seems no reason to doubt that full participation in active life is desired at least as much by persons with disabilities as it is by other members of the society. Sometimes access to schemes of income support for people with disabilities is determined by current labour market conditions, so that in times of labour market slack, the numbers of disability pensions and other long-duration forms of support increase. This carries with it the danger that the persons getting such support are excluded from the labour force and consequently no longer counted as unemployed. Thus, underutilised labour resources may be underestimated.

9. It would therefore be important, in keeping with the Committee's statement in the report Labour Market Policies for the 1990s, to limit such forms of support, as quickly as is reasonable, to those who, because of the severity of their disability and their personal choice in the light of the existing possibilities of gaining access to the labour market, prefer not to engage in active life. This will probably mean that older persons with disabilities, especially when these have developed later in life making the adjustment more difficult, may still not be interested in entering the labour market. Nevertheless, there may be scope, as a first step, to limit recourse to indefinite and long-duration forms of support, in order to provide for periodic review of the situation of persons on disability pension.

10. Given that the focus of policy for the employment of people with disabilities should be on facilitating integration into the labour market, a range of measures will be needed, their general objective being to place the person with disabilities on an equal footing with other members of the labour force with comparable skills and capacities. This means that little room exists for providing greater employment security than is available to other members of the labour force, but there should be equal security for all members of the labour force of equal experience and age. The Panel has looked at quota schemes under which employers are placed under some obligation to hire and retain persons with disabilities in their job, sometimes associated with a system of levies and grants. It was unable to reach any firm conclusions on this subject because different countries attach different degrees of importance to this approach.

11. The main disadvantage of quotas is that they may encourage a view that the employment of people with disabilities is a constraint, something that no employer would willingly undertake without a degree of compulsion. They may therefore militate against the view that people with disabilities should be employed for what they can do well, provided of course that they can have the

necessary support, training and equipment. Nevertheless, where quota systems exist, there may be scope for using them as a means of educating society in general, and employers in particular.

12. Sheltered workshops are another approach which has been widely adopted to provide employment opportunities for people with disabilities in a setting adapted to their individual circumstances. The idea behind sheltered workshops has generally been that they provide for a prolonged period of learning and practice with lower rates of output than are acceptable in a profit-making enterprise. As a corollary, rates of pay have often been lower than in ordinary employment. It has always been the intention that those who have acquired satisfactory levels of competence and productivity should be encouraged to move to open employment. However, the Panel has noted that the rates of transition to open employment are very low. There are obvious difficulties in trying to run sheltered workshops on lines as close as possible to a normal enterprise and simultaneously expecting them to divest themselves of their more productive workers. There are also difficulties in expecting persons who have perhaps spent many years in such an environment to be thirsting for a change to a more demanding, even if a more rewarding job. It would therefore be important to encourage further development of ways to achieve early transfer from existing sheltered workshops to open employment and to try, wherever possible, to avoid opening new workshops. The ways in which this could be done depend on national circumstances, but the emphasis should be on including persons with disabilities in normal training institutions, even if they need to spend longer on the learning process than most other trainees, and increasing the possibilities of workpractice in a real working environment. Several countries have reported moves along these lines.

13. This approach is not likely to be an easy one for some countries where sheltered workshops have a long history and a high degree of commitment to helping a group perceived as being particularly vulnerable and in need of special protection. One way of breaking down resistance to a higher degree of integration might be to use existing staff of sheltered workshops as consultants and itinerant teachers for people with disabilities employed in open working environments.

14. If the thrust applied to the employment of people with disabilities is based on integration into normal society, two of the biggest problems to overcome are: providing physical aids so that people with disabilities can move about and communicate with others; and ensuring that they have equal opportunity of applying to appropriate available jobs. This is not an aspect which has been much developed in the Panel's report, partly because of the diversity of national situations. However, it seems very important to have a system, or combination of systems, so that people with disabilities are informed about the jobs which are available and receive guidance to prepare themselves for employment in occupations suited to their capacities. This means that there is a need for a placement service which can appreciate the needs of all job-seekers (including persons with disabilities who have perhaps a long history of unemployment) and provide specialist assistance to those who need it. In some countries this may be done within the normal placement service, in others it may require the intervention of outside specialists. Given that the labour force participation of people with disabilities is low,

an important task for the placement service is to ensure that they "reach out" to make contact with, to inform and to encourage, persons with disabilities to make use of available services in order to integrate into the labour force.

15. One area to which this Panel has drawn attention as being a possibly useful sector for increased efforts is the encouragement given to people with disabilities to start their own enterprise. This is an aspect which has also been discussed by a separate Panel on schemes to promote self-employment and employment creation by the unemployed. There have been some useful developments regarding some types of occupation and some countries. The big advantage of this approach from the point of view of public policy is that it may be easier to provide continuing and more flexible financial support to a person with disabilities in order to take account of the possibly longer periods of on-the-job training experience needed and the time before the self-employment provides an adequate level of income.

16. The Panel has given considerable attention to the development of the "supported employment" movement. The idea behind this movement, which has already gathered momentum in the United States, is that, with the right support, everybody should be able to integrate into society and perform an active role there, and there should be a right to the required support. In the absence of such support, people with disabilities are being discriminated against in the same way as the victims of, say, racial discrimination. An important difference with other approaches is that "supported employment" does not place emphasis on financial incentives to employers to take on people with disabilities, but rather provides assistance on the spot, if necessary intensively and permanently to ensure the person with disabilities can function reasonably in the world of work. This may entail co-operation with organisations of persons with disabilities in designing the job to fit the person, in addition to providing equipment or assistance to enable the person with disabilities to lead an independent life in the community.

17. It is still too early to come to firm conclusions about the advantages of the supported employment approach over older ways of providing help and training for people with disabilities. It must be for countries to continue to explore the possibilities of this approach and to evaluate its costs and benefits. There have been suggestions in some quarters that "supported employment" requires more continuing assistance than had been foreseen. To this, the answer is given that enabling persons with very severe disabilities to be in employment and contribute to society is less onerous and adds more to the quality of life than maintaining people in institutions, or in complete dependence. There is an evident interest in sharing experience at the international level, and the countries which are leading the field may therefore wish to keep others informed about progress and concrete results in the future.

The international dimension

18. The problems studied by the Panel are complex and their ramifications cover many different areas. At the level of financial support, there is the question of whether persons with disabilities should be provided with income support so as to lessen the pressure on them to engage in employment in order to have a means of access to desired goods and services. However, this leaves

out of account the fact that employment is an important source of satisfaction and means of self-fulfilment for many in society. But if there is to be a diminution in direct financial support, there must also be improvements in the means to enable people with disabilities to play the more active role expected of them. This is an area where it may be possible for the OECD to facilitate progress by encouraging all countries to move in the same direction at the same time. Unless there is a general move towards more positive roles for people with disabilities, which is bound, at least in the short run, to absorb resources, there will be fears that those countries investing in better support for their disabled people are accepting costs which others can avoid and that they may consequently lose market shares. A further aspect which could be taken up at the OECD could be the closer study of the supported employment movement with a view to helping countries interested develop a cost-benefit framework.

J.D. McBain, OECD Secretariat

I. INTRODUCTION

1. The policy background

1. The exclusion of people with disabilities from the labour market is of growing concern in OECD countries. The fundamental question of labour market integration has gained in importance over the past two decades, as disability policies in general have evolved to focus more on integration and mainstream participation.

2. One point of departure for this growing concern is what might be called humanitarian considerations. The fact that many people find themselves in a state of economic dependency on very low incomes because of their disabilities is contrary to accepted concepts of social justice and equity. Thus the economic situation of large numbers of persons with disabilities is a strong impetus for improving the opportunities for employment.

3. But work is more than just a way of making a living. It also signifies social recognition and self-affirmation. Participation in productive activity not only makes the individual a taxpayer rather than a dependent income support recipient, it also fosters a feeling of responsibility and of being recognised as a full member of society.

4. Not least, work is a main avenue to broader social integration. Furthermore, its role as a source of social contacts has gained in importance due to developments in family structure and other trends leading to a dismantling of social networks.

5. For the above reasons, it could be argued that for people with disabilities, participation in working life is of special importance serving as a springboard to broader social integration and participation. Therefore, the fundamental importance of employment for people with disabilities is increasingly stressed by the organisations of the disabled. It is pointed out that one of the main concerns for both social and labour market policies should be to assist individuals with disabilities to become self-reliant and to find a place in working life appropriate to their inclinations, abilities and potential for personal development.

6. From the point of view of governments and public authorities, there are reasons for a renewed interest in the labour market participation of people with disabilities in addition to the concerns outlined above. One major concern could be the growing expenditures associated with an increasing number of people entering the passive and dependency-fostering disability income maintenance programmes.

7. Given the large sums of money involved in disability-related areas, a pertinent question would be why, with the exception of the immediate post-war period, this policy field has not been given higher priority over the years. A reasonable suggestion would be that the cost to society of failing to take advantage of these largely under-developed human resources is still not widely recognised, nor is the potential economic productivity of people with disabilities.

8. Although very little research has been initiated to shed light on the economics of disability, there are some indications concerning the amounts involved. In the words of Haveman et al., "it is reasonable to speculate that in most industrialised countries the efficiency losses from (1) disabling conditions among working-age citizens, (2) the diversion of medical and training resources designed to assist the disabled of working age, and (3) the labour supply effects of public transfer programmes targeted on disabled workers (and the taxes required to finance them) could total as much as 6 to 8 per cent of national income".

9. However, there are signs that governments and policy-makers are increasingly realising the economic importance of this policy field. The growing pressure of income maintenance systems has led to major policy reviews in many Member countries in recent years. If we pick Sweden as an example, already spending Skr 22 billion annually on 350 000 early retirees from the labour market, the number of new entrants to disability income support programmes -- especially persons in their forties -- has risen dramatically in recent years. In response, Sweden is in the process of launching a major project to counteract the expulsion from the workforce and the flow of new entrants into disability schemes, involving Skr 11 billion to be gathered through extra taxes on employers. This sum is to be used to encourage early intervention and preventive activities in enterprises.

10. A third reason for a growing concern in Member countries with disability policies in general, and labour market policies for people with disabilities in particular, is the expected labour market developments associated with changing demographic patterns. As pointed out by the OECD Manpower and Social Affairs Committee in a statement on Labour Market Policies for the 1990s, "demographic trends will reduce the number of young people entering the labour force -- often the most mobile and adaptable. Labour shortages may emerge, adding urgency to policies that mobilise underutilised human resources" ("Labour Market Policies for the 1990s", OECD, 1990, p. 7). This development is exemplified in the United States, expecting an additional 15 million jobs by the year 2000 accompanied by a slow-down of workforce growth. For these reasons, an increasing number of countries are developing policy responses to a possible future demand for disabled individuals and other groups traditionally disadvantaged in the labour market.

11. In addition, the excellent work of many organisations of people with disabilities has further contributed to put the spotlight on the poor integration of this group into mainstream productive activity. As these organisations have evolved to become more outspoken advocates for labour market integration, they serve as a reminder that much remains to be done in terms of improving the quality and quantity of rehabilitation and employment services.

12. The humanitarian, financial and labour market considerations touched upon above indicate that this policy area might receive greater attention in coming years. The economic and political implications of the above developments call for more investigations of disability policies in general, and analysis and evaluation of employment policies for the disabled in particular.

2. Purpose and direction of Panel investigation

13. As part of an ongoing evaluation of a range of labour market interventions and measures in OECD countries, a primary focus of this Panel was on the outcomes of programmes. However, the preliminary discussions between panel members and other interested parties revealed that a strict evaluation approach would be somewhat too narrow, considering the complex mechanisms involved in integrating disabled persons into the labour market. A broader approach was necessary in order to get a comprehensive picture of the social and economic forces affecting labour market participation. Therefore, in addition to providing a review of both supply- and demand-side interventions, this report aims to take a somewhat broader look at incentive and disincentive structures and on the impact of developments in other policy areas. However, it should be emphasized that this is a preliminary analysis and that further and more thorough investigations are needed in order to get a better picture of the dynamics of employment policies for people with disabilities.

14. Taking into consideration the wide range of measures in this field in the Member countries, the task of providing a fair and comprehensive description of national programmes and measures would be outside the scope of this investigation. Instead, the aim of this report is a) to point to some of the driving forces behind the development of strategies and programmes, and identify some common problems or barriers for labour market integration of people with disabilities; b) to describe some emerging trends, issues and promising interventions in the 13 OECD countries under investigation; and c) to indicate some of the important features of various policy approaches, strategies and programmes.

15. A primary goal of the exercise is to provide interested countries and parties with a wider range of policy options. The purpose is neither to give a detailed description nor a thorough evaluation of national policies and programmes.

16. As such, this report is, it is hoped, a first step in a more thorough analysis of a policy field which deserves a lot more attention in the years to come, especially from economists and policy-makers.

17. Starting with an analysis of the basic concepts of disability and handicap in Chapter II, the fundamental socio-economic properties of the concept of disability are stressed. Although definitional problems make it hard to delimit and count the target group, some very rough estimates of the numbers involved in this policy area are provided. To complete the picture of the labour market situation of people with disabilities, the threatening clouds of an increasing number entering disability income support programmes are outlined.

18. The focus in Chapter III, dealing with the institutional framework, is not on a detailed description of the often very complex patterns of institutional arrangements and service delivery systems, but rather on some trends and changes in institutional structures. Special attention is given to the common problem of co-ordination and collaboration between the many agencies involved in this area.

19. In Chapter IV we bring into focus some of the main legislative strategies for assisting people with disabilities in getting a foothold in the labour market. The quota schemes, which in many countries are seen as a main route to labour market integration of this group, but which are also subject to much debate, are given special attention.

20. In Chapter V, dealing with supply-side measures, or measures aimed at enhancing the competitive powers of individuals with disabilities, the overwhelming number of institutions and programmes providing such services in Member countries necessitates a concentration on some selected issues, such as the tendencies for mainstreaming of training programmes and for more on-the-job training.

21. In Chapter VI we turn our attention to some demand-side initiatives, focusing on the development of a separate sheltered labour market for people with disabilities. The discussion is concentrated on the performance of these programmes, and on the many problems in this regard outlined in a number of country reports.

22. Wage subsidies and supported employment make up two strategies aiming at assisting people with disabilities into open employment. These are analysed in Chapter VII within the broader context of incentives and disincentives for labour market integration. Although the focus of this report is not on policy responses which seek to ease the burden of disability or loss of income, the design and functioning of income maintenance programmes seriously affect the possibilities for labour market participation of people with disabilities. Therefore, some disincentive structures at the intersection between the labour market and income support arrangements are discussed in Chapter VIII.

23. Some interventions and programmes seek to prevent the onset or aggravation of work-related sicknesses and disabilities and to counteract the marginalisation and expulsion of persons with health problems which affect their ability to work. These programmes may be seen as attempts to reduce the need for corrective or compensatory responses at a later stage. Some of the main strategies are discussed in Chapter IX.

24. As employment policies for people with disabilities operate in the wider context of e.g. economic, social and educational policies, some major developments in related areas with implications for future policy development are outlined in the final chapter. A rough sketch of the prominent "ideologies" and strategies in this field is given, and some problems regarding the evaluation of policies and programmes are outlined, along with some suggestions and recommendations concerning further policy development in this field.

II. CONCEPTS AND QUANTITIES

1. The definition of disability

25. As disability policies have evolved over the years, concepts, definitions and labels have changed to reflect the prevailing attitudes and policies of different periods.

26. However, the concepts and definitions which are central to this policy area are not merely the reflection of attitudes and practices. They provide the basis for the classification of people into distinct groups, and thus determine which individuals are eligible for different services. Furthermore, unclarity and confusion regarding basic concepts present major barriers for evaluations of policies and programmes. Moreover, questions of definition are crucial to understand how goals and developments in this particular policy area interact with those of other policy areas, such as retirement policies and overall labour market policies.

27. The point of departure in Member countries is the World Health Organisation (WHO) and International Labour Organisation (ILO) definitions, which have set the standards for the last 10-15 years. These identify three basic levels of phenomena: those of impairment, disability and handicap. In the ILO "Glossary of Vocational Rehabilitation and the Employment of the Disabled", impairment is defined as "any loss or abnormality of psychological, physiological or anatomical structure or function". In other words, an impairment is a condition impairing some function. Disability, in turn, is interpreted as "any restriction or lack (resulting from an impairment) of ability to perform an activity in the manner or within the range considered normal for a human being". A disability may be temporary or permanent, reversible or irreversible, and may be described as progressive or regressive. And it may or may not constitute a handicap, which is defined as "a disadvantage for a given individual, resulting from an impairment or a disability, that limits or prevents the fulfilment of a role that is normal (depending on age, sex and social and cultural factors) for that individual". In the context of vocational rehabilitation and employment, a person with a disability is defined as an individual "whose prospects of securing and retaining suitable employment are substantially reduced as result of physical or mental impairment".

28. It should be noticed that the latter definition does not refer to those persons whose main "disability" is their significant difficulty in making an adequate social adjustment. Such persons may be referred to as "socially handicapped or maladjusted", and may include, for example, drug and alcohol dependent persons, or delinquents. By adopting the above definition of "vocational disability" for the purpose of this report, we thereby narrow the scope of the investigation by excluding policies and programmes targeted at persons whose employment problems are primarily of a social nature.

29. An essential aspect of this somewhat complex "ladder" of definitions is the relative nature of the concepts of disability and handicap: rather than

referring to a characteristic of the individual, disability or handicap refers to the interaction between characteristics of the individual and the environmental demands with which he is faced.

Implications of changing definitions

30. The complexity and relative nature of these new interpretations of the basic concepts have some important implications.

31. First, delimiting the group of "disabled" becomes increasingly difficult. As pointed out in the report from Finland, there might be a tendency for the concept and definition of disability to cover more ground, especially as service delivery systems for people with disabilities tend to blend with mainstream assistance agencies. It seems increasingly difficult to distinguish between job-seekers with disabilities on the one hand, and hard-core unemployed and hard-to-place individuals, on the other. Another implication, as pointed out in the American report, is a tendency for programmes targeted at people with disabilities to take on other marginal or disadvantaged groups.

32. On the other hand, the above-mentioned definitions might reflect a more promising and "modern" way of approaching these phenomena. As the interpretation of disability and handicap moves from a static concept of permanent inherent personal characteristics and a homogeneity of categorical needs to a dynamic interaction between the individual with a disability and the changing situations with which he is faced, a stronger emphasis on modifying and adjusting the environment of the individual is implied. Thus, as opposed to the traditional medically-oriented interpretations, this new "language" invites policy-makers to focus more sharply on environmental design.

33. Third, some interesting questions regarding the value and meaning of formal definitions emerge. Researchers in this field have long argued that even the tightest formal definitions and procedures for determining eligibility for income support programmes, for example, tend to be over-ruled in practice by "contextual" or non-medical variables, such as the overall or local labour market situation.

34. Other policy objectives will also influence the flow of people into disability programmes. There might be a tendency for disability income support programmes to become instruments to encourage early retirement. As in Norway, with four out of ten men aged 66-67 receiving a disability pension, older workers are given a medical "ticket out of the labour force", thereby paving the way for young job-seekers.

35. Thus, what are still commonly regarded as health or disability-related matters appear to be heavily influenced by structural and economic developments and by priorities in other policy areas. This illustrates not only the socio-economic properties of the basic definitions of disability and handicap, but also the socio-economic nature of the field of disability policies in general.

36. The move from a static, medical concept of disability to interpretations focusing on environmental aspects is accompanied by an increasing awareness of the influence of general economic and structural changes in societies on, for

example, the employment situation of people with disabilities. This indicates a need to broaden the scope of "disability policies" to include the impact of developments and considerations in a number of policy areas.

Definitions and eligibility

37. As the definition of disability has moved from the medical sphere into the socio-economic sphere, a certain conceptual confusion has been unavoidable. Therefore, the ways in which concepts are interpreted, used and operationalised by policy-makers, researchers and service-providers vary widely both within and across countries.

38. This tendency is accentuated by the wide array of operational definitions or sub-definitions applied in the context of eligibility assessments. Depending on the purpose of an agency or specific programmes, different ministries, agencies and service-providers tend to apply their own unique formal or informal definitions when delimiting their target groups.

39. One important dimension in this regard is, at least in some countries, the severity or degree of disability. In Germany, people with disabilities, and even those threatened by a disability, are provided with various forms of rehabilitation tailored to their needs on the basis of individual entitlements. Persons classified as "severely disabled" (a degree of disablement of 50 per cent or more) after formal diagnosis and classification receive additional support of many kinds. In the United Kingdom, a system for assigning individuals with disabilities to different services has been set up on the basis of degree of disability: a person with an output not lower than 30 per cent nor higher than 80 per cent of that of another worker is classified as eligible for sheltered employment. Persons with an output below this level are considered incapable of employment, while those capable of 80 per cent or more are considered candidates for open employment.

40. While certain programmes may be targeted at individuals with special types of disabilities, the common rule is for programmes -- or the sum of programmes in one country -- to provide services to individuals irrespective of type of disability. There are, however, some exceptions to this rule which are worth noting. In the Netherlands, the long-term mentally ill have traditionally not been included when employment policies for the persons with disabilities have been developed. In Japan, persons with mental illness or mental retardation have not been eligible for quota places, although recently changes have been made to accommodate and include the latter group. These examples can be seen as survivals of a traditional bias of rehabilitation and employment schemes towards individuals with physical disabilities.

41. The specificity of criteria and rigour of procedures which are applied for disability classifications also vary considerably. At one end of the spectrum we find the strict criteria for determining eligibility under some quota schemes. Also within income maintenance systems, the focus is on thorough assessments of impairments and the impact of the impairments, in order to make judgements as "objective" as possible regarding loss of earning capacity and other handicapping effects.

42. These "objective" approaches might be contrasted with the more flexible and imprecise criteria for selecting persons for special employment measures for people with disabilities in the Nordic countries. The Nordic labour market administrations tend to use the concept of (vocational) disability primarily as an indicator of the need for services, focusing not so much on disabilities and limitations as on the amount and quality of assistance needed.

43. Somewhat surprisingly, according to the national reports, few problems arise in terms of inter-agency co-operation and collaboration due to differences in definitions and eligibility criteria. As indicated in Chapter IV, these problems are more often seen as a function of conflicting objectives and "cultures".

2. The scope of the problem

44. Estimates of the size, composition and employment situation of people with disabilities would be essential to form sound employment policies. However, as is apparent from the previous discussion, the complex relationship between general policies, administrative procedures and definitions poses considerable problems for the task of delimiting the target group. The American national report sums up these difficulties by citing Monroe Berkowitz, a leading academic in this field: "We cannot count, unambiguously, the number of people who are disabled, nor the amount of money spent in this area because being disabled is not the same thing as being young, old, black or white, male or female, educated or uneducated".

45. In addition to the more basic theoretical problems, there is an awkward tendency for surveys in this area to adopt unique operational definitions of disability. Along with the methodological diversity, this calls for great caution when interpreting the estimates presented below.

Size and characteristics of target group

46. Haveman et al. in Public Policy Toward Disabled Workers (Cornell Univeristy Press, 1984), allowing for differences in definitions and measurement procedures, concluded an eight-country investigation by indicating that a reasonable, if rough, estimate is that individuals with long-standing work impairments form from 5 to 10 per cent of the working-age population in typical Western industrialised countries.

47. This estimate is confirmed by Swedish research, finding 8 per cent of the working-age population to have severely reduced working capacity, and American surveys, indicating that people with disabilities represent 8.5 per cent of the working-age population. Research results from other countries suggest that these might be somewhat low estimates. The Canadian Health and Activity Limitation survey found 1.8 million people with disabilities aged 15-64, representing roughly 10 per cent of this population. The latter figure corresponds to reported estimates from Belgium. Finally, research based on the Norwegian 1985 National Health Survey estimated that 12.5 per cent of the 16-66 population had permanent problems with regard to employment due to health or disability problems.

48. The above "snapshots" would indicate that people with disabilities might make up roughly 10 per cent of the working-age population in Member countries.

49. Although definitions and procedural differences pose problems for estimating the size of the disabled population, the investigations into the characteristics of this group are not burdened with the same difficulties. The results also seem to be more uniform across countries.

50. Age is a most potent variable, as the number of disabled increases significantly with age. In a recent thorough United Kingdom survey of the prevalence of disability among adults (Office of Population Censuses and Surveys), 6 million adults with disabilities were identified, of whom 70 per cent were aged 60 or over. Those expelled from the labour market for reasons of health and disabilities tend to be older workers, as in Norway, where two-thirds of the new disability pensioners are 50 years or older. Labour force participants with disabilities in the United States tend to be 16 years older than the average non-disabled worker.

51. Although trend data on the demographics of disability are lacking, given the general shift in the age structure of the working-age population, a significant increase in disability rates is to be expected. This development, along with the fact that the prevalence of multiple disabilities increases with age, gives an indication of serious challenges facing future employment policies for the disabled.

52. Within racial or minority groups, the incidence of disability is higher. Women tend to have higher rates of incidence than men.

53. Another characteristic of the disabled population found in many studies is low educational level, although the tendency is, as revealed by American studies, for a rapidly growing number of young adults with disabilities to pursue a higher education, a number of surveys indicate consistently lower levels of formal education for all age groups.

54. A development which has important implications for service delivery systems is the changing panorama of disabilities. There is an increasing demand for vocational rehabilitation and employment services from people with psychiatric problems or mental retardation. For example, the clients of the Japanese Local Vocational Centres have changed from being mainly people with physical disabilities to being mainly people with mental retardation. In addition, the number of people with more diversified and mixed problems seeking assistance is increasing.

55. The picture emerging from this description of some characteristics of people with disabilities, is that of a group facing a number of barriers to employment in addition to their disabilities. The strong infusion of characteristics traditionally associated with being at disadvantage in the labour market further accentuates the need for a concentration of efforts aimed at this group.

The labour market situation of people with disabilities

56. With reference to the concepts introduced above, differences between the people with disabilities and the general working-age population with regard to labour market participation might give an indication of the handicapping effects of impairments and disabilities in the employment field. Bearing in mind the conceptual and methodological problems discussed above, the somewhat blurred picture of the labour market situation of this group that emerges nevertheless gives some insight into the considerable challenges facing Member countries in this policy area.

57. In terms of unemployment rates, the figures in the national reports vary from 7 per cent in Finland and Canada to 15 per cent in the United States. However, a clearer picture of the unemployment problem of people with disabilities appears when comparisons are made with non-disabled persons within the same survey. In the United States Population Survey of 1980, the unemployment rate of the disabled nearly doubled that of the non-disabled population. The United Kingdom Labour Force Survey of 1987 found an unemployment rate of 23.4 per cent among people with disabilities, as compared with 10 per cent in the non-disabled population. Thus, the proportion of people with disabilities who are unemployed and actively seeking work might in some countries be roughly twice that of the non-disabled population.

58. Other survey findings point to another important issue, namely the fact that unemployed persons with disabilities are consistently found to be among the most chronically unemployed segments of the population. Thus, in the United Kingdom Labour Force Survey of 1987, nearly half of those with disabilities or health problems had been unemployed for a year or more.

59. Estimates of the workforce participation of people with disabilities give some further insights into the labour market situation of this group. The United States 1980 survey revealed that 58 per cent of the men with disabilities and 76 per cent of the women were not considered to be in the labour force, as compared to 11.7 and 36 per cent respectively in the non-disabled population. In a recent survey of the Office of Population Censuses and Surveys in the United Kingdom, 31 per cent of disabled adults under retirement age were in employment, while 61 per cent were outside the labour force. Not surprisingly, this survey showed that being employed was strongly related to severity of disability. In Japan, 29 per cent of people with physical disabilities are estimated to be employed. The Canadian Health and Activity Limitation Survey found 40 per cent of people with disabilities aged 15-64 to be working.

60. Bearing in mind the conceptual and methodological variation, it still seems legitimate to sum up some tendencies from the above surveys. First, the registered unemployment rate of persons with disabilities is significantly higher -- and in many surveys nearly double -- that of their non-disabled peers. Second, the proportion of people with disabilities in employment is most often found to be 30-40 per cent, in some studies roughly half that of the non-disabled population. Third, the proportion considered (or considering themselves) outside the labour force is substantially higher than, and in some studies roughly double, that of the non-disabled population.

61. While the material on the special situation of women with disabilities in the labour market is relatively sparse, Canadian and German research indicates that it should be given more attention. Canadian surveys have revealed a marked disadvantage regarding employment for this group, with a relatively high unemployment rate and a high proportion of women with disabilities wanting to enter employment. A recent German report also found a disproportionately low number of women participating in vocational rehabilitation schemes.

62. Although few studies have been made regarding the employment patterns of workers with disabilities, it is generally recognised that they tend to be concentrated in low-status occupations, and that individuals with disabilities are frequently under employed. Also, they earn less than do non-disabled workers. Although full-time employees with disabilities in the United States tend to earn only slightly less than those not disabled, low labour force participation, more frequent part-time work, etc., result in disabled persons' income being on average one-half that of non-disabled peers.

63. However, the available data on the labour market situation of people with disabilities are generally confusing, and do not provide a basis for policy development or evaluation of strategies and programmes. Therefore, there are several areas which deserve more research attention. In particular, the possibilities for adjusting national surveys in order to provide more comparable information on the labour market situation of people with disabilities should be explored. Cross-national research projects focusing on the reasons for differences in labour market participation could possibly be launched, in order to provide a better "knowledge base" for further policy development.

The active/passive dimension, and trends within the income maintenance systems

64. Although there is an obvious lack of data concerning changes in the labour market situation of the disabled over time, there are indications of an increasing pressure on agencies providing rehabilitation and employment services. In Germany, people with disabilities make up 10 per cent of all people who seek advice from the employment services' vocational guidance officers, and the number has risen by 40 per cent in recent years. The number of persons with occupational disabilities registered at the employment service in Norway roughly doubled both in the 1970s and the 1980s.

65. These trends suggest an increased demand for vocational services for persons with disabilities. Although there is a lack of data from most countries, available estimates seem to indicate a widening gap between an increasing number of individuals with disabilities applying for services, and the capacity of the systems to meet their needs.

66. The increased pressure on agencies providing active measures is accompanied by a marked growth in programmes and an increased pressure on disability income support systems. During the 1970s and the 1980s there has been growing concern in Member countries regarding the costs of disability income support programmes and the increasing numbers of working-age persons permanently withdrawn from the labour market.

67. Haveman et al. (op. cit.), in their analysis of eight Western industrialised countries (including six of the Panel members), found that the median percentage increase in the number of recipients of income support programmes was equal to 6 per cent per year in the period 1968-1978. Expenditures grew at an even faster rate, in real terms 11 per cent annually. In the same period, the median percentage of national government costs accounted for by disability income transfer programmes rose from 7 to 10 per cent.

68. Although there are indications that the number of persons added to the disability rolls slowed down during the 1980s, possibly attributable to changes in the benefit structure and administrative changes designed to tighten procedures, the threatening clouds of a growing proportion of the working-age population on passive income support programmes is still a major challenge to OECD countries.

69. The Netherlands reports a continuing increase in the number of people who are ceasing to work and are becoming dependent on social benefits. Recent trends suggest 1.1 million Dutch citizens incapacitated for work around the year 2010 if policies and trends remain unchanged. This prognosis has resulted in the government being extremely concerned, not least about the social implications of such developments. Even more alarming are the Norwegian and Swedish reports of a sharp increase in the number of disability pensioners during the last decade. In Norway, the increase in the number of people on permanent disability pension increased by 35 per cent from 1983 to 1989. As in Finland, the number of working-age people on disability-related income support in Norway now equals 10 per cent of the labour force.

70. This growth in income support has important implications for the dependency burden placed on the working population, the growth of government expenditures, and labour supply. An increasing ratio of disability income support recipients to the employed population, and a growing imbalance between expenditure on active and passive programmes, might indicate that the time is ripe for intensified efforts aimed at greater economic independence for people with disabilities. Governments face a major challenge to find ways of channelling the considerable and increasing sums devoted to permanent income support into active measures capable of providing more permanent employment.

71. The need for further action aimed at enhancing the labour market participation of people with disabilities is further underlined by surveys pointing to the fact that a substantial proportion of persons on disability income support schemes are highly motivated for work. An American survey in 1986 indicated that two-thirds of the working-age respondents with disabilities not in employment wanted some kind of work. In Norway, a survey among disability pensioners in the early 1980s showed that 20 per cent wanted to enter some kind of employment.

72. However, further investigations into the relationship between compensatory policy responses on the one hand, and "corrective" or work-enhancing programmes on the other, are called for. In order to provide a basis for the development of sound economic policies in this area, it is essential that more priority be given to investigations into the relationship

between the spending on cash transfers -- that is, money which fosters dependency -- versus spending on active measures directed to greater involvement of persons in the workforce.

III. THE INSTITUTIONAL CONTEXT

73. In terms of its institutional structures, the field of vocational rehabilitation and employment for people with disabilities is a melting pot. A range of ministries, agencies and organisations with different objectives and cultures are involved in the development of policies and the provision of services.

74. Ministries and agencies concerned with employment, health, social services, education and income support programmes all have important roles in the Member countries. However, the division and allocation of responsibilities vary considerably from one country to another.

75. It would go beyond the scope of this report to give a comprehensive and detailed account of the intricate pattern of institutional arrangements and divisions of responsibility in the panel countries. The variation in institutional arrangements even on the national level, as between the different states in the United States, would suffice to illustrate the complexity of this area. Instead, in the following, some selected institutional patterns and developments will be focused upon, while special attention is paid to the considerable problems associated with co-ordination of services and inter-agency collaboration resulting from the complexity of the arrangements.

1. Some features of institutional arrangements

76. In Norway, Sweden, Finland, Japan, the United Kingdom and Greece the main responsibility for the development and provision of vocational services for people with disabilities lies with the labour market authorities. These responsibilities include the development, funding and administration of various interventions ranging from quota arrangements (the United Kingdom, Greece and Japan), vocational training measures, sheltered employment, and programmes to assist people with disabilities into open employment. The local employment offices often have special staff to provide vocational rehabilitation and employment services for this group, and they are a focal point for the co-ordination of services at the local level.

77. There are certain notable advantages in this institutional "mainstreaming" of services. The possibilities for people with disabilities to participate in mainstream vocational training and employment programmes are improved. As employment services are responsible for placement, the links between training institutions and programmes on the one hand, and actual placement activities on the other, are strengthened. Furthermore, a possible tendency for employment services to focus on abilities and opportunities, rather than on the disabilities and limitations of the individual, would speak in favour of giving the labour market authorities and agencies an even more central role in the years to come.

78. In Belgium a special public institution was founded in 1958, with the purpose of ensuring that every vocational rehabilitation applicant can enjoy the advantages of an integrated process of rehabilitation, including medical and vocational rehabilitation as well as assistance in obtaining employment. The institution has a considerable influence on overall policy and on the expansion of a network of institutions (centres for counselling, for vocational rehabilitation, sheltered workplaces) as well as on the settlement of individual cases.

79. In the United States, the Rehabilitation Services Administration, which is responsible for the development of national policies for assisting people with disabilities to prepare for and engage in employment, is part of the Department of Education. Both the central role of the education authorities and the complex institutional arrangements at the state level make the United States stand out from other countries in terms of allocation of responsibilities. Although the Department of Labor and the Social Security Agency fund a number of programmes, the special role of the education authorities in the United States seems to have contributed to a sharper focus on young persons with disabilities and programmes to assist them in the critical transition phase from school to working life.

80. To some extent the variations in institutional arrangements and divisions of responsibilities may reflect differences in ideological or "philosophical" orientation between countries. For example, when vocational rehabilitation and employment services for people with disabilities are based on health and social authorities, this may reflect a general "welfare orientation" of policies. The general objectives, cultures and ideologies which dominate the institutions will in turn make their mark on the way services are organised and delivered.

81. Against this background, the division of responsibilities between health and labour market authorities in some countries is interesting. In Australia the programmes under the labour market authorities have the objective of open employment, they are generally mainstream programmes for the unemployed or the disadvantaged, and they serve persons with less severe disabilities. The health authorities, on the other hand, are responsible for special programmes for more severely disabled persons with uncertain prognosis on the labour market and those aiming for permanent sheltered or supported employment. The health authorities have set up a special body, the Rehabilitation Service, to take on responsibilities in this area.

82. In Germany, the welfare agencies of the Länder play an important part in providing services to integrate persons with disabilities into employment. The revenue from the compensatory levy of the quota scheme is shared between the Länder and the federal authorities; at least 50 per cent of receipts at the federal level are made available for the labour market authorities in order to provide an additional programme for integrating persons with disabilities into the labour market. Thus, the German welfare agencies are playing a role which in many other countries is reserved for the employment services, such as vocational counselling, and company visits. Regarding the sheltered workshops, the majority of costs are borne by the social assistance agencies, while the contributions from the labour market and other occupational rehabilitation authorities finance special introductory courses and special training schemes within the workshop system.

83. Canada may serve as an example of an institutional health and welfare orientation. The administration of the Vocational Rehabilitation of Disabled Persons Act, providing the legal basis for the major rehabilitation scheme in Canada, was transferred from the labour market authorities to the Department of National Health and Welfare in 1973. Also the Canada Assistance Plan, providing for a range of programmes and services for Canadians in need -- including persons with disabilities -- is administered by the health and welfare authorities. Thus, the institutional basis for the provision of vocational services is not in Canada Employment and Immigration, where all other training and employment resources are located.

84. The degree to which this institutional welfare orientation permeates the ways in which services are delivered is not clear. However, linking rehabilitation and employment services to the apparatus providing overall social services, would seem to imply a medical and therapeutic activity orientation, as opposed to an employment orientation of rehabilitation, training and employment services.

85. The bodies responsible for the administration of social insurance and other income maintenance systems are, to a varying extent, concerned with the rehabilitation and reintegration of persons with disabilities. They may be responsible for payments to individuals involved in a rehabilitation process, and in some countries they reimburse expenses for e.g. workplace accommodation, technical aids, transport to and from work, etc. However, they may also take on a more central role regarding rehabilitation activities. Thus, in the Netherlands, while the employment offices formally have primacy regarding employment services for all groups, implementation is largely left to the more medically-oriented social insurance bodies (the Joint Medical Services). It is also envisaged that the social insurance agencies will have an executive function in regard to implementation of a quota-levy scheme.

86. The often complex relationship between social security agencies and rehabilitation and/or employment agencies is best illustrated by the American system in which the vocational rehabilitation agencies at the state level are reimbursed for the costs associated with successful training and placement of disabled beneficiaries. The rather innovative feature of this arrangement lies in its goal orientation: reimbursement from the social security sector takes place only after continuing employment has been achieved for 9 months. Although designed to focus on results rather than efforts, this system has nevertheless resulted in the vocational rehabilitation agencies being less inclined to enter into rehabilitation projects with beneficiaries, and a dramatic reduction in actual placements of income support dependents.

2. Activating the employers

87. There is an increasing awareness in the panel countries of the importance of involving organisations of both employers and employees in the development of policies and programmes for people with disabilities. The central role of the employers in regard to hiring, training, workplace accommodations and preventive activities makes them essential partners for public agencies.

88. However, in most countries there is only a modest involvement of employers in the development of policies and the provision of services. Most commonly this takes the form of representation in central-level advisory councils or bodies, along with representatives from employee organisations and the organisations of the disabled.

89. However, some countries are trying to explore the possibilities for a stronger involvement from the employer side, and thus to make better use of their resources and knowledge.

90. In Japan the employers have been given a central position regarding the development of services, as members of the Association for Employment of the Disabled -- with a main responsibility for both supply- and demand-side measures.

91. In the United Kingdom an interesting development is the new network of local Training and Enterprise Councils in which two-thirds of the representatives will be major local employers. These councils will be responsible for planning and managing training and economic development measures in general, and it is hoped that they will lead to more flexible training schemes reflecting the needs of the local economy, on the one hand, and the needs of different groups of trainees on the other.

92. Another inroad to more employer engagement is through the funding of programmes. In the United States, an increasing number of programmes are jointly financed by public authorities and private corporations, ranging from job banks to on-the-job training and supported employment programmes. One example is the Project with Industry (PWI), sponsored by the Electronic Industries Foundation, a training and job referral/placement programme which in 1986 matched more than 14 500 individuals, mostly with severe disabilities, with employers offering competitive employment. Furthermore, each PWI has its own business advisory council which identifies jobs available and prescribes adequate training. Over 3 500 businesses and corporations have participated in this programme.

93. While employer involvement is crucial to create openings for disabled job-seekers and, more generally, to change the attitudes towards people with disabilities in the labour market, there still seems to be a "missing link" in many countries between the organisations of the disabled and the service providers on the one hand, and the employers on the other. The Canadian Council of Rehabilitation and Work is an example of an independent organisation aiming to put resources in place to assist employers in their initiatives to employ persons with disabilities. Serving as a "facilitator" between employers and the other players in the field, this type of organisation could contribute to bridging the gaps between e.g. service-delivery systems and employers.

3. The role of the organisations of people with disabilities

94. The organisations of (and for) people with disabilities are usually represented in high-level advisory and consultative bodies concerned with the development of rehabilitation employment policies. As such, although in a limited way, they exert some influence over the formulation of general policies

in Member countries. In Greece, for example, they are more directly involved in the management of certain types of programmes, such as the quota scheme and the centres.

95. However, the formal representation in advisory and other bodies is in many countries supplemented by an even more important role as watch-dogs putting increasing pressure on public authorities to improve the employment possibilities for people with disabilities. Thus, following in the foot-steps of the civil rights movement of Blacks in the 1960s, individual activists and organisations of the disabled in the United States have been a driving force behind major legislative changes in the 1980s.

96. There is some reason to believe that the resources and the special expertise of these organisations are grossly underutilised. A new and promising emerging trend is therefore a tendency for them, as in the United States, to be active on the service-delivery side. The United States Employment and Training Administration (under the Department of Labor) is financing many such organisations to tailor programmes to the needs of people with disabilities. This has resulted in some innovative approaches to expanding the employment opportunities for certain groups. One example is the National Employment Training Program developed by the Association for Retarded Citizens, which has provided more than 40 000 individuals with on-the-job training. Other examples in the United States are the Training and Placement Services assisted by the Epilepsy Foundation, and the Job Opportunities for the Blind, the latter operating a job bank for matching visually impaired individuals with the needs of employers.

97. There are some clear advantages from the involvement of organisations of people with disabilities on the service-delivery side. The consumer-orientation of these organisations might contribute to the development of a less client-oriented and over-professionalised service-delivery system. They have unique knowledge of the special problems persons with certain disabilities encounter, and thus they are in a position to tailor services to the special needs of these groups. The built-in consumer control of organisational solutions implying a greater involvement of these organisations could therefore prove valuable in terms of improving the quality of programmes.

4. Co-ordination of services and inter-agency collaboration

98. Given the complicated divisions of responsibilities and the complex institutional arrangements in this area, it is not surprising that a number of Member countries identify a lack of inter-agency co-ordination and collaboration as a major barrier to the integration of people with disabilities into the labour market. These problems are further accentuated by some major developments concerning the institutional structures in Member countries.

99. One important aspect of the movement towards normalisation and integration is what might be called organisational or administrative normalisation. The removal of many segregative rules has led to a dismantling of administrative bodies and institutions designed to meet the needs of people with disabilities in many areas of life. The systems based on a "whole person" strategy, implying that one institution takes care of the whole range of

service needs, are increasingly giving way to delivery systems where the special service needs of the disabled are taken care of within the machinery serving all citizens.

100. In the Australian Statement of Principles and Objectives under the Disability Services Act of 1986, the trend towards a diversification of responsibilities is clearly stated and even encouraged: "programmes and services should be designed and administered so as to ensure that no single organisation providing services shall exercise control over all or most aspects of the life of a person with disabilities".

101. One example of these emerging trends is the changes taking place regarding the provision of services to people with mental retardation. In Norway, as in many other countries, the special institutions and administrative bodies traditionally serving this group are now being replaced by a mainstreaming of services. This implies on the one hand an extended responsibility on the employment services for providing vocational rehabilitation and employment, and on the other a stronger need for developing new patterns for co-ordination and collaboration at the local level.

102. Thus, a mainstreaming of service-delivery systems often implies a diversification of responsibilities, and as such accentuates the need for co-ordination and collaboration. The challenge is to find a balance between maintaining and diversification of service delivery systems, on the one hand, and the need for policy co-ordination and operational efficiency, on the other.

103. The fact that in many countries institutions and services have tended to develop independently of each other, with no overall plan, has resulted in a fragmented and unco-ordinated system of institutions, agencies, benefits and services. According to the American national report, their system still remains a "scattered collection of primarily welfare-oriented policies and regulations filled with disincentives for individuals with disabilities to work". This is reflected on the institutional level where "a minimal co-ordination exists among agencies".

104. Rehabilitation and employment of people with disabilities requires the formulation, follow-up and evaluation of a clear-cut plan for the individual; a clear division of responsibilities between service providers; and effective and smooth arrangements for co-ordination of activities towards a common goal. The gap between these ideals and the realities in many Member countries seems to be wide. The multiplicity of service-delivery systems -- often with different objectives and "cultures" -- seems to create gaps and duplication in the system as a whole. The result is often late intervention, referrals between services, and ineffective interventions.

105. There are few examples in Member countries of initiatives which attack these fundamental problems. One possible strategy would be a centralisation of responsibilities in one agency. As mentioned earlier in this chapter, Belgium has set up a special public institution for policy development (in collaboration with other departments and institutions) as well as to assume follow-up of individual clients. Some countries have introduced new patterns of co-operation to achieve better integration of the range of services needed

in a rehabilitation/employment process. These generally include a formalization of local collaboration through establishing new bodies at the local level. In Australia, there are plans to set up inter-departmental teams which will operate both in metropolitan areas and in provincial cities. In Sweden, a small-scale project is being launched in which the social insurance, social security and employment offices at the local level share premises and provide joint services to clients. In Norway, local collaboration between the social security offices, the employment offices, and the health services was formalized in 1988 through the setting up of new "Basic Co-ordination Teams" at the municipal level. Although this team model is under evaluation, it is seen as an important step forward in terms of more effective procedures and a more frequent use of the joint financial resources in a more active and work-oriented way.

IV. LEGAL INTERVENTIONS

106. In the Member countries a number of laws concerning employment for people with disabilities regulate the provision of services, the rights of individuals, and the responsibilities of employers.

107. The structure of national legislation in this field varies considerably, as does the emphasis put on legislative interventions in general. Thus, while the United States has recently put into effect far-reaching legislation concerning equal access and equal opportunity, and while France and Germany have tightened their quota legislations, the United Kingdom national report maintains that "the employment prospects of people with disabilities are best served by measures which encourage employers voluntarily to adopt good practices, rather than by imposing further statutory obligations, particular procedures or restrictions".

1. Legislation on provision of services

108. In the following sections, the primary focus will be on legal interventions concerned with equality of opportunity and "equality of results". However, some characteristics of the wide range of legislation providing special vocational services for persons with disabilities should be mentioned.

109. In some countries different laws tend to cover different kinds of services. In the Netherlands, two principal acts cover the field of employment for the disabled, one concentrating on (re)integration into the normal job market, the other concerned specifically with work in a sheltered environment.

110. In other countries the laws target the provision of services at special groups of people with disabilities. One example is the United States Rehabilitation Act, focusing the provision of services on individuals with severe disabilities. Likewise, the Severely Disabled Act of Germany provides for a range of instruments for the creation of jobs and training places for persons with a degree of disablement of 50 per cent or more, including a system of compulsory employment and a compensatory levy, help and counselling at the

place of work, special protection against dismissal, and special bodies representing the interests of the severely disabled at their places of work.

111. Laws are also important tools for changing the composition and direction of rehabilitation and employment programmes. Thus through the 1986 amendments to the United States Rehabilitation Act, newly authorised funds for supported employment were introduced. In the Australian Disability Services Act of 1987 a new basis for policies and programmes was outlined in a set of principles and objectives concerning the provision of services, focusing on the objectives of independence, participation and integration. These general statements provided a basis for more precise specifications of the orientation of services in the direction of e.g. supported employment programmes, competitive employment training and placement-oriented services.

112. It should be emphasized that legislation providing for special services for people with disabilities is often controversial. The possible countervailing effects of these laws have been subject to much debate. On the one hand this enables services to be provided to selected groups; on the other these laws are seen by many as "handicapping" the target groups through the labelling process involved in categorising people as disabled.

113. A range of legal interventions aim to influence the attitudes and the actual behaviour of employers. These laws may, on the one hand, be seen as alternatives to strategies focusing on financial incentives: employers are given responsibilities instead of money. However, in most countries these are in practice supplementary strategies, together forming a "carrot and stick" strategy towards the employers.

114. These legislative interventions could also be placed on a continuum from intention-oriented to more result-oriented laws. We then move from an emphasis on equality of treatment and equality of opportunity to an emphasis on equality of results. Whereas equality of opportunity is basically concerned with behaviour, affirmative action, especially in the form of tight quota schemes, is primarily concerned with outcomes.

2. Equal opportunity legislation

115. Equal opportunity implies that everyone should be treated equally, and that the same opportunities are afforded to all potential employees and existing employees regardless of their individual characteristics.

116. In North America, and especially in the United States, much emphasis is put on legislation in this tradition, either in the form of general laws, or legislation specifically designed to protect the right of disadvantaged groups. The recent Americans with Disabilities Act is probably the most far-reaching legislation in this regard. Expanding the scope of its predecessor, the Civil Rights Act of 1964, the new law prohibits discrimination against persons with disabilities in many areas. Encompassing all private entities that serve the public, it is expected to have a significant impact in terms of accessibility, mobility and employment for people with disabilities. Employers may not refuse a job for a qualified person due to his or her disability, and within reason they are required to alter the workplace to meet the needs of employees with disabilities.

117. One crucial point regarding this type of legislation is the interpretation of legislative expressions such as "within reason" and "reasonable accommodation". As in the Working Environment Acts of Norway and Sweden, these formulations are subject to different interpretations resulting in different opinions among the players involved regarding the actual responsibilities of employers.

118. The government of Canada has two employment equity initiatives to promote a fair and equitable workforce. The Employment Equity Act and the Federal Contractors Program require employers to develop an Employment Equity Program for four designated groups, including persons with disabilities. This law and federal policy combine with federal and provincial human rights legislation to allow special programmes to hire, train and retain workers from designated groups.

119. The focus in this approach is more on process than on outcome. The legislation allows for complete intelligence on designated groups in the federal jurisdiction area, it allows employers to implement equity plans tailored to their circumstance and industry. Other positive aspects are the possibilities for public monitoring and for competition among employers. On the other hand, the lack of clear-cut goals and procedures for determining goal fulfilment might weaken the impact of these laws, as might the absence of an agreed definition of disability. An important factor affecting the impact of employment equity legislation would be the existence of strong consumer movements serving as watch-dogs, testing and challenging the plans and practices of companies.

120. Theoretically there is no clear dividing line between much employment equity legislation and what has been termed affirmative action. However, the latter would imply a focus on equality of results by means of removing barriers or by introducing forms of positive discrimination going beyond equal treatment, thus taking into consideration the differences of various (potential) employees.

3. Quota systems

121. A major strategy for improving the employment possibilities of people with disabilities is by way of quota arrangements. The quota schemes which are implemented in some Member countries vary along many dimensions, such as the degree of enforcement, the administrative arrangements, the sanction or levy system, and the actual quota percentage.

122. The adoption of "softer", less enforced quota arrangements is usually motivated by a) the problems concerning the implementation and follow-up of more rigorous schemes and b) more ideologically or politically motivated reservations with respect to strict employer obligations and interventions in the labour market.

123. Thus, in the Netherlands the quota percentage is viewed as an official target. Having announced a long-term target of 5 per cent of jobs being taken up by people with disabilities, the Netherlands government is considering

imposing compulsory quotas of a minimum 3 per cent and a maximum 7 per cent if necessary steps are not taken to enhance the employment opportunities of the disabled.

124. On the other hand, in the United Kingdom, reliance on persuasion rather than on obligations on employers has somewhat undermined their quota system. Although employers with more than 20 employees are obliged to have a 3 per cent portion of employees with disabilities, the system has been described as "ineffective, unenforcable and outdated" by the House of Commons Public Accounts Committee. The number of persons with disabilities who are registered as disabled and who are employed in organisations which are subject to the obligations of this scheme has declined from 282 000 in 1975 to 97 000 in 1988. As the number of people who have formally registered to be eligible for quota places has fallen dramatically in the same period, there are at the moment actually too few people in the registers for employers subject to the scheme to fulfil their obligation.

125. In Greece, which introduced a quota scheme in 1986, 3 per cent of private sector employees should be persons with disabilities. There is a proposal to increase the quota for the private sector to 5 per cent irrespective of whether there are vacancies or not at the time. In the public sector, the legislation provides for 5 per cent of vacant posts to be reserved for people with disabilities. A special arrangement in Greece is the reservation of 100 per cent of certain categories of posts for people with certain disabilities, such as telephone operator jobs for the blind.

126. In Japan the quota system is based on the idea that all employers are responsible for employment of people with disabilities in proportion to their overall representation in the labour force. By taking as the point of departure those actually in employment and those registered as job-seekers, Japan ends up with relatively low quotas of 1.9-2 per cent in the public sector and 1.6 per cent in the private sector, subject to change at least every 5 years. The Japanese scheme has traditionally been limited to people with physical disabilities, although recent modifications of the scheme have been made to include persons with mental retardation. In 1988, some 200 000 persons were employed under this scheme.

127. Beside the Japanese quota scheme, the German scheme is commonly regarded as the most effective and well-functioning. In 1987 some 800 000 persons with severe disabilities were employed under the German scheme, which imposes a 6 per cent quota on employers with 15 or more employees.

128. As in France and Japan, the German scheme has been somewhat modified in the late 1980s. Persons in in-company training have been excluded from the calculation of the number of persons with disabilities employed, and the compensatory levy was raised from DM 100 to DM 200 per month in October 1990. Furthermore, the special German system of representatives of the severely disabled in bigger firms and administrations has been improved, by clarifying their role in matters concerning the recruitment and employment of the severely disabled. These representatives are said to make a valuable contribution to improving the work opportunities for people with disabilities, e.g. by functioning as advocates for the disabled within the enterprise, and by providing a link to the service agencies.

129. The most recent substantial modification of a quota scheme took place in France in 1988. In addition to introducing a new flat-rate quota of 6 per cent both in the public and private sector, the new arrangements provide for closer links to the employers and the social partners on the one hand, and the sheltered sector on the other. An innovative aspect of the new French scheme is the ways in which the employers may partially or totally fulfil their legal requirements without actually fulfilling the quota. One alternative is to pay a fixed annual contribution to the "Development Fund for Occupational Integration of the Disabled", which, in turn, may allocate resources to employment programmes for persons with disabilities in small companies not covered by the quota scheme. In order to strengthen the links between the sheltered sector and public or private enterprises, employers may, as an alternative, enter into sub-contracting agreements with sheltered workshops. Under a third possibility, enterprises are authorised to fulfil their legal requirements by concluding and implementing company or branch level agreements providing for programmes for recruitment, training or maintenance of persons with disabilities.

130. A number of factors affect the functioning and impact of quota systems, such as the labour market conditions, the structure of rehabilitation services and income maintenance systems, attitudes (e.g. the level of acceptance of the programme by employers), culture and tradition, and the actual design of the system. This implies that the lessons learned in one country are not necessarily transferable to another country.

131. The question of quotas has been keenly debated in most Member countries. As is obvious from the above descriptions, these debates have resulted in different trends in different countries. It is difficult to register clear tendencies regarding quota arrangements at the international level. Thus, in the United Kingdom it is generally agreed by the government, employers and voluntary bodies that their quota scheme is not working as intended. Research was initiated to reveal more precisely the factors contributing to this development, in order to establish a better knowledge-base for decisions concerning the quota scheme. Views on this and other related questions are now being sought in the context of UK government proposals as set out in the Consultative Document "Employment and Training for People with Disabilities". On the other hand, Finland, although recognising the problems associated with these schemes, is considering experiments with quota systems in some public sectors. Belgian legislation recognises the principle of right to employment and stipulates the possibility of compulsory employment. One special working group, composed of representatives of the social partners and of associations of persons with disabilities, has recently rejected the introduction of a quota system in the private sector, partly motivated by a general reluctance to increase statutory obligations. In the public sector, on the other hand, some regulations concerning obligatory recruitment have been enacted.

132. There is no doubt that the quota schemes are instrumental in securing employment for a considerable number of persons with disabilities. In Germany, with a quota of 6 per cent, the average employment ratio in companies covered by the scheme is 5 per cent (4.7 per cent and 5.9 per cent in the private and public sector respectively). In the Japanese private sector, with an imposed quota rate of 1.6 per cent, the actual employment rate was 1.3 per cent as of June 1988.

133. However, the variations within these countries are striking: while some German employers more than fulfil their obligations, 70 per cent failed to do so in 1987, and 30 per cent, mainly smaller enterprises, did not employ any severely disabled persons at all. In the Japanese private sector 48.5 per cent of the enterprises did not fulfil their quota obligations as of June 1988. Thus even in the countries with relatively tight and well-run quota schemes a considerable number of employers fail to meet their obligations.

134. Critics of quota arrangements have pointed to a tendency for quota schemes to draw attention to the disabilities of individuals, rather than to the handicapping conditions or barriers with which they are faced. At least in some countries this criticism rather seems to miss the point. The design of the quota-levy arrangements in Germany, Japan and France tends to make these schemes important vehicles for rehabilitation and environmental modifications, as they are linked with programmes for vocational training and integration of people with disabilities. In Japan, the levy and grant system is used to reimburse employers for the extra costs involved in employing persons with disabilities, e.g. in the form of grants for workplace adaptation. Also, the amendments to the Disabled Persons Act of Germany may be seen as a response to some of these "passive" characteristics of quota schemes. The compensatory levy in Germany is increasingly used to encourage the recruitment and employment of people with disabilities. Much of the revenue from the levy (amounting to DM 305 million in 1987) is thus channelled back to employers in the form of financial assistance for technical aids, workplace adaptations, and wage subsidies.

135. Quota-levy systems may thus be seen as systems for transferring money from employers not complying with the quota, to those either without quota obligations or those making an effort to fulfil their obligations. The result is a form of "carrot and stick" system which includes financial incentives for vocational rehabilitation and employment.

136. However, despite the fact that quota schemes have contributed to securing employment for a considerable number of persons with disabilities in many countries, there are rather different views on this strategy both across and within countries -- and within the Panel responsible for this report. Generally speaking, there are three main lines of argument against quota schemes. First, there are the practical problems concerning definitions, registration and control. Any type of quota system requires a relatively clear-cut definition of disability for determining eligibility, as well as tight regulations for the registration process. A tendency in some countries for "loose" definitions and procedures for registration might easily undermine the goal orientation and accountability of their quota schemes.

137. Second, a prevailing view in some countries is that quota systems are not easily combined with efforts to improve the relations between service agencies and employers on the one hand, and between employers and employees on the other. Quota systems could be seen as implying a division of the labour force into "normal" and "B-team" categories, and furthermore attaching a stigma to the people employed through the quota arrangements.

138. Third, as in the United Kingdom reservations against enforcement of the quota scheme, quotas may be seen as a substantial intervention in the labour market not in accordance with overall labour market policies. Although the

question of displacement of able-bodied workers is not touched upon in the national reports, this might also contribute to reservations against quota solutions.

139. From countries which are in the process of developing a more comprehensive vocational rehabilitation system it is pointed out that quota schemes might be looked upon as a temporary measure, suited for a particular stage of development of society in general, and the vocational rehabilitation system in particular.

V. MAKING THE INDIVIDUAL COMPETITIVE

140. In all countries, measures to enhance the competitive power of individuals with disabilities is a corner-stone of policy. In the following, the focus will be on measures to prepare and train the individual for the labour market on the one hand, and measures which aim at reducing or eliminating the personal impediments associated with a disability on the other.

141. When considering the future development of supply-side measures for people with disabilities, it is important to bear in mind the prospect of an emerging "skills gap" in the labour market, implying a possible future mismatch between an increasing demand for skilled and flexible manpower on the one hand, and an increasing pool of low-qualified would-be workers on the other. While this presents a serious challenge to the development of overall training policies, the demands on the systems providing for rehabilitation and training of people with disabilities will be even greater.

1. The diversity of institutional arrangements

142. The institutional framework for the provision of rehabilitation and training services in Member countries is rather complex, and even a rough outline of the respective institutional structures would go beyond the scope of this report. A range of agencies and institutions are involved in the rehabilitation and general vocational/special occupational training of this group. For example, in France training is provided through the mainstream apprenticeship system, in mainstream training centres, and in a range of public and private centres for vocational rehabilitation and training of persons with disabilities. In Finland, the education authorities are responsible for more basic training in vocational training establishments (vocational schools), including those specifically for persons with disabilities. Supplementary vocational training or retraining in the form of Employment Courses is the responsibility of the Ministry of Labour. In addition, a special vocational course centre has been set up to provide vocational training for persons with disabilities who are difficult to integrate into ordinary settings.

143. In many countries, the rule is for governments to reimburse community organisations and private initiatives for their provision of rehabilitation and training services for people with disabilities. This may in some countries result in a very complex overall system and problems in terms of co-ordination of services. On the other hand, in countries like Japan, Germany, Norway, Sweden and the United Kingdom, the labour market authorities and the employment

services are given a more central role, and are more directly involved in the provision of services. Networks of special centres for vocational rehabilitation and training of persons with disabilities have been set up. The German system may provide an illustration of this approach. Their network includes 21 vocational retraining centres (with some 12 000 places for the retraining of adults) and training centres (with 10 000 places for the initial training of younger disabled people). In the German view, this comprehensive system for vocational training of persons with disabilities makes them adequately equipped to meet future requirements for specialised training services.

144. In some countries there is a trend towards de-institutionalisation and decentralisation of service provision structures. Large institutions for vocational rehabilitation and training of people with disabilities are replaced by smaller and more flexible units which are better prepared to meet the needs of the individual in his or her local community. Developments in Australia, which illustrate this trend are in the process of replacing large metropolitan vocational rehabilitation centres with a more comprehensive network of regional units. Also in Norway resources are being re-allocated from the four main Labour Market Institutes for people with disabilities, to a network of new Employment Counselling Offices at the county level.

2. Mainstream vocational training

145. Consumer and advocacy organisations increasingly call for access to mainstream services which serve the whole population, while maintaining that these services should be delivered in a way which recognises and accommodates the specific needs of people with disabilities. The governing principle should be "more of the same" in integrated settings, rather than meeting the special needs of individuals with disabilities by developing segregated training programmes.

146. A step towards this goal would be to integrate people with disabilities into schemes offering vocational training and other services to larger portions of the population. An illustration of this approach would be the Canadian Jobs Strategy, which includes a set of programmes offering assistance to a number of groups characterised by low labour market participation. However, it is worth noting that persons with disabilities represent only 1.7 per cent of the participants in these skills-enhancing, work experience and subsidy programmes in Canada. This suggests that this group has some difficulties when competing for places in programmes which are targeted at disadvantaged groups in general, including the long-term unemployed, immigrants and hard-to-place young people.

147. In order to encourage participation of people with disabilities in mainstream vocational training programmes, a number of countries have introduced special support services, special financial arrangements, and other provisions. In Greece, where 10 per cent of the places in ordinary vocational training courses are reserved for people with disabilities, special arrangements have been made to facilitate participation for this group, such as an extension of the length of time one can attend courses.

148. Another example is the Australian provision of a range of allowances and grants to help persons with mild disabilities integrate into some of the mainstream labour market programmes. In their labour market training programmes known as JOBSTART and JOBTRAIN, which provide for wage subsidies and vocational training courses, the proportion of people with disabilities was 16 per cent and 8-9 per cent respectively in the period 1987-1988. In the United Kingdom, vocational training for people with disabilities is provided largely within mainstream Training Agency work experience and vocational training programmes such as the Youth Training Scheme (YTS) and the Employment Training (ET) scheme. YTS offers up to two years training and work experience for young people and ET one-year training for the long-term unemployed and other target groups. Integration of individuals with disabilities into these programmes is backed up by a range of measures, such as special funding based on individual training needs, a relaxation of age requirements and of the stipulated training period, and special grants for work-place adaptations and work aids. In addition, special introductory schemes have been set up for development of basic skills and a more gradual familiarisation with the world of work.

149. The United Kingdom figures show that people with disabilities represented 3.2 per cent of the participants in YTS and 12 per cent in ET in 1988/89. Examinations of these programmes have pointed to a number of possibilities for improving the take-up of people with disabilities, such as improved staff training and staff ratios and special provisions to accommodate people with mental illness.

150. In Sweden 22 per cent of those taking part in "ordinary" labour market training courses in 1988 had a vocational disability. Special training allowances are offered to people with disabilities who take part in these courses.

151. Also Finland and the Netherlands are increasingly paying attention to the many advantages offered by participation in mainstream vocational training programmes. The Netherlands have set a goal of doubling the intake of individuals with disabilities into their apprenticeship training system. The plans include more flexible module-based courses which take into account the specific needs and aptitudes of young individuals with disabilities.

152. The many promising developments in Member countries in regard to integration of people with disabilities into mainstream training schemes may be seen as consistent with the general move towards "administrative normalisation" of services for people with disabilities described in Chapter III. The overall goals of normalisation and integration suggest that this is an avenue which should be further pursued in the 1990s.

3. On-the-job training

153. Another trend in the vocational training of people with disabilities is towards more on-the-job training in ordinary work environments. Training agencies and institutions in a number of countries increasingly provide for trial work training periods in ordinary working life as a supplement to specialised training services in "artificial" environments, thus bridging the

gap between special training schemes and ordinary work. The possibilities for a gradual progression into ordinary employment are enhanced, and a transfer of work-related skills from special training environments to ordinary working life is facilitated.

154. While many countries report an increasing interest in on-the-job training, there are few indications as to the actual quantitative developments in this area. German figures reveal that nearly two-thirds of all trainees with disabilities assisted by the Federal Institute of Employment were undergoing in-company training at the end of 1987. On-the-job assessment and vocational work preparation is also a major component of the services of the Japanese Local Vocational Centres. Furthermore, Japan is introducing new special schemes for on-the-job training of persons with disabilities. In Belgium, a scheme called the "Special Apprenticeship Contract" is considered particularly successful. According to the latest figures available, it leads, in 71 per cent of cases, to real employment. During the period of apprenticeship, the person with disabilities receives wages, and is admitted to the social security system, just like other employees.

155. The introduction of a number of programmes providing for time-limited wage subsidies (see Chapter VII) also illustrates the emphasis put on on-the-job training in Member countries. However, the wage subsidy schemes are usually not supplemented by follow-up services or specific on-the-job training programmes. This lack of accompanying specialised services may be a weak point of many wage subsidy programmes, and may contribute to the low placement rates from these schemes into non-subsidised employment. A recent German report revealed a special employer concern for adequate preparation and follow-up support, and stressed the importance of supportive assistance to achieve access to in-company training for persons with disabilities.

156. The possible shortcomings of traditional wage subsidy schemes may indicate a need for models which combine wage subsidies and intensive (initial) on-the-job training. The "passive" nature of wage subsidy schemes can be contrasted with programmes which explicitly focus on systematic training in the initial stages of employment. In order to enhance the opportunity for job attachment, a number of programmes under the Canadian Vocational Rehabilitation of Disabled People umbrella are geared to providing ongoing training during the initial work experience. Not least, the rapidly expanding programmes for supported employment (see Chapter VII) in North America provide an illustration of models in which follow-up services, support and systematic on-the-job training are the primary concern.

4. Problems and challenges in vocational rehabilitation and training

157. The country reports give few indications as to the actual outcomes of training measures for people with disabilities. Sweden reports that 15.7 per cent of the participants at their Employability Institutes found non-subsidised work in 1987, while 21.2 per cent got work with a wage subsidy. A follow-up study of those leaving the Employability Institutes revealed that 47 per cent of those categorised as vocationally disabled were in employment after one year. Surveys of the German vocational training and retraining centres show that on the average the proportion of persons in employment one year after completion of training has exceeded 70 per cent for many years.

This high placement and job maintenance rate is in part attributed to the continuous introduction of participants to modern technologies, and to an increased emphasis on short periods of on-the-job training.

158. Although there are examples of programmes with good results in Member countries, there are a number of issues concerning rehabilitation and training of persons with disabilities which deserve further attention.

159. First, the programmes for rehabilitation and vocational training of persons with disabilities are subject to pressures from two sides: on the one hand, general economic and labour market developments lead to an increasing demand for skilled workers. On the other hand, changes in the composition of the target group make rehabilitation and vocational training increasingly difficult.

160. Thus Japan, while developing a network of regional and local vocational centres in the 1980s, has experienced an increased need for more advanced methods for assessment and training due to an increase in the number of persons with more severe and diversified disabilities. In response, Japan is in the process of establishing a General Vocational Centre for the development of more sophisticated rehabilitation and training methods and for training of specialists.

161. The overall importance of systematic assessment and counselling should not be underestimated. It is critical to the formulation of an individual rehabilitation and training plan to identify the current level of attainment, the motivation and the potential of the individual. To ensure a good match between the individual and the training, it is crucial that the persons with disabilities themselves take part in the development of their own personal action plan.

162. Second, a weak point of many programmes for rehabilitation and training is a traditional bias towards persons with primarily physical disabilities. The German report explicitly points to the fact that their comprehensive network of vocational rehabilitation institutions for adults with disabilities are not all equipped to train persons with other than physical disabilities (the situation is different as regards the initial training of young people with disabilities). At the same time the tendency in Germany, as in other countries, is for vocational rehabilitation and training programmes to take in persons with mental illness and mental retardation in increasing numbers.

163. A third point concerns the kind of training which is offered to people with disabilities. Several countries point to a traditional orientation of rehabilitation and training programmes towards industrial manufacturing work which is not in accordance with trends in the composition of jobs in the labour market. The new possibilities for job openings within an expanding service sector are so far not reflected in the general orientation of most training programmes. In addition, there might be a need for more variation in training programmes to meet the needs of a rather heterogeneous target group. The excellent results in a new Japanese scheme may illustrate this point. This 8-week pre-vocational work preparation scheme for persons with mental illness or mental retardation lacking basic vocational skills, habits and attitudes, resulted in 73 per cent of the "leavers" moving into open employment in 1988.

164. For many people in general, and probably many people with disabilities in particular, the major barrier to access to the labour market may not be a lack of job-related skills, but rather a lack of job-seeking skills. Therefore, the development of programmes for improving job-search skills could become a valuable supplement to the traditional rehabilitation and training programmes. Furthermore, these programmes aim at encouraging independence on the part of the participant to increase his or her participation in the employment process. In the United Kingdom special help has been given to facilitate participation in the Jobclub programme, resulting in 10 000 participants with disabilities in 1987/88.

5. Workplace adaptation and technical aids

165. In most Member countries public grants are available for technical aids, special workstation devices and other forms of support to assist people with disabilities into employment, and to minimise the impact of the impairment on their productivity. In some countries the extra expenses involved in modifications of work environments, remodelling of work facilities and special equipment are covered by the social insurance systems, while in others the employment services or public rehabilitation agencies are the responsible bodies.

166. Few studies have addressed the question of the actual need for these types of services for people with disabilities. Canadian surveys indicate that for 10-25 per cent of disabled workers some alterations have been made in regard to the physical environment, modified duties, working conditions, work schedules, etc., to accommodate their limitations. However, there are indications in a number of the national reports of considerable under-utilisation of the know-how in this area in general, and of technical aids in particular. This is reflected in a generally low take-up of public provisions in this area. For example, a Finnish programme providing for special work equipment covered only 50 cases in 1988. A recent Norwegian study revealed a very low take-up of available social security benefits to finance adaptation of the workplace through use of technical aids.

167. A general lack of expertise in the agencies involved in this field may be one factor which contributes to this under-utilisation. Another problem is the absence in many countries of an efficient machinery for circulation of technical aids.

168. A third problem concerns the co-ordination of efforts to increase the interest and the competence in the possibilities for technical aids and workplace adaptations. In some countries a number of public and other agencies are involved in identifying the needs for special aids and in the provision of services. An example of a less fragmented system is the United Kingdom arrangements, which include technical consultants employed by the Employment Service (ES), a Disablement Advisory Service (also under the ES) which maintains a data-base of some 400 aids to employment, and machinery for distributing equipment available on loan. In 1987/88, some 4 200 persons with disabilities benefited from the Special Aids to Employment Scheme in the United Kingdom.

169. Another problem concerns the availability of information and advice regarding technical aids and workplace adaptations. The European Handinet system is one initiative which addresses this question. Another is the Job Accommodation Network System in the United States and Canada, which could prove a promising way to overcome the information problem. The purpose of this system is to provide useful and accurate information on how to overcome limitations in the workplace for individuals with disabilities. A data-bank has been developed with input from employers who have experience with workplace accommodations. A toll-free information line ensures access for employers who need advice and examples of successful solutions at other workplaces. The fact that three out of four of the accommodations suggested in the data-bank cost less than \$100, suggests that much could be achieved and at low costs in terms of job retention and integration by way of relatively simple systems for exchange of information.

170. With respect to computer-based technologies and new computer-based aids to promote employment of people with disabilities, the general impression is that there is a lack of co-ordinated efforts in most countries to explore possibilities in this area. However, Sweden has initiated a number of projects to develop computer-assisted work for people with disabilities, and reserves SKr 32.5 million in fiscal year 1989/90 for computer-based technical work aids.

171. An interesting development in this area is the United Kingdom concept of "open learning", which includes forms of computer-based learning in which the trainees control their own learning process. As this approach offers possibilities for flexible and even home-based training, it is specifically targeted at persons with restricted mobility and persons who are intermittently incapacitated.

6. Transition programmes for young people with disabilities

172. Although there is a definite skewing of the disabled population towards the upper age categories, the importance of adequate services to assist young people with disabilities into the labour market should be emphasized. The result of a lack of appropriate services for this group is often a life-long career as income-maintenance dependants. Therefore, increasing attention should be paid to programmes which aim at preparing and introducing young people with disabilities to the labour market in general, and programmes which aim at assisting young people with disabilities in the transition phase from school to working life in particular.

173. The transition phase starts while the young person with disabilities is still in school. It is imperative that measures are taken at this stage to provide adequate preparation through vocational assessment, guidance and special training/job familiarisation programmes.

174. In some countries an extension of the school-leaving age and high age limits for granting permanent disability income support have been introduced to prevent premature pensioning of young people with disabilities. However, the crucial point will be the implementation of active measures to assist this group in getting a foothold in working life. Such measures would on the one hand include special accommodation to provide for participation in mainstream

youth vocational training programmes, and on the other specifically tailored transition programmes for young people with disabilities.

175. As indicated in Chapter VI, a major objective in most Member countries is, as far as possible, to ensure access to mainstream transition and vocational preparation programmes. The special provisions available under the United Kingdom Youth Training Scheme (described above) illustrate measures within mainstream programmes resulting in a fair take-up of people with disabilities. Also under the Australian Traineeship System, offering a combination of on and off-the-job training for 16 to 18 year-olds, special provisions are made to promote the participation of people with disabilities. These include extra financial incentives for the employers, traineeship access courses, and special assistance for the blind and the deaf. Participation of persons with disabilities is estimated at 2 per cent of training commencements, roughly reflecting their representation in the youth labour force.

176. However, for a number of young people with disabilities, highly specialised employment-promoting programmes are necessary to ensure labour market integration. The supported employment models (see Chapter VII) in the United States and Canada have proved to be a most promising development in this regard. Also in the United States, special Transition Planning Grants for Handicapped Youth provide for statewide transitional planning projects in three states, with the objective of developing models to assist disabled youth in the transition from secondary school to vocational rehabilitation and employment.

177. Another example of a programme specially designed to meet the needs of young people with disabilities is the Australian Disabled Apprentice Wage Subsidy Program, implemented to assist disabled youth into apprenticeship by way of a relatively high subsidy level.

178. In 1986/87 Sweden introduced a special programme to counteract the tendencies for early pensioning of young people with disabilities. Some 3 000 persons aged 16-29 have so far been offered vocational rehabilitation and training through this programme. By Spring 1989, some 20 per cent were employed in sheltered enterprises or in the ordinary labour market, while 8 per cent were in training/education. Recently, more emphasis has been put on the co-operation between the schools and the employment services, in order to develop models for the transition from education to the labour market for young people with disabilities.

VI. SHELTERED EMPLOYMENT PROGRAMMES

179. Within the framework of demand-side approaches, the following focuses on the development of a special sheltered labour market for people with disabilities. In addition, some possible future directions for the creation of jobs for this group are briefly discussed.

1. Descriptions of systems

180. The concept of sheltered workshops or enterprises covers a wide range of facilities geared towards providing people with disabilities with jobs in a protective environment along with their disabled peers. These establishments vary with respect to administrative structure, financing, target groups, salaries, and productivity. The common feature is the content of work: with few exceptions, sheltered employment implies manufacturing industry, often on a sub-contract basis, and sometimes involves the employment of persons without disabilities to support production and improve the working environment.

181. The most common administrative solution adopted in Member countries is for the government to sponsor either local authorities or voluntary agencies to provide sheltered workplaces according to some specified criteria. A typical example is the Netherlands, where the local authorities -- and to a certain degree the local employers and employees organisations -- are responsible for developing and running the sheltered establishments. In Belgium where some 20 000 people with disabilities are employed in 156 workshops, most initiatives are private in origin and have to meet strict conditions to get subsidies.

182. In Sweden and the United Kingdom, the central government is more directly involved. In Sweden the state-owned Samhall Group controls some 338 workshops with 30 400 workers with disabilities, while in the United Kingdom, the 94 state-owned Remploy factories employ some 8 800 people with severe disabilities. In addition, in the United Kingdom 127 sheltered workshops are run by local authorities or voluntary bodies.

183. One advantage of umbrella or consortium arrangements could be better possibilities for co-ordinated and more effective assistance to the enterprises. In Sweden a parent company is responsible for overall management, financing and co-ordination of the enterprises. In the United Kingdom, a special unit within the Employment Service offers advice and assistance regarding business opportunities, new products and technical advice.

184. As a rule, sheltered employment programmes are open to all persons, irrespective of type of disability. However, although there is a lack of data from some countries, the composition of the group employed varies considerably. One main reason for this is the different administrative and financial systems adopted in different countries. Thus, in the relatively low-cost Canadian workshops, 70 per cent of the workers are persons with mental retardation and in Belgian workshops this group represents 80 per cent of the workers, while in the Norwegian sheltered enterprises this group constitutes only a minor portion of the labour force.

185. The fact that the dominant sheltered programmes might not reasonably be able to accommodate all disabled groups has prompted some countries to set up special workshops (or departments within workshops) to meet the needs of people with special types of disabilities. In Germany, special departments with appropriate forms of assistance are designed for the mentally impaired. To accommodate people with mental retardation and other low-productivity groups, Norway is in the process of expanding the system of Work Co-operatives, in which workers are paid a small wage on top of their disability pension.

186. In the United Kingdom, the productivity of the would-be sheltered worker is the main eligibility criterion. There, sheltered employment programmes are open to persons with a productive output between 30 per cent and 80 per cent of a non-disabled person doing the same job. In order to achieve a balanced intake policy, the Netherlands divides applicants into four groups (people with physical/mental/psychiatric/other disabilities) to ensure equal opportunity for all groups to enter sheltered workshops.

187. In both Norway and Sweden, the workers in sheltered enterprises are organised in the appropriate unions and generally earn the same as workers in ordinary enterprises within the same branch. Also in the Netherlands, the workers should have the same pay as in the non-sheltered sector. The relatively well-paid and heavily subsidised jobs in these sheltered enterprises can be compared to the German sheltered workshops, where workers earn an average of DM 220 per month, which in many cases necessitates additional social assistance benefits. In Canada, a minimum wage is the rule. And in Belgium also there is a system of minimum wages in which workers are classified in five categories. Workers in the highest category earn wages which equal the minimum wage in open industry. (However many sheltered workshops in Belgium pay more than the minimum wage.) In the United Kingdom and Finland average earnings in the sheltered sector are roughly half the national average for manual jobs. In Australia, the government-financed Sheltered Employment Allowance equals the invalidity pension, while the workshops provide an additional limited amount.

188. The systems for government financing of sheltered establishments also present a complicated picture. The relatively straightforward Norwegian scheme applying a per capita principle, contrasts with, for example, the Canadian system involving federal or provincial contributions according to the content of the programme -- e.g. how much training is involved. Also, the level of subsidy varies considerably. In Sweden, government contributions in 1990/91 equalled 109.6 per cent of wage costs (with ordinary wages paid), while in other countries the public contributions per worker are far more modest.

189. In Norway and the Netherlands (the latter spending Gld 3 billion annually in this sector), an increase in government expenditures in this sector has prompted a re-design of programme structure to bring the finances of sheltered employment under control. In both countries a strategy of decentralisation of responsibilities has been implemented, giving more responsibility and autonomy to the local authorities who are running the programmes, implying a more goal-oriented central government involvement.

2. Criticisms of sheltered programmes

190. The issue of sheltered employment has proved to be controversial. It involves, on the one hand, the kinds of services that sheltered workshops or enterprises provide and, on the other, conceptual, as well as practical, strategy issues of whether sheltered segregated work can realistically provide a suitable training ground so crucial to preparing persons with disabilities for economic and social integration.

191. The low levels of wages, accompanied by poor job protection and uncertain worker status and work-contracts, have given rise to much criticism in some countries. In Germany, consideration is now being given to these issues.

192. Another major criticism regarding some sheltered work schemes, raised e.g. by the Australian Handicapped programmes Review in 1985, is the unchallenging and inappropriate work frequently found in workshops, often along with poor working conditions. Repetitive and boring work is qualified as "counterproductive" in the Canadian report.

193. However, the major criticism regarding sheltered programmes concerns the issue of segregation versus integration in general, and the problems associated with placement into open employment from sheltered programmes, in particular.

194. It was, in part, through the workshop and sheltered enterprise systems that early progress to competitive employment was achieved. Traditionally, sheltered employment was designed to provide work training and other services, in order to enable the individual to acquire work skills and enhance his/her competitiveness before moving on to open employment. However, this has proved to be a rather difficult task.

195. Sheltered employment usually has two explicit goals: offering permanent sheltered work to people with disabilities; and developing the working capacity of participants who can be brought to a productive level compatible with ordinary work. These dual aims seem to give rise to some conflict of function in most sheltered workshop/enterprise systems: on the one hand, they claim to be production units, and as such, productivity, earning power and ordinary work conditions are emphasized. On the other hand, they are training institutions or centres, with a focus on improving the work capacity of the participants. The one function easily becomes the "excuse" for the other. One result of this built-in dilemma might be that a number of individuals with potential for open employment are being "trapped" within a setting which hampers increased independence and participation in ordinary working life.

196. A major concern in a number of countries is thus the low placement rates from sheltered programmes. In Canada, 3 per cent of people who have been in workshops for more than two years are likely to find competitive employment. In Norway, Sweden and the United Kingdom the annual placement rates (numbers placed in open employment as portion of total workforce) are 5.4 per cent, 4 per cent and 1 per cent respectively. Belgium reports a 2.2 per cent annual rate of transfer to open employment. Also in the abovementioned Australian review, the lack of access to other work opportunities and the (permanent) segregation from non-disabled workers was criticised.

197. While this is a common theme in the country reports, the poor placement results are attributed to different factors in different countries, reflecting the differences in the design of programmes. The conflicting demands of productivity and training is one major barrier, while in countries like Norway and Sweden, the relatively high levels of wages in the sheltered enterprises offer few incentives for workers with disabilities to progress into ordinary employment. Also, a subjective fear on the part of the workers at leaving relatively safe and familiar environments would be an important factor in hampering turn-over and placement.

198. The above indicates a pressing need for special arrangements to bridge the gap between sheltered employment and ordinary employment. In response some countries have, in recent years, developed special transition programmes and

programmes focusing on follow-up and support for persons who are placed in open employment.

199. In Australia a re-orientation of policies in favour of placement-oriented programmes as a supplement or alternative to traditional sheltered work is under way. On the basis of the new Disability Services Act of 1986 Australia has introduced a transition phase, providing extra funding for organisations offering sheltered work in order for them to provide more diversified services such as supported employment in ordinary work-settings.

200. The Netherlands also stresses the need to bridge the gap to open employment, and underlines the importance of systematic identification and training of sheltered workers with prospects of moving on to ordinary employment. The setting up of special training units in some sheltered workshops in the Netherlands, focusing on elaborate assessments may be seen as a step towards the early selection of candidates for the open labour market.

201. The plans in many U.S. states for the transformation of sheltered employment programmes into assistance and support in open employment is a move in the same direction. Organisations providing sheltered work in the United States, such as the Goodwill Industries, are increasingly offering additional services such as supported employment programmes (see Chapter VIII for further description of these programmes). In the United Kingdom, the introduction of the Sheltered Placement Scheme in the mid-80s is regarded as a way of developing alternatives to traditional sheltered work.

202. A new development in Sweden is the built-in workshops in ordinary industry. While still employed by the Samhall group, the workers in these units gain experience with ordinary work environments.

203. The above examples indicate that there are attempts in many Member countries, although in rather different ways, to bridge the gap between sheltered and ordinary employment.

3. Trends in sheltered employment

204. In countries like Canada and Sweden there has been a significant expansion of sheltered programmes during the last decade, partly as a response to the number of persons moving out of institutions and the need for services to follow special educational and training programmes. Germany, with a voluminous sheltered sector (about 120 000 places) emphasizes a need for even more sheltered work-places due to the age structure of those employed and low expected future turn-over rates. In addition, demand for workshop places for mentally disabled persons is expected to rise in the future. In Greece, where sheltered employment programmes had not been developed previously, the labour market, health and social authorities are now in the process of planning an institutional framework for sheltered workshops.

205. Countries with expanding sheltered programmes maintain that the alternative for individuals with disabilities would not be open, integrated employment, because of the simple fact that the labour market is not open to this group, even in a situation with a future general manpower shortage.

Furthermore, those in favour of further development of a sheltered sector tend to argue that some groups simply cannot work under normal conditions.

206. On the other hand, Norway and the Netherlands have more or less frozen the expansion of a sheltered, segregated sector, partly due to financial considerations and partly due to the problems in this sector pointed out above. Still other countries tend to look for supplementary or alternative solutions (Australia, the United States, the United Kingdom and, to a certain extent, Canada). The tendency in these countries is to strive for higher turn-over and move towards "opening up" sheltered employment programmes, as indicated in the previous sections.

4. Other demand-side initiatives

207. The strong bias of sheltered employment programmes towards manufacturing industry has spurred some initiatives in Member countries focusing on the provision of service-oriented jobs. Thus, Sweden is in the process of exploring the possibilities for service jobs within the framework of the Samhall Group. In Norway, the basic idea of the rapidly expanding network of Work Co-operatives in the Public Sector is to couple work-crews of people with disabilities with unmet service needs in the local community. Also, under the umbrella of supported employment, a number of projects in the United States and Canada take as a point of departure the unmet need for services in the local community.

208. Under the ILE programme of the OECD the new possibilities for job creation within the service sector have been considered. It has been pointed out that within OECD countries the service sector has been the major source of new jobs during the last 25 years. It is further pointed out that some new service needs of both households and enterprises are inadequately met and that potential for job creation and new activity are un- or under-exploited. On the basis of the often narrow range of occupations traditionally available to people with disabilities, it would be important to explore the possibilities and constraints regarding the job creation potential for this group in this particular area.

209. Another avenue to follow might be the provision of financial and other assistance to help people with disabilities set up their own businesses. Such legal and financial assistance to create "self-help firms" for people with disabilities is currently being developed in Germany; some 90 firms have been established providing about 900 workplaces, mainly for persons with psychiatric disorders. However, the United Kingdom seems to be the country which has most systematically explored these possibilities. In 1988 6 900 persons with disabilities made use of the mainstream Enterprise Allowance Scheme, which provides a weekly grant for the first year of a person setting up in business. Although evaluations of the performance of people with disabilities in this scheme are lacking, rough estimates indicate that their success rate is as high as that of their non-disabled peers.

VII. INCENTIVES AND DISINCENTIVES FOR LABOUR MARKET INTEGRATION

210. In theory, the whole field of employment policies for people with disabilities could be approached from an incentive/disincentive angle. The arrangements, service systems and programmes serving people with disabilities could be seen as attempts to influence the motivation and behaviour of the principal target groups, namely the employers and the population of people with disabilities. On the other hand, one of the problems facing persons with disabilities is the attitude of other workers and incentives can hardly be designed to encourage them to change their attitudes.

211. However, the incentive element is more prominent in some programmes than in others. While recognising the wide range and various forms of financial and other incentives involved in this policy field, we will here focus on some major avenues for assisting placement in ordinary employment of people with disabilities. The first two strategies, wage subsidies and supported employment, although having a common objective, differ considerably in terms of the type of incentive or assistance involved. Thus, the financial incentives involved in various forms of wage subsidy schemes are contrasted with the intensive follow-up efforts within the supported employment approach. Finally, the focus will be on some major disincentives to work which are built into the design and functioning of many income support schemes. In terms of incentives, this implies a shift in perspective from the employer side to the options with which individuals with disabilities are faced.

1. Purpose and structure of wage subsidy programmes

212. The rationale behind the various forms of wage subsidy schemes is, simply stated, to compensate for lower (initial) productivity on the part of the new employee, and/or for the costs associated with special training and supervision. However, from the perspective of the new worker (and the public authorities) this is not only a way of creating job openings by reimbursing employers, but also a measure to build up "human capital" through work training and work familiarisation, thus enhancing their competitive positions in the labour market.

213. A common feature of most wage subsidy schemes is the imposed time limitations. The maximum periods vary from one half year, as in Australia, up to three years, as in Norway. The subsidy levels and target groups vary considerably, both within and across countries. In Germany, employers can obtain labour cost subsidies of up to 80 per cent of wages for recruiting mentally or physically disabled persons with severe impairments, or disabled persons over 50 years of age. The Australian JOBSTART programme provides subsidy payments for employers in the private sector who provide jobs for members of disadvantaged groups, among them the disabled. In France and Belgium, wage subsidies are used to compensate for the gap between minimum pay and actual productivity, thus ensuring the individual with disabilities a minimum wage. In Japan also, a number of measures for subsidising employers have been introduced. Within the Job Applicant Employment Development System, the portion of wages which is subsidised varies with the degree of disability and the size of the enterprise. The Japanese Job Adaptation Training System

provides up to one year of on-the-job training and job familiarisation through the provision of a fixed sum per month. In addition, in connection with the quota-levy system, employers who employ more than the legally required number of persons with either physical disabilities or mental retardation are paid a fixed monthly sum per worker indefinitely.

214. A more indirect way of compensating employers for engaging and employing persons with disabilities is to grant such employers reductions in their tax liabilities. Thus, The Targeted Jobs Tax Credit in the United States provides tax credits to employers against the first year's wages paid to newly hired workers with disabilities. In Japan, in addition to the more direct wage subsidies, various forms of preferential tax treatment are provided for those who employ persons with physical disabilities or mental retardation.

215. In all the above-mentioned countries, the dimensions of these schemes are relatively modest. In the Nordic countries, however, they are seen as a major strategy to assist persons with disabilities into the open labour market. In Finland, two different schemes provide subsidies for 8 000 workers in open employment, while the average numbers of participants in subsidised jobs in Norway is roughly 3 500. In both countries, the subsidy level is higher in the initial stages of employment.

216. Sweden stands out from other countries both in terms of the dimensions of the subsidy system, and by the fact that their schemes are not limited in time. Following a substantial increase in the number of places within these schemes in the 1980s, 44 000 individuals with disabilities -- or nearly 1 per cent of the working population -- are presently placed in subsidised jobs in Sweden. A reform of the system is now being planned to provide greater flexibility in subsidy levels and time limitations.

2. Outcomes of wage subsidy schemes

217. Considering the dimensions of these schemes, especially in the Nordic countries, the lack of evaluative efforts is striking. Regarding the time-limited subsidy schemes, whether defined as short-term start-up support or more long-term job familiarisation programmes, there are few indications of overall programme performance or long-term outcomes.

218. There are indications, though, that the proportion of people with disabilities in these programmes who actually enter open employment, is probably not lower than in other disadvantaged groups on the labour market receiving similar subsidies.

219. The problems of permanent labour market integration following participation in subsidy programmes seem greater in the public sector than in the private sector. In Finland and Norway, both with higher subsidy levels in the public sector than in the private sector, inflexible hiring practices and personnel regulations in the public sector seem to create problems in terms of job retention after withdrawal of subsidies.

220. The impact and effectiveness of job subsidies in general has been subject to much debate. The attraction of wage subsidy schemes among employers has sometimes been questioned, as has the value of trial work-periods after

which there may be few possibilities for more permanent employment. A possible tendency for this financial incentive in fact to create a disincentive for employers to retain employees with disabilities for whom there are no subsidies has been debated. There is also the possibility that the existence of a subsidy from the state increases the reluctance of some employers to participate either because of fears about the bureaucracy involved or because of "branding". However, it is not possible to address these questions in a meaningful way on the basis of available material.

221. The possibility of over-subsidising employers for hiring slightly marginal workers might also pose a problem, especially in schemes with high and/or fixed subsidy levels. Sweden, in the process of re-examining its wage subsidy schemes, is considering new arrangements for increased selectivity in which subsidy levels reflect the real needs of the individual rather than type of employer involved. There seems to be a need in other countries also for examinations to be made of rigidities hampering the economic performance of subsidy schemes, and for thorough investigations of the performance and outcomes of these schemes.

3. Permanent subsidies and combinations of wages and benefits/pensions

222. The absence of labour market programmes involving more permanent financial subsidies for the employment of persons with disabilities, indicates certain reservations in most countries regarding permanent compensation to the employer for lower productivity on the part of employees with disabilities.

223. At the same time, most countries have experienced a marked increase in expenditures for passive income support programmes. As part of a movement towards more active and work-oriented ways of utilising income maintenance funds, the possibilities for spending "passive" money in non-traditional and work-oriented ways have been focused on in a number of countries. In e.g. Norway, experiencing a sharp increase in the number of persons on disability pension, this has been pointed out as one of the main avenues to follow in order to change the work-active/passive ratio within the working-age population. More specifically, Norway has developed systems in which disability pensioners are allowed to work full time in open employment and combine partial benefits with partial wages on a permanent basis. Similar systems for combinations of pensions and wages are currently being examined in Australia.

224. This system attacks the traditional "either-or" relation between paid work and income maintenance schemes by allowing for combinations of wages and pensions. In Norway it is seen as a promising way of encouraging employers to retain workers who develop health problems or disabilities, as well as motivating those already on passive income support towards integration. Exploring the possibilities and barriers in regard to combinations of wages and pensions/benefits would seem to be one way to counter the threat of a larger proportion of the working-age population depending on income support.

4. Supported employment models

225. One of the most interesting and promising developments on the vocational rehabilitation scene in recent years, is the supported employment (SE) approach. Like a prairie-fire sweeping the North-American continent, the SE model -- or what may be called the SE movement -- has set out to change traditional lines of thought and established rehabilitation and employment practices. In the United States more than 1 400 programmes had been established by the end of the last decade, assisted by amendments to the Rehabilitation Act which provided for funding of a number of programmes and projects to promote SE models. In Canada, by mid-1988, 152 programmes supported a total of 2 400 persons in individual job placement.

226. Supported employment, simply stated, is the provision of extra supervision and assistance for individuals with (often severe) disabilities to perform a normal job in open employment. As with all new workers in a specific job, special guidance and support is needed, especially in the initial phases, depending on both the person and the job characteristics. Adhering to the normalisation principle, SE advocates maintain that the model implies just "more-of-the-same", taking into consideration the individual needs of people with disabilities. The governing principle regarding the amount of support and assistance provided, is that "you get what you need", nothing more and nothing less. This principle applies to both employer and employee. The support provided under these services may be quite intensive and is maintained at the level necessary for the person involved to stay in a job. Instead of compensating the employer for the lower productivity of the worker with a subsidy -- as in the wage subsidy schemes -- the emphasis is on a guarantee that the job will be done, with the help of job-coaches employed by the placement agency, who train, assist and support the worker in the work situation. Accordingly, normal minimum labour wages are the rule within supported employment programmes.

227. In many ways, SE challenges the traditional ideologies and practices of rehabilitation/employment services. Clients previously categorised as "hopeless" with regard to labour market integration and even workshop employment, are being placed in ordinary jobs with non-subsidised wages under SE programmes. In short, traditional lines of thought as to who can actually work, where persons who are severely disabled can work, and what they can produce and achieve at the workplace, are challenged.

228. A distinctive feature of this approach is the emphasis on the relationship between the individual and his/her surroundings or environments, and not on the disabilities "inherent" in the individual. Thus, with its focus not on individual deficits but on environmental arrangements which may minimise the disabling or handicapping effects of impairments, the modern interpretation of disability as a relation between individual characteristics and situational and environmental factors is manifested in practice. Tests and assessments are usually carried out only to match the individual with a specific job or job type, and not lead to decisions to exclude the person with disabilities from all employment.

229. The focus on abilities rather than on disabilities implies a more optimistic attitude towards the potential and labour market possibilities of the disabled. By these means the tendencies in the rehabilitation community in many countries to have low expectations and to be defensive in the face of the deterioration in the labour market in the 1970s and 1980s, have been and are being called into question by the supported employment model practised elsewhere.

230. The emphasis on preparing the individual which has dominated the service delivery philosophies for many decades is challenged by the straight-forward placement-orientation of the supported employment models. The "training, then work"-principle is replaced by "work, then training".

231. Not least, the traditional focus on financial support in the placement process, described in the previous section on wage subsidy schemes, is being challenged. The supported employment programmes focus on professional and "human" support. The financial "admission tickets" are replaced by close supervision and other follow-up efforts.

232. Taking as a point of departure the traditional exclusion of individuals with severe disabilities from the employment sphere, the SE advocates, especially in the United States, have set out to put the emphasis in these programmes on severely disabled people who are in need of extensive support, assistance and follow-up to obtain and retain paid employment. Also, in all countries which have implemented supported employment programmes (mainly the United States, Canada and Australia) the focus is on young people with disabilities. The supported employment approach is seen as a major avenue to achieve labour market integration of school-leavers with disabilities.

233. Still in its infancy, the concept of SE is subject to different interpretations and much debate. A somewhat wide definition includes enclaves and work-teams under the supported employment heading. However a narrower definition excludes all models but placements of one up to three persons together within an ordinary work setting. The latter definition illustrates the strong ideological component in most supported employment programmes. The normalisation and integration principles, in their most radical interpretations, are the main point of departure. Accordingly, SE is considered by many as an alternative to traditional, segregated sheltered work. Some states of the United States have already made plans for SE programmes to integrate into open employment most of those presently in sheltered workshops. From more traditional or conservative quarters, this is often regarded as over-ambitious. It has been argued that supported employment dominance is stretching the "least restrictive alternative" principle to its limits -- and perhaps beyond its limits. As this issue is at the moment subject to much debate, the situation is perhaps most diplomatically summed up by the Canadian national report, stating that "despite the advantages of the approach, it would be premature to suggest replacing all of the segregated vocational services with supported employment programmes".

234. Considering the relative infancy of most supported employment programmes, it would be premature to draw any conclusions regarding benefits and outcomes. However, ongoing evaluations indicate that through this approach, it has been demonstrated that a considerable number of persons with

even severe disabilities are able to succeed in jobs beside their non-disabled peers -- contrary to the expectations of many professionals, service deliverers and society in general. Canadian research indicates good or excellent integration in 80 per cent of the cases studied. Although this may be a step forward for provision of services to all individuals with disabilities, the American experience is that it has been most effective with more severely disabled, and especially persons with mental retardation, autism, severe physical disabilities, chronic mental illness and traumatic brain injuries.

235. Also in financial terms, it is still difficult to evaluate the impact of supported employment programmes. In the United States, research shows that these programmes, still in the initial high-cost phase, are markedly cheaper than traditional day centres, and especially than sheltered employment. However, it is expected that supported employment programme expenses will decrease considerably as programmes mature and the need for support diminishes.

236. An interesting development along the same lines is the Sheltered Placement Scheme introduced in the United Kingdom in 1985. This programme provides flexible financial support to make up for possible deficits in performance, together with support from an outside agent to overcome particular problems as they arise. Involving a "sponsor" with a formal employer responsibility (usually a sheltered enterprise or workshop) and a "host" organisation providing the work, this scheme has expanded from 1 000 places in 1985 to a current 7 000. The wages paid are the same as those paid to the host's ordinary employees. The host pays according to the output of the individual, while the sponsor provides the remaining pay up to 100 per cent. Although only 2 per cent of the workers leave the programme annually for ordinary work contracts, this scheme is seen as a promising and more cost-effective way of employing people with disabilities than traditional sheltered employment, with potential for considerable expansion. It has proved to be especially attractive to young people with disabilities.

237. The fact that large numbers of people, often with severe disabilities, work successfully alongside non-disabled colleagues, may not least have some wider and more indirect impacts on the commitment of service providers, the self-perceptions and ambitions of people with disabilities, and on the attitudes of employers and society in general. As optimistically stated in the United States report, given adequate technical and community support, "virtually all individuals, regardless of the complexity of their disability, are able to perform valued work beside their peers".

5. Disincentive structures

238. Having outlined two main incentive strategies for creating job openings in the previous section, this section will bring into focus some major disincentives which discourage people to increase their economic independence and realise their potential for work. More specifically, some disincentives built into the design of income maintenance arrangements will be scrutinised.

239. Income support transfers are usually provided within the framework of a public or private social insurance system (earnings-related); systems for compensation for work-inflicted impairments or sicknesses, or as social assistance (usually means-tested).

240. It should be emphasised that the incentive properties of the wide range of income support systems in the Panel countries vary considerably. While some public social insurance and assistance schemes tend to encourage passivity and dependence, others, such as the Canadian workers compensation schemes to be discussed in Chapter VIII, appear to have a built-in financial incentive structure with great potential for both preventive and rehabilitative interventions. A crucial point seems to be the degree to which the employers are directly confronted with the social costs of moving people into passive income maintenance schemes.

241. In addition to a lack of built-in incentives for employer interventions, the design of many public income maintenance systems presents the individuals with disabilities with financial and other disincentives for moving into work. This feature of some large income maintenance systems is generally considered a major barrier to enhance the labour force participation of people with disabilities. The problem is further accentuated by two important characteristics or developments associated with these systems.

242. Firstly, there is a tendency in all countries for pensions or benefits which are provided on a permanent basis to become an end station. People enter the income maintenance systems in large numbers, never to return to the sphere of work. They remain frozen in a state of dependency, even if their potential and motivation for work, and the external labour market conditions, may change considerably over time. Very few rehabilitation or employment schemes are targeted at persons on permanent income maintenance.

243. Secondly, as pointed out in Chapter II, there might be a tendency for some major income maintenance programmes for people with disabilities to serve other policy purposes. While ostensibly granting e.g. permanent disability pensions for medical reasons, the driving force behind an increase in the passive income support population may in fact be labour market considerations or retirement policies. Thus, marginal groups with more diffuse and non-medical problems are allowed into income maintenance systems from which there is no clear outlet.

244. Both the above trends point to the crucial importance of removing the barriers for movement out of these systems. Some of these barriers are discussed in the following.

245. First, especially in the countries with the most rigorous eligibility criteria and procedures, the difficulties involved in being recognised as disabled in order to qualify for a pension could pose some serious problems for reintegration into work. Rigorous formal standards of inability to work may in fact induce applicants to exaggerate their impairments and discourage them from seeking rehabilitation or employment. In e.g. the United States and Canada, applying a so-called Substantial Gainful Activity Test (a particular level of monthly earnings, which the individual should be prevented from earning due to his or her impairments) as a means to decide eligibility for cash benefits, the time and energy spent on proving one's eligibility possibly make it difficult to motivate the individual for a return to work. In fact, as the criteria for eligibility state that the person cannot pursue any substantial gainful occupation, any attempt to promote vocational rehabilitation might imply risks of losing entitlement to benefits.

246. Second, when the same agency and professionals are responsible for both the disability and eligibility determination in regard to income support systems, as well as the initiation of possible rehabilitative actions, these problems will be accentuated. A process focusing on disabilities and work-limiting characteristics, is combined with a process necessarily focusing on the abilities and potential of the individual. The resulting confusion with respect to goals and expectations could seriously hamper the possibilities for work-oriented interventions.

247. Also, the labelling process and the strengthening of a sickness identity involved in such procedural arrangements should not be underestimated. As pointed out in the national report from Finland, there is a tendency for service systems to "maintain the clients dependence and feeling of inadequacy to master his own situation, though the goal of rehabilitation is just the opposite". Thus, the apparatus set up to assist individuals with disabilities may become part of the problem, rather than part of the solution.

248. Fourth, certain inflexibilities of income maintenance systems lead to low motivation for trial periods in ordinary working life. On the one hand, lack of administrative flexibility in terms of opportunities for moving in and out of pension or benefit systems may discourage both the would-be worker and the service providers. On the other hand, inflexible rules imposing tight restrictions on what earnings are allowed on top of benefits is also identified as a major problem in terms of labour market reintegration in a number of countries.

249. A fifth problem concerns the "fringe benefits" which in some countries are linked to income maintenance payments. As an example, Canadian studies show that the many disabled persons who require large amounts of drugs are unable to accept any type of job because they risk losing their drug benefits from social assistance. A low to moderate salary could not cover these expenses. Also in the United States, with an automatic Medicare or Medicaid coverage of beneficiaries, this has been identified as a major barrier for people with disabilities to move on to work.

250. Finally, the generosity of benefits or pensions would be a most potent variable in terms of the attraction of income maintenance systems. However, this aspect has not been very widely stated, either in the national reports or in the international literature on employment policies for the disabled in general. Apparently, sensitive issues concerning what is the desirable gap between income maintenance payments and potential salaries are not explicitly on the agenda in the OECD countries. Involving a delicate balancing of incentive considerations on the one hand, and humanitarian welfare concerns on the other, this may be a hard question to address. However, the incentive properties of different income maintenance payment levels deserve more attention in further studies in this field.

251. The impact of the disincentive aspects of income support systems sketched above will depend on the actual design of the system. However, all countries are challenged by some of these barriers to work for people with disabilities. The traditional gearing of income maintenance systems towards passive solutions, rather than on work-enhancing efforts, is a common problem. It would seem imperative that persons with disabilities are not "trapped"

within income support systems. The tendencies for these safety nets to turn into passivity traps should therefore be actively countered by removing disincentives for rehabilitation and work, and generally by providing for more flexibility in the interface between the labour market and income support systems.

252. A recent Swedish report stresses the importance of more flexibility along the active/passive dimension, both in terms of the incentive for the individual to move in the direction of work, and in terms of improved possibilities for spending money from the social security systems in an active manner. Measures have recently been introduced to encourage disability pensioners to go on work trials. In the United Kingdom there are plans for new provisions through the social security system (the Disability Employment Credit) which would not only remove some of the financial anxieties for many people with disabilities who would like to work, but actually promote their independence by financially supporting them in work.

253. In the United States this has been a much focused theme, and steps have been taken to dismantle the disincentive structures of their income support arrangements. Their point of departure has been the principle that no person entering employment should be in immediate danger of losing the supports which have been essential to his or her living situation. Thus, under the Social Security for Disabled Individuals (SSDI) programme, several changes have been made, including possibilities for a 9 months work period without affecting benefits, with coverage of medical expenses for at least 39 months following a trial work period, and automatic re-entitlement to benefits if earnings fall below a particular threshold. Within the means-tested Supplementary Security Income (SSI) income support programme, provisions have been made for more flexible and work-oriented arrangements, including allowing the beneficiaries to earn money without their eligibility for benefits being terminated, and possibilities for setting aside money if a plan for achieving self-support has been set up.

VIII. PREVENTING MARGINALIZATION -- EARLY INTERVENTION STRATEGIES

254. According to the national reports, the issues of prevention and early detection/intervention are a major concern in most countries. As the pressure on the income maintenance and rehabilitation systems increases, the spotlight is put on strategies to prevent the onset of disabilities and marginalization and exclusion from the labour market of long-term absentees and employees who develop vocational disabilities. In Finland, for example, the pressure on the pension systems and the prospects of a future manpower shortage have spurred plans for a more active manpower policy (a movement from an "employment policy" to an "Active labour policy"), with an emphasis on e.g. making the work environment safer and more attractive, and measures to retain marginalized workers in the workforce. However, as this is a very complex field involving many policy areas (work environment policy, accident prevention, workers compensation, etc.), we will limit ourselves to briefly touching upon some of the main issues and strategies.

255. Experience from preventive and early-intervention programmes reveals that many people who develop a disabling condition and subsequently enter the income support population could remain in the workforce given adequate help and follow-up while still in employment. Furthermore, many research projects have shown that early information -- preferably while the person still has a work contract -- is a most cost-effective and efficient strategy for rehabilitating people back into working life. The economic benefits from prevention and early intervention could therefore be considerable.

256. A range of legal interventions, financial arrangements, and programmes for public financial support have been introduced in Member countries to encourage the employers' and employees' own prevention and rehabilitation efforts. However, in spite of the many statements on the crucial importance of counteracting the tendencies for an increasing number of persons to enter the disability income maintenance schemes, the general impression is that the action taken in this area is relatively modest. For example, in many countries there are no real incentives for employers to retain their marginalized workers (there are more incentives in place to hire new workers with disabilities). Furthermore, there are few comprehensive public programmes in place with the objective of encouraging employers and employees to improve the working environment and to initiate early rehabilitation measures.

257. Accordingly, there is a strong need to further explore possible incentive systems and programmes that might function as catalysts for joint employer and employee initiatives at the work-place. It should be emphasised that the value of public programmes in this area to a large extent depends on the impact they have on the initiative and activity of working life itself -- that is, on the employers/employees and their organisations on different levels. In the following, we will take a look at a selection of initiatives and programmes in Member countries, in order to indentify some possible directions for further policy development in this field.

258. Attempts to induce employers to retain their marginalised workers by means of legislative provisions seem so far to have yielded mixed results. The Working Environment Acts of Sweden, Norway and the Netherlands -- and the Vocational Rehabilitation Act of United States -- require employers to ensure best possible working conditions, and to take measures to enable the employee to retain suitable work. In the Netherlands a lack of initiatives to set up good working environment policies has been reported from many companies. The impact of this type of legislation so far is rather doubtful. The lack of an accompanying sanction and enforcement system is one problem, as is the unclarity of the letter of the law. The employers' interpretation of "reasonable" provisions seems, in particular, to have somewhat undermined the intended impact of this type of legislation.

259. Public agencies may also take on a role as consultants to help develop employer and employee initiatives. In the United Kingdom, special units within the Employment Service have been set up to e.g. give advice and guidance to employers to retain workers with disability or health problems. Consultative services will be a major component in the new and far-reaching Swedish initiative aimed at working environment improvements and early rehabilitation activities. By imposing a temporary duty on employers -- making it mandatory to pay 1.5 per cent of wage costs for a period of 16 months ending

December 1990 -- 11 billion SEK will be raised to finance a Working Life Fund. The Fund will allocate grants to projects based on employer and employee initiatives which aim at follow-up of long-term absentees, reducing absenteeism, and working environment improvements. In addition there are plans for 1 200 new employees in the Employment Services to work on preventive activities in companies on a consultative basis.

260. The design of income support systems in general, and the special workers compensation arrangements in particular, are of crucial importance for the possibilities for successful preventive and early-intervention actions. For example, the financial incentive systems built into many worker compensation schemes may affect employers' attitudes and behaviour. Some of the most outstanding examples are probably the workers compensation schemes in Canadian provinces which in a sophisticated way confront the employers with the social costs of work accidents and occupational sicknesses. Through a system of "Experience Rating Assessment" employers pay premiums according to the performance of both their branch and their individual company. These contributions provide funding for the Workers Compensation Boards, which pay out cash compensation and pensions to workers injured at work, and to those suffering from industrial diseases. One of the main intentions with this system is to make it in the interest of the employers -- who not only finance the boards, but also are active in their administration -- to concentrate a major part of their action on the prevention of accidents, improvement of the working environment, and early rehabilitation and reintegration. Thus in many Canadian provinces systems are in place for the provision of a comprehensive range of work-enhancing services for those injured or incapacitated at work.

261. Spurred on by the sharply increasing costs of financing national disability pension schemes, other countries have started reviewing the incentive mechanisms embedded in their social security arrangements. Both Norway and the Netherlands are in the process of discussing differentiated employer contributions to the national social insurance scheme according to their actual performance regarding the exclusion of individuals incapacitated at work.

262. In some countries the design of more general public income support arrangements offers certain advantages in terms of possibilities for early detection and early intervention. For example, the Norwegian national sickness benefit system -- which registers and monitors all workers on sickness leave from an early stage on -- forms the basis for a newly introduced system for "early warning" after three months. New regulations have been issued concerning the follow-up of persons on sick leave with new procedures, more personnel resources, and new collaborative patterns between local public agencies to support the reintegration of persons in danger of more permanent exclusion from the labour market. In the Netherlands also a system for early "punctuation" of income support careers has been introduced, in which assessment and guidance is offered to an increasing number of persons during their first year of sickness.

263. Yet another strategy is to establish an organisational "infrastructure" within the enterprise for the promotion of preventive and rehabilitative activities. The Japanese labour market authorities have initiated a project to encourage the creation of so-called Promotion Teams in enterprises to help disabled employees adapt to and retain their jobs. In addition, establishments

employing five or more persons with disabilities should assign a Vocational Life Consultant for the Physically Disabled to assist disabled employees in various ways. In e.g. Norway and Sweden, the Working Environment Acts call for working environment committees to be set up in enterprises with more than 50 employees. These committees -- or their rehabilitation sub-committees -- should also focus on internal rehabilitation of workers.

264. In order to motivate enterprises and support their efforts in this area, some countries have introduced special subsidy programmes for in-company rehabilitation activities. The Netherlands has recently introduced a subsidy scheme for employers who engage experts to help them draw up their own working environment policy. In Norway, financial assistance from the employment services is based on a binding standard agreement with the employer. The employers are required to develop systematic routines for in-plant rehabilitation in order to receive financial aid in the form of wage subsidies or grants to internal training workshops. In Japan, wage subsidies are provided when employees with disabilities receive ability development training.

IX. THE CHALLENGES AND POLICY RESPONSES

265. Employment policies for people with disabilities are not developed in a vacuum. Having outlined the labour market situation for people with disabilities and some of the main strategies and programmes which have been implemented in Member countries, we now bring into focus some social trends which will affect future policy formulation. These major challenges for development of policies serve as a point of departure for a discussion of some ways of thinking -- or "ideologies" -- which permeate this area, and a rough outline of some major strategies or policy responses.

1. The challenges

266. Policy responses must be flexible and adapted to changing environments. Certain social and economic developments which should be taken into consideration and given special attention in the development of sound employment policies for people with disabilities can be identified.

267. First, general economic and technological change gives rise to new employment structures and qualification requirements. Planning and creative skills are gaining in importance, and more complex qualifications are required. Traditional industrial work/manufacturing is generally in the decline in developed countries, and there is a reduction in jobs of a more routine nature in these sectors. Simple manual skills are becoming less important.

268. Simultaneously an expanding service sector might open up new possibilities for the disabled. The traditional orientation of rehabilitation and employment programmes for people with disabilities towards industrial and manufacturing jobs and work tasks should thus be re-examined. The potential of future service sector growth is still not reflected in the general orientation

of the systems set up to assist people with disabilities into employment. Accordingly, an important task in the years to come would be to develop flexible rehabilitation and training systems which could adapt to changes in the composition of jobs in the labour market.

269. The introduction of information technology in the world of work is a second development with far-reaching implications for the employment opportunities of people with disabilities. Whether this development is positive or negative is still unclear. On the one hand new technology in general, and information technology in particular, is changing the nature of job tasks in ways which might negatively affect the labour market opportunities for many people with disabilities. On the other hand, the range of special aids to both training and employment is extended, implying new options and opportunities, especially for individuals with physical disabilities.

270. Third, prolonged structural unemployment poses serious problems for the employment of people with disabilities. High unemployment rates, with large proportions being long-term unemployed, create a pool of non-disabled manpower serving as a "buffer" between people with disabilities and employment. Also, the large sums of money devoted to labour market programmes for the unemployed in general might hamper an expansion of measures specifically targeted at people with disabilities.

271. Another impact of high unemployment rates must be to increase the number of persons in need of measures designed for people with disabilities, due to the documented effects of long-term unemployment on the general health of the individual.

272. These impacts of high and continuing unemployment tend to result in an accumulation of people with disabilities both inside and outside the labour force. Although few studies have focused on the ways in which individuals move between different income support and service delivery systems, an increasing pressure on both active and passive measures for people with disabilities could be envisaged.

273. A fourth important development affecting the employment situation of people with disabilities takes place in the educational sector. The trend in most countries is away from segregated, special schools for people with disabilities, towards integrated school settings in which the "least restrictive environment" principle is a fundamental guideline. Improvements in the educational opportunities for persons with disabilities have some implications for the apparatus set up to assist school-leavers into working life. The new generations of better-educated young people with disabilities will be much better prepared for an active life in the workforce. It is reasonable to speculate that higher expectations for an active life will lead to increasing consumer demands for labour market participation. Second, the simple fact that these young people with disabilities are accustomed to integrated settings in the school system will lead to higher expectations for integration into ordinary employment: why be integrated in the schools, and then segregated in working life?

274. A fifth development concerns health care systems. The strong movement for transferring individuals with e.g. mental retardation or psychiatric problems back into their communities has so far left an important question

unanswered: what do we offer those returning from institutions in terms of opportunities for becoming productive and contributing members of society? The fact that "hidden unemployment" among these groups traditionally excluded from working life is becoming visible in local communities, will certainly increase the pressure on both politicians and service providers to enhance their employment opportunities.

275. Finally, when looking at the long-term prospects for the people with disabilities on the labour market, one of the most important issues which should be taken into consideration is what has been called "the demographic time-bomb". Demographic developments give rise to different, although inter-connected concerns: a possible future manpower shortage hampering economic growth could be envisaged. Furthermore, a changing ratio of the active/passive population results in fewer people working to meet the needs of a growing passive population with high demands for income support and health services. The prospects of a sharp increase in the proportion of the old and the elderly give rise to concern about the economic burden laid on the shoulders of a shrinking active population. Finally, with a skewing of the workforce towards the upper-age categories, an increase in the number of persons with disabilities in the working-age population could be envisaged.

276. These possible developments underline the importance of removing the disincentives to work for the working-age population and for encouraging and assisting more people at the margin of the labour market to participate in it. Measures geared towards employment for people with disabilities could thus contribute to an increase in labour supply on the one hand, and on the other to a reduction in the number of economically dependent persons on passive income maintenance programmes.

277. In some countries these demographic challenges are already seen as a major point of departure when future policies for the employment of people with disabilities are developed. Envisaging a future tightening of the labour market due to demographic and labour market trends, United States authorities expect employers to be more motivated to reach out to persons with disabilities and other marginal groups on the labour market.

278. However, a possible increase in the demand for marginal groups in the labour market does not necessarily imply that there is an easy way in for these groups. The United States national report describes a future scenario with "a surplus of people without the skills demanded by a highly competitive, information-based economy while a growing number of higher skills jobs go begging at the same time. This is becoming known as the "skills gap" and sets up a scenario for waste of human potential and breakdown of labour markets". In this perspective, the challenges on the supply-side of the labour market will be considerable. The development of adequate policies for training people with disabilities, and providing them with necessary accommodation and supportive services will thus be of crucial importance for the future employment opportunities of this group.

2 Some "ideological" points of departure

279. The social trends outlined above suggest some of the challenges facing policy makers in this field. Another angle from which to approach the development of policies is in terms of some basic "philosophies" or ideologies which seem to heavily influence the choice of strategies and the composition of programmes. Considering the lack of systematic evaluation activities in this field (see below), the development of programmes may be seen as less a result of a "trial-and-error" process singling out the most successful interventions and programmes, than of underlying political and professional assumptions, preferences and goals. Therefore, some "philosophical" points of departure which are central to present policy developments are outlined below.

280. In some countries the goal of full employment or "employment for all" seems to be the central point of departure. Although all Member countries would agree with the ultimate goal of labour market integration of all persons able to work, including people with disabilities, an explicit commitment to an "employment for all" policy seems to influence the resources put into this particular policy area. The countries emphasizing an "employment for all" policy also tend to argue that a low level of general unemployment is a prerequisite for labour market integration of marginal groups in the labour market. A general structural shortage of jobs is pointed out as maybe the most important impediment to labour market integration of people with disabilities.

281. Sweden may serve as an example of a country which stresses the "work line", implying an emphasis on active employment measures rather than on cash benefits. As a result, Sweden has nearly 80 000 subsidised jobs for people with disabilities in sheltered and open employment. Furthermore, vocational rehabilitation and employment services for people with disabilities are seen as a composite part of overall labour market policies.

282. A second important point of departure for policy development is the concepts of normalisation and integration. As stated by the United States National Council of Disability, an overall goal is to achieve "a maximum life potential, self-reliance, independence, productivity, and equitable mainstream social participation in the most productive and least restrictive environment".

283. However, while all countries would easily subscribe to these general goals and guide-lines, the concepts of normalisation and integration are subject to different interpretations. Normalisation, in its more radical interpretation, implies that there is no such thing as abnormality. All people are different in many ways and that is what is normal. Accordingly, the primary concern should be the difficult task of adapting societies to the needs of different people. The focus should be on the removal of barriers in society rather than on "normalising" the individual. According to the Japanese national report, normalisation implies that "societies have an obligation to make their general physical environment, their social and health services, their educational and work opportunities, as well as their cultural and social life ... totally accessible to disabled persons". In line with this approach, "independent living" has developed as both a concept and a programmatic thrust in e.g. the United States. The basic idea is for people with disabilities to exert control over their lives, based on the choice of acceptable options that minimise reliance on others in making decisions, and performing everyday

activities. The focus is on supportive programmes and environmental accommodation which allows people with disabilities to have opportunities and seek goals open to the general public.

284. The tendency in many countries to meet the needs of individuals with disabilities through mainstream programmes would be in accordance with the normalisation principle. A radical interpretation of this principle may also be found in e.g. the supported employment "movement" in the United States. The tendency in countries like Australia, the United States, Canada and UK to develop alternatives to traditional sheltered work may be seen as a manifestation of the normalisation principle. Thus, the "radical" interpretation of the concepts of normalisation and integration implies that "economic integration" through e.g. sheltered employment is no longer enough: the primary goal of all services in the labour market field should be ordinary, open employment. In this regard, an interesting approach has been developed in Japan, based on so-called "third sector" activities. This development has followed the realisation that existing measures were unable to promote the open employment of considerable numbers of persons with severe disabilities. "Third sector" activities are the result of joint ventures between private enterprises and local public authorities under which businesses employing persons with severe disabilities in high value-added activities are set up. The greater part of the necessary capital investment (51 per cent) is made by the private sector and 49 per cent by the public authorities.

285. A third ideological trend which could become influential in the 1990s is based on a consumer policy perspective. In Australia, a new "consumer outcomes focus" has resulted in an increased interest in the accountability of services and a change in overall policy orientation in the late 1980s. In the United States, the organisations of people with disabilities have introduced the idea of providing the rehabilitation client and would-be worker with more service options, by re-allocating resources from the service provision systems to the individual. The idea is to give the individual more freedom of choice by making it possible for him or her to purchase services according to perceived needs and preferences. An essential aspect of this strategy would be a new sort of relationship between the consumer and the service providers. By making it possible for an individual with a disability to pay for and choose between different types of services, many of the problems associated with the traditional client role could be overcome.

3. The strategies

286. The many problems and barriers facing people with disabilities in the labour market would indicate that a many-pronged attack is necessary to improve their possibilities for employment. Accordingly, as will have been apparent from the discussion of programmes and measures in the previous chapters, a set of strategies has been adopted in the Member countries, including;

- assessment and counselling to establish skills, aptitudes and needs;
- rehabilitation and training to enhance the competitive powers of the individual;
- legislation to secure equal access and equal treatment;

- legislation requiring the employers to reserve a specified number of jobs for people with disabilities (quotas);
- financial and other incentives to encourage integration into the ordinary labour market;
- encouraging employers and other involved parties to take voluntary action to facilitate employment of people with disabilities;
- developing a special sheltered labour market for people with disabilities;
- work environment/health and safety improvements and early rehabilitation interventions to prevent marginalisation and exclusion from the labour market.

287. As indicated in the previous chapters, the importance attached to the various strategies or policy responses varies considerably from one country to another. Although all countries have the common objective of facilitating the integration of people with disabilities into the labour market, the differences regarding means allocated to this objective are striking. For example, the United States emphasis on individual rights and legislation focusing on the elimination of barriers, is in contrast to the Swedish policy in which subsidised employment for people with disabilities is a corner-stone. Both these approaches are in turn very different from some other countries' reliance on legal interventions under a quota system, through which employers are obliged to reserve a certain percentage of jobs for persons with disabilities.

288. Thus, the avenues chosen to improve the labour market situation of people with disabilities differ considerably from one country to another. Another general impression in this field is that the policy developments -- at least in the last decade -- are not characterised by daring leaps or radical changes. They could best be described as "more-of-the-same". This continuity at the national level is illustrated by the recent introduction of new and far-reaching legislation in the human rights tradition in the United States; by the steady increase in the number of subsidised jobs in Sweden during the 1980s; and by the recent focus on modifications and improvements of quota-levy arrangements in Germany, Japan and France.

289. However, there are signs in some countries of a re-orientation of policies. In e.g. France, UK, Finland, Australia, and the United States, major examinations of policies have been (or are being) carried out in order to provide a basis for new initiatives. The point of departure for these policy reviews is indicated in the United States report, stating that "a uniform, consistent national policy has not been developed. As a result, many of the laws, regulations and funding conflict with each other, and create significant disincentives to employment, self-sufficiency and integration with non-disabled peers".

290. The Australian initiatives are perhaps the best illustration of the new thrusts in this area. Old practices and "ways of thinking" have been questioned through some major reviews of social security and vocational rehabilitation policies. The reviews found services to be inflexible, poorly

funded, inadequate and offering few opportunities for persons with disabilities to make choices and exercise control. Against this background, Australia is in the process of introducing a combination of measures known as the Disability Reform Package (DRP). This involves changes to the eligibility criteria for disability income support, and a removal of disincentive structures at the intersection between income support systems and training/employment programmes to encourage testing of work potential and work trials. Measures to improve the co-ordination of policies have been introduced, e.g. by combining the resources of agencies by setting up cross-departmental teams to ensure systematic assessment and planning in rehabilitation. Simultaneously, the programmes for rehabilitation services and labour market training are being expanded. Another Australian development is a sharper focus on flexible services which aim at integration and placement into ordinary paid employment. Thus, the Disabled Services Act of 1986 is followed up by a significant expansion of the Supported Employment and Competitive Employment Training and Placement programmes.

4. Some issues concerning the evaluation of programmes

291. The relatively sparse indications regarding evaluation studies and evaluation results in the national reports would suggest that few countries have put stress on developing a policy for systematic and continuous evaluation of interventions and programmes in this area. Furthermore, a certain imbalance between the considerable sums of money spent on vocational rehabilitation and employment programmes, on the one hand, and the resources devoted to evaluation activities on the other, is indicated. Generally speaking, the focus has been on monitoring the costs and dimensions of programmes, rather than on programme performance and programme outcomes.

292. The apparently low importance attached to evaluation is perhaps partly attributable to general theoretical and methodological problems in evaluation of employment training and social programmes. A recent OECD expert conference addressed these questions and pointed to a number of difficulties and "pitfalls". While the fundamental importance of control-group strategies to reveal outcomes of measures was stressed, the ethical and financial problems raised by this approach were also pointed out. Another problem concerns the "yardstick" with which to measure programme outcomes: should the emphasis be on economic, social, political or humanitarian outcomes? A third problem concerns changes in "programme environments" - e.g. how to take into consideration changing economic climates or changing labour market conditions when analysing and interpreting evaluation results.

293. A special problem with respect to the evaluation of vocational rehabilitation and employment programmes for people with disabilities concerns the objectives and goals of programmes. Relatively clear-cut goals would be a prerequisite for meaningful evaluation of programme outcomes. Programmes in this policy area tend to have many explicitly stated objectives - e.g. many sheltered workshops offer both permanent sheltered employment and employment training for placement into ordinary employment. This poses great problems for the evaluation of programmes. More emphasis on precise definitions of programme goals and more singleness of purpose is therefore called for.

294. A more precise formulation of programme goals would also provide a basis for a sharper focus on, and more resources put into evaluation activities in Member countries. The theoretical, methodological and practical problems concerning evaluation of programmes should not prevent governments and agencies from encouraging more evaluation to be "built into" the design of programmes.

295. In a policy field characterised by institutional complexity and an array of programmes, co-ordination of evaluation activity is essential. Some countries have responded to the obvious need for more coherent research and evaluation by establishing institutions with overall responsibility in this area. For example, the United States National Institute on Disability and Rehabilitation Research is administering the research programme authorised by their Rehabilitation Act, and co-ordinates all federal programmes and policies relating to research in rehabilitation. Japan is in the process of establishing a new national centre (General Vocational Centre) with the objective of developing research and innovative rehabilitation methods. The idea is also for this centre to disseminate and spread research and pilot project results to those providing services to people with disabilities throughout the country.

296. In a situation with an increasing number of people entering the income support programmes, special attention should be given to research into the financial costs and benefits of "active" and employment-oriented interventions. However, few countries seem to have launched research projects to investigate the possible economic benefits of rehabilitation and employment programmes. A Swedish report examining the costs and benefits of wage subsidy schemes, and a Norwegian cost-benefit analysis of a sheltered enterprise, both indicate that these programmes might be rather lucrative investments for public authorities. However, the question of the "profitability" of rehabilitation and employment measures for people with disabilities is complex. The theoretical assumptions and the models and methods for these types of analysis are still vague and need to be developed further. Also, an analysis of the socio-economic performance and impact of programmes involves more than just isolated cost-benefit analysis of single measures. The broader socio-economic environments in which this policy field is embedded must be taken into consideration. Although there is reason to believe that vocational rehabilitation and employment promotion programmes have yielded substantial social benefits, costs in the form of e.g. reductions in work effort and displacement of more productive workers by those with lower productivity, need to be studied further.

297. A general lack of demonstrable results and economic benefits may be one of the main barriers for a future expansion of employment-promoting programmes for people with disabilities. More emphasis on evaluation and on the public accountability of rehabilitation and employment programmes is therefore essential for future policy development. In the present situation, policy responses and programmes seem to be developed on the basis of political and professional preferences -- and on assumptions regarding programme impacts -- rather than on actual knowledge of programme performance and outcomes.

298. However, as mentioned in the previous section, it is worth noticing that some countries have given priority to broad reviews of overall policies in recent years. In these exercises the parties involved in the rehabilitation

and employment field are invited to participate in examinations of programmes and policies. An example of this approach is the major review by the Netherlands of their Handicapped Workers Employment Act of 1987, focusing on in-company interventions, the impact of collective labour agreements in this field, and, more in general, the performance of all agencies and bodies of concern. When the results of the investigations are available, further actions and interventions will be considered, e.g. the question of imposing a compulsory quota in (branches of) industry.

299. Another example of such a major, self-critical exercise is the ongoing United Kingdom strategic review of the full range of Employment Department measures for people with disabilities. The review will examine the effectiveness and efficiency of current measures, and include surveys of the labour market situation of the target group and more in-depth reviews of the schemes available to help people with disabilities in employment and training.

X. THE DEVELOPMENT OF POLICIES -- A SUMMARY

300. As indicated in the previous chapters, there is great variation in regard to the strategies and composition of measures in Member countries, with respect to the direction in which national policies are moving. A rather complex international picture emerges from our description and analysis of policy responses.

301. On the other hand, the problems and challenges facing governments and service delivery systems are more uniform across countries. Increasing demands on the productivity of the labour force, accompanied by a decrease in the number of simple manufacturing jobs which have traditionally been offered to people with disabilities, might imply additional problems for the labour market participation of this group. On the other hand, changing demographic patterns leading to a possible future manpower shortage, and an expanding service sector with new job openings for people with disabilities, point to new possibilities for labour market integration. Simultaneously, a de-institutionalisation and mainstreaming of services within the health sector, and an integration into ordinary schools and generally improved educational services for people with disabilities, might indicate a future increasing pressure on the vocational rehabilitation and employment service systems.

302. The point of departure is a participation rate for people with disabilities which is considerably lower than, and in some countries only half, that of the non-disabled population. It is generally agreed that the work potential of people with disabilities is grossly underutilised and that this affects not only the individuals concerned, but also the economic performance of societies. At the same time an increasing portion of the working-age population is excluded from the workforce due to health and disability reasons. To counteract these tendencies and even reverse the process is a considerable task and would imply a many-pronged attack on the wide range of barriers to employment for people with disabilities, and a mix of instruments to assist and encourage the labour market integration of this group.

303. A growing imbalance between expenditures on income maintenance schemes on the one hand, and vocational rehabilitation and employment schemes on the other, raises the question of whether resources would not be more effectively used -- in terms of both the welfare of the individuals and the national economy -- if allocated to work-promoting measures rather than simply being used to pay compensation. To pave the way for a re-allocation of resources, more research on the financial resources devoted to active and passive measures is called for, along with a much sharper focus on the impacts and the accountability of rehabilitation and employment measures.

304. A need for more co-ordination of all policies which affect the labour market participation of people with disabilities is an overriding concern. As noted in the United States national report, it is imperative that there is a closer and more active co-ordination of social, labour market and education and training policies.

305. The task of identifying and removing the barriers and disincentives involved in moving from passive income support into employment is also of special importance. The "passivity trap"-nature of many income support arrangements is a major hindrance for many people with disabilities to utilise their productive capabilities. The challenge is not only to remove the disincentives, but also to design a system of incentives for step-by-step progress towards employment and economic independence.

306. The tendency for income maintenance schemes to absorb increasing portions of the working age population is partly attributable to developments and goals in related policy areas, such as retirement policies and overall labour market policies. This suggests a need for a thorough analysis of developments which could divert the traditional role or function of disability income maintenance systems to serve other policy goals.

307. In institutional terms, co-ordination of policies implies a much closer collaboration between the wide range of agencies and service providers involved in this area than is generally achieved. A fragmented provision of services may be one of the major barriers for integration into the labour market of people with disabilities. A conflict of goals and "cultures" between agencies, and a lack of collaboration both at the central and local levels, result in late interventions and generally a lack of efficiency in the system as a whole. One step forward would be to set up new collaborative patterns at the local level.

308. In addition to improving the public machinery for labour market integration of people with disabilities, it is imperative that both the employer and employee side, and people with disabilities themselves, are encouraged to become active players in this field. The traditional form of involvement of non-public organisations through central-level advisory bodies might therefore be supplemented by e.g. shared responsibilities and agreements between the government and the social partners at the central level, and fora for local-level participation in the development and implementation of programmes.

309. Legislative interventions to counteract discrimination against people with disabilities in the labour market and to ensure equal access and equality of opportunity, as e.g. the recent Americans with Disabilities Act may prove to be a powerful instrument for ensuring access to the labour market for people with disabilities, and a valuable supplement to more direct employment-promoting programmes. Also, legislation providing for quota arrangements has in many countries contributed to a considerable number of persons with disabilities moving into open employment. However, the functioning of quota systems seems to depend on a certain level of acceptance of the programme among the parties involved, and on a relatively clear-cut and agreed-upon definition of disability and an efficient enforcement system. Quota systems and enforcement provisions have been the subject of much debate. An interesting development is the trend in countries like Japan, Germany and France increasingly to use the quota-levy systems as a basis for financing vocational rehabilitation programmes for recruitment and employment of people with disabilities.

310. Regarding vocational rehabilitation, employment training and employment-promoting programmes, it is important that they are designed to take into consideration both the disability and the potential of the individual. A "menu" or range of measures is necessary to be able to tailor the vocational rehabilitation plan to the needs and the possibilities of the individual. A promising development is the tendency for a mainstreaming of services and more concentration on on-the-job training. In accordance with the principles of normalisation and integration, many countries have made provisions to facilitate the participation of individuals with disabilities in ordinary training programmes. The challenge is to find a better balance between integration into overall measures serving the non-disabled population and measures specifically targeted at the needs of people with disabilities. Training agencies also increasingly provide for training and trial work periods in ordinary working life in order to prepare the individual for more ordinary, open employment. The many time-limited wage subsidy schemes in Member countries may also be seen as providing for job familiarisation and on-the-job training. However, the performance of many of these subsidy schemes might be questioned, and the possibilities for combining wage subsidies with special follow-up and training services could be further explored.

311. With respect to rehabilitation and training programmes focusing on enhancing the competitiveness of the individual, special attention should be paid to their ability to accommodate the increasing numbers of applicants with mental illness, mental retardation and more diversified disabilities. Furthermore, the traditional bias of many employment training programmes towards industrial manufacturing would indicate a need for a re-orientation towards possible job openings within an expanding service sector.

312. While most countries have developed a comprehensive sheltered and segregated sector for employment of people with disabilities, recent trends point to greater emphasis on arrangements to bridge the gap between sheltered and ordinary employment. This tendency is reinforced by ideological trends (the principles of normalisation and integration) and by criticisms of the functioning of the sheltered sector in many countries. The supported employment models may prove to be instrumental in this regard, and may be seen as a supplement or an alternative to sheltered employment. These programmes

provide more direct inroads to ordinary working life through on-the-job-training and intensive follow-up services tailored to the needs of the individual.

313. As the increasing pressure on income maintenance and rehabilitation systems is closely related to a flow of marginalized workers in the process of being expelled from the workforce, the question of preventing health problems and disabilities and retaining marginalised workers in employment gains in importance. In order to utilise the resources of working life itself, and to encourage employer initiatives in regard to preventive and early rehabilitation activities, financial incentives would seem mandatory. One point of departure for development of policies in this area might be the sophisticated incentive systems built into some workers compensation schemes -- through which the employers are confronted with the social costs involved in excluding victims of work accidents and persons with work-related sicknesses from the labour market. An alternative avenue to pursue could be the Norwegian, Swedish and the Netherlands systems' for subsidising employers who initiate projects or develop systematic routines for prevention and early rehabilitation of marginalized workers. A further possible strategy might be to put more responsibilities and obligations on employers through legislative measures, providing them with increased assistance and guidance. It is also of crucial importance to design an organisational infrastructure through which the employees become involved in rehabilitation matters.

314. The main conclusion to be drawn from this report is that policies for the employment of people with disabilities have an important role to play in that the group concerned is significant (and unlikely to diminish in size in the future) and the resources at present devoted to their needs are considerable. Whilst the present state-of-the-art does not enable firm conclusions to be drawn about the effectiveness of present policy approaches in meeting the needs of persons with disabilities, the experience gained and the contrasts between the different approaches followed in the Member countries underline the importance of continuing to monitor developments in this area.

ANNEX 1

EMPLOYMENT POLICIES FOR PEOPLE WITH DISABILITIES
REPORT BY AN EVALUATION PANEL

Chairman: Mr. Peter Schwanse

Technical Secretariat Mr Thorgeir Hernes
Planning and Research
Det Kongelige Kommunal og
Arbeidsdepartement,
Postboks 8112 Dep.
0032 Oslo 1, Norvège

Australia Ms. Wendy Messer
Systems Planning and Financing
Department of Community Services
and Health
Canberra

Belgium M. R. Luyckx
Administrateur-directeur général adjoint
Fonds national de reclassement sociale
des Handicapés
Bruxelles

Canada Mr. Dean Moodie
Director Policy, Canada Assistance
Health and Welfare
Ottawa

Mr Orville Buffie
Director General
PEI Regional Office
Employment and Immigration
Charlottetown

Denmark Mr. Kaj Westergaard
Arbejdsmarkedspolitisk Konsulent
Arbejdsdirektoratet
Copenhagen

Finland Mrs Marja-Liisa Halinen
Inspector
Office for Employment Service
Ministry of Labour
Helsinki

France

Mme Gomez
Délégation à l'Emploi
Paris

M. Lambert
Fonds pour l'insertion professionnelle
des handicapés
Paris

Germany

Mr. Hartmut Haines,
Bundesministerium für Arbeit
und Sozialordnung
Bonn

Greece

Mr Angelos Angelidis
OAED
Athens

Japan

Mr Syusaku Yasui
Employment Security Bureau
Ministry of Labour
Tokyo

The Netherlands

Mr. E. Holstvoogd
Directorate General Social Security
Ministry of Social Affairs and
Employment

Sweden

Ms. Inga-Britt Lagerloef
Ministry of Labour
Stockholm

United Kingdom

Mr. John Clark
Employment Division
Sheffield

Mr. Keith Paley
Training Division
Sheffield

United States

Mr Lex Frieden
The President's Committee on Employment
of People with Disabilities,
Washington D.C.

OECD Secretariat

Mr. Donald McBain
Administrator SME

Mr. David Thomas
Principal Administrator CERI

Mrs Gia Boyd-Kjellen
Administrator CERI