

# *Industrial & Labor Relations Review*

---

*Volume 60, Issue 2*

2007

*Article 88*

---

## Unemployment Compensation throughout the World: A Comparative Analysis

Wayne Vroman\*

Vera Brusentsev†

\*,  
†,

approach highlights the importance of dialogue with both workers and other stakeholders. Yet, the research demonstrates that engagement with stakeholders was low, owing mainly to the fear of reputation damage due to negative publicity stemming from the disclosure of harmful working conditions. Here, it is interesting to note that corporate reputation appears to be a powerful mechanism. Public scrutiny has led MNCs such as Nike to strengthen their links to suppliers, and consumer pressure has been instrumental both in deepening these efforts and in ensuring transparency and accountability. Not surprisingly, Mamic finds that trust between MNCs, stakeholders, and suppliers is important to sustaining these initiatives.

This book goes a long way toward filling an information gap on the ways CoCs are managed and providing an impetus for improvement. Furthermore, the findings are particularly significant as they are inclusive of the management systems of local suppliers—an area in which there has been sparse research. Not only did Mamic have unusual access to suppliers and MNCs, but she has been able to present management voices clearly and forcefully. In doing so, she contributes to our understanding of how managers implement policy and the difficulties they face in meeting the challenges of code implementation. She also provides viable recommendations for policy-makers and firms.

This book is of significance for researchers and students. Most important, it has broad implications for firms that are serious about seeing the social and environmental objectives expressed in their corporate codes become a reality at the supplier level.

Samanthi Gunawardana

Faculty of Economics  
and Commerce  
University of Melbourne  
Parkville, Australia

### **International and Comparative Industrial Relations**

*Unemployment Compensation throughout the World: A Comparative Analysis.* By Wayne Vroman and Vera Brusentsev. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2005. 273 pp. ISBN 0-88099-323-5, \$41.00 (cloth); 0-88099-322-7, \$20.00 (paper).

In *Unemployment Compensation throughout the World: A Comparative Analysis*, we have an example

of a book whose title clearly states its main theme. At the same time, a title can really only hint at the complete scope of a work as ambitious as this one. Instead, Chapter 1 lays out four principle objectives: to establish a link between macroeconomic performance and the role of unemployment protection, to provide an overview of UC programs, to introduce the concept of actuarial costs, and to examine problem areas.

Before focusing specifically on unemployment compensation (UC) throughout the world, then, in Chapter 2 the authors provide a historical review of macroeconomic performance across six regions of the world, making the point that there is a clear link between performance in product and labor markets. While this chapter is helpful in placing unemployment compensation in context, and its discussion of available data sources provides a useful reference, I think the average reader who is drawn to the book by its title could safely skip ahead to Chapter 3.

This key chapter of the book, on unemployment protection, should satisfy anyone who desires a quick overview of the state of global unemployment programs. The authors first provide a clear discussion of the different types of unemployment protection programs, then focus specifically on UC. Again using a regional framework, they outline the growth and prevalence of UC over the second half of the 20th century. Having documented that higher per capita GDP predicts UC, they then analyze UC generosity. First, costs are broken down into three components: the unemployment rate, the reciprocity rate, and the replacement rate. The product of the reciprocity and replacement rates can be considered an index of generosity, and the authors make clear that generosity varies widely across countries, as either component can be varied. That said, I was not quite sure what I learned from the regression estimates of the generosity index (G), obtained by regressing costs on the unemployment rate. In most cases this estimate is very close to the raw mean, and there is no real discussion of what one should think about the differences between the countries for which the regression performs well versus poorly.

For readers seeking a more in-depth discussion of similarities and differences across the world in UC, in Chapters 4–7, the authors undertake four separate regional analyses: for the OECD-20 countries; for the countries of Central and Eastern Europe and the former Soviet Union; for Asian countries; and for Latin American and Caribbean countries. One important point that comes from the first analysis (Chapter 4) is that the United States is really an outlier among these developed

countries. The authors thus emphasize that U.S. researchers' habit of using the institutional features with which they are most familiar as the model when analyzing other countries may be problematic. The main lessons to be learned from the second region (Chapter 5) are about setting up new programs from scratch. Several of these countries had funding problems as the needs for benefits outstripped projections. The most interesting aspect of the Asian countries (Chapter 6) is the dearth of UC programs, and the small scope of the programs that are present in the high GDP countries. Finally, the authors investigate two issues of great importance in Latin America and the Caribbean—inflation and a lack of administrative oversight (Chapter 7). Regarding the first of these issues, I was surprised to learn that generally appropriate adjustments for inflation averted severe erosion of benefits in most countries. Thus, it is the latter problem that is more important; in particular, a significant share of unemployment benefits in these countries has gone to people who in fact are not unemployed.

Whereas Chapters 4–7 are organized around the specific problems most common to each region, Chapter 8 shifts attention to the important problem areas themselves. The authors choose UC coverage, continuing eligibility, and long-term unemployment as three key issues faced by all types of countries, while acknowledging that their discussion is based mainly in the OECD experience.

Recalling the four objectives the authors set for themselves at the start of the book, I feel that they meet each of these objectives to at least some extent. However, they are most successful with the middle two. My guess is that anyone picking up a book called *Unemployment Compensation Throughout the World: A Comparative Analysis* does not need much convincing that unemployment protection is important, but the detailed foray into macroeconomic statistics used as background for the argument may cause them to set the book back down. I would encourage them to persevere (or else just skip forward) to the authors' overview of unemployment compensation throughout the world. This overview is both accessible to the novice and interesting to those knowledgeable about the programs in only one or two countries. Personally, I was fascinated to read about the relatively small programs run by such "Asian Tiger" countries as Hong Kong, Korea, and Taiwan. Similarly, while the cost breakdown is essentially an accounting identity, I found it a very useful way to think about the different choices countries have made about benefit levels and program access.

One disappointment for me was the relatively

little space devoted to discussion of future prospects. Such discussion is limited to a few scattered hints, such as a mention of the increasing role of IT and a discussion of Chile's new use of individual accounts. A short summary section that looked forward would have been a nice addition. In the authors' defense, however, such an analysis was not among their clearly stated objectives.

Overall, I think this book is a valuable summary of the state of UC programs around the world at the start of the 21st century. It should be of value to anyone looking for a better understanding of the role of UC in the global economy. Thus, it should appeal not only to those with a long-standing interest in the UC system, but also to those coming fresh to the area of unemployment protection.

Patricia M. Anderson

Professor of Economics  
Dartmouth College

*Nurses on the Move: Migration and the Global Health Care Economy.* By Mireille Kingma. Ithaca, N.Y.: ILR Press (an imprint of Cornell University Press), 2005. 275 pp. ISBN 0-8014-4305-9, \$49.95 (cloth); 0-8014-7259-8, \$24.95 (paper).

The U.S. healthcare system has experienced periodic nursing shortages over the past fifty years. The most recent shortage, however, which began in the late 1990s, is more severe than previous ones and promises to have longer-term repercussions. In addition, the current shortage extends beyond the United States, touching most developed and developing countries alike. One of the responses to the current nurse shortage, at least among affluent countries, is the recruitment of nurses from less affluent nations. *Nurses on the Move* is an exhaustively researched and well-written book that provides an in-depth look at the phenomenon of nurse recruitment and migration.

Muriel Kingma is a consultant on nursing and health policy for the International Council of Nurses (ICN), based in Geneva, Switzerland, a global organization that brings together nurses' associations from 129 countries to advocate for the nursing profession. She is also a registered nurse. Kingma's work with ICN provides her with access to nurses around the world, and she has used this access to gather a wealth of information on the complex phenomenon of nurse migration.

Kingma begins her book by noting that the term *nurse* has no standard international mean-