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The Employment Precarity, Unemployment and Social Exclusion Research Programme (EPUSE)

Abstract

The research programme was concerned to make a comparative assessment of the processes that link labour market precarity and social exclusion. It examined both the factors that contribute to an insecure labour market position and the impact of labour market insecurity on income deprivation, social networks and social values. It focused on eight countries: Denmark, France, Germany, Great Britain, the Netherlands, Ireland, Italy and Sweden. The countries were selected to provide major contrasts with respect to labour market institutions and welfare provisions. One of the principle objectives of the programme was to try to assess whether such institutional differences are a significant factor mediating the relationship between labour market precarity and social exclusion.

The research examined a number of factors that could affect the severity of the effects of unemployment on people's lives. It explored the implications of the characteristics of the welfare institutions for the unemployed. It looked at the wider societal pattern of family life and sociability, which, although possibly influenced by the nature of the welfare institutions, also related to much longer-standing cultural traditions. Finally it considered the impact of the specific economic conditions that societies confronted, as a result of their level of economic development and the rapidity of economic restructuring.

These issues have been addressed using a variety of data sets: national data sets (which have aligned to provide the highest possible level of comparability), several Eurobarometer studies and the first wave of the European Community Household Survey.

The research found wide variations between countries in the risks of cumulative disadvantage that underlie the process of social exclusion. These risks were least in Denmark, which had a particularly generous welfare system. They were greatest in the countries where the respective normative responsibilities of the public authorities and of the family were least clearly delineated. Germany, France and the UK were countries where the level of public financial support was at best intermediate and in the case of the UK very low. At the same time, these were countries in which the institutional responsibilities of the family were relatively weakly defined. It was in these societies, then, that there was the main risk that unemployed people would simultaneously confront both poverty and social isolation, thereby creating the conditions for social exclusion.

1. Executive Summary

1.1 Objectives

The project has focused on the experience of unemployment in eight countries: Denmark, France, Germany, Great Britain, the Netherlands, Ireland, Italy and Sweden. It is concerned with three central aspects of this experience. The first is the quality of life of unemployed people with respect to living standards and the experience of financial hardship. The second is the risk progressive marginalisation from the employment structure as a result of motivational change, skill loss or the growth of discriminatory barriers. The third is the impact of unemployment on social integration in the community, for instance with respect to the maintenance (or rupture) of social networks and the degree of psychological distress experienced by the unemployed.

The research examined a number of factors that could affect the severity of the effects of unemployment on people's lives. It explored the implications of the characteristics of the welfare institutions for the unemployed. It looked at the wider societal pattern of family life and sociability, which, although possibly influenced by the nature of the welfare institutions, also related to much longer-standing cultural traditions. Finally it considered the impact of the specific economic conditions that societies confronted, as a result of their level of economic development and the rapidity of economic restructuring.

These issues have been addressed using a variety of data sets: national data sets (which have aligned to provide the highest possible level of comparability), several Eurobarometer studies and the first wave of the European Community Household Survey.

1.2 Summary of Scientific Results

Financial Deprivation

The first issue is whether the nature of state welfare provision for the unemployed has a major impact on financial deprivation. We started from a set of analytical models of 'unemployment regimes', which distinguished between universalistic, employment-centred, liberal and sub-protective types. While no country exactly corresponded to a pure type, the institutional systems of countries could be seen as closer to or further from the logic of particular types of regime. Denmark and Sweden could be seen as most strongly informed by universalistic principles; the Netherlands, Germany and France were closer to employment-centred systems; Britain and Ireland to liberal systems and Italy to a sub-protective regime. Given the characteristics of different types of regime, our expectation was that countries closest to the universalistic model would be the most effective at ensuring income security and protecting the living standards of the unemployed. These were systems that were implicitly based on the principle that social protection was due to people as citizens and as such were

relatively open in terms of eligibility and generous with respect to the level of compensation. In contrast, the liberal and sub-protective systems, which provided either low levels of compensation or little guaranteed coverage, could be expected to have the worst financial outcomes for the unemployed.

Our empirical evidence indicated that in practice there was a complex relationship between welfare regimes and poverty among the unemployed. It was seen that while the universalistic systems did relatively well in providing financial protection, this was also the case with one of the three employment-centred regimes, namely the Netherlands. It is clear that the Danish system, which came closest to the model of the universalistic regime, was astoundingly successful on virtually all criteria in reducing the level of financial deprivation among the unemployed. It had by far the lowest proportion of the unemployed in poverty (less than 10% on our most conservative estimate for the 50% mean poverty line), a figure that was five times less than in the country in which the unemployed were most vulnerable to poverty. Moreover, our evidence strongly suggests that the relatively low level of poverty among the unemployed in Denmark was the result of the operation of the system of social transfers. If one examines income before such transfers, the poverty rate in Denmark was relatively high compared to most of the other countries examined. It was the effectiveness of social transfers in lifting people out of poverty that explains why poverty was so low once all income was taken into account.

Moreover, not only did Denmark have a low proportion of unemployed in poverty in terms of the relative poverty line, but it also came out well in terms of the measures of financial hardship. It was the country with the lowest proportion of the unemployed reporting immediate financial pressure (finding it difficult to make ends meet at the end of the month) and it had the second lowest score for lifestyle deprivation (the absence of standard household possessions).

Our data for the outcomes of the Swedish system is more limited than for the Danish. But, on the basis of the evidence available, it would appear to have been rather less effective. Some 30% of the Swedish unemployed were below half average household income. While this was lower than the countries closest to the liberal or sub-protective types of regime, it was higher than one of our employment-centred systems - the Netherlands. The higher proportions in poverty in Sweden were not due to higher poverty rates before social transfers, but rather to the lower efficacy of the transfer system in pulling people out of poverty. This may be related to the fact that the Swedish system operates a cut-off point after a year in which the unemployed are obliged to accept training or employment-experience opportunities in order to retain eligibility for insurance. It may also reflect the fact that the take-up of voluntary insurance in Sweden was far from comprehensive in this period (possibly because of the success of governments in maintaining relatively low rates of unemployment through most of the 1980s). The higher rates of poverty in Sweden may reflect then the experience of those who fall out of the relatively generous safety net provided by the social insurance system.

After Denmark, the country that really stands out in reducing the financial hardship of unemployment was the Netherlands. Although the poverty rate was higher (25%) and the experience of financial pressure somewhat sharper, deprivation with respect to household possessions was quite comparable with Denmark. The Netherlands might

be termed a 'high-security' employment-centred system. While its welfare regime was primarily designed to favour those with employment experience, those eligible received both a high level of compensation and an unusually long period of support. This protection of living standards over a relatively long period was a feature shared with Denmark. In contrast, the unemployed in both France and Germany were under substantially higher levels of financial pressure. It is clear that there were substantial variations in outcome between the countries that were closest to an employment-centred regime, reflecting detailed differences in their institutional design. At their most generous, the average level of protection they provided was comparable with that of universalistic systems.

Turning to the countries where we expected the unemployed to experience severe financial difficulties, it was certainly the case that two of the three – Italy and Britain – had by far the worst outcomes. Italy came closest to the sub-protective type, although it was seen that major regional differences confound any simple classification. Family solidarity helped to offset some of the disadvantages of a virtually non-existent system of public social support, at least for young adults. But income poverty remained very severe. It is likely that the availability of family financial support was limited by the relatively low incomes of those who were in work. Moreover, supporting the unemployed could well have contributed to the more general impoverishment of families already facing very difficult economic circumstances. The main benefit of the strength of family ties for the unemployed was that, by sharing family accommodation, they were less marginalised in their household living conditions. It is particularly Southern Italy that exemplifies the implications of minimalism. While the overall level of poverty was very high among the unemployed in Italy (the highest after the UK), this was mainly because of the very high poverty rate in Southern Italy, which rose to 65% of the long-term unemployed. This was accompanied by high levels of financial pressure and poor living conditions. There was no evidence that financial hardship in these countries led to greater resentment about people's financial situation; the wide prevalence of financial difficulty appears to have led to relatively restricted comparative reference groups. But the overall conclusion must be that family support was unable to prevent a very high level of financial hardship in systems with weakly developed systems of state welfare.

The highest level of poverty of all was to be found in Great Britain, the country closest to the liberal model. The British unemployed emerge as the most severely marginalised in terms of their financial situation. This was accompanied by high levels of financial pressure and very poor living conditions. But again it was clear that there could be substantial variations within countries which could be seen as broadly similar in terms of their regime principles. In Ireland, the relative poverty rate was much lower and so was the distance between the unemployed and those in work in terms of financial pressure. While the unemployed experienced very high levels of financial difficulty, this partly reflected the fact that they were living in a poorer society.

The difference between the two 'liberal' countries appears to be strongly related to the level of social transfers. The poverty rate among the unemployed before social transfers was worse in Ireland than in Britain. However, the situation was quite different when social transfers were taken into account. The efficacy of the Irish transfer system in pulling people out of poverty, while falling well short of the

Danish, was not that far behind the Dutch and French systems. But, while 46% of the unemployed were lifted out of poverty by social transfers in Ireland, this was the case for only 19% of the British. The British transfer system was by far the least effective in combating poverty among the unemployed of any of the countries that we were able to examine. The evidence about change over time also underlines the importance of specific policies rather than general regime constraints. While the situation of the unemployed deteriorated sharply in Britain between the 1980s and the 1990s, in Ireland there was a reduction of the proportion in poverty. This appears to have reflected different policies with respect to the level of benefits, with the Irish intentionally seeking to raise the living standards of the most vulnerable sectors of the population relative to the general population.

In sum, taking the overall level of financial deprivation, there is evidence that the universalistic and the employment-centred systems provided higher levels of financial protection for the unemployed than the liberal and sub-protective systems. But, there were substantial variations between countries which approximated the same regime model, emphasising the crucial role played by specific social policy decisions in determining the financial experiences of the unemployed.

It might be argued that unemployment regimes would be distinctive less in terms of the average level of poverty than in terms of its distribution. In particular, those with more demanding rules of eligibility in terms of prior employment experience might be particularly disadvantageous for women. But the evidence on poverty rates and poverty experience among the unemployed did not indicate that this was the case. In general, men experienced higher poverty rates than women (the only exception being Denmark). If one takes as a measure the efficiency of the transfer system in lifting people out of poverty, while Denmark was the most egalitarian of the countries, it was women rather than men that benefited most in the two employment-centred systems for which information was available – Germany and France. The only example of a major sex inequality in favour of men was in Britain. However, this clearly reflected the specific workings of British policies rather than any intrinsic characteristic of liberal-type regimes, since Ireland was the country where the transfer system most strongly favoured women.

It is important however to bear in mind that this generally lower risk of poverty among unemployed women conceals important differences in the situation of women depending on their household situation. Lone mothers experienced exceptionally high poverty rates in all countries. Similarly the more detailed analysis of Denmark, Italy, the UK and France indicates that, with the exception of the UK, there was little difference in poverty risks among single men and women. The sex difference was above all due to the different poverty risks of married men and married women.

This suggests that, while women may not have been more vulnerable to poverty, this may have depended on their ability to rely on other incomes in the family. Thus protection may have been bought at the price of increased family dependence. The expectation from a comparison of the benefit structure was that universalistic systems would make it easier for people to escape poverty without depending on the income of other family members. It was clear that the extent of relative disadvantage of the unemployed differed considerably in most countries depending on whether there was another earner in the household. However, the employment status of others in the

household had no significant impact on poverty risk in either Denmark or Sweden, consistent with the view that universalistic systems reduce family dependence. In contrast, the effects were very strong in all other regime types, although it should be noted that they were in most cases strong for both men and women.

In summary, universalistic systems achieved relatively good outcomes in terms of protecting the unemployed against poverty, and they did so in a way which permitted the unemployed person to be relatively independent of other household income. The employment-centred systems were very varied in terms of outcomes. At their most generous, the unemployed were overall as well-protected as in the universalistic systems, but the important difference was that their financial position was more heavily dependant on other household resources. The greatest financial deprivation was experienced by those in the liberal or sub-protective systems, where dependence on the household was also very high. However, the comparison of Ireland and Britain shows that systems governed by broadly similar principles could have very different levels of effectiveness depending on how these were implemented with respect to specific policies about the levels of benefits.

Labour Market Marginalisation

The second dimension of exclusion upon which our analyses focused was that of marginalisation from the labour market. We have looked at this from both an attitudinal and a behavioural viewpoint. It could be argued that such marginalisation would be most complete where the unemployed lost their interest in having employed work and retreated into a subculture where work values had little salience. However, even if commitment remains strong, there is still the issue of how difficult it is for people to re-enter the labour market once they are unemployed and how difficult it is for them to re-enter without a penalty of downward mobility into jobs that are likely to offer little long-term security.

There has been little consensus about the determinants of labour market marginalisation. Some have argued that it is heavily conditioned by the nature of welfare provision for the unemployed. Where unemployment compensation is high or of long duration, it is suggested, it will lower the motivation to find work and encourage long spells of unemployment or even effective exit from the labour market. From this perspective, it is systems that are closest to a freely functioning market that will provide the lowest levels of marginalisation. However, an alternative view is that there is no natural tendency for the market to clear and that active state employment policies are needed to give the unemployed a bridge back into work. Both views are premised on the assumption that institutional effects are important. However, it might be the case that these are relatively insignificant compared to the effects of changes in economic structure. The difficulty of matching the unemployed to jobs may depend primarily on the extent and rapidity of economic restructuring, which may reflect either international economic constraints or government macro-economic policies.

We take first the issue of how far the unemployed had come to develop attitudes to work that were likely to reinforce their marginalisation in the labour market. The first point to note is that there was no evidence that any substantial proportion of the unemployed had lost their commitment to employment. Indeed, if the level of

employment among those in work is taken as the relevant yardstick, it is clear that the unemployed were more committed to employment than people who were currently in jobs. This was the case not only with respect to the average figures for the EU, but it was true in every single country. It was true just as much for women as for men.

While employment commitment among the long-term unemployed tended to be a little lower than that among people who had been unemployed less than a year, it was still higher than among those in work.

Was there any evidence to support the view that high unemployment compensation was corrosive of work motivation? Was there a trade-off between maintaining people's living standards and keeping them attached to the labour market? If this were the case, one would expect employment commitment to be particularly low in countries closer to the universalistic type, which, as has been seen, were particularly successful at protecting people's living standards and reducing the risk of poverty. In contrast, employment commitment should be particularly high in the countries closest to the liberal and sub-protective systems, where financial support for the unemployed was very low.

The evidence, however, showed that the unemployed in Denmark and Sweden (which were the countries that came closest to the universalistic type) were at least as strongly attached to having a job as those in either Britain or Italy (the countries that came closest to the liberal and sub-protective types). Commitment was also very high for the Netherlands, which was a particularly generous version of the employment-centred system. Similarly, there was no consistent evidence that the unemployed in these more generous welfare systems were less flexible in the way they went about looking for a job. It was the case that the Danes were generally less willing than the British or the Italians to make concessions in order to get a job. However, the Swedes were *more* flexible than the British and the Italians with respect both to their readiness to take a job with lower pay and their willingness to move to a different part of the country to find work. The unemployed in the relatively high welfare system of the Netherlands also showed greater flexibility with respect to pay and geographical mobility than the British.

Overall then a more generous welfare system did not erode commitment to employment or have any necessary consequences for job search flexibility. The only consistent evidence of a 'benefits effect' that we were able to detect was with respect to women in societies with more traditional gender cultures. Where a woman's role was still primarily defined in terms of her responsibilities as wife and mother, then there was a tendency for the receipt of benefit to be associated with lower commitment and flexibility. It was then the interaction between benefits and the particular type of cultural tradition with respect to the family that was crucial in this respect.

Processes of labour market marginalisation are not then best understood as resulting from attitudinal change involving a decline of commitment to work among the unemployed, despite the fact that the issue of work incentives is given such prominence in policy discussions. Rather it is important to examine the constraints that arise on the one hand from changes in the structure of jobs and the distribution of skills and, on the other, from the institutional mechanisms of job allocation.

The level of long-term unemployment is strongly related to the overall level of unemployment, albeit often with a significant time lag. It is then affected both by the economic cycle and by specific economic crises. But there are also longer-term processes of economic change at work which are unlikely to be offset by any simple process of market adjustment. In all of the EU countries there has been a general tendency for lower level skills to become redundant. It is this accounts for the disproportionate share among the unemployed of people who were previously in manual work (whether skilled or non-skilled). It was found that even after a wide range of factors had been taken into account, a person's skill level remained a very powerful predictor of their unemployment risk in countries as diverse in their regime type as Britain, Sweden, Italy and the Netherlands.

The nature of the prevailing economic circumstances clearly has a particularly sharp effect on the problems that new entrants to the labour market experience in acquiring suitable jobs or indeed any job at all. When unemployment is high, young people are likely to be constrained to take temporary jobs, or jobs which require lower levels of skill than they would expect on the basis of their qualifications. In certain countries, our evidence suggests that the effects of the conditions that they experience at the beginning of their careers will carry over and effect their long-term career chances. This is particularly the case where the labour market is organised in a way that provides very strong protection for those already employed and emphasises the divide between 'insiders' and 'outsiders'. The two countries that came closest to this form of labour market were Italy and France, and in both cases there was evidence of very long-term effects of the level of unemployment that people encountered when they were at the beginning of their work lives. In these societies, once people were forced into a disadvantageous labour market position, they became trapped into a situation in which they had markedly higher risks of later unemployment. The rigidity of the employment structure made it difficult to recoup lost position in the labour market. In contrast, in a country such as Britain, where there was greater in-career flexibility in both hiring and firing, such early labour market experiences did not have the same lasting consequences for people's later careers.

An important part of the process of labour market marginalisation relates then to the changing skill structure of the workforce, given the specific conditions of economic restructuring. However, as well as the barrier of skill mismatch, there is also considerable evidence that the unemployed have to face the additional hurdle of the 'scarring effect' of unemployment. The fact of having been unemployed tends to leave a long-term shadow over a person's future career chances. Once a person has been unemployed once, they find it more difficult to get a job and, this increases with the duration of time that they have been out of work. Moreover, those who do get a job find themselves at increased risk of becoming unemployed again. People find themselves in a vicious cycle of unemployment, insecure work and further unemployment.

An important factor underlying scarring effects is likely to be the constraints on job choice imposed by the need for a rapid escape from unemployment. People whose skills are no longer in demand may often be forced to trade down into less skilled work, where the knowledge and experience necessary to carry out the job can be picked up rapidly. An analysis which compared the types of jobs that people obtained after being unemployed in Britain, Sweden, Italy and the Netherlands suggests that in

each of these countries there was an increased probability of moving into non-skilled manual work after a spell of unemployment. This was likely to have significant long-term costs in that such jobs tend to be in less secure sectors of industry, such as construction or distribution, where there is a high risk of further job loss and unemployment.

However, while there are processes of a rather general type that help account for labour market marginalisation, our evidence suggests that the institutional system in a country may to some degree mediate such effects. In the first place, institutional provision may help mediate the transitions between jobs. The scarring effect of unemployment is likely to be particularly marked if people have to choose jobs rapidly as a result of financial pressure. It is notable that, of the four countries in which people's careers could be followed in detail over time, it is only in Sweden that we found that past unemployment does not increase the future risk of job loss. It seems plausible that this is in part an effect of the relatively high protection of living standards and the active labour market policies in that country. Systems that provide greater financial security will also permit longer periods of job search, increasing the chances of people finding work that suits them. Further, countries with active labour market policies are likely to ensure a better flow of information and thereby more effective matching of skills to types of work. It is also possible that the quality of lower level jobs is higher in Sweden, as a result of a stronger emphasis on the quality of working conditions. As a result, even when people are downwardly mobile after unemployment, they may be less likely to find themselves in a precarious sector of the labour market.

Our evidence also confirms that institutional factors can play an important role with respect to women's employment chances, by reducing the problems of compatibility between domestic and work roles. These are likely to be particularly great where there are still young children in the household. The extreme case of this dilemma is where the mother is a lone parent. The importance of the nature of public childcare provision for the employment chances of lone mothers groups emerges strongly from the comparison of Denmark and Britain. The analyses suggest that the fact that 62% of British, but only 23% of the Danish lone mothers were out of employment was strongly related to the nature of childcare provisions in the two countries. In Britain, until recently, care for children has been seen as the responsibility of the parent and the public provision of day-care has been very limited. Lone mothers are likely to have weaker informal support networks to assist with childcare. But the high costs of obtaining formal childcare tend to be a major barrier for people who are likely to have relatively low incomes when in work. In such cases, the boundaries between unemployment and non-activity become blurred, with women finding it difficult, for reasons that may well be beyond their control, to meet the availability for work criterion required for official classification as unemployed. In Denmark, childcare is predominantly provided through public services and it is heavily subsidised (indeed for families with low incomes it is free of charge). As a result the barriers to re-entry to employment faced by Danish mothers were very much lower than for their British equivalents.

Finally, institutional factors may effect the nature of the groups that bear the brunt of the burden of long-term unemployment. This is particularly clear when Italy (which in this respect reflects well the experience of the other Southern countries) is compared

with the central and northern European countries. The combination of the strong employment protection of the ‘insiders’, who already have jobs, and the sub-protective nature of Italian welfare provision for the unemployed generates a pattern whereby the costs of unemployment fall particularly heavily on the young. While parental support and the fact that young people can have a future perspective of integration in the labour market may help deflect some of the pressures, it is clear from the evidence both on poverty and life satisfaction that the costs of labour market marginalisation remain very high.

Social Integration

The last dimension of the experience of unemployment that we have examined is social integration. We have focused in particular on three issues with respect to social integration. The first is the extent to which people participate in the normal forms of social life of their societies; the second is the distance between their subjective well-being and that of people in work; and third, we have looked at public attitudes to the unemployed, to see whether there is evidence of the type of disapproval and rejection that could lead to the social isolation of the unemployed through processes of stigmatisation.

The issue of social integration in terms of social relationships (or its converse social isolation) has in many ways been at the heart of the concern with social exclusion. It raises the issue of whether labour market marginalisation is accompanied by the breakdown of everyday social networks, thereby reinforcing the rupture from the world of employment by cutting people off from information about jobs and undermining their self-esteem. In principle, such social isolation could come about for a variety of reasons. It might reflect the reactions of the unemployed individual, who withdraws from sociability either through financial pressure or loss of self-confidence. Or it might come about through the way in which those in work come to stigmatise the unemployed and thereby make social relationships more difficult.

In approaching these issues we have distinguished between different spheres of sociability: the primary sphere which involves immediate family and household relations; the secondary sphere with concerns interactions with neighbours, friends and relatives outside the household and the tertiary sphere which relates to participation in organisational and associative life. The relative importance of these spheres for people’s social life may vary between societies and unemployment may have quite separate effects from one sphere to another.

The most important factor with respect to primary sociability is whether people are living on their own. It may not reflect a collapse of sociability, since people may have chosen to live in this way long before they were unemployed. But, once confronted with difficulties on the labour market, it implies that people are unable to call on household resources when they need either emotional or material support. It is clear that the type of household situation in which a person is likely to find themselves varies a great deal between societies, reflecting different family traditions. Young people, for instance, are much more likely to move out and form independent households in the northern than in the southern European societies, irrespective of whether they are unemployed.

There were wide country variations in the household situation of the unemployed. For instance in Denmark 30% of unemployed people were living in one person households, while in Ireland the proportion was only 7% and in Italy less than 3%. The difference is even more striking with respect to young unemployed people. Of unemployed people aged 20 to 29, only 14% were living with their parents in Denmark, whereas the proportion rose to 87% in Italy. In general, people were most likely to be living on their own in the universalistic regimes, and least likely in the sub-protective regimes.

The impact of unemployment on the extent to which people lived on their own also varied substantially between countries. There was a tendency for unemployed people to be more likely than others to be on their own in Denmark, Britain and the Netherlands (and for some groups of the unemployed in France, Germany and Ireland) even when age and gender had been taken into account. However, in Italy (together with Spain and Portugal) the living patterns of the unemployed did not differ from those with stable jobs. Indeed, in Greece, unemployed people were less likely to be living on their own. This underlined the contrast between the southern countries compared to all others. In the southern countries, family solidarities were stronger and alternative resources for living independently were far scarcer. The degree of social isolation in the primary sphere partly depended on the broader structure of household relationships in the society and partly on the differential impact of unemployment in societies with different family traditions and different levels of public support for the unemployed.

With respect to secondary sociability, our starting point was the finding of inter-war research that unemployment tended to lead to the disruption of social networks in the community. However we are again confronted with the fact that there are major variations in typical patterns of sociability between countries, so the contexts in which the effects of unemployment emerge are quite different. The general level of sociability was far higher in the Southern countries. For instance, while only 32% of Danes and 19% of the Dutch spoke to their neighbours on most days, the proportion rose to 47% in Italy (a figure that was still relatively low compared to the other Southern countries). Similar differences emerge with respect to the frequency of meeting up with friends and relatives outside the household. The unemployed then were likely to experience very different levels of sociability depending on the country they belonged to. But, except in the case of France, we found no consistent evidence that unemployment was in itself an important factor reducing people's social networks. Indeed, in many countries, the unemployed tended to be more sociable than those in permanent jobs. This sharply contradicts theories of the effects of unemployment that were based on evidence about people's experiences in the inter-war period.

Finally, there were also important country differences in the extent to which people participated in associations and other organisations in their community. While social life in the southern countries revolved primarily around informal social networks, formal organisations played a much more important role in the northern countries. Thus while 59% of people in Denmark and 50% in the Netherlands participated in some type of club or organisation, the proportion was only 18% in Italy. The general level of associative participation clearly effected the likelihood that unemployed

people would also have such community involvement. For instance, over forty per cent of the unemployed in Denmark and in the Netherlands participated in an organisation, but in Italy this was the case for less than 13%. But, although the experience of membership was primarily conditioned by the broader pattern prevalent in the society, it is notable that unemployment had a greater impact in reducing the level of participation in the Northern and Central European countries than in the Southern.

Taking the overall pattern for the unemployed, the major difference is between Italy (which reflects well in this respect the broader distinctiveness of the Southern countries) and the Northern European countries. Primary and secondary forms sociability were considerably stronger in Italy, while tertiary sociability was weaker. Denmark and the Netherlands represent the sharpest contrast with this pattern. They have a high proportion of people living on their own, relatively low levels of informal sociability and high levels of participation in formal associations.

In general, then, the level of social isolation an unemployed person confronted was less the result of unemployment per se than of the wider patterns of household structure and sociability in the country in which they lived. Our results suggest that in most countries people's sociability outside the household proved fairly resilient in the face of unemployment, and this has been shown to be important for their personal well-being.

A second essential dimension of social integration is people's sense of well-being in their society. The measure of satisfaction that was available related to people's main daily activity, their financial situation and their housing situation. The most notable feature of the results in chapter 14 was the powerful effect of unemployment on such subjective satisfaction in all of the countries of the study (and indeed more widely in the countries of the EU). It is clear that neither the strong material support given by some of the northern countries, nor the high level of family solidarity in the southern countries could neutralise the destructive effect of unemployment on the subjective quality of people's lives.

There were however some significant country variations in the impact of unemployment on well-being. In terms of the general contrast between the unemployed and those in work, the two countries where unemployment had least effect on life satisfaction were Denmark and the Netherlands, suggesting a convergence in the outcomes of the universalistic and the more generous employment-centred regimes. When account had been taken of differences relating to age, sex, class and financial deprivation the pattern becomes more complex. Denmark still stands out as a country in which the impact of unemployment is relatively low, but this is also the case for Greece and Spain. Our evidence then strongly confirms the efficacy of the universalistic Danish system in securing subjective integration. But it also suggests there are conditions in which the Southern countries, with their high level of informal social integration, can produce comparable outcomes in mediating the impact of unemployment.

In examining the factors that affected subjective integration, it is clear that it was linked to, but far from accountable by, the degree of financial deprivation and the extensiveness of 'secondary' sociability. In particular, the extent to which people

were deprived in terms of their household living conditions had a marked effect on their subjective response to unemployment. Deprivation in living conditions accounted for approximately one third of the overall impact of unemployment on people's well-being. In contrast, greater sociability with neighbours and friends tended to increase satisfaction. But any overall account of the effects of unemployment on subjective well-being would need to take account of more general influences that impact on people in widely different types of institutional system.

A long-standing issue has been whether women are better protected from the impact of unemployment than men, possibly because they can retain their sense of meaning and their links to the community through placing a greater emphasis on an alternative role as wife or mother. With respect to the wider measure of well-being, unemployment did appear to have a less severe impact on women than on men. But this did not imply that women felt any less deprived about not having a job.

Finally, was there any sign of public rejection of the unemployed that might have been an important source of increased social isolation? It was found that in general there was widespread sympathy for the unemployed across the seven countries for which comparable data was available. The proportions thinking that unemployment was an important problem ranged from 60% in the Netherlands to 93% in Ireland. There were significant country variations in the salience given to the issue. Was there any evidence that generous welfare provision had the unintended consequence of creating a backlash against the unemployed and thereby enhancing their social isolation? This was examined by looking at the restrictiveness of the conditions that people thought should be imposed on the unemployed. It was a very widely held view that the unemployed should show some flexibility in their efforts to get back to work. For instance, in all countries most people agreed that they should accept retraining to get a job and a majority felt that they should not be allowed to turn down a job if it was within reasonable distance from where they lived. But there is little evidence that such views were linked systematically to any particular type of welfare regime or even to the level of generosity of welfare benefits. While it was the case that the relatively generous system in the Netherlands was accompanied by the most restrictive attitudes to the unemployed, this was clearly not a direct effect of generosity. For, in Denmark, which gave the best protection of all to the unemployed, there was no evidence of a particularly high level of restrictiveness. Again the close link between people's broader political attitudes and their attitudes to the unemployed suggests that such views are far more influenced by political culture than by the characteristics of welfare regimes.

In short, the evidence suggests that, in the period of mass unemployment with which we are concerned, there was little public rejection of the unemployed in any of the societies under study. Nor was there any evidence that welfare regimes, either because of their implicit ethos about incentives or their generosity, played any role in increasing suspicion of, or hostility towards, the unemployed. Public perceptions of unemployment were most clearly linked to political beliefs, as mediated by party and ideological identification.

1.3 Policy Implications

While the nature of welfare provision was clearly of major importance for the quality of life of the unemployed, our evidence suggests that this can only be partially understood in terms of types of 'regime'. Differences at the level of detailed institutional design and of government policy meant that there could be substantial variations in outcome in countries whose welfare systems for the unemployed shared similar broad principles.

The domain in which welfare institutions clearly made the most substantial impact was that of financial deprivation. The 'universalistic' systems of Denmark and Sweden provided a relatively high level of protection of living standards, and they did so in a way which did not make people dependent on other income in the household. But employment-centred systems were not necessarily associated with higher levels of poverty. The living standards of the unemployed in the Netherlands, a particularly generous version of the employment-centred system, were also well protected, although an importance difference was that this involved a greater dependence on other family resources. Our evidence confirmed that the countries closest to the liberal and sub-protective regime types provided the weakest protection of the living standards of the unemployed, although the comparison between Britain and Ireland revealed that the extent to which this was the case depended very much on specific government policies. Overall, then, the heterogeneity of the employment-centred systems blurred any simple relationship between regime type and poverty risk. It must be remembered moreover that the significance of regime type was primarily with respect to relative poverty. The absolute difficulties that the unemployed confronted in terms of the difficulty of meeting payments and the harshness of living conditions were strongly influenced by the general level of economic development of the society. The unemployed faced the most severe shortages in societies that were less advanced in the process of industrialisation, although managing financially was also much harder in these societies for people in work.

The extent to which the unemployed were marginalised with respect to the labour market clearly depended to a very considerable extent on macro-economic conditions, particularly on the extensiveness and rapidity of economic restructuring. Long-term unemployment, which is the most significant indicator of such marginalisation, is heavily dependent on the overall level of unemployment. This in turn is partly related to the business cycle and partly to the extent to which the particular location of a country in the international economy leads to pressures to transform the sectoral composition of the economy. It is clear that the difficulties of assimilating the unemployed in the southern European countries and in Ireland were related to the fact that a sharp reduction in the size of the agricultural sector compounded the difficulties of restructuring the traditional manufacturing industries.

Nevertheless, there was evidence that the nature of welfare institutions could have an impact on the extent to which economic change led to individual entrapment. It was notable that Sweden, which had the most advanced policies for assisting the unemployed to find and retrain for jobs, was the only country which escaped the general pattern whereby an experience of unemployment 'scarred' a person in a way which made them more vulnerable to future unemployment. It was clear too that the

strong childcare provision in Denmark helped prevent the marginalisation from the labour market of women with young children, leading to high employment rates even among lone mothers. Both Sweden and Denmark had relatively low rates of long-term unemployment. It has to be taken into account that the economic shock resulting from sectoral change was less marked in Denmark than in other countries. But it seems likely that the relative success of these two countries in preventing long-term labour market marginalisation was at least in part due to the policies of active intervention in the labour market characteristic of universalistic regimes.

The sphere in which there was least evidence for the direct impact of welfare regimes on the experience of unemployment was that of social isolation and social integration. It is possible that there is some long-term historical relationship between welfare systems and the typical forms of household structure in a society. More generous public welfare may make it easier for people to create and sustain independent households. Low levels of public welfare may reinforce inter-generational family and friendship solidarities, by providing them with a vital and highly visible function. Similarly, there may be more perceived pressure for the development of public welfare provision in societies where family structures are less stable. But whatever the extent of such reciprocal causation, there is no automatic mechanism whereby such solidarities offset lack of public provision. In several of our societies, it is clear that those who fell outside the provisions of public welfare had little that they could depend upon in terms of resources from family or friends. The patterns of household formation and sociability in societies have then their own distinctive dynamics, which have longer-term historical roots in very different paths of economic and cultural development.

The extent to which the unemployed were likely to experience social isolation was strongly influenced by these distinctive societal patterns of household organisation and sociability. In the Southern countries, young unemployed adults were far more likely to be living at home with their parents. But this was not specifically because they were unemployed, but because young people in general in these societies were more likely to live in this way. They were also far more likely to meet regularly with neighbours, friends and relatives. Again this mainly reflected the fact that the frequency of sociability was much higher in the society at large. In countries such as Denmark and the Netherlands, informal sociability was very much rarer for the unemployed and those in work alike. But instead there was more active participation in formal organisations. In Germany, again largely reflecting the more general pattern in the society, the unemployed had low levels of informal sociability, but at the same time they also had relatively low participation in formal social life in the community.

The relationship between these different aspects of deprivation is of fundamental importance in any assessment of the risks of social exclusion for unemployed people. Social exclusion refers to a situation where people suffer from the cumulative disadvantages of labour market marginalisation, poverty and social isolation. The different aspects of deprivation become mutually reinforcing over time, leading to a downward spiral in which the individual comes to have neither the economic nor the social resources needed to participate in their society or to retain a sense of social worth.

In general the evidence for Denmark confirms that such systems present a relatively low risk of social exclusion. They provided effective protection of living standards, and this enable people to continue participate to participate in the associative life of their communities. At the other end of the spectrum, in the Southern European societies, the unemployed suffered from very high levels of financial hardship and had very little in the way of individual income, but socially they remained strongly integrated both in terms of relations in the household, where very frequently they lived with their parents and participated in the social life of the family, and in terms of maintaining high levels of sociability with neighbours and friends in the community.

The risk of the type of cumulative disadvantage that underlies the process of social exclusion was greatest in the countries where the respective normative responsibilities of the public authorities and of the family were least clearly delineated. Germany, France and the UK were countries where the level of public financial support was at best intermediate and in the case of the UK very low. At the same time, these were countries in which the institutional responsibilities of the family were relatively weakly defined. It was in these societies, then, that there was the highest risk that unemployed people would simultaneously confront both poverty and social isolation, thereby creating the conditions for social exclusion.

Overall, while our study shows that policy is only one of the factors that determines the experience of unemployment, it does strongly confirm that it makes a very substantial difference to the level of deprivation. In particular, the high-welfare societies provided much greater protection of the living standards of the unemployed and this was reflected in lower levels of financial distress. We found no evidence that these relatively high benefit levels undermined work motivation. The unemployed in the high welfare societies had particularly high levels of commitment to employment. Moreover the fact that the unemployed had the resources to continue to participate in community activities helped to preserve the informational and social links that were essential for effective job search.

2. Background and Objectives of the Project

When the social status of individuals depends primarily on their participation in the systems of economic production and exchange of their society, there is a high probability that unemployment will lead to a loss of status and a feeling of failure, especially if it extends for any length of time. It involves more a *process* of what might be termed 'social disqualification' than a static state. It brings about a sharp drop in living standards, a weakening of social life, and marginalisation with respect to those in work – effects which can become cumulative and lead to a situation of intense poverty and, at the extreme, of social rupture.

It is notable that the first major sociological enquiries of the twentieth century date from the 1930s (Lazarsfeld et al. 1933; Bakke, 1940), at a time of economic crisis and unprecedented levels of unemployment. It was an issue that drew the attention of researchers much less in the period of economic prosperity after the war. Research focused much more on the effects of technical, social and cultural change on the social structures of Western societies. It was only towards the end of the 1970s that

there was a renewal of research on unemployment by sociologists¹, economists and social policy analysts. Our knowledge has expanded considerably over the last two decades, but it remains highly fragmented, since there was little co-ordination between the research carried out in different countries. Comparisons across countries in Europe are very rare, not least because they have had to confront the technical difficulty of the lack of standardisation in the way data has been collected. In the absence of genuine comparison, the tendency has been to fall back on the mere juxtaposition of national monographs.

The research programme was concerned with an empirically-based comparative assessment of the processes that link labour market precarity and social exclusion. It examined both the factors that contribute to an insecure labour market position and the impact of labour market insecurity on income deprivation, social networks and social values. It focuses on eight countries: Denmark, France, Germany, Great Britain, the Netherlands, Ireland, Italy and Sweden. The countries were selected to provide major contrasts with respect to labour market institutions and welfare provisions. One of the principle objectives of the programme was to try to assess whether such institutional differences are a significant factor mediating the relationship between labour market precarity and social exclusion.

3. Project Results and Methodology

3.1 Debate and Context

The research programme that has made an intensive effort to achieve a high level of comparability of data. The research, which lasted over a three year period, brought together research teams from eight countries: Denmark, France, Germany, the Netherlands, Ireland, Italy, Sweden and the UK. It aimed to provide an overview of the experience of unemployment, partly by re-analysing national data sources with a view to increasing their comparability and partly by using the European Community Household Panel Study (ECHP)², which started in 1994 and represents the first major European-wide source of information on the unemployed.

The comparison of the experience of unemployment in Europe is all the more interesting in that it addresses a wider concern by researchers to understand the forms of social regulation in European societies. To begin with it is clear that, even though there are some common features, the relative risks of unemployment of specific categories of the population differs considerably between countries.

As can be seen in Table 1, women have a much higher risk of unemployment than men in several of the countries of Southern Europe (Italy, Greece, and Spain) as well as in Belgium and France. While women are still disadvantaged, there is considerably less difference in the relative risks of men and women in Denmark, Germany, Portugal and Ireland. In contrast, in Sweden and the UK, it is men that are most

¹ In France the work of Dominique Schnapper entitled *L'épreuve du chômage* (1981) marked the beginning of a new phase in studies of unemployment; in Britain, the first major research programme on the social consequences of unemployment was carried out in the mid-1980s (see Gallie *et al.* 1993).

² See Appendix 1.

affected. The effect of such sex differences in unemployment rates on the composition of the unemployed depends in part on the level of participation of women in the labour market. At one extreme, in Greece, women represent 58% of the unemployed; at the other, in the UK, only 34%. There are also considerable differences in the age composition of the unemployed. Younger people (aged 15 to 24) constitute a much larger proportion of the unemployed in the Southern European countries than in other countries. In Italy, Greece, Spain and Portugal they represent more than 30% of all unemployed people (compared with 22% in Denmark and only 13% in Germany).

These differences point to the need to analyse the experience of unemployment not as something homogeneous, but as a phenomenon that which takes place within particular economic, social and political structures and which, because of this, may have a different dynamic within each national culture.

One factor that could well be important is the nature and the forms of intervention of the welfare state. It is a plausible hypothesis that the living standards of the unemployed will depend to a considerable extent on the system of unemployment benefits. The probability of people experiencing long spells of unemployment is also likely to depend on both the extent of development of active employment policies and on the availability of specific policies to assist women's employment, for instance through the provision of childcare. Further, one could hypothesise that the degree of social integration of the unemployed within society will depend on the form and the stability of family structures, in particular as these affect their capacity to provide opportunities for sociability and material or affective support. Finally, it is important to consider the experience of unemployment in the context of the pattern of economic development and the rapidity of sectoral change in particular societies, since the chance of finding work is likely to be heavily affected by the nature of demand in the market. The differences between European societies in terms of these three dimensions – welfare provision, the family and the market – are very great, and it would be worth recalling the most salient points of divergence.

3.1.1 Welfare Regimes and Unemployment

The conception of 'welfare regime' is taken in a broad sense. It refers to a system of public regulation that is concerned to assure the protection of individuals and to maintain social cohesion by intervening, through both legal measures and the distribution of resources, in the economic, domestic and community spheres. The usefulness of any regime model for understanding the empirical pattern of welfare provision may differ between welfare domains, either because of the distinctiveness of the problems addressed or because of the specific historical conditions at the time of institutional formation. It is quite possible, for instance, that the principles underlying the provision of welfare with respect to health may differ from those with respect to protection in the labour market. This wider issue of the degree of integration or segmentation of the principles underlying different aspects of welfare provision in a society is not one that can be pursued here. Rather it needs to be emphasised that we are concerned to use such types to explore one particular sphere of welfare provision. Our central concern is with those aspects of welfare regimes that provide protection from misfortunes in the labour market, primarily through the

system of financial support for the unemployed and the institutional arrangements for intervention in the process of job allocation³.

The degree of coverage is likely to be a critical factor for the way the welfare state affects the experience of unemployment. It is to a considerable degree the very fact of receiving benefits to compensate for being without work that underlies conventional definitions of the unemployed. A person who is not or who has ceased to receive benefits is less likely to be socially recognised as a 'genuine' unemployed person. Coverage includes both those who receive insurance benefits and those who rely upon means-tested benefits. The balance between these can vary substantially between countries and, arguably, the nature of this balance may be important for the experience of unemployment. The higher the reliance on means-tested benefits, it has been suggested, the greater the risk that unemployment will be stigmatic. In recent years, there has been a considerable expansion of means-tested assistance in most European countries, largely reflecting the deterioration of the labour market (Paugam, 1988). But it should be noted that the link between these trends is stronger in countries where there is only weak coverage of the unemployed by insurance-based systems of social protection, revealing the importance of the underlying characteristics of the system.

The level of financial compensation is also likely to have an important effect on the experience of unemployment. In countries where it provides a high level of replacement of earnings in work over a relatively long period, the unemployed are more likely to be able to live in similar conditions to when they were in work. This also gives them greater opportunity to search thoroughly when they are looking for a job. It seems plausible that the degree of social stigmatisation to which they are subjected will be lower, since there are fewer visible signs of their temporary loss of position. In countries where financial compensation is much more limited, the risk of poverty and of the cumulative growth of difficulties is likely to be much higher.

Finally, the extent of development of active employment policies is likely to have an effect on the experience of unemployment, given that these can reduce the risk of long-term marginalisation from the labour market. When the unemployed have the possibility of improving their skills through training, they are likely to be in a better position to find a job. This argument cannot be accepted without qualification. When the number of available jobs in a region is limited, training courses can become little more than ways of keeping the unemployed occupied, giving them a minimum level of activity rather than providing any serious career perspectives. Nonetheless, it has been shown that at least some types of employment policy which have been developing (albeit in different forms) across the European societies in recent years can have real effects on job chances.

In taking these three criteria – coverage, level of compensation and expenditure on active employment policies - it is possible to distinguish at least four 'unemployment

³ This emphasis on domain specificity is one of the factors that distinguishes our approach from the influential analysis developed by Esping-Andersen (1990). It should also be noted that the concept of welfare regime used here relates to provision by public authorities, in contrast to Esping-Andersen's revised conception of a welfare regime in terms of 'the ways in which welfare production is allocated between state, market and households' (Esping-Andersen, 1999:73).

welfare regimes' in Europe': the sub-protective regime; the liberal/minimal regime; the employment-centred regime and the universalistic regime (see Table 2).

A sub-protective regime is a system that offers the unemployed less than the minimum level of protection needed for subsistence. Few of the unemployed receive benefits, and, when they do the amount is low. Active employment policies are virtually non-existent. In this type of regime, it could be expected that the unemployed will experience severe financial difficulty and live under the poverty threshold. The probability of long-term unemployment is also high, even though this is also likely to be conditioned by other factors such as the level and pattern of economic development.

The liberal/minimal regime provides a higher level of protection for the unemployed than the sub-protective. It does not however cover those at risk of unemployment as a whole and, above all, it provides a low level of financial compensation. Similarly, there is little development of active employment policies. This type of regime is also distinguished by its general philosophy. Whereas the sub-protective regime reveals a chronic absence of organised and planned intervention by the state, the liberal/minimal regime rather reflects an explicit political will not to intervene too heavily in the protection of the unemployed so as not to undermine the laws of the market. The underlying idea is to encourage the unemployed to take responsibility for themselves in order to avoid becoming dependent on social assistance. In order to minimise the possibility of a financial disincentive to work, there is a particularly strong reliance on benefits that are subject to means-testing, taking account of wider household income. It is a type of regime in which there is a strong risk that the unemployed will suffer from poverty. Given the emphasis on means-tested household income, it could be expected to provide particularly weak support for unemployed married women.

The employment-centred regime provides a much higher level of protection for the unemployed than the liberal/minimal. The level of financial compensation is higher and the development of active employment policies reflects the concern of the public authorities to avoid the effective withdrawal from the labour market of the most disadvantaged sectors of the active population. Nevertheless, the coverage of the unemployed remains far from complete as a result of the principles of eligibility for compensation. These are primarily defined in terms of previous employment experience. The system is concentrated on those who have built up the greatest rights. It tends then to create a division between 'insiders' and 'outsiders'. Vulnerability to poverty is likely to vary greatly depending on the status of the unemployed person, as well as on the length of time they have been unemployed. It is a type of regime that will disadvantage people who have only been able to obtain temporary jobs or those with little work experience. It could be expected to disadvantage particularly sharply women and younger people, since these are less likely to have either lengthy or continuous employment experience.

Finally, the universalistic regime is distinguished from the other three by the fact that it offers very comprehensive coverage of the unemployed, a much higher level of financial compensation and a more ambitious active employment policy. Universalism also tends to be associated with the individualisation of rights. Benefits are granted relatively independently of the resources of other household members.

This should lead to both a low level of poverty among the unemployed and a lower risk of labour market marginalisation. Given relatively easy eligibility rules and the individual basis of rights, this type of regime could be expected to discriminate the least between unemployed people in terms of either sex or age.

Welfare regimes have been seen as differentiated in terms of the extent to which they lead to 'decommodification', that is to say the progressive detachment of the individual's status from the logic of the market (Esping-Andersen 1990). The introduction of modern social rights in capitalist societies has helped to give people resources that are independent from the market, thereby making them other than merely an exchangeable commodity. But the extent to which this has occurred varies significantly between countries. With respect to the concept of 'decommodification', there is a clear gradient between the four types of unemployment welfare regime. The regime that is furthest from achieving this is the sub-protective regime; that which is closest is the universalistic regime.

A further common distinction is between 'beveridgian' and the 'bismarkian' systems, with the former characterised by the widest possible approach to social protection founded on the notion of social citizenship, and the latter by a more restrictive approach derived from participation in productive activity. It can be seen that the employment-centred regime reflects bismarkian while the universalistic is closer to beveridgian principles. Both of the two other types of regime – the sub-protective and the liberal/minimal - are far from either principle.

Finally, as will be discussed in more detail later, the regimes differ in terms of the extent to which they lead to de-familialisation, that is to say ensuring the independence of the individual from reliance on other family members. This is likely to have particularly important implications for the experience of women (Lewis 1992, Orloff 1993, O'Connor 1996, Daly, 1996). The universalistic regime stands out from the others in terms of the extent to which they provide support irrespective of other household resources.

In considering this typology of unemployment welfare regimes, our view is that such models are best regarded as ideal-types rather than as descriptions of the institutional arrangements of particular countries. They are ways of describing the logic of particular *processes* of welfare regulation. It should not be expected that any country would represent a pure example of any such process. Rather in reality the welfare regimes of specific societies are likely to reflect (albeit to different degrees) a mixture of these different logics, and indeed their relative importance may change over time.

However, there are grounds for thinking that the countries upon which we are focusing approximate *more closely* to one type of welfare model than another. We have taken three empirical indicators reflecting the different constitutive dimensions of these regimes. These are: the proportion of the unemployed who receive benefits (see Table 3), the average expenditure on benefits per unemployed person as a percentage of per capita gross domestic product (see Table 4) and finally expenditure on active employment policies as a percentage of gross domestic product (see Table 5). These have been chosen as providing a reasonable level of comparability and, in the case of the last two, for giving a picture of the stability of pattern across time. They must however be regarded as providing approximate indicators. The issue of the

level of compensation, in particular, has led to quite diverse estimates for particular countries of the extent to which unemployment benefit replaces income in work, depending on the assumptions used. These are discussed further in Appendix 2. However, despite such variations, there emerges a reasonably consistent pattern of the broad differences between countries.

It is clear, to begin with, that there is a strong similarity between the countries of Southern Europe⁴. The proportion of the unemployed receiving benefits is lower than 10% in Greece and Italy and lower than 30% in Portugal and Spain. These figures are almost sufficient in themselves to justify considering these countries as closest to a sub-protective regime. If one takes, in addition, the criteria of expenditure per unemployed person as a percentage of per capita GDP, it can be seen that Italy is below the 10% threshold, Portugal is lower than 25% and Greece around 30%. Only Spain stands out from this pattern at 73.7%. Moreover, expenditure on active employment policies is also very low in these countries. It amounts to less than 1% of GDP in Greece and Spain and to only 1.1% in Portugal. Such policies are considered virtually non-existent at national level in Italy (Saraceno, 1992), which possibly explains why this indicator is not available in the national statistics.

While the most notable feature of these systems is the gaps in their provision, it is possible nonetheless to detect a bismarckian influence. The Italian system of financial assistance for the unemployed is interesting in this respect: it is characterised by a very strong dualisation. It is a system that reflects a particular way of handling employment issues in very specific sectors of the economy, particularly in large firms where employers and employees have negotiated agreements that protect the workers and at the same time reinforce their loyalty to the organisation. Through the mechanism of the 'Cassa Integrazione Guadagni', employees of such firms receive 90% of their daily salary through the period of inactivity. Moreover, people covered by this scheme are not officially classified as unemployed. There are also special schemes for workers in industries characterised by a high level of seasonal variation in activity. With the 'Trattamento speciale di disoccupazione', employees from construction and agriculture receive an allowance representing more than half of their daily salary if they become unemployed (66% in the construction industry, 60% in agriculture) and this continues for a period of three to six months, with possible further extensions. But, in Italy, as in the other Southern countries, such protection has not been extended to the unemployed as a whole. The absence of more comprehensive coverage is likely to be particularly disadvantageous for young adults.

The countries which are closest to a liberal/minimal regime are the UK and Ireland. The proportion of the unemployed covered by benefits is relatively high in the UK (59%), but expenditure on benefits is quite low: less than 30% in 1990 and less than 35% in 1995. It is also important to note the more and more restricted role of insurance benefits. The principal benefit 'Job Seekers' Allowance' is subject to means-testing from the seventh month, and the obligation has been imposed to subscribe to a 'Job Seekers Agreement'. All these measures have the objective, following the liberal logic, of encouraging the unemployed to actively seek work and to accept if necessary a precarious job. Since insurance benefit is for such a short

⁴ A number of writers have pointed to broad similarities in the structure of welfare arrangements in the Southern European countries (see Liebfried, 1992; Castles, 1993; Ferrara, 1996; Saraceno, 1994).

period, the majority of the unemployed in the early 1990s were receiving means-tested benefit (Evans et al. 1992). Ireland also is closest to this type of regime, with relatively high coverage (67%), but low levels of benefit. It is, however, important to note that Ireland differed considerably from the pattern in the UK with respect to expenditure on active employment policies. These represented 1.7% of GDP in Ireland compared with only 0.4% in the UK.

Several countries approximate to the employment-centred model: France, Germany, the Netherlands and Belgium. The proportion of the unemployed that receives benefits is high in Belgium (81.5%) and in Germany (70.5%) and lower in France (45%) and the Netherlands (49.6%). But the country order is no longer the same if one takes expenditure on benefits. In this respect the Netherlands is highest at 108.5% of per capita income in 1993, followed by Belgium with 48.2% and Germany with 46.8%. France is at an even lower level (36.1%). The case of the Netherlands consists then of two rather different tendencies: a relatively low proportion of the unemployed are covered by insurance benefits, but these are quite generous for those who do get them. This has the effect that large numbers of the unemployed have to look to social assistance for support. There are two such systems, one of which was created specifically for the unemployed, especially the long-term unemployed (Kemperman and Vissers, 1999). The numbers on this have increased considerably in recent years, following closely the trend in the level of unemployment. The same process has occurred in France. A low proportion of insured unemployed leads in a period of strongly rising unemployment to a sharp increase in the proportion receiving social assistance, especially the *revenu minimum d'insertion* introduced in 1988 (Paugam, 1993). In Belgium and Germany where the coverage of unemployment insurance is more extensive, the increase in the numbers on social assistance has been less closely tied to changes in the labour market (Vranken, 1999; Breuer, 1999). Finally, it is notable that expenditure on active employment policies as a percentage of GDP is at a very similar level in the four countries and considerably higher than for countries closer to the first two types of regime. Such policies are an attempt by the public authorities to compensate for the gaps left in the system of insurance cover in a way that limits the pressure on social assistance schemes.

Finally, the two countries that are closest to the universalistic regime model are Denmark and Sweden. The proportion of the unemployed covered by benefits and the level of benefits are relatively high in these countries. It should be noted that between 1994 and 1996, Sweden introduced measures to reduce the level of compensation, but these were subsequently increased again. These two countries have also been characterised for many years by a particularly strong emphasis on active employment policies (2.3% of GDP in Denmark in 1993 and 3.2% in Sweden). For instance, the 'activation' agreement signed in 1992 in Denmark included the objective of integrating young people rapidly into the labour market, by increasing the number of public sector jobs and offering training to all. It also aimed to develop incentives and opportunities for the long-term unemployed, through social development programmes, the creation of free zones, and the development of public employment. The overall package of these measures, in combination with the encouragement of early retirement, is thought to have made a major contribution to reducing the level of long-term unemployment in the country.

The discussion to date has been mainly concerned with the broad implications of the social protection systems for the unemployed taken as a whole. However the type of unemployment welfare regime may also have important implications for the degree of equality or inequality in the treatment of men and women. Given that employment-centred systems depend to a considerable degree on the direct contributions of employees, there is a risk that women who have interrupted their careers for family reasons will be disadvantaged compared to men with a more continuous employment record. Women could also be expected to be disadvantaged in liberal/minimal systems by the reliance on a system of means-testing which takes account of overall household income. In contrast, this type of effect could be expected to be least strong in universalistic systems, due to their easier eligibility rules and their individualised system of rights.

While it is difficult to find any simple metric for comparison, there are certainly important institutional differences between countries in eligibility rules (Rubery et al, 1988). The Danish system appears to be the particularly advantageous for women: only 12 months of contributions in the previous three years is sufficient to give eligibility for unemployment benefit, and this threshold has been reduced to 34 weeks for women who were in part-time work. It is notable that, although the unemployment system is a voluntary one, two-thirds of working women belong to it. In comparison, the British system is much less favourable for women. It gives greater importance to the amount than to the duration of contributions, which favours higher paid employees. As a result it takes a particularly long period for women to become eligible who are working in part time jobs with low pay.

Taking the empirical evidence on benefit coverage (Table 3), it is notable that the sex differential is very small in both of the countries closest to the universalistic model (Denmark and Sweden). It is also relatively low in three of the four countries that were seen as close to the sub-protective system – Italy, Greece and Portugal. This, however, constitutes relative sex equality in the virtual absence of provision. In contrast, women were much less likely to receive benefit when unemployed in both of the liberal/minimal countries – Ireland and Britain. Indeed these are the countries in which the sex differential is greatest. Women are also less likely to receive benefit in the majority of the employment-centred societies. It should be noted, however, that there is considerable diversity in pattern: the sex differential is very sharp indeed in the Netherlands, but it is relatively moderate in France and absent in the figures for Belgium. While in general the evidence supports the view that such systems work to the disadvantage of women, there are clearly mediating factors that lead to important differences in the extent to which this is the case. Given the emphasis of such systems on employment experience, it is likely that one such factor will be the pattern of women's labour market participation in specific societies.

Overall, these differences in benefit coverage for men and women confirm the earlier classification. Countries closest to the universalistic systems provide a high level of sex equality in coverage, while women are less well covered in the majority of countries closest to the employment-centred and in both of those closest to the liberal/minimal regimes. While this is the only aspect welfare for the unemployed for which comparable evidence for men and women is publicly available, it is clear that any full comparison of the degree of sex equality would require an assessment both of the level of benefits and of access to active employment policies.

There are good reasons then for thinking then that the unemployment welfare regime is likely to have a major impact on the experience of unemployment. But it is also important to assess its relative importance in comparison with the role that may be played by the pattern of family organisation.

3.1.2 The Role of the Family

It seems likely that the nature of the family will have an effect on the experience of unemployment. For instance, it seems probable that an unemployed person who lives alone, one who lives with their parents or one who has responsibility for several children will not live the same experience. It may also be the case that, in a situation in which the male partner has a job, unemployment will have a different significance for a female partner in countries where the general level of activity of women is high than in one where it is low.

In considering the possible impact of the family on unemployment experiences, a first factor that needs to be taken into account is the degree of stability of the family as an institution. The trends with respect to the rates of marriage, divorce and births outside marriage are generally used to provide a picture of the degree of 'de-institutionalization' of marriage and of the fragility of the traditional family model (Roussel, 1989). Earlier research has suggested that family instability may aggravate the precarity of work careers, especially for unemployed people. But it is striking to note how strongly these demographic indicators vary from one country to another, suggesting that the unemployed will experience very different family situations depending on the country in which they live (see Table 6).

It is possible to distinguish at least three groups of countries with respect to the degree of de-institutionalisation of the traditional family model. Sweden and Denmark share in common a high divorce rate and a high proportion of live births outside marriage. These are unquestionably the most advanced cases of de-institutionalisation, even if the marriage rate is still high in Denmark. The UK resembles these countries with its high divorce rate, but the proportion of births outside marriage is somewhat lower. In contrast to the Northern pattern, the Southern European countries (Greece, Portugal, Italy, and Spain) stand out with low rates both of divorce and of births outside marriage. Taking the 1980s cohort, the proportion of marriages ending in divorce was 12% in Greece and only 7% in Italy, compared with 46% in Sweden. Note that Ireland comes close to the Southern pattern in this respect. Even if the trends in most European countries have been similar over the last twenty years, the family model still remains more traditional in the Southern countries. Several countries occupy an intermediary position between the Scandinavian countries on the one hand and the Southern European countries on the other: this is the case for France, Germany, the Netherlands and Belgium.

There are also major differences between countries in the roles attributed to the family. This is evident with respect to the responsibilities of the family for young children. These are likely to be heavily affected by the nature of welfare policies, which determine the availability of childcare provision. The role of the welfare state in the construction of family models and their implications for inequalities between

men and women has been emphasised by a number of writers in recent years (Lewis 1992, Orloff 1993, O'Connor 1996). Like unemployment benefit and employment policies, family policies differ considerably from one country to another.

There is a need, then, to complement the emphasis on decommodification (detachment from the market) as a principle for comparing welfare regimes with an emphasis on de-familialisation (detachment from the family). A social policy that leads to de-familialisation implies a commitment to collectivising the weight of family responsibilities. This is likely to be an important condition for the ability of women to give equal importance to their career and family lives. At the other extreme, it is possible to point to societies where the family remains both the pivot of sociability and the principal legitimate mechanism for taking care of the social needs of all of its members.

It is striking to note, for example, the wide country variations in the socialisation of children under school age in publicly funded childcare (see Table 7). This is a good indicator of de-familialisation. The proportion of children under two years old with places in a creche is 48% in Denmark and 32% in Sweden compared with only 2% in Germany, the UK and the Netherlands and 5% in Italy. If one takes the proportion of children between 3 years old and school age in publicly funded childcare, it is also weak in the UK (38%) and in the Netherlands (53%). It seems clear that women in the Scandinavian countries have much better opportunities to ensure the socialisation of their children outside the family and thus to be less disadvantaged relative to men in their professional careers.

The nature of the family also differs very considerably with respect to the responsibilities for older children and the length of time over which these continue to reside with their parents. When one compares the proportion of adult children of 20 to 29 years of age living with their parents, it is evident that the process of de-familialisation is much more advanced in the Northern than in the Southern European countries or in Ireland (see Table 8). Over two thirds of such young adults continue to live with their parents in Italy, Spain and Portugal and more than half in Greece and Ireland. The corresponding figure is only 16% in Denmark and 29% in the Netherlands. If one takes the proportions among the unemployed, the divergences are even greater: 14% in Denmark compared with 87% in Italy.

It is possible then to detect three models of *family residence*: an extended dependence model, a model of relative autonomy between generations and finally a model of advanced inter-generational autonomy.

The extended dependence model characterises a situation where different generations are brought together in the same household under the wing of the core generation. Adult children (and possibly older parents) are taken care of within the same home. Sociologists and demographers have often provided descriptions of this model emphasising that it is based simultaneously on reciprocal exchange between the members of the household and on strict norms defining the obligations of each person within the group. It is a model that is reinforced by a very strong institutionalisation of marriage (Jurado-Guerrero and Naldini, 1997). While it restricts the autonomy of the individual, it has the advantage of offering everyone a minimum of protection. The long-term unemployed for instance would benefit from direct family support.

The relative autonomy model defines an intermediary situation between the extended dependence and the advanced autonomy models. In this model, adult children living with their parents are under an obligation to look for an alternative solution. They must be actively preparing their entry to the labour market. The normative system underlying this model is primarily one of autonomy and individual responsibilities in the household are much more weakly defined. It is above all the difficulty that young people encounter in trying to enter the labour market that creates the necessity for parental solidarity. While this system is less rigid, it is also more fragile. Adult children and older parents live the experience as a temporary situation. The ties between parents and children can easily break up as a result of misunderstandings in the household, especially when a relationship of dependence without possible exchange develops, which is commonly the situation for the young long-term unemployed.

Finally, the model of advanced autonomy represents the normative system that contrasts most strongly with the extended dependence model. The self-realisation of the young adult is regarded as inconceivable without acquiring autonomy from the parents. This does not of course mean that there is break down of affective ties. The children may remain to some degree financially dependent, but the norm is to live separately. This model allows people to cohabit with a partner earlier than is possible in the case of the two previous models.

What is the nature of the link between the unemployment welfare regime and the type of family residence model? We can begin by looking at the location of countries when the two dimensions are taken into account simultaneously (see Table 9). It is evident straight away that for the countries of Southern Europe there is a very strong correspondence between the sub-protective regime and the extended dependence model. It is also clear that there is a perfectly symmetrical relationship between the universalistic regime and the advanced autonomy family model in the Scandinavian countries.

It might be tempting to conclude that there is a continuum between these two poles and to attribute the decisive role in the creation of family residence models to the type of unemployment welfare regime that prevails in each country. But any such conclusion would be over hasty. This is evident if one takes the example of the UK. Given the minimal character of unemployment benefits and the liberal policies aimed at keeping them low, it could be expected that young people would stay for a long time at home with their parents, much as is the case in Ireland. Similarly, given its system of unemployment protection, it could be expected that the situation in the Netherlands and in Germany would be very similar to that in France and Belgium. But, in fact, the Netherlands and Germany, like the UK, are closer to Denmark and Sweden in their family residence models. It has to be concluded then that the dynamic of family residence is not entirely determined by the social protection regime and that it is preferable to distinguish in our analysis the aspects of the experience of unemployment which are linked to the welfare regime from those which are linked to the family.

For these reasons, we prefer to speak in terms of welfare or unemployment welfare regimes when considering the sphere of intervention of the public authorities and of

family models when examining the sphere of domestic life. When seeking to characterise the joint influence of several institutional factors linked to the experience of unemployment, we will use the notion of systems of social regulation.

3.1.3 The Role of the Market

The concept of unemployment is inseparable from that of work, which provides the core interpretative framework in industrial societies. It is linked both to the idea of full employment and to the modern conception of paid work (Salais et al. 1986; Topalov, 1994). Since unemployment is inseparably linked to the conception of work that exists in an industrial society, its meaning may well vary depending on the degree of industrialisation and of economic development. In a region or a country with a relatively low level of economic development, the inhabitants may not even define themselves in terms of the employment relationship, in the sense that it has acquired in large-scale enterprises. They may consider their work as self-employed or carry it out, on an occasional or permanent basis, in the informal sector. Since work is primarily a matter of survival rather than a social status, the consciousness of being an unemployed person may be less strong, especially since formal financial compensation on grounds of unemployment is negligible or even non-existent⁵. Qualitative research in the less developed regions of Southern Europe suggest that the conventional notion of unemployment is not as salient in the way people think about their society, in part because the 'unemployed' are mainly women or young people (see for instance, Krief, 1998). The adult men have the responsibility of ensuring the protection and survival of their families and the economic system is organised to assist them to do this, even when conditions are harsh.

It also seems likely that the experience of unemployment will be affected by the extensiveness and timing of sectoral restructuring of the economy. For instance, in all countries the transition from an essentially rural to an industrial economy was associated with major changes in the skills and work attitudes of the workforce. In many countries, this transformation had been virtually completed in the three immediate post-war decades, when there was an overall shortage of labour and there were possibilities for re-integration into other economic sectors. But much greater problems inevitably arose for countries for which severe reductions in the agricultural workforce coincided with wider economic crisis and an inability to generate jobs that could compensate for those that had been lost. Unemployment became heavily concentrated on certain sectors of the population and involved severe marginalisation from the labour market.

⁵ Pierre Bourdieu, in his research in Algeria in the early 1960s, found that it was only the peasants of the Kabylie who had internalised the conception of work common in industrial societies, largely due to the close links they had maintained with Western culture through their tradition of immigration to the large cities and to France (Bourdieu et al. 1963). Even when they had been out at work in the fields for long hours in the previous days, they reported themselves as unemployed since they looked upon this agricultural work merely as a temporary way of getting by. It was only paid employment that they regarded as having true value. The situation was completely different among the more traditional peasants of Southern Algeria. These considered work simply in terms of its social function and paid little attention to the notions of unemployment or sub-employment, even in periods when there was not a great deal of economic activity and they were only at work part of the time.

Since the mid-1970s, the degree and nature of sectoral change has varied very considerably between European countries (see Table 10). Taking employment change in the agricultural sector, it is notable that the Southern European countries have been by far the most affected in this period. The share of the agricultural sector went down from 35% to 11.4% in Portugal, from 36% to 21.3% in Greece. In comparison to a country such as France the restructuring of agriculture was taking place in a much more difficult overall economic climate. The Mezzogiorno in Italy represents a particularly extreme case where structural decline in the agricultural sector occurred with little compensation in terms of the development of other types of stable economic activity.

With respect to changes in manufacturing industry, it is clear that the heaviest employment losses occurred in the more developed industrial societies. The share of such industries in overall employment went down by about ten percentage points in Belgium, the UK, Sweden, France and the Netherlands. The reduction was less sharp in Germany, but it was still considerable. Employment change in this sector was much lower in the Southern countries: Portugal, Spain, Greece and Italy. Finally, Denmark stands out as the only country in which there was a slight increase in the share of this sector.

The European countries have then experienced different types and different intensities of shock to their employment systems in the period since the mid-1970s. There are three broad groups of countries. The Southern countries experienced a particularly severe reduction of their agricultural sectors, leaving endemic unemployment in certain regions. The societies that had developed large-scale industry earlier were subject to massive restructuring of the manufacturing sector. Unemployment in these cases was less likely to affect an entire sector of the workforce than to operate selectively, striking at those with lower skills and less able to adapt to technological change. Finally, countries such as Denmark saw much less radical types of economic rupture that would have made it easier to handle the problems thrown up by unemployment. The transitions between different types of work were likely to require less drastic changes in skill and training, which should have helped to reduce the duration of unemployment spells.

Our starting point then is that the three types of factor that we have been considering – the nature of social protection for the unemployed, the type of family system and the pattern of economic change – are each likely to have major implications for the experience of unemployment. While they are clearly not entirely autonomous, they do not determine each other in a way which can make it possible to simply logically deduce one from the other. Rather the specific configuration of the relations between them is likely to lead to significant differences in the experience of unemployment between countries.

3.2 The Social Regulation of Unemployment: Empirical Results

How different was the experience of unemployment in the EU societies that have been examined in this study? And what factors appear to have played the strongest role in affecting this experience? In embarking on this investigation, we noted that there were in particular three types of factor that might affect the severity of the effects of unemployment on people's lives. In the first place, there were the characteristics of the welfare institutions for the unemployed, which reflected distinctive mixes of welfare principles. Second, there were diverse patterns of family life and sociability, which, although possibly influenced by the nature of the welfare institutions, also related to much longer-standing cultural traditions. Finally, there were the specific economic conditions that each society was confronted with, deriving from their level of economic development and the rapidity of economic restructuring. In examining the impact of such differences, we have been concerned with three main spheres of the experience of unemployment: financial deprivation, labour market marginalisation and social integration.

3.2.1 Financial Deprivation

There are different ways of assessing the financial experience of the unemployed, reflecting distinct dimensions of 'deprivation'. The first, which has been the principal measure used in this study, is an indicator of 'income poverty status'. In particular, we have taken the measure of whether or not people's household income (adjusted for family composition) was below fifty percent of the average in their own society. This is a measure of *relative* financial deprivation and it is often considered a guide as to whether or not people will have the material resources to enable them to participate in the 'normal' activities of their society. It is not, however, a measure of financial hardship, which refers to the ability to meet basic needs of food and living conditions. The relatively poor in a wealthier society may well be in a very different position with respect to absolute measures of hardship than the relatively poor in less economically advanced societies. However, our examination of the association between the different types of measure reveals that 'income poverty status' is not a mere statistical abstraction but is consistently related to differences in experiences of financial hardship within countries.

The first issue is whether the nature of state welfare provision for the unemployed has a major impact on financial deprivation. We started from a set of analytical models of 'unemployment regimes', which distinguished between universalistic, employment-centred, liberal and sub-protective types. While no country exactly corresponded to a pure type, the institutional systems of countries could be seen as closer to or further from the logic of particular types of regime. Denmark and Sweden could be seen as most strongly informed by universalistic principles; the Netherlands, Germany and France were closer to employment-centred systems; Britain and Ireland to liberal systems and Italy to a sub-protective regime. Given the characteristics of different types of regime, our expectation was that countries closest to the universalistic model would be the most effective at ensuring income security and protecting the living standards of the unemployed. These were systems that were implicitly based on the principle that social protection was due to people as citizens and as such were relatively open in terms of eligibility and generous with respect to the level of

compensation. In contrast, the liberal and sub-protective systems, which provided either low levels of compensation or little guaranteed coverage, could be expected to have the worst financial outcomes for the unemployed.

Our empirical evidence indicated that in practice there was a complex relationship between welfare regimes and poverty among the unemployed. As can be seen in Table 11, while the universalistic systems did relatively well in providing financial protection, this was also the case with one of the three employment-centred regimes, namely the Netherlands. It is clear that the Danish system, which came closest to the model of the universalistic regime, was astoundingly successful on virtually all criteria in reducing the level of financial deprivation among the unemployed. It had by far the lowest proportion of the unemployed in poverty (less than 10% on our most conservative estimate), a figure that was five times less than in the country in which the unemployed were most vulnerable to poverty. Moreover, our evidence strongly suggests that the relatively low level of poverty among the unemployed in Denmark was the result of the operation of the system of social transfers (Table 12). If one examines income before such transfers, the poverty rate in Denmark was relatively high compared to most of the other countries examined. It was the effectiveness of social transfers in lifting people out of poverty that explains why poverty was so low once all income was taken into account.

Moreover, not only did Denmark have a low proportion of unemployed in poverty in terms of the relative poverty line, but it also came out well in terms of the measures of financial hardship. It was the country with the lowest proportion of the unemployed reporting immediate financial pressure (finding it difficult to make ends meet at the end of the month) and it had the second lowest score for lifestyle deprivation (the absence of standard household possessions). Moreover, with respect to financial pressure, the experience of the Danish unemployed was more similar to that of people of work in the society than in any of the other countries except Germany.

Our data for the outcomes of the Swedish system is more limited than for the Danish. But, on the basis of the evidence available, it would appear to have been rather less effective. Some 30% of the Swedish unemployed were below half average household income. While this was lower than the countries closest to the liberal or sub-protective types of regime, it was higher than one of our employment-centred systems - the Netherlands and, indeed higher than our lowest estimate for France. The higher proportions in poverty in Sweden were not due to higher poverty rates before social transfers, but rather to the lower efficacy of the transfer system in pulling people out of poverty. This may be related to the fact that the Swedish system operates a cut-off point after a year in which the unemployed are obliged to accept training or employment-experience opportunities in order to retain eligibility for insurance. It may also reflect the fact that the take-up of voluntary insurance in Sweden was far from comprehensive in this period (possibly because of the success of governments in maintaining relatively low rates of unemployment through most of the 1980s). The higher rates of poverty in Sweden may reflect then the experience of those who fall out of the relatively generous safety net provided by the social insurance system.

After Denmark, the country that really stands out in reducing the financial hardship of unemployment was the Netherlands. Although the poverty rate was higher (25%) and differences between the unemployed and those in work were sharper, it was very

comparable in terms of the experience of financial pressure and deprivation with respect to household possessions was even lower. The Netherlands might be termed a 'high-security' employment-centred system. While its welfare regime was primarily designed to favour those with employment experience, those eligible received both a high level of compensation and an unusually long period of support. This protection of living standards over a relatively long period was a feature shared with Denmark. In contrast, the unemployed in both France and Germany were under substantially higher levels of financial pressure. It is clear that there were substantial variations in outcome between the countries that were closest to an employment-centred regime, reflecting detailed differences in their institutional design. At their most generous, the average level of protection they provided compared favourably with that of universalistic systems.

Turning to the countries where we expected the unemployed to experience severe financial difficulties, it was certainly the case that two of the three – Italy and Britain – had by far the worst outcomes. Italy came closest to the sub-protective type, although it was seen that major regional differences confound any simple classification. Family solidarity helped to offset some of the disadvantages of a virtually non-existent system of public social support, at least for young adults. But income poverty remained very severe. It is likely that the availability of family financial support was limited by the relatively low incomes of those who were in work. Moreover, supporting the unemployed could well have contributed to the more general impoverishment of families already facing very difficult economic circumstances. The main benefit of the strength of family ties for the unemployed was that, by sharing family accommodation, they were less marginalised in their household living conditions. It is particularly Southern Italy that exemplifies the implications of minimalism. While the general level of poverty was very high among the unemployed in Italy (44%), the poverty rate in Southern Italy, rising to 60% of the unemployed, far exceeded that to be found in other regions. This was accompanied by high levels of financial pressure and poor living conditions. There was no evidence that financial hardship in these countries led to greater resentment about people's financial situation; the wide prevalence of financial difficulty appears to have led to relatively restricted comparative reference groups. But the overall conclusion must be that family support was unable to prevent a very high level of financial hardship in systems with weakly developed systems of state welfare.

The highest level of poverty of all was to be found in Great Britain, the country closest to the liberal model. The British unemployed emerge as the most severely marginalised in terms of their financial situation. This was accompanied by high levels of financial pressure and very poor living conditions. But again it was clear that there could be substantial variations within countries which could be seen as broadly similar in terms of their regime principles. In Ireland, the relative poverty rate was much lower and so was the distance between the unemployed and those in work in terms of financial pressure and living conditions. While the unemployed experienced very high levels of financial difficulty, this partly reflected the fact that they were living in a poorer society.

The difference between the two 'liberal' countries appears to be strongly related to the level of social transfers. The poverty rate among the unemployed before social transfers was worse in Ireland than in Britain. However, the situation was quite

different when social transfers were taken into account. The efficacy of the Irish transfer system in pulling people out of poverty, while falling well short of the Danish, was not that far behind the Dutch and French systems. But, while 46% of the unemployed were lifted out of poverty by social transfers in Ireland, this was the case for only 19% of the British. The British transfer system was by far the least effective in combating poverty among the unemployed of any of the countries that we were able to examine. The evidence about change over time also underlines the importance of specific policies rather than general regime constraints. While the situation of the unemployed deteriorated sharply in Britain between the 1980s and the 1990s, in Ireland there was a reduction of the proportion in poverty. This appears to have reflected different policies with respect to the level of benefits, with the Irish intentionally seeking to raise the living standards of the most vulnerable sectors of the population relative to the general population.

In sum, taking the overall level of financial deprivation, there is evidence that the universalistic and the employment-centred systems provided higher levels of financial protection for the unemployed than the liberal and sub-protective systems. But, there were substantial variations between countries which approximated the same regime model, emphasising the crucial role played by specific social policy decisions in determining the financial experiences of the unemployed.

It might be argued that unemployment regimes would be distinctive less in terms of the average level of poverty than in terms of its distribution. In particular, those with more demanding rules of eligibility in terms of prior employment experience might be particularly disadvantageous for women. But the evidence on poverty rates and poverty experience among the unemployed did not indicate that this was the case. In general, men experienced higher poverty rates than women (the only exception being Denmark). If one takes as a measure the efficiency of the transfer system in lifting people out of poverty, while Denmark was the most egalitarian of the countries, it was women rather than men that benefited most in the two employment-centred systems for which information was available – Germany and France. The only example of a major sex inequality in favour of men was in Britain. However, this clearly reflected the specific workings of British policies rather than any intrinsic characteristic of liberal-type regimes, since Ireland was the country where the transfer system most strongly favoured women.

But while women may not have been more vulnerable to the experience of poverty, this may have depended on their ability to rely on other incomes in the family. Thus protection may have been bought at the price of increased family dependence. The expectation from a comparison of the benefit structure was that universalistic systems would make it easier for people to escape poverty without depending on the income of other family members. It was clear that the extent of relative disadvantage of the unemployed differed considerably in most countries depending on whether there was another earner in the household. However, the employment status of others in the household had no significant impact on poverty risk in either Denmark or Sweden, consistent with the view that universalistic systems reduce family dependence (Table 13). In contrast, the effects were very strong in all other regime types, although it should be noted that they were in most cases strong for both men and women. The Netherlands again revealed its intermediate position. While the presence of other

earners made no difference to the risk of poverty for men, it had a very strong effect for women.

In summary, universalistic systems achieved relatively good outcomes in terms of protecting the unemployed against poverty, and they did so in a way which permitted the unemployed person to be relatively independent of other household income. The employment-centred systems were very varied in terms of outcomes. At their most generous, the unemployed were overall as well-protected as in the universalistic systems, but the important difference was that their financial position was more heavily dependant on other household resources. The greatest financial deprivation was experienced by those in the liberal or sub-protective systems, where dependence on the household was also very high. However, the comparison of Ireland and Britain shows that systems governed by broadly similar principles could have very different levels of effectiveness depending on how these were implemented with respect to specific policies about the levels of benefits.

3.2.2 Labour Market Marginalisation

The second dimension of exclusion upon which our analyses focused was that of marginalisation from the labour market. We have looked at this from both an attitudinal and a behavioural viewpoint. It could be argued that such marginalisation would be most complete where the unemployed lost their interest in having employed work and retreated into a subculture where work values had little salience. However, even if commitment remains strong, there are the de facto issues of how difficult it is for people to re-enter the labour market once they are unemployed and how difficult it is for them to re-enter without a penalty of downward mobility into jobs that are likely to offer little long-term security.

There has been little consensus about the determinants of labour market marginalisation. Some have argued that it is heavily conditioned by the nature of welfare provision for the unemployed. Where unemployment compensation is high or of long duration, it is suggested, it will lower the motivation to find work and encourage long spells of unemployment or even effective exit from the labour market. From this perspective, it is systems that are closest to a freely functioning market that will provide the lowest levels of marginalisation. However, an alternative view is that there is no natural tendency for the market to clear and that active state employment policies are needed to give the unemployed a bridge back into work. Both views are premised on the assumption that institutional effects are important. However, it might be the case that these are relatively insignificant compared to the effects of changes in economic structure. The difficulty of matching the unemployed to jobs may depend primarily on the extent and rapidity of economic restructuring, which may reflect either international economic constraints or government macro-economic policies.

We take first the issue of how far the unemployed had come to develop attitudes to work which were likely to reinforce their marginalisation in the labour market. The first point to note is that there was no evidence that any substantial proportion of the unemployed had lost their commitment to employment. Indeed, if the level of employment among those in work is taken as the relevant yardstick, it is clear that the unemployed were more committed to employment than people who were currently in

jobs. This was the case not only with respect to the average figures for the EU, but it was true in every single country. It was the true just as much for women as for men. While employment commitment among the long-term unemployed tended to be a little lower than that among people who had been unemployed less than a year, it was still higher than among those in work.

Was there any evidence to support the view that high unemployment compensation was corrosive of work motivation? Was there a trade-off between maintaining people's living standards and keeping them attached to the labour market? If this were the case, one would expect employment commitment to be particularly low in the countries of the universalistic type, which, as has been seen, were particularly successful at protecting people's living standards and reducing the risk of poverty. In contrast, employment commitment should be particularly high in the countries closest to the liberal and sub-protective systems, where financial support for the unemployed was very low.

The evidence, however, showed that the unemployed in Denmark and Sweden (which were the countries that came closest to the universalistic type) were at least as strongly attached to having a job as those in either Britain or Italy (the countries that came closest to the liberal and sub-protective types). Commitment was also very high for the Netherlands, which was a particularly generous version of the employment-centred system. Similarly, there was no consistent evidence that the unemployed in these more generous welfare systems were less flexible in the way they went about looking for a job. It was the case that the Danes were generally less willing than the British or the Italians to make concessions in order to get a job. However, the Swedes were *more* flexible than the British and the Italians with respect both to their readiness to take a job with lower pay and their willingness to move to a different part of the country to find work. The unemployed in the relatively high welfare system of the Netherlands also showed greater flexibility with respect to pay and geographical mobility than the British.

Overall then a more generous welfare system did not erode commitment to employment or have any necessary consequences for job search flexibility. The only consistent evidence of a 'benefits effect' that we were able to detect was with respect to women in societies with more traditional gender cultures. Where a woman's role was still primarily defined in terms of her responsibilities as wife and mother, then there was a tendency for the receipt of benefit to be associated with lower commitment and flexibility. It was then the interaction between benefits and the particular type of cultural tradition with respect to the family that was crucial in this respect.

Processes of labour market marginalisation are not then best understood as resulting from attitudinal change involving a decline of commitment to work among the unemployed, despite the fact that the issue of work incentives is given such prominence in policy discussions. Rather it is important to examine the constraints that arise on the one hand from changes in the structure of jobs and the distribution of skills and, on the other, from the institutional mechanisms of job allocation.

The level of long-term unemployment is strongly related to the overall level of unemployment, albeit often with a significant time lag. It is then affected both by the

economic cycle and by specific economic crises. But there are also longer-term processes of economic change at work which are unlikely to be offset by any simple process of market adjustment. In all of the EU countries there has been a general tendency for lower level skills to become redundant. It is this accounts for the disproportionate share among the unemployed of people who were previously in manual work (whether skilled or non-skilled). It was found that even after a wide range of factors had been taken into account, a person's skill level remained a very powerful predictor of their unemployment risk in countries as diverse in their regime type as Britain, Sweden, Italy and the Netherlands.

In addition, most countries have seen major shifts in their economic structure, with a relative decline of manufacturing industry and the growth of the service sector. The type of work involved in these sectors differs fundamentally: in the former it is primarily concerned with the production of objects, in the latter with the servicing, caring or manipulation of people. There is little reason to expect that the skills learned in one sector will be readily transferable to the other. The high level of gender segregation in most European societies (with men disproportionately concentrated in manufacturing and women in the services) both reflects and reinforces this skill divide. These general problems posed by the shift from manufacturing to services have been compounded in some countries by particularly acute problems flowing from the rapid reduction and restructuring of the agricultural sector.

The nature of the prevailing economic circumstances clearly has a particularly sharp effect on the problems that new entrants to the labour market experience in acquiring suitable jobs or indeed any job at all. When unemployment is high, young people are likely to be constrained to take temporary jobs, or jobs which require lower levels of skill than they would expect on the basis of their qualifications. In certain countries, our evidence suggests that the effects of the conditions that they experience at the beginning of their careers will carry over and effect their long-term career chances. This is particularly the case where the labour market is organised in a way that provides very strong protection for those already employed and emphasises the divide between 'insiders' and 'outsiders'. The two countries that came closest to this form of labour market were Italy and France, and in both cases there was evidence of very long-term effects of the level of unemployment that people encountered when they were at the beginning of their work lives. In these societies, once people were forced into a disadvantageous labour market position, they became trapped into a situation in which they had markedly higher risks of later unemployment. The rigidity of the employment structure made it difficult to recoup lost position in the labour market. In contrast, in a country such as Britain, where there was greater in-career flexibility in both hiring and firing, such early labour market experiences did not have the same lasting consequences for people's later careers.

An important part of the process of labour market marginalisation relates then to the changing skill structure of the workforce, given the specific conditions of economic restructuring. However, as well as the barrier of skill mismatch, there is also considerable evidence that the unemployed have to face the additional hurdle of the 'scarring effect' of unemployment. The fact of having been unemployed tends to leave a long-term shadow over a person's future career chances. Once a person has been unemployed once, they find it more difficult to get a job and, this increases with the duration of time that they have been out of work. Moreover, those who do get a

job find themselves at increased risk of becoming unemployed again. People find themselves in a vicious cycle of unemployment, insecure work and further unemployment.

An important factor underlying scarring effects is likely to be the constraints on job choice imposed by the need for a rapid escape from unemployment. People whose skills are no longer in demand may often be forced to trade down into less skilled work, where the knowledge and experience necessary to carry out the job can be picked up rapidly. The analysis, which compared the types of jobs that people obtained after being unemployed in Britain, Sweden, Italy and the Netherlands suggests that in each of these countries there was an increased probability of moving into non-skilled manual work after a spell of unemployment. However, this is likely to have significant long-term costs in that such jobs tend to be in less secure sectors of industry, such as construction or distribution, where there is a high risk of further job loss and unemployment.

However, while there are processes of a rather general type that help account for labour market marginalisation, our evidence suggests that the institutional system in a country may to some degree mediate such effects. In the first place, institutional provision may help mediate the transitions between jobs. The scarring effect of unemployment is likely to be particularly marked if people have to choose jobs rapidly as a result of financial pressure. It is notable that, of the four countries in which people's careers could be followed in detail over time, it is only in Sweden that we found that past unemployment does not increase the future risk of job loss. It seems plausible that this is in part an effect of the relatively high protection of living standards and the active labour market policies in that country. Systems that provide greater financial security will also permit longer periods of job search, increasing the chances of finding work that suits them. Further, countries with active labour market policies are likely to ensure a better flow of information and thereby more effective matching of people to types of work. It is also possible that the quality of lower level jobs is higher in Sweden, as a result of a stronger emphasis on the quality of working conditions. As a result, even when people are downwardly mobile after unemployment, they may be less likely to find themselves in a precarious sector of the labour market.

Our evidence also confirms that institutional factors can play an important role with respect to women's employment chances, by reducing the problems of compatibility between domestic and work roles. These are likely to be particularly great where there are still young children in the household. The extreme case of this dilemma is where the mother is a lone parent. The importance of the nature of public childcare provision for the employment chances of lone mothers groups emerges strongly from the comparison of Denmark and Britain. The analyses suggest that the fact that 62% of British, but only 23% of the Danish lone mothers were out of employment was strongly related to the nature of childcare provisions in the two countries. In Britain, until recently, care for children has been seen as the responsibility of the parent and the public provision of day-care has been very limited. Lone mothers are likely to have weaker informal support networks to assist with childcare. But the high costs of obtaining formal childcare tend to be a major barrier for people who are likely to have relatively low incomes when in work. In such cases, the boundaries between unemployment and non-activity become blurred, with women finding it difficult, for

reasons that may well be beyond their control, to meet the availability for work criterion required for official classification as unemployed. In Denmark, childcare is predominantly provided through public services and it is heavily subsidised (indeed for families with low incomes it is free of charge. As a result the barriers to re-entry to employment faced by Danish mothers were very much lower than for their British equivalents.

Finally, institutional factors may effect the nature of the groups that bear the brunt of the burden of long-term unemployment. This is particularly clear when Italy (which in this respect reflects well the experience of the other Southern countries) is compared with the central and northern European countries. The combination of the strong employment protection of the 'insiders', who already have jobs, and the sub-protective nature of Italian welfare provision for the unemployed generates a pattern whereby the costs of unemployment fall particularly heavily on the young. While parental support and the fact that young people can have a future perspective of integration in the labour market may help deflect some of the pressures, it is clear from the evidence both on poverty and life satisfaction that the costs of labour market marginalisation remain very high.

3.2.3 Social Integration

The last dimension of the experience of unemployment that we have examined is social integration. We have focused in particular on three issues with respect to social integration. The first is the extent to which people participate in the normal forms of social life of their societies; the second is the distance between their subjective well-being and that of people in work; and third, we have looked at public attitudes to the unemployed, to see whether there is evidence of the type of disapproval and rejection that could lead to the social isolation of the unemployed through processes of stigmatisation.

The issue of social integration in terms of social relationships (or its converse social isolation) has in many ways been at the heart of the concern with social exclusion. It raises the issue of whether labour market marginalisation is accompanied by the breakdown of everyday social networks, thereby reinforcing the rupture from the world of employment by cutting people off from information about jobs and undermining their self-esteem. In principle, such social isolation could come about for a variety of reasons. It might reflect the reactions of the unemployed individual, who withdraws from sociability either through financial pressure or loss of self-confidence. Or it might come about through the way in which those in work come to stigmatise the unemployed and thereby make social relationships more difficult.

In approaching these issues we have distinguished between different spheres of sociability: the primary sphere which involves immediate family and household relations; the secondary sphere with concerns interactions with neighbours, friends and relatives outside the household and the tertiary sphere which relates to participation in organisational and associative life. The relative importance of these spheres for people's social life may vary between societies and unemployment may have quite separate effects from one sphere to another.

The most important factor with respect to primary sociability is whether people are living on their own. It may not reflect a collapse of sociability, since people may have chosen to live in this way long before they were unemployed. But, once confronted with difficulties on the labour market, it implies that people are unable to call on household resources when they need either emotional or material support. It is clear that the type of household situation in which a person is likely to find themselves varies a great deal between societies, reflecting different family traditions. Young people, for instance, are much more likely to move out and form independent households in the northern than in the southern European societies, irrespective of whether they are unemployed.

The results showed that there were wide country variations in the household situation of the unemployed (see Table 14). For instance in Denmark 40% and in Sweden 38% of unemployed people were living in one person households, while in Ireland the proportion was only 9% and in Italy 3%. The difference is even more striking with respect to young unemployed people. Of unemployed people aged 20 to 29, only 10% were living with their parents in Denmark, whereas the proportion rose to 85% in Italy. In general, people were most likely to be living on their own in the universalistic regimes, and least likely in the sub-protective regimes.

The extent to which unemployment accentuated the extent to which people lived on their own also varied substantially between countries. There was a quite a clear tendency for unemployed people to be more likely than others to be on their own in Denmark, France, Britain and the Netherlands, even when age and gender had been taken into account. However, in Italy (together with the other Southern countries) the living patterns of the unemployed did not differ from those with stable jobs. This underlined the contrast between the southern countries compared to all others. In the southern countries, family solidarities were stronger and alternative resources for living independently were far scarcer. The degree of social isolation in the primary sphere partly depended on the broader structure of household relationships in the society and partly on the differential impact of unemployment in societies with different family traditions and different levels of public support for the unemployed.

With respect to secondary sociability, our starting point was the finding of inter-war research that unemployment tended to lead to the disruption of social networks in the community. However we are again confronted with the fact that there are major variations in typical patterns of sociability between countries, so the contexts in which the effects of unemployment emerge are quite different. The general level of sociability was far higher in the Southern countries. For instance, while only 35% of Danes and 24% of the Dutch spoke to their neighbours on most days, the proportion rose to 52% in Italy (a figure that was still relatively low compared to the other Southern countries). Similar differences emerge with respect to the frequency of meeting up with friends and relatives outside the household (Table 15). The unemployed then were likely to experience very different levels of sociability depending on the country they belonged to. But, except in the case of France, we found no consistent evidence that unemployment was in itself an important factor reducing people's social networks. Indeed, in many countries, the unemployed tended to be more sociable than those in permanent jobs. This sharply contradicts theories of the effects of unemployment that were based on evidence about people's experiences in the inter-war period.

Finally, there were also important country differences in the extent to which people participated in associations and other organisations in their community. While social life in the southern countries revolved primarily around informal social networks, formal organisations played a much more important role in the northern countries. Thus while 58% of people in Denmark and 48% in the Netherlands participated in some type of club or organisation, the proportion was only 17% in Italy. The general level of associative participation clearly effected the likelihood that unemployed people would also have such community involvement. For instance, 49% of the unemployed in Denmark and 44% in the Netherlands participated in an organisation, but in Italy this was the case for only 13%. But, although the experience of membership was primarily conditioned by the broader pattern prevalent in the society, it is notable that unemployment had a greater impact in reducing the level of participation in the Northern and Central European countries than in the Southern.

Taking the overall pattern for the unemployed, the major difference is between Italy (which reflects well in this respect the broader distinctiveness of the Southern countries) and the Northern European countries. Primary and secondary forms sociability were considerably stronger in Italy, while tertiary sociability was weaker. Denmark and the Netherlands represent the sharpest contrast with this pattern. They have a high proportion of people living on their own, relatively low levels of informal sociability and high levels of participation in formal associations. It is likely that different types of sociability are to some degree complementary. But the pattern of social life in the northern societies required a relatively high level of resources for the unemployed. While the welfare system in general permitted people to maintain the pattern of sociability characteristic of the wider society, it was more somewhat more disruptive of the more expensive forms of sociability of people in the Northern countries than of the largely informal sociability of the Southern countries.

In general, then, the level of social isolation an unemployed person confronted was less the result of unemployment per se than of the wider patterns of household structure and sociability in the country in which they lived. The sharpest effects of unemployment in reducing the social integration of the unemployed was in France, where it affected both their isolation in terms of position in the household and their ability to maintain relations with neighbours, relatives and friends. But in terms of absolute level, the social isolation of the unemployed was most marked in Germany. A relatively high proportion of the German unemployed were living in single person households; it was the country in which the unemployed were least likely to meet either neighbours or friends on a regular basis and there was a low level of participation in organisational life. This largely reflected the relatively weak forms of sociability in the wider society.

Our results suggest that in most countries people's sociability proved fairly resilient in the face of unemployment, and this has been shown to be important for their personal well-being. But we found little evidence that the extensiveness of these social networks made it easier for a person to get a job. (Our evidence here failed to support the influential theory of 'weak ties' as a resource in job acquisition). In none of the countries did the extensiveness of 'relational' resources make a significant difference to the chances that an unemployed person would get work. This is likely to be in part because of the qualitative nature of the social networks of the unemployed. While

people continue to meet friends they are more likely to be involved in networks that consist predominantly of other unemployed people, who themselves lack useful job contacts.

Moreover, even the resources that people could draw upon in terms of the occupational position and educational background of other people in the household were only important in helping people get a job in labour markets – such as those of Britain and Ireland – where there was relatively little regulation of hiring and firing procedures. In part this reflects the exceptionally closed character of some labour markets, which impose a stronger insider/outsider divide. Our analyses showed that Italy presents a very clear case of this. There is effectively a form of collective exclusion of the outsiders (primarily young adults), which affects those from all social backgrounds. People's social resources are mainly important in more open 'market-based' labour markets, where educational qualifications are heavily reinforced by the information and contacts to which a person has access. Yet, even when there is a high level of flexibility in recruitment practices, the presence of effective active labour market policies in a country such as Denmark curbs the role of people's informal social resources and places the emphasis primarily on educational qualifications.

A second essential dimension of social integration is people's sense of well-being in their society. The measure of satisfaction that was available related to people's main daily activity, their financial situation and their housing situation. The most notable feature of the results was the powerful effect of unemployment on such subjective satisfaction in all of the countries of the study (and indeed more widely in the countries of the EU). It is clear that neither the strong material support given by some of the northern countries, nor the high level of family solidarity in the southern countries could neutralise the destructive effect of unemployment on the subjective quality of people's lives.

There were however some significant country variations in the impact of unemployment on well-being. In terms of the general contrast between the unemployed and those in work, the two countries where unemployment had least effect on life satisfaction were Denmark and the Netherlands, suggesting a convergence in the outcomes of the universalistic and the more generous employment-centred regimes. When account had been taken of differences relating to age, sex and class the pattern becomes more complex. Denmark still stands out as a country in which the impact of unemployment is relatively low, but this is also the case for Greece and Spain. Our evidence then confirms the efficacy of the universalistic Danish system in securing subjective integration. But it is also suggests there are conditions in which the Southern countries, with their powerful mechanisms of informal social integration, can produce comparable outcomes in mediating the impact of unemployment.

In examining the specific factors that affected subjective integration, it is clear that it was linked to, but far from accountable by, the degree of financial deprivation and the extensiveness of 'secondary' sociability. In particular, the extent to which people were deprived in terms of their household living conditions had a marked effect on their subjective response to unemployment. Deprivation in living conditions accounted for approximately one third of the overall impact of unemployment on people's well-being. In contrast, greater sociability with neighbours and friends

tended to increase satisfaction. But any overall account of the effects of unemployment on subjective well-being would need to take account of more general influences that impact on people in widely different types of institutional system.

Finally, was there any sign of public rejection of the unemployed that might have been an important source of increased social isolation? Our results show that in general there was widespread sympathy for the unemployed across the seven countries for which comparable data was available. The proportions thinking that unemployment was an important problem ranged from 60% in the Netherlands to 93% in Ireland. There were significant country variations in the salience given to the issue. These could not be accounted for simply in terms of the level of unemployment or indeed of the level of long-term unemployment. It depended to some extent on whether people thought that the employment situation was improving or deteriorating. It also reflected the level of protection and assistance that already existed. It is notable that the two countries where unemployment was least likely to be regarded as a major problem (the Netherlands and Denmark) were both countries where social protection for the unemployed was (and was seen to be) particularly effective. Finally, there was some evidence that sympathy towards the unemployed was influenced by broader systems of social interpretation, reflected in people's political allegiances. It was an issue that had greater salience for those with left-wing than for those with right-wing political views. It seems likely that the former were more likely to regard it as a problem that resulted from the malfunctioning of society, whereas the latter viewed it in more individualistic terms.

Was there any evidence that generous welfare provision had the unintended consequence of creating a backlash against the unemployed and thereby enhancing their social isolation? This was examined by looking at the restrictiveness of the conditions that people thought should be imposed on the unemployed. It was a very widely held view that the unemployed should show some flexibility in their efforts to get back to work. For instance, in all countries most people agreed that they should accept retraining to get a job and a majority felt that they should not be allowed to turn down a job if it was within reasonable distance from where they lived. But there is little evidence that such views were linked systematically to any particular type of welfare regime or even to the level of generosity of welfare benefits. While it was the case that the relatively generous system in the Netherlands was accompanied by the most restrictive attitudes to the unemployed, this was clearly not a direct effect of generosity. For, in Denmark, which gave the best protection of all to the unemployed, there was no evidence of a particularly high level of restrictiveness. Again the close link between people's broader political attitudes and their attitudes to the unemployed suggests that such views are far more influenced by political culture than by the characteristics of welfare regimes.

In short, the evidence suggests that, in the period of mass unemployment with which we are concerned, there was little public rejection of the unemployed in any of the societies under study. Nor was there any evidence that welfare regimes, either because of their implicit ethos about incentives or their generosity, played any role in increasing suspicion of, or hostility towards, the unemployed. Public perceptions of unemployment were most clearly linked to political beliefs, as mediated by party and ideological identification.

3.3 The Social Regulation of Unemployment and the Risk of Social Exclusion

While the nature of welfare provision was clearly of major importance for the quality of life of the unemployed, our evidence suggests that this can only be partially understood in terms of types of 'regime'. Differences at the level of detailed institutional design and of government policy meant that there could be substantial variations in outcome in countries whose welfare systems for the unemployed shared similar broad principles.

The domain in which welfare institutions clearly made the most substantial impact was that of financial deprivation. The 'universalistic' systems of Denmark and Sweden provided a relatively high level of protection of living standards, and they did so in a way which did not make people dependent on other income in the household. But employment-centred systems were not necessarily associated with higher levels of poverty. The living standards of the unemployed in the Netherlands, a particularly generous version of the employment-centred system, were also well protected, although an importance difference was that this involved a greater dependence on other family resources. Our evidence confirmed that the countries closest to the liberal and sub-protective regime types provided the weakest protection of the living standards of the unemployed, although the comparison between Britain and Ireland revealed that the extent to which this was the case depended very much on specific government policies. Overall, then, the heterogeneity of the employment-centred systems blurred any simple relationship between regime type and poverty risk. It must be remembered moreover that the significance of regime type was primarily with respect to relative poverty. The absolute difficulties that the unemployed confronted in terms of the difficulty of payment and living conditions was strongly influenced by the general level of economic development of the society. The unemployed faced the most severe shortages in societies that were less advanced in the process of industrialisation, although managing financially was also much harder in these societies for people in work.

The extent to which the unemployed were marginalised with respect to the labour market clearly depended to a very considerable extent on macro-economic conditions, particularly on the extensiveness and rapidity of economic restructuring. Long-term unemployment, which is the most significant indicator of such marginalisation, is heavily dependent on the overall level of unemployment. This in turn is partly related to the business cycle and partly to the extent to which the particular location of a country in the international economy leads to pressures to transform the sectoral composition of the economy. The policies of governments may partly help to account for the abruptness of such transitions, which in turn may exacerbate the difficulty of labour market assimilation. But the long-term similarities in the sectoral trajectories of the European economies suggests that there are powerful underlying processes of a more general type. It is clear that the difficulties of assimilating the unemployed in the southern European countries and in Ireland were related to the fact that a sharp reduction in the size of the agricultural sector compounded the difficulties of restructuring the traditional manufacturing industries.

Nevertheless, there was evidence that the nature of welfare institutions could have an impact on the extent to which economic change led to individual entrapment. It was notable that Sweden, which had the most advanced policies for assisting the unemployed to find and retrain for jobs, was the only country which escaped the general pattern whereby an experience of unemployment 'scarred' a person in a way which made them more vulnerable to future unemployment. It was clear too that the strong childcare provision in Denmark helped prevent the marginalisation from the labour market of women with young children, leading to high employment rates even among lone mothers. Both Sweden and Denmark had relatively low rates of long-term unemployment. It has to be taken into account that the economic shock resulting from sectoral change was less marked in Denmark than in other countries. But it seems likely that the relative success of these two countries in preventing long-term labour market marginalisation was at least in part due to the policies of active intervention in the labour market characteristic of universalistic regimes.

The sphere in which there was least evidence for the direct impact of welfare regimes on the experience of unemployment was that of social isolation and social integration. It is possible that there is some long-term historical relationship between welfare systems and the typical forms of household structure in a society. More generous public welfare may make it easier for people to create and sustain independent households. Low levels of public welfare may reinforce inter-generational family and friendship solidarities, by providing them with a vital and highly visible function. Similarly, there may be more perceived pressure for the development of public welfare provision in societies where family structures are less stable. But whatever the extent of such reciprocal causation, there is no automatic mechanism whereby such solidarities offset lack of public provision. In several of our societies, it is clear that those who fell outside the provisions of public welfare had little that they could depend upon in terms of resources from family or friends. The patterns of household formation and sociability in societies have then their own distinctive dynamics, which have longer-term historical roots in very different paths of economic and cultural development.

The extent to which the unemployed were likely to experience social isolation was strongly influenced by these distinctive societal patterns of household organisation and sociability. In the Southern countries, young unemployed adults were far more likely to be living at home with their parents. But this was not specifically because they were unemployed, but because young people in general in these societies were more likely to live in this way. They were also far more likely to meet regularly with neighbours, friends and relatives. Again this mainly reflected the fact that the frequency of sociability was much higher in the society at large. In countries such as Denmark and the Netherlands, informal sociability was very much rarer for the unemployed and those in work alike. But instead there was more active participation in formal organisations. In Germany, again largely reflecting the more general patterns of sociability, the unemployed had low levels of participation in both informal and formal social life in the community.

The relationship between these different aspects of deprivation is of fundamental importance in any assessment of the risks of social exclusion for unemployed people. Social exclusion refers to a situation where people suffer from the cumulative disadvantages of labour market marginalisation, poverty and social isolation. The

different aspects of deprivation become mutually reinforcing over time, leading to a downward spiral in which the individual comes to have neither the economic nor the social resources needed to participate in their society or to retain a sense of social worth.

Table 16 presents a picture of the empirical distribution of cumulative disadvantage involving both financial deprivation and social isolation. The data is given for both types of sociability which could be expected to have a significant affective dimension - primary (involving the household) and secondary sociability (involving close informal links in the community). The evidence for Denmark confirms that only a very small proportion of the unemployed experience the dual deprivation of poverty and social isolation. This is true whichever indicator is taken of social relationships. The Southern countries also show a pattern of low cumulative disadvantage given the virtual absence of unemployed people who are both poor and living on their own. The countries with the highest proportion of people with double deprivation are Britain, Germany and France. Nearly 10% of the unemployed in both Britain and Germany are both poor and living on their own, and more than 20% are both poor and have no daily contacts with friends. In France, there is an exceptionally high proportion (28%) of people who are both poor and have weak informal ties with others in the community.

The country differences show that there is no simple relationship between unemployment and social exclusion. Instead, we would suggest that it depends on the predominant model of social regulation of unemployment that prevails in the society. Models of social regulation of unemployment can be seen as constituted by the inter-relationship between the responsibilities attributed to public welfare provision on the one hand and to family organisation on the other. They are ideal types, designed to capture differences in the logic of different principles of social organisation. While particular societies may be closer to one model than another, we should not expect any society to reflect the model in its pure form. We can distinguish three principal types of model: the public individualist model, the shared responsibility model and the familistic model.

The public individualist model is informed by the assumption that it is the society collectively that has responsibility for the problem of unemployment and hence for the well-being of the unemployed. Since individuals are not assumed to be responsible for their own unemployment, the objective of the welfare system is primarily that of protecting living standards. This requires a highly developed system of public welfare that will provide the resources for social participation irrespective of the particularities of the individual's market or family position. Given the level of public support, there is no strong normative obligation on the family to support its members when unemployed. But, since responsibility for unemployment is attributed to the society rather than to the individual, it is a model in which unemployment is not stigmatic.

The familistic model, in contrast, rejects central collective social responsibility for unemployment, but places a strong emphasis on the duties of the family (both in the sense of the immediate household and the wider kinship network) to look after its members. In so far as public policy has a role, it is to safeguard against threats to the integrity of the family, so that it is in a position to fulfil its supportive function.

The implicit assumption is again that the individual is not personally to blame for being unemployed and therefore has a right to a share of family resources for the duration of their period out of work. Responsibilities for the unemployed are much akin to responsibilities for dependent children. Hence in this case too there is a low risk of stigma being attached to unemployment and of consequent social marginalisation.

Finally, the shared-responsibility model divides the responsibility for providing for the unemployed between the public authorities and the family. It may define the frontiers of these responsibilities in different ways. Responsibilities may be synchronic, with public provision for minimum needs and family provision for a broader protection of living standards. Alternatively the relationship may be defined temporally, with public provision for the early phase of unemployment and family provision for longer spells of unemployment. The implicit assumption of such systems is that there is a possibility that the individual may be personally responsible for their unemployment. The limits set to public provision reflect a presumption that people may prefer unemployment to employment; hence attention must be paid to the potential disincentives of protecting their standard of living for any substantial duration of time. The residual role attributed to the family implies that it is not a responsibility that the family would normally expect to have to assume. Hence family support is likely to be accompanied by substantial pressures on the individual to re-enter the labour market. Family support becomes part of a system of social control of the unemployed. Given the restrictive conditions of public support and its implication of the potential responsibility of the individual, there is a higher probability that unemployment will be viewed as stigmatic.

The different modes of social regulation are likely to lead to different outcomes in terms of social exclusion. The public individualist system will mitigate the effects of unemployment for social exclusion by providing relatively high protection of living standards. This will allow people to maintain their sense of self-worth as citizens by participating in associational life. However, its individualist emphasis will lead to a risk of social isolation in terms of more intimate relationships. In part this is because the material conditions are such that people will be in a position to continue to maintain independent households; in part it is because there is limited normative responsibility on kin to offer material or emotional support. The familistic system will tend to provide only poor support for living standards. Essentially existing family resources are spread more thinly. To the extent that the unemployed are drawn from less skilled, and poorer, backgrounds, then the responsibility for supporting the unemployed will lead to a greater risk of family impoverishment. However, the familistic system protects against social exclusion by maintaining the sociability of the unemployed. This is in part a consequence of the fact that the unemployed are likely to live with their kin, so that they have regular social contact through their residence; in part it reflects the greater normative pressure on the wider kin network to take an interest in the welfare of a disadvantaged family member.

It is the shared-responsibility system that is most likely to pose the risk of social exclusion. To some degree this derives directly from its implicit definition of unemployment as potentially due to the failings of the individual, thereby increasing the risk that the unemployed will not be treated as equal citizens or indeed as equally deserving family members. These are inherently lower trust systems, which are

subject to the defensiveness and interpersonal conflict such systems inspire. However, it also results from the fact that it is the system whose normative structure is least clearly defined and indeed where there is the possibility of significant normative conflict. There can be little in the way of rational criteria for deciding at what point public support should cease and family support begin; hence disagreement about what constitute legitimate responsibilities may be chronic. The family is likely to be slow to step in to take up a burden which it feels should be shouldered by the state and if it does so, this is likely to be in a grudging way that will increase the difficulties of relations within the family. There is then a much greater risk that the welfare of the unemployed individual will get lost in the interstices of the system, with the person neither receiving the resources for autonomy from the state nor being accepted as deserving of family sympathy and support.

The extent of the problems associated with the shared-responsibility model will clearly be conditional upon the specific nature both of the system of public welfare and of the ethos of the family. Where shared-responsibility is associated with a relatively high level of compensation for an extended period of time, it will be less corrosive of individual well-being than where it takes the form of very low level or short duration financial assistance from the state. Where, for reasons such as religion, family norms are particularly strong, then the family is more likely to offer support to offset the shortfall of state provision than in societies where the dissolution of traditional conceptions of the family has spread more widely in the society. For such institutional and culture reasons, it can be expected that there will be significant country variations even within these broader groupings in terms of modes of social regulation.

With respect to the societies that have been the focus of our analyses in this book, it is only Denmark and Sweden that provided the conditions for a high level of individual autonomy. As has been noted this may have been at the cost of some degree of social isolation with respect to their immediate household situation. At the other end of the spectrum, it was the Southern European societies that came closest to a familistic model of social regulation. The unemployed suffered from very high levels of financial hardship and had very little in the way of individual income, but socially they remained strongly integrated both in terms of relations in the household, where very frequently they lived with their parents and participated in the social life of the family, and in terms of maintaining high levels of sociability with neighbours and friends in the community. The problems of the shared-responsibility dilemma were most obviously manifest in some of the countries with liberal/minimal or employment-centred welfare institutions.

The processes underlying shared-responsibility systems are less marked in the Netherlands, Belgium and particularly in Ireland. In Ireland, the risk of social isolation was doubtless reduced because of the remaining strength of Catholic values and their impact on the value people attached to the family. In the Netherlands and Belgium, it was mitigated by the exceptionally high level and long duration of the public financial support that was provided.

It is clear that the risk of the type of cumulative disadvantage that underlies the process of social exclusion was greatest in the countries where the respective normative responsibilities of the public authorities and of the family were least clearly

delineated. Germany, France and the UK were countries where the level of public financial support was at best intermediate and in the case of the UK very low. At the same time, these were countries in which the institutional responsibilities of the family were relatively weakly defined. It was in these societies, then, that there was the main risk that unemployed people would simultaneously confront both poverty and social isolation, thereby creating the conditions for social exclusion.

Table 1 Comparison of Characteristics of Unemployed

	Cell Percentages											
	DE	SW	DK	NL	BE	FR	UK	IE	IT	GR	ES	PT
<i>Average Unemployment Rates</i>												
1991-4	6.8	7.1	9.1	6.7	8.2	11.0	9.7	15.4	10.2	8.3	20.4	5.1
1995-7	9.0	9.4	6.5	6.1	9.6	12.2	8.0	11.3	12.0	10.4	22.0	7.1
<i>Proportion of long-term unemployed</i>												
1991-4	37.2	8.5	29.8	47.4	58.3	37.1	38.2	60.0	61.6	49.9	48.7	37.9
1995-7	36.7	18.4	20.5	36.2	46.0	29.5	30.5	44.4	48.9	40.9	39.8	39.8
<i>Average Unemployment Rates by Sex 1991-4</i>												
Men	5.7	8.2	8.4	5.5	6.1	9.2	11.3	15.1	7.5	5.4	16.4	4.2
Women	8.3	5.9	10.0	8.4	11.3	13.3	7.7	15.8	14.9	13.3	27.4	6.3
<i>Composition of the Unemployed 1994:</i>												
<i>Sex</i>												
Males	49.5	59.8	48.2	53.8	47.0	48.0	66.5	62.1	49.1	42.7	51.5	48.0
Females	50.5	40.2	51.8	46.2	53.0	52.0	33.5	37.4	50.9	57.6	48.5	52.0
<i>Agegroup</i>												
15-24	12.9		22.2	27.7	25.2	25.0	28.3	31.2	39.5	39.0	33.1	34.2
25-49	60.6		60.4	64.2	66.8	65.2	53.8	57.4	53.7	51.9	56.6	54.0
50+	26.5		17.3	8.2	8.1	9.9	17.9	11.4	6.8	9.1	10.2	11.8

Source: Figures for unemployment rates and long-term unemployment are drawn from European Commission, Employment in Europe, 1996, 1998. Figures on composition of the unemployed are from Eurostat, Labour Force Survey, 1994.

Table 2 Social Protection Regimes for the Unemployed

Regime	Coverage	Level & Duration of Cover	Active Employment Policy
1. Sub-Protective	Very incomplete	Very weak	quasi non-existent
2. Liberal/Minimal	Incomplete	Weak	Weak
3. Employment-centered	Variable	Unequal	Extensive
4. Universalistic	Comprehensive	High	Very extensive

Table 3 : Proportion of Unemployed in Receipt of Benefit

Country	Men	Women	Total
Belgium	81.3	81.6	81.5
Denmark	66.9	66.2	66.5
Germany	75.4	65.7	70.5
Greece	10.6	7.1	8.6
Spain	32.3	15.6	23.8
France	47.6	42.8	45.0
Ireland	81.4	42.8	66.8
Italy	7.7	6.0	6.8
The Netherlands	64.3	35.0	49.6
Portugal	29.2	25.5	27.3
Sweden	86.6	85.1	86.0
UK	71.8	36.6	59.4

Source : European Labour Force Survey, 1995

Table 4 : Expenditure on unemployment benefits per unemployed person as a % of per capita GDP

Country	1980	1990	1993
Belgium	65.3	59.6	48.2
Denmark	88.0	61.3	61.8
Germany	58.7	36.0	45.0
Germany*	-	-	46.8
Greece	64.9	32.6	31.1
Spain	79.6	52.5	73.7
France	38.6	33.2	36.1
Ireland	51.9	35.8	35.8
Italy	14.6	5.1	6.2
The Netherlands	83.5	107.5	108.5
Portugal	13.2	9.4	23.7
Sweden	n.d.	n.d.	n.d.
UK	48.1	29.8	34.9

European Commission, 1995, *Social Protection in Europe*

Note : Expenditure includes social assistance as well as insurance benefits.

* includes the new Lander

n.d. : data not available.

Table 5: Expenditure on active employment policies as a % of GDP

Country	1985	1990	1996
Belgium	1.3	1.2	1.4
Denmark	1.2	1.3	2.3
Germany	0.8	1.0	1.4
Greece	0.2	0.4	0.3
Spain	0.3	0.8	0.7
France	0.7	0.8	1.3
Ireland	1.5	1.4	1.7
Italy	n.d.	n.d.	n.d.
The Netherlands	1.3	1.2	1.4
Portugal	0.4	0.6	1.1
Sweden	2.2	1.6	3.2
UK	0.7	0.6	0.4

European Commission, 1998, *Social Protection in Europe*
n.d. : data not available

Table 6 : Demographic indicators

Country	Crude marriage rate (1/1000)	Crude divorce rate (1/1000)	Proportion of marriages ending in divorce for the 1980 cohort (1/100)	Proportion of live births outside marriage (1/100)
Belgium	5.1	3.5	34	15.0
Denmark	6.6	2.5	44	46.5
Germany	5.3	2.1	33	16.1
Greece	6.1	1.1	12	3.0
Spain	5.0	0.8	-	10.8
France	4.4	2.0	33	37.2
Ireland*	4.3	(0.5)	-	22.7
Italy	4.9	0.5	7	8.1
Netherlands	5.3	2.2	31	15.5
Portugal	6.6	1.2	14	18.7
Sweden	3.8	2.6	46	53.0
UK	5.5	2.9	42	33.6

Source : Eurostat, data for 1995

Note: * Given that divorce has been only recently legalised in Ireland, the figures presented are those of judicial separation rates (see Fahey and Lyons, 1995). The legal separation rate for Italy for the 1980 cohort has been estimated at 8.7% (EPUSE data).

Table 7 : Proportion of young children in publicly funded childcare

Country	Children under the age of 2	Children aged 3
Belgium	20	95
Denmark	48	85
France	20	95
Germany	2	78
Italy	5	88
Netherlands	2	53
Sweden	32	79
UK	2	38

Source : Gornick et al., 1997

Table 8 : Proportion of adult children aged 20 to 29 living with their parents

Country	All 20-29 year olds	Unemployed 20-29 years olds
Belgium	54.4	58.6
Denmark	16.4	13.6
Germany	35.9	28.6
Greece	57.4	78.1
Spain	72.3	76.7
France	39.5	48.5
Ireland	61.8	71.6
Italy	77.1	87.0
Netherlands	29.2	33.3
Portugal	69.8	74.2
Sweden	-	-
UK	32.4	41.7

Source : ECHP, 1994, wave 1, Swedish Level of Living Survey, 1991

Table 9: Distribution of countries according to their unemployment welfare regime and their model of family residence.

Unemployment Welfare Regime	Model of Family Residence		
	<i>Extended Dependence</i>	<i>Relative Inter-Generational Autonomy</i>	<i>Advanced Intergenerational Autonomy</i>
<i>Sub-protective</i>	Italy, Spain, Portugal, Greece		
<i>Liberal/Minimal</i>	Ireland		UK
<i>Employment-centred</i>		France, Belgium	Netherlands, Germany
<i>Universalistic</i>			Denmark, Sweden

Table 10 : Economic Restructuring in Europe 1974 to 1993

	Agriculture			Industry		
	1974	1993	Change	1974	1993	Change
Belgium	3.8	2.5	1.3	31.2	19.7	11.5
Denmark	9.6	5.2	4.4	21.4	22.3	-0.9
Germany	7.0	3.5	3.5	35.8	28.5	7.3
Greece	36.0	21.3	14.7	18.5	15.6	2.9
Spain	23.2	10.1	13.1	26.3	23.0	3.3
France	10.6	5.1	5.5	28.3	19.1	9.2
Ireland	22.8	12.7	10.1	21.7	19.4	2.3
Italy	17.5	8.0	9.5	28.0	22.5	5.5
Netherlands	5.7	3.9	1.8	25.7	17.2	8.5
Portugal	34.9	11.4	23.5	24.9	23.8	1.1
Sweden	6.7	3.4	3.3	28.3	18.3	10.0
UK	2.8	2.0	0.8	34.6	24.1	10.5

Source : OCDE

Table 11 Poverty ratios of unemployed persons in the EPUSE countries in the mid-80s and the mid-90s

Country	50% mean	
Mid-80s	mean new	mean old
Mean*	26.5	26.9
Denmark	7.6	7.2
Germany	35.5	35.5
France	23.0	24.6
Ireland	37.3	39.4
Italy	37.1	37.8
Netherlands	11.3	13.0
Sweden	27.3	25.0
UK	32.9	32.0
Mid-90s	mean new	mean old
Mean*	32.0	31.2
Denmark	7.6	7.1
Germany	41.7	36.2
France	23.3	23.9
Ireland	33.4	29.5
Italy	45.7	46.0
Netherlands	25.2	23.8
Sweden	30.4	29.6
UK	49.4	50.6

Notes: mean* = unweighted mean of the EPUSE countries in %.
a Figures refer only to West-Germany.

Source: EPUSE calculations from analyses of national data sets

Table 12 Impact of Transfers on Poverty Rates for the Unemployed, 50% Line

	% of pre-transfer poor unemployed lifted above line		% of all unemployed lifted above line	
	1980s	1990s	1980s	1990s
<i>Denmark</i>				
New	87.0	88.6	50.9	59.0
Old	87.6	89.3	51.1	59.3
<i>France</i>				
New	44.5	52.4	18.5	25.7
Old	42.6	51.7	18.3	25.6
<i>Germany</i>				
New	47.0	32.0	22.6	17.8
Old	42.5	31.6	20.4	17.5
<i>Ireland</i>				
New	47.1	58.0	34.4	46.2
Old	42.8	62.8	31.2	49.9
<i>Sweden</i>				
New	26.4	51.2	9.8	31.9
Old	23.3	51.9	7.6	31.9
<i>UK</i>				
New	38.2	19.0	20.3	11.6
Old	40.4	17.7	21.7	10.9

Source: Epuse calculations from analyses of national data sets.

Table 13 Logistic Regression of the Probability of Unemployed Women Being in Poverty

	Odds Multipliers							
	DE	DK	SW	NL	FR	UK	IE	IT
Age 18-24	n.s.	n.s.	n.s.	n.s.	n.s.	6.79*	n.s.	0.42 (*)
Age25-34	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Age35-49	n.s.	n.s.	n.s.	n.s.	n.s.	4.59*	n.s.	n.s.
Inter. quals.	n.s.	n.s.	n.s.	8.17*	2.37*	n.s.	n.s.	2.15 (*)
Min. quals	n.s.	n.s.	n.s.	21.94*	5.52***	n.s.	n.s.	6.12***
Single, no child	8.45 **	n.s.	n.s.	n.s.	n.s.	4.73*	n.s.	n.s.
Partner, + child	4.29 *	n.s.	n.s.	43.0**	n.s.	3.27(*)	n.s.	n.s.
Lone parent	n.s.	n.s.	n.s.	20.90*	2.70 (*)	n.s.	n.s.	n.s.
Unemployed 12 mths >	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Dep. child age < 30	0.09 (*)	n.s.	n.s.	n.s.	n.s.	0.18*	n.s.	2.84**
One adult h'hold	n.s.	n.s.	n.s.	7.12 (*)	4.41**	8.41**	n.s.	5.63**
> 1 adult, None emp.	5.01 **	n.s.	n.s.	7.63**	4.03***	8.57***	11.5***	3.81***
Constant	0.16	0.01	0.00	0.07	0.49	0.30	0.05	0.66
Cases	231	166	35	181	550	204	232	896

Notes: Reference: Age 50-65, Higher educ., Partner, No child, not dependent child, >1 adult h'hold 1 emp.
 (*) = P < 0.07 * = P < 0.05, ** = P < 0.01, *** = P < 0.001. Source: European Community Household Panel, 1994

Table 14 : Percentages Living Alone according to Labour Market Situation and Country

	Stable job	Insecure job	Precarious job	Unempl. <1 y	Unempl. >1 y	Total
Denmark	15.2	12.7	19.0	29.9	30.2	16.5
France	10.6	8.7	8.6	13.0	10.3	10.3
Germany	15.1	15.0	13.1	21.1	17.2	15.4
Netherlands	13.2	17.9	22.3	19.3	23.5	15.0
Belgium	9.3	10.2	9.8	10.0	7.9	9.4
UK	7.9	9.1	10.2	15.0	15.7	9.1
Ireland	8.2	8.1	3.5	5.0	7.1	7.6
Italy	6.3	6.6	1.5	2.5	2.4	5.6
Spain	3.7	3.3	1.8	1.7	1.5	3.0
Portugal	2.4	2.6	1.6	1.4	1.1	2.4
Greece	5.8	4.8	6.4	4.5	3.7	5.3

Source : ECHP, 1994, wave 1, Coverage : population 18-65 years of age

Table 15 : Frequency of People Meeting on Most days Friends and Relatives who are Not Living in the Household according to the Situation on the Labour Market and the Country

	Stable job	Insecure job	Precarious job	Unempl. <1 y	Unempl. >1 y	Total
<i>Denmark</i>	24.9	21.7	29.6	42.4	39.3	26.4
<i>France*</i>	65.8	63.4	62.3	63.4	55.2	64.5
<i>Germany</i>	23.3	20.7	31.3	29.5	30.4	23.6
<i>Neths</i>	17.6	17.9	22.5	42.4	31.1	19.3
<i>Belgium</i>	30.6	32.0	36.8	45.3	41.9	32.1
<i>UK</i>	36.4	32.3	39.3	42.9	48.4	36.4
<i>Ireland</i>	73.9	71.6	73.1	67.9	59.0	71.3
<i>Italy</i>	38.7	40.7	59.5	61.8	62.0	43.7
<i>Spain</i>	60.3	59.5	67.0	76.9	67.4	63.7
<i>Portugal</i>	35.5	40.5	44.2	46.4	39.3	37.6
<i>Greece</i>	57.7	56.6	56.6	63.7	55.8	57.8

Source : ECHP, 1994, wave 1, Coverage : population 18-65 years of age

Case 1 : Vandalism or Crime in the Area

Case 2 : People Living on Own

* The item is « Often » and not « On most days »

Table 16 Percentage of unemployed who are both in poverty (<50% of the mean) and socially isolated

	%Poor and Living alone	%Poor and no daily contact with friends
Germany	9.9	21.0
Denmark	3.7	2.8
Netherlands	5.7	18.3
Belgium	4.0	13.8
France	4.4	27.7
United Kingdom	9.6	24.6
Ireland	2.8	8.7
Italy	0.6	14.9
Greece	1.3	10.4
Spain	0.7	7.4
Portugal	0.0	14.9

Source: European Community Household Panel. Sweden was not included.

4. Conclusions and Policy Implications

While the nature of welfare provision was clearly of major importance for the quality of life of the unemployed, our evidence suggests that this can only be partially understood in terms of types of 'regime'. Differences at the level of detailed institutional design and of government policy meant that there could be substantial variations in outcome in countries whose welfare systems for the unemployed shared similar broad principles.

The domain in which welfare institutions clearly made the most substantial impact was that of financial deprivation. The 'universalistic' systems of Denmark and Sweden provided a relatively high level of protection of living standards, and they did so in a way which did not make people dependent on other income in the household. But employment-centred systems were not necessarily associated with higher levels of poverty. The living standards of the unemployed in the Netherlands, a particularly generous version of the employment-centred system, were also well protected, although an importance difference was that this involved a greater dependence on other family resources. Our evidence confirmed that the countries closest to the liberal and sub-protective regime types provided the weakest protection of the living standards of the unemployed, although the comparison between Britain and Ireland revealed that the extent to which this was the case depended very much on specific government policies. Overall, then, the heterogeneity of the employment-centred systems blurred any simple relationship between regime type and poverty risk. It must be remembered moreover that the significance of regime type was primarily with respect to relative poverty. The absolute difficulties that the unemployed confronted in terms of the difficulty of meeting payments and the harshness of living conditions were strongly influenced by the general level of economic development of the society. The unemployed faced the most severe shortages in societies that were less advanced in the process of industrialisation, although managing financially was also much harder in these societies for people in work.

The extent to which the unemployed were marginalised with respect to the labour market clearly depended to a very considerable extent on macro-economic conditions, particularly on the extensiveness and rapidity of economic restructuring. Long-term unemployment, which is the most significant indicator of such marginalisation, is heavily dependent on the overall level of unemployment. This in turn is partly related to the business cycle and partly to the extent to which the particular location of a country in the international economy leads to pressures to transform the sectoral composition of the economy. It is clear that the difficulties of assimilating the unemployed in the southern European countries and in Ireland were related to the fact that a sharp reduction in the size of the agricultural sector compounded the difficulties of restructuring the traditional manufacturing industries.

Nevertheless, there was evidence that the nature of welfare institutions could have an impact on the extent to which economic change led to individual entrapment. It was notable that Sweden, which had the most advanced policies for assisting the unemployed to find and retrain for jobs, was the only country which escaped the general pattern whereby an experience of unemployment 'scarred' a person in a way which made them more vulnerable to future unemployment. It was clear too that the strong childcare provision in Denmark helped prevent the marginalisation from the

labour market of women with young children, leading to high employment rates even among lone mothers. Both Sweden and Denmark had relatively low rates of long-term unemployment. It has to be taken into account that the economic shock resulting from sectoral change was less marked in Denmark than in other countries. But it seems likely that the relative success of these two countries in preventing long-term labour market marginalisation was at least in part due to the policies of active intervention in the labour market characteristic of universalistic regimes.

The sphere in which there was least evidence for the direct impact of welfare regimes on the experience of unemployment was that of social isolation and social integration. It is possible that there is some long-term historical relationship between welfare systems and the typical forms of household structure in a society. More generous public welfare may make it easier for people to create and sustain independent households. Low levels of public welfare may reinforce inter-generational family and friendship solidarities, by providing them with a vital and highly visible function. Similarly, there may be more perceived pressure for the development of public welfare provision in societies where family structures are less stable. But whatever the extent of such reciprocal causation, there is no automatic mechanism whereby such solidarities offset lack of public provision. In several of our societies, it is clear that those who fell outside the provisions of public welfare had little that they could depend upon in terms of resources from family or friends. The patterns of household formation and sociability in societies have then their own distinctive dynamics, which have longer-term historical roots in very different paths of economic and cultural development.

The extent to which the unemployed were likely to experience social isolation was strongly influenced by these distinctive societal patterns of household organisation and sociability. In the Southern countries, young unemployed adults were far more likely to be living at home with their parents. But this was not specifically because they were unemployed, but because young people in general in these societies were more likely to live in this way. They were also far more likely to meet regularly with neighbours, friends and relatives. Again this mainly reflected the fact that the frequency of sociability was much higher in the society at large. In countries such as Denmark and the Netherlands, informal sociability was very much rarer for the unemployed and those in work alike. But instead there was more active participation in formal organisations. In Germany, again largely reflecting the more general pattern in the society, the unemployed had low levels of informal sociability, but at the same time they also had relatively low participation in formal social life in the community.

The relationship between these different aspects of deprivation is of fundamental importance in any assessment of the risks of social exclusion for unemployed people. Social exclusion refers to a situation where people suffer from the cumulative disadvantages of labour market marginalisation, poverty and social isolation. The different aspects of deprivation become mutually reinforcing over time, leading to a downward spiral in which the individual comes to have neither the economic nor the social resources needed to participate in their society or to retain a sense of social worth.

In general the evidence for Denmark confirms that such systems present a relatively low risk of social exclusion. They provided effective protection of living standards,

and this enable people to continue participate to participate in the associative life of their communities. At the other end of the spectrum, in the Southern European societies, the unemployed suffered from very high levels of financial hardship and had very little in the way of individual income, but socially they remained strongly integrated both in terms of relations in the household, where very frequently they lived with their parents and participated in the social life of the family, and in terms of maintaining high levels of sociability with neighbours and friends in the community.

The risk of the type of cumulative disadvantage that underlies the process of social exclusion was greatest in the countries where the respective normative responsibilities of the public authorities and of the family were least clearly delineated. Germany, France and the UK were countries where the level of public financial support was at best intermediate and in the case of the UK very low. At the same time, these were countries in which the institutional responsibilities of the family were relatively weakly defined. It was in these societies, then, that there was the highest risk that unemployed people would simultaneously confront both poverty and social isolation, thereby creating the conditions for social exclusion.

Overall, while our study shows that policy is only one of the factors that determines the experience of unemployment, it does strongly confirm that it makes a very substantial difference to the level of deprivation. In particular, the high-welfare societies provided much greater protection of the living standards of the unemployed and this was reflected in lower levels of financial distress. We found no evidence that these relatively high benefit levels undermined work motivation. The unemployed in the high welfare societies had particularly high levels of commitment to employment. Moreover the fact that the unemployed had the resources to continue to participate in community activities helped to preserve the informational and social links that were essential for effective job search.

5. Dissemination

A wide range of working papers reporting the results of specific parts of the programme have been produced (see Annex). Some early conclusions were presented in *Données Sociales*, published by INSEE, Paris, 1999 ('Pauvreté, chômage et liens sociaux en Europe'). The main product of the programme is a book entitled 'Welfare Regimes and the Experience of Unemployment in Europe', to be published by Oxford University Press in May 2000.

An internet web page was set up at the beginning of the project, outlining the objectives of the programme and giving details about the participating teams. The coordinators have presented conclusions of the research programme in a wide range of settings, with the aim of targeting distinct types of audience. These included sessions at Conferences of the European Sociological Association, special lectures at a number of European research centres, presentations at specialized conferences and a two-day conference in Italy dedicated to disseminating the results of the research to both researchers and practitioners. The principal dissemination events were:

Third Conference of the European Sociological Association, University of Essex, August 1997.

The European Science Foundation Conference on Inequality and Social Exclusion in Europe : the Role of the Family and Social Networks, Castelvecchio Pascoli, Italy, April 1998.

Special Conference (2 day) dedicated to the dissemination of the results of the programme, Castel Ivano, Italy, November 1998.

Special Lecture, University of Oxford, UK, December 1998.

Health Hazards and Challenges in the New Working Life Conference, Stockholm, January 1999.

Special Lecture at the L'institut national des statistiques, Paris, April 1999.

Special Lecture at the Juan March Institute, Madrid, Spain, May 1999.

Seminar at the Danish National Institute of Social Research, Copenhagen, May 1999.

Fourth Conference of the European Sociological Association, Amsterdam, August 1999.

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7. Annexes

7.1 Appendix 1 Working Papers

Barbieri, P. with Paugam, S. and Russell, H., Social Capital and Exits from Unemployment.

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Bison, I. and Esping-Andersen, G., Unemployment and Income Packaging among European Youth.

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