‘COMPARATIVE SOCIAL INCLUSION POLICIES AND CITIZENSHIP IN EUROPE: Towards a new European social model’

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‘COMPARATIVE SOCIAL INCLUSION POLICIES IN EUROPE’

EXECUTIVE SUMMARY

The project studied ‘comparative social inclusion policies’ (CSIP) in 12 EU member states in the period 1998-2000 mainly using reviews and analysis of secondary research and data. This was organised through an international social research network and funded under the European Commission’s Framework 4 TSER programme.

General project findings:

1. European countries have been attempting to adapt their mainstream social inclusion policies in response to common socio-economic changes across Europe in broadly comparable ways, mainly from ‘passive’ to ‘active’ types;

2. Programmes varied greatly between countries and welfare regimes;

3. Few mainstream social inclusion policies made much systematic or positive use of atypical, flexible forms of employment and informal economic activity;

4. The more successful programmes appeared to be those which aimed to address people as citizens and as bearers of social rights as well as of responsibilities, and that these tended to be found most in countries typically associated with the (albeit changing) ‘social democratic’ model.

Findings and conclusions about strategic policy concepts in the field of social inclusion:

5. the standard (Esping-Andersen) paradigm for comparative analysis of social models needs review if it is to retain its usefulness for guiding

policy development in contemporary Europe;

6. institutional design and constitutional frameworks need to be considered in analysing social models;

7. citizenship-oriented and 'personal social capital' concepts and principles relating to the forms, frames and processes of social inclusion need to be considered when assessing and developing social inclusion policies.

Developing 'Social Inclusion through Activation' Policies: - Recommendations

In the short to medium term, in order to promote the development of social activation policies as important forms of 'complementary social inclusion policy' we propose the following:

1. The 'reach', 'take-up' and 'drop-out' problems of existing social activation programmes need to be monitored and diagnosed;

2. Generally to help address these problems and to improve these programmes such measures as benefit incentives, benefit-conditional interviews and a clearly communicated commitment to client-oriented services should be developed;

3. The nature and performance of social activation programmes needs to be monitored, assessed and compared cross-nationally using the normartive principles of this project and together with the Geldof criteria;

4. Innovative negotiated and client-oriented 'Community Enterprise Employment' options need to be developed as part of programmes aimed simultaneously at the activation of unemployed individuals and also at the social capital-building needs exisiting in their immediate social environments;

5. Tax credit approaches, initially aimed at improving the income and consumption resources of the unemployed and people in low income and insecure employment, need to be developed in the direction of a citizen's basic income.

Developing a more common European social inclusion policy context: - Recommendations

On the basis of our research on this project we propose the following elements of a medium-to-long term strategic policy agenda in the field of social inclusion policy across the EU and at an EU level:

EU social inclusion policy development:
- institutional, research and policy aspects

1. Improve the promotion of policy interchange between EU countries in employment policy in particularly, and generally in the socio-economic. An EU-coordinated programme of such policy interchange needs to be developed in parallel with, and even incorporated into, innovative new social inclusion policy developments whenever they emerge in member states and regions.

2. There is a need for more adequate monitoring and more searching analysis of the the impacts of current major EU socio-economic policy integration initiatives (such as the NAP and EMU initiatives) on member state social inclusion policy-making and social inclusion policy reform processes;

EU social citizenship development:
- constitutional aspects

3. There is a need to develop more fully than at present the category of 'EU citizen' as a multi-dimensional status and particularly in relation to

the EU's emergent 'human rights'-based and multi-level constitutional architecture and integration process;

4. There is a need to develop more fully than at present the concept of the EU citizen's social rights in a coordinated way in relation to the social rights of national-level citizenship, and particularly in relation to citizens' rights to income, work and recognition.

EU 'Civil and Social Union'

5. There is a need to develop an EU 'Civil and Social Union' project, to promote a social rights framework for the security and adaptability of EU citizens. This is both for its own sake, and also to complement the EMU project and to adapt the EU citizens and the EU governance and social system to this and other processes of EU socio-economic integration.

‘COMPARATIVE SOCIAL INCLUSION POLICIES IN EUROPE’

INTRODUCTION

SEDEC and the CSIP Project

The name of the SEDEC network refers to ‘social exclusion and the development of European citizenship’. As this acronym indicates the network is concerned with exploring the developing connection between, i)on the one hand, - social exclusion problems and social inclusionary policies to address them in European societies, and ii)on the other hand, - citizenship and social rights in European societies both at the national level and also at the European level.[1]This connection provides the general intellectual context for the Comparative Social Inclusion Policies (CSIP) TSER project undertaken in 1998-2000 which we report on here. The particular concerns of this project are problems of work, income and recognition among young people, the development of inclusionary and activating policies to address these problems in the recent and contemporary period, the late 1990s and also to a limited extent ethnicity/migration aspects of contemporary social inclusion problems and policies in Europe. The partners and teams in the CSIP network project studied work, income and recognition problems and policies in 12 EU member states (see Appendix 1), among other things, mainly by means of reviews of national research and policy literatures, and reviews of innovative or otherwise notable national policies and practical programmes, together with some limited primary level research.

A sub-group of the network coordinated by Rik van Berkel undertook a distinct but closely related TSER project which studied social inclusion through participation particularly in work, in 6 EU countries (Belgium, Denmark, Portugal, Spain, the Netherlands, United Kingdom) in greater depth and detail through primary level research, (the INPART project, see INPART 2000).

[1] We initially addressed this connection in 1997 in a collection of studies entitled ‘European Citizenship and Social Exclusion’ (edited by M.Roche and R.van Berkel, Ashgate Aldershot). Relevant issues are discussed in other books by network partners, including Faist 1995, Garcia ed 1994, Heikkila ed1999, Heikkila et al 1999,Lind and Moller eds. 1999, Meehan 1993, Roche 1996, Salonen 1993, Williams 1997, Williams and Windebank 1998, Van Berkel et al eds. 1998.

The CSIP project studied 'comparative social inclusion policies' in EU member states in the period 1998-2000. The project involved three main work packages and produced three related Reports (1 to 3) (See Appendix 1). Each of these reports consists of a synthesis volume (volume 1) and a volume of national studies (Volume 2).

The topics of the three main CSIP reports are:

Report 1: - Contexts (concepts, analytic models, and structural change)

Report 2: - National Exclusionary Problems, Policies and Indicators

(focussing on work, income, recognition dimensions)

Report 3: - Inclusionary Policies, - National Case Studies

(organised mainly in terms of welfare regimes)

This Final report (Report 4) aims to summarise the CSIP project's general themes, findings and recommendation. It is divided into three Chapters together with a number of Appendices:

Chapter 1: Background and Objectives

The first chapter reviews the contextual and thematic interests addressed in the CSIP project (see also CSIP reports 1 and 2, and Appendix 1).

Chapter 2: Scientific Results

The second chapter, which is the longest chapter in this report, reviews the project's main findings, conclusions and recommendations. It refers mainly to CSIP Report 3 (and also the national studies volume, vol. 2, in Report 3 and the national studies produced for the Final Report). For the purposes of this summary report the main findings are divided into three types and are outlined in three Parts:

i) Part A: General project findings
ii) Part B: Social inclusion programmes across Europe: summaries

and findings

iii) Part C: Strategic policy concept findings

Part A Summary: - Generally the project found that:

mainstream social inclusion policies were attempting to adapt to common socio-economic changes across Europe, that few made much systematic or positive use of atypical and flexible forms of employment, that the more successful were those which aimed to address people as citizens and as bearers of social rights, and that these tended to be found most in the policies and programmes of countries typically associated with the (albeit changing) 'social democratic' model .

Part B Summary: - This Part is divided into 4 Sections

- Section 1: - Work and inclusion in relation to 'activation' programmes for young unemployed in Northern European 'Social Democratic' nations and regimes: - summaries of case studies

- Section 2: - Work and inclusion in relation to activation' programames in Central and Southern Europe: - summaries of case studies

- Section 3: - Citizenship, inclusion and the integration of ethnic minorities.

- Section 4: - European social inclusion programmes: - findings and conclusions

In terms of practical programmes the project found that:

across the range of 'social inclusion through work' programmes, particularly 'social activation' programmes, which it reviewed the programmes could be assessed as displaying varying degrees of effectiveness, strength and weakness, in relation particularly to citizens' social rights to work, and also related rights to income and recognition. The most effective programmes in relation to most of these rights included in particular those operating in northern European 'social democratic'

countries. Recommendations are made aiming at the improvement of practice in this field (also see Summary and Recommendations above)

Part C Summary: In terms of strategic policy concepts the project found that:

in line with much contemporary social policy analysis, the standard paradigm for comparative analysis of social models (namely that associated with Esping-Andersen 1990) needs review and modification if it is to retain its usefulness for guiding policy development in contemporary Europe. In addition institutional design and constitutional frameworks need to be considered in analysing social models, and citizenship-oriented and 'personal social capital' concepts and principles relating to the forms, frames and processes of social inclusion need to be considered when assessing and developing social inclusion policies.

Chapter 3: Conclusions and European Policy Implications

The third chapter addresses the European level and dimension. Firstly it reviews changes in social and employment policy at the European level, and argues for the future importance of this level for social inclusion policy. Secondly it outlines the relevance of processes of Europeanisation for the development of a 'new European social model' and it makes recommendations about some of the strategic institutional and constitutional developments necessary to promote both security and flexibility in the emerging European economic and social formation and generally to promote social justice and inclusionary citizenship in the EU. Recommendations are made in relation to these issues (also see Summary and Recommendations above).

Appendices

This Report includes 3 Appendices to provide further information and background about the CSIP project and its findings.

Appendix 1 outlines the CSIP Project's aims and structure

Appendix 2 provides two of the projects studies of comparative cross-European studies inequalities in 'personal social capital', specifically in relation to Work (Appendix 2 Part A) and Income (Appendix 2 Part B)

Appendix 3 provides an outline of what might be seen as an element of a the contemporary development of a European Union-level Social Inclusion Policy, namely an overview of the EU's National Action Plan policy for Employment (1998).

CHAPTER 1
BACKGROUND AND OBJECTIVES

The background and terms of reference for the CSIP project's studies include, on the one hand, the notion that in contemporary Europe there are enduring differences between national social inclusion policies deriving from national traditions and welfare regimes, and that such differences are capable of continuing to be registered in terms of the theory and practice of subsidiarity within the EU system. On the other hand, they also include the notion that commonalities among European societies as well as differences need to be considered.

1. Firstly, as a matter of fact, commonalities in European socieities social inclusion policy approaches are becoming more evident due to European integration processes (such as the Social Chapter, the coordination of National Action Plans for employment, the Economic and Monetary Union process, the current plans for a justiciable EU Charter of Fundamental Rights, and generally the integration of member states' legal systems in terms of the evolving EU-level legal institutional and constitutional environment).

2. Secondly, given globalisation and the evolution of the contemporary world order, such exploration of common policy approaches in the European world region is more likely to contribute to the adaptive capacity and the sustainable prosperity of European societies than are less coordinated and more nationally-based alternatives.

3. Thirdly, from the normative perspective of our work, more commonality in the design and assessment of social inclusion policies among European nations and within an EU context, in terms notions of autonomy-based needs, rights and responsibilities, and in terms of the distribution of work, income and recognition as forms of personal social capital to satisfy these needs, is important to explore and pursue further for its own sake.

The main concerns of the network's research in Reports 1 and 2 are with contemporary changes in social inclusion policies and regimes, and, relatedly, changes in the social rights and responsibilities of citizenship, mainly within the EU member states and also at EU level. In this section we briefly review some of the normative and structural contexts which inform the network's research (below i)), and some of the main themes of the research (below ii))

i) Research Contexts

a) Normative principles: - The social rights of citizenship

Within the work of the SEDEC network differences of social scientific perspective and normative view are represented. However we are broadly committed to, as well as being interested in studying, the contemporary and future development of the social rights of citizenship (and thus of participation and social inclusion) together with appropriate related citizens' responsibilities, in contemporary European society. We understand the problems of social exclusion and the possibilities for social inclusion in terms of the problems and possibilities of access to social rights. Social rights are understood as individuals' rights to access and to use autonomy-adequate and needs-adequate packages of social goods which are at least minimally adequate to satisfy people's autonomy needs and basic material needs. For our purposes the key social rights and packages of social goods are those relating to work, income and recognition. We refer to these rights and social goods as 'personal social capital' (see CSIP Report 1) and as 'forms' of inclusion (see below ch.2 section B3.)[2]

[2] Other social goods such as housing, health and education are evidently important to consider in any more comprehensive approach to social rights and social inclusion. However our main concerns are with the production, distribution and use of the social goods of work, income and recognition in contemporary European societies; with problems of exclusion as forms of deprivation, dependency and inequality for citizens in these processes; and with the adaptation of work and welfare systems to promote citizens' inclusion by supporting individuals' autonomy and constraining inequality. For further discussion of these normative and conceptual issues see Annesley and Roche 1998 ch.1. On autonomy-related needs and a human needs-baased theory of social rights see Doyal and Gough 1991.On the right to work see the UN Declaration of Human Rights (Article 23), UN Covenant on Economic, Social and Cultural Rights (Article 6), the European Social Charter (Article 1) all in Council of Europe 1992. On the right to basic (citizens') income see Vilrokx 1995, Roche 1996 ch.7, and and Huws 1997

The development of policies and institutions embodying and delivering these rights, and also monitoring appropriate related responsibilites, constitutes the core of what we mean by a 'new social model', namely the kind of model of welfare and work which is most positively adapted to the particular needs of societies and individuals in late 20thC economic and political conditions. Our research involves analytic and normative sociological and policy research into the range of interpretations of, and the uneven development (due to various structural barriers and ideological resistances) of, this new social model among contemporary EU nations and also at sub-national and EU level. in the contemporary period. For instance one notable area of unevenness and imbalance in current social inclusion and social activation policy which has generated much debate across Europe is in the potential such policies offer to over-weight responsibilities at the expense of rights.

The new social model we are concerned with, then, aims at delivering equal access for all to the rights to work, income and recognition.[3] We interpret such a model is representing a long-term 'constitutional' policy goal both for each of the EU member states and, in an appropriat way with due respect for the principle of subsidiarity, also for the EU as a legitimate system of governance. In the case of the EU the model could be understood as a 'Civil and Social Union' on the analogy of the EU's current long-term Economic and Monetary Union (EMU) policy process and strategic goal. Such a notion is comparable with that also currently being envisaged within EU policy-making fora and institutions (e.g. ECOSOC 1999; EC 1999; EP 2000a,b; EU 2000).

[3] The right to work refers to citizens accepted to be of 'working age'. In principle the rights to recognition and income in principle refer to all citizens, whether of working age or not. However we are mainly concerned with these rights, for the purposes of our research, in relation to people of working age. We do not explore the relevance of these rights for children and the retired, although undoubtedly policies to promote them among these social categories (for instance through such things as new education and training rights and new pension rights) need to be considered in any more exhaustive conception of a new 'social model'. On the right to work see the UN Declaration of Human Rights (Article 23), UN Covenant on Economic, Social and Cultural Rights (Article 6), the European Social Charter (Article 1) all in Council of Europe 1992. On the right to basic (citizens') income see Vilrokx 1995, Roche 1996 ch.7, and and Huws 1997

ii) Contemporary structural change

It may initially appear that, - at least in the various European welfare and work regimes, - there is nothing particularly 'new' in the promotion of the social rights outlined above. In their various ways, to use Esping-Andersen's standard typology, this is arguably what at least the Nordic and continental 'regimes' have been attempting to pursue throughout the post-war period. Also, at least until the 1980s, it is arguably what was aspired to in the British welfare mix of Beveridgean social insurance and Keynesian full employment demand management (a system the potential of which, it is worth recalling, inspired T.H. Marshall's seminal analysis of social citizenship). However, as Esping-Anderson (ed. 1996), along with many other commentators recognise, at the very least the capacity of most if not all of these regimes to deliver social citizenship rights needs to be renewed.

This is at least because of the impact the new late 20thC economic conditions of structural social change, particularly post-industrialism and globalisation, on European nations, and their need to adapt to this (see CSIP Report 1). For some the impact of changes, - the flexibilisation of employment, the capacity of capital to extract profits from automation and from the capacity to relocate production within a global economic space (e.g. Castells 1996, 1997, 1998) , - begin to herald 'the end of work' in the formal economy and the growth of the role of the informal economic activity in peoples' lives in the advanced societies.[4] However, whatever substance there may ultimately turn out to be in these speculations it remains the case that the formal economy remains central to the lives of most people and to the fortunes of all societies in our period. Policy-makers have little room for manoeuvre in facing the imperative demands of adaptation of work and welfare systems to the new and changing economic realities.

[4] The 'end of work thesis' has been somewhat undermined by evidence in the 1990s particularly in the USA of a new wave of job-creation capacity in the US economy in the long-lived growth phase of the economic cycle and the alleged advent of a 'new economy', a 'knowledge based' economy capitalising on the current advances in informational and communications technologies. However for variants on this thesis in the US context see Rifkin 1995, Aronowitz and Di Fazio 1994. On the similarly arguable 'informalisation thesis' see Williams and Windebank 1998.

In addition the familiar problems in postwar welfare state systems (of the reproduction of poverty, welfare stigmatisation and welfare dependency), as well as the political challenges of feminism and multi-culturalism to the gender and ethnic assumptions usually built in to them need to be considered. At the very least welfare states tended to take for granted the traditionalistic obligations of women to perform unpaid and informal family and caring work, and thus tend to reproduce women's traditional relative exclusion from the range of citizenship rights available for men.[5]

On the basis of these lines of criticism even the claims of the most well resourced and comprehensive of the postwar European social models to have successfully delivered universal social rights to work, income and recognition are questionable. There has always been a gap between aspiration and practice, and the gaps are more obvious in the contemporary condition of structural change at all levels in the capitalist economy. In the light of these common problems and issues most European societies are currently attempting to reform their traditional and 'mainstream' welfare and labour market systems in various ways in comparable and often convergent directions. This has been attested to in various international comparative surveys. For instance, by the mid-1990s the OECD had found a comparable and qualitiative increase in the use of social assistance measures within all welfare state types and regimes in Europe (e.g. OECD 1996, Gough et al 1997, also Ditch 1999). These trends have continued and can be confirmed on the basis of contemporary comparative data in the comparative macro-policy survey elements of our TSER research. In addition it is important to point out that these trends in European societies have been influenced by the new politico-economic conditions and dynamics of the contemporary EU integration process which has been accelerating during the 1990s (chapter 3 below, also Roche and van Berkel eds. 1997).

[5] See CSIP report 1, ch.3, section C. For a recent and relevant discussion of the challenges posed for equal citizenship and social rights by the gendered nature of membership in contemporary society, and indeed the often gendered nature of citizenship itself, see Lister 1998

ii) Research Themes

There are three main themes in the work of the CSIP project. In descending order of priority in terms of the effort which it was possible to allocate to them these are: - the reform of 'mainstream' social inclusion policies in the main work and welfare regimes across Europe; the development of 'complementary' social inclusion policies; and the problem of migrant workers and related exclusionary problems.

a) The reform of mainstream social inclusion policies in Europe

An leading theme in the CSIP project is that of comparative study of the reforms and functional adaptations of what can be called 'mainstream' work and welfare systems, across each of the main versions of these systems characterisitic of range of regimes and social models operating in European societies. Mainstream systems tend to prioritise the employment above all else and pursue inclusion and social citizenship through this means. Mainstream social inclusion policies mainly aim at institutionalising the citizenship 'right to work' in the form of having access to and achieving employment. Such policies implicitly interpret the citizenship 'right to income' through the lens of the implications of the exchange formalised in the state-monitored and state-regulated labour contract between employers and employees, (including the insurance arrangements in this contract for income in periods of unemployment). Finally such policies tend to interpret the citizenship 'right to positive recognition' through the lens of the right to access to the status of being an employee. [6] This theme studies how the regular labour market is changing (to the variable extent that it is) in terms of the growth of part-time and flexible forms of employment, how publicly subsidised work is becoming an increasingly important component in the maintenance of levels of employment in the labour market, and generally how states are taking more active approaches to employment, unemployment and related welfare policies.

[6] For a discussion of the social psychological, competence and rights-based arguments for an employment-centred approach in socio-economic policy in Europe from a developmental economics approach relevant to the personal social capital appraoch taken in the CSIP project see Sen 1997.

b) 'Complementary' Social Inclusion Policies

A second set of themes in the CSIP project, which are connected with but distinguishable from the interest in 'mainstream' reform processes, are as follows. Here our interest is in the actual and potential links between, on the one hand, the formal work and welfare systems and their market and employment-oriented interpretations of the social rights of citizenship, and on the other, broader interpretations of work to include non-market oriented activities in voluntary and community sectors and informal economic activities such as undeclared work and work in household and family contexts. [7] The 'right to work' interpreted in terms of these broader notions of work does not, as employment does, carry notions of a right to income and recognition with it. On the contrary in some respects it is often disconnected from income and the right to receive it, and in many versions (particularly given its traditional association with women as 'women's work') it carries with it either little positive recognition, or mainly negative forms of recognition (e.g. inequality, stigma etc).

We conceive of these broader interpretations of work as 'complementary' to employment. Correspondingly we conceive of policies which aim to promote and reward such work with benefits or income, and with official recognition, legitimacy and status 'complementary' to the 'mainstream' thrust of most socio-economic and labour market policy. These sorts of policies have begun to develop across European states in recent years and represent a distinctive dimension of the more general process of work and welfare reform, - involved in and contained by the mainstream changes, but representing new principles and challenges for policy.

In terms of the principles they embody mainstream and complementary policies can be distinguished to a certain by the degree to which the citizen, in particular the unemployed client, is addressed and involved in decision-making on the programmes they engage in, the former typically

[7] On the 'social economy' and the 'third sector' see Offe and Heinze 1993, Williams and Windebank 1998, Laville 1999. On the 'new social contracts' involved in the reform of contemporary social models in these directions see Cattacin and Tattini 1997, Flynn 1997 and CSIP Report 1 ch.1.

being more standardised and ‘top-dowwn’, the latter typically aspiring to be more personally tailored, client-centred and, where involving communities, more ‘bottom up’.

Mainstream and complementary policies can be studied from two perspectives. On the one hand they can be studied from the perpective of the nature, delivery and effectiveness of particular programmes and schemes, including the experience of clients involved in the schemes, and with a view to policy-evaluation. On the other hand they can be studied in a more open-ended way, from the perspective of the experiences and needs of people involved in complementary work. In this approach studies can aim both to evaluate the adequacies and indaequacies of whatever existing polices (re. work and welfare, income and recognition) people may or may not be in receipt of, and in addition they can aim to identify the possibilities for relevant new policy development to better address people’s needs.

c) Migrant workers and exclusion problems

The SEDEC network’s current research programme also studies the experience of and policies for migrant workers (particularly internal EU migrants, but also third country immigrants). Studies of mIgrant experiences can provide strategically important perspectives on citizenship rights in general and rights to work, income and recognition in particular in contemporary Europe. They can allow important insights to be gathered for national and EU policy-making about the adequacy of both mainstream and also complementary work and welfare systems and related social inclusion policies. Finally they can reveal fundamental ethnic and nationalist (mono-)cultural assumptions underpinning the operation of Euope’s welfare states and limiting their capacity to promote social inclusion in the context of the realities of contemporary Europe’s multi-cultural societies (see CSIP Report 2, vol1., ch.3 ; Faist 1995 and 1999a; and Smith, Wistrich and Haynes in CSIP Report 3 vol 2).

CHAPTER 2

SCIENTIFIC RESULTS AND METHODS

Project aims and rationales[8]

The CSIP project aimed to describe, analyse and compare general developments mainly in mainstream national employment and related social policies across Europe aimed particularly at young people. We aimed to take particular account of:

- i) (a) atypical and flexible forms of employment and (b) informal forms of work, and also
- ii) ideas and practices of citizenship, social rights and civil society which might be involved in the policy legitimation and/or delivery of these policies.

The rationales for the project are that we regardthe issues indicated in i) and ii) as being strategically important as trends and challenges for the medium term for socio-economic and social inclusion policies in Europe:, both at national and EU levels.

- re. i) these forms are being increasingly promoted by the forces of

[8] Also see Appendix 2 and the outline of the project's hypothesis.

structural socio-economic change, techno-economic modernisation, globalisation, Europeanisation and feminisation in the labour market, and are relevant to understanding the impacts of these forces on non-marketed work and the social division of labour around child-care etc.

- re. ii) these ideas and practices are likely to give European societies more structural flexibility, adaptive capacity and legitimacy in the medium-term in their attempts to adapt to the forces of structural change indicated in i).

We can now consider our findings, conclusions and recommendation about comparative European social inclusion policies in more detail looking. Chapter 2 is divided into 3 Parts, A, B and C. Parts A, B4 and C, summarise our main findings, while Part B (Sections 1,2 and 3) presents in a littlle more detail the results of the main part of our project, namely the study of contemporary European social inclusion programmes addressed to young people. The contents of Chapter 2 are as follows:

Part A. General project findings and conclusions

Part B. Social Inclusion programmes across Europe:

- Section 1: - Work and inclusion in relation to 'activation' programmes in Northern European 'Social Democratic' nations and regimes: - summaries of case studies
- Section 2: - Work and inclusion in relation to activation' programames in Central and Southern Europe: - summaries of case studies
- Section 3: - Citizenship, inclusion and the integration of ethnic minorities.
- Section 4 – European social inclusion programmes: - findings and conclusions

Part C. Strategic concepts for social inclusion policy: - findings and conclusions

Ch.2 - PART A:
General Project Findings and Conclusions

In this section we consider findings and conclusions concerned with structural and policy changes, assumptions in social inclusion policy reform, and the relevance of the changing 'social democratic' model for the future of policy development in this field.

i) - Structural changes in European societies and social inclusion policies:

(a) Contemporary society and policy are 'moving targets', and processes of Europeanisation, globalisation and techno-economic change are among the forces moving the targets. In relation to Europeanisation processes the CSIP project was planned in 1997 before the Amsterdam Treaty, the Luxembourg Agreement on employment policy, and the advent of the first phase of the single Euro currency. In relation to the other dimensions of structural change, the CSIP project was planned also before the current wave of impacts of Internet technology had begun to be felt in the international economy. Although the CSIP project did not anticipate them and thus did not aim to study them these developments amplify and tend to accelerate the processes of structural change and their commonality across different nations which had inspired the project and which the project was concerned with. Thus they tend to confirm the rationale for the CSIP project, namely the increasingly pressing need to adapt policy, and to increase the adaptive capacity of socio-economic policy-making, to get more effective purchase and control over otherwise unaccountable and potentially disruptive socio-economic trends and forces, both those generated externally through structural change and internally through the inflexibilities and limitations of existing socio-economic systems.

(b) The project confirms the fact, discussed by other social researchers (e.g. Bosco and Chassard 1998, and Heikkila ed. 1998) that since at least the mid 1990s most European societies have been attempting to

develop their traditional mainstream post-war 'passive' versions of welfare and employment policies towards more 'active' forms. The CSIP project in its main reports provides some elements of an updated 'map' of these mainstream reform processes.

We have found that - whatever assessments may be made about the quality, coherence, effectiveness, and to a certain extent, the popular legitimacy of these reform processes, the commitment to the reform and 'modernisation' of mainstream work and welfare systems seems to be becoming a persistent and ongoing feature of the policy environment in European societies.

(c) - We have found that these adaptations are divers, are regarded as having varying degrees of success, and are often seen in a pragmatic and experimental terms. Reform processes appear to be connected with an increasing interest on the part of national policy-maker in cross-national policy-learning and, to a certain extent, in cross-national policy coordination through the EU.

ii) - Assumptions in social inclusion policy reform[9]

(a) Conceptions of Employment and Work in European societies' policy reform processes:

We remain convinced of the potential strategic importance of (i) atypical and flexible employment and (i) informal work for socio-economic and social inclusion policies in Europe in the medium term. However our CSIP project revealed that, - while they are coming to be addressed in various ways and to various extents within policies and programmes of the

[9] As this section indicates the CSIP project found that some of the main elements of the hypothesis which guided the project were not confirmed duting the period of the study. In accordance with Popperian 'critical rationalist' 'conjecture and refutation' epistemology and methodology our view is that we can learn from such disconfirmations. as we have indicated in our conclusions and recommendations (see Summary and Recommendations above).

nations studied, - they continue to be conceived mainly as relatively marginal to the mainstream preoccupation of European national policy-makers with formal and full-time employment. We return to some of these points in a little more detail in later sections (below).

(b) Conceptions and practices of Citizenship, Social Rights and Civil Society in European societies' policy reform processes:

We remain convinced of the importance of citizenship, social rights civil society and for the medium term adaptive capacity and legitimacy of social inclusion policies in Europe. Versions of these features, of divers quality and importance, were found in some of the national policies and programmes studied. However, from the evidence of the current development of the social inclusion policies studied in this project, most European societies and associated 'social models' operate with limited conceptions of the relevance of citizenship, social rights and civil society. We return to these issues later in a little more detail in later sections (below).

iii) - The relevance of the changing Social Democratic model for contemporary European social reform processes:

The CSIP project found that, - among the various and often nationally divers changes and reform processes underway in contemporary Europe in the field of social inclusion policy, - social researchers and European policy-makers concerned with developing broader conceptions of work and connecting them to notions of citizenship probably continue to have most to learn from the changing experiences of northern European nations in the 'social democratic' tradition.

The social inclusion policies we have been concerned with here - in Sweden, Finland, Denmark and the Netherlands, - have been located within broader attempts to 'modernise' their national versions of this social democratic 'work and welfare' regime and a general political culture which has always attempted to promote notable versions of citizenship and social rights. This political culture, with its recognition of citizenship

and social rights provides policy and client resources to counterbalance the new 'workfare'-oriented weight, - which is given in most 'new generation' European 'active' labour market and social inclusion programmes, - to citizens' responsibilities and to conditionality and compulsion in the operation of policies.

In this light the policies being operated in the Netherlands and Denmark are particularly interesting, both in their strengths and in their weaknesses. This assessment is consistent with other recent assessments of the comparative success and interest of the adaptive capacity of these nations' socio-economic and social inclusion policies.[10]

[10] See the national reports on these countries in CSIP Reports 3 and 4, vols 2. Also, on both Denmark and the Netherlands countries see Hirst and Thompson 1999; on the Netherlands see Muffels et al 1999 and also section C below.

Ch. 2 - PART B: -
Social Inclusion Programmes across Europe

In Chapter 2 Part B we now review our studies of contemporary social inclusion programmes addressed mainly to young people and being operated in the various nations European nations involved in this project. For detail on the case studies themselves see Report 3 vol.2.

Part B is divided into 4 Sections.

- In Sections 1 and 2 we summarise our studies on the theme of work and inclusion in relation to 'activation' programmes, firstly in Northern European 'Social Democratic' nations and regimes (Section 1) and secondly in a range of other nations and regime types (Section 2).

- In Section 3 we summarise our studies of citizenship and the integration of ethnic minorities.

- Finally in Section 4 we bring together our main findings and conclusions from the studies of these programmes.

Section 1 – Work and inclusion in relation to 'activation' programmes for the young unemployed in Northern European 'Social Democratic' nations and regimes

('Activation and the young unemployed in Finland, Sweden, Denmark and The Netherlands')[11]

(CSIP Project author: - Rik van Berkel)

1. Introduction

In this section we will pay attention to the activating social policies of four countries: Finland, Sweden, Denmark and The Netherlands. We prefer the term 'activating social policies' to the one introduced by the OECD, active labour market policies, since, as we shall illustrate later, usually 'activation' comprises both labour-market policies and social security policies (benefit systems, social assistance).

According to Esping-Andersen's typology of welfare states, these four countries all belong to the same type of welfare state, the social-democratic type. And although much has changed in the four countries since Esping-Andersen collected the data on which he built his typology, which may have consequences not only for the typology itself but also for the position of individual countries within it, they still belong to the relatively generous welfare states. Furthermore, in all four countries emphasis on activation has increased in the 90s. Of course, here again trajectories of individual countries differ. For example, when introducing activating labour-market policies in the late 80s, The Netherlands refered to the 'Swedish model' which was seen to be much more activating than the Dutch welfare state that provided income protection rather than encouraged participation. One decade later, Sweden would introduce a policy programme for young unemployed people, making reference to both Danish and Dutch social policies.

Special attention will be focused in this chapter at the way young people are treated in the activating programmes. For all of these countries pay specific attention to the target group of young unemployed. And despite the way the young are treated differs from country to country, we can clearly observe two tendencies:

[11] This chapter is based on the following papers: T. Salonen and H. Johansson, *The development guarantee programme. A case study of youth unemployment policies in Sweden*; M. Heikkilä and E. Keskitalo, *The implementation of workfare in social assistance and unemployment benefit scheme in Finland*; H. Hansen, J. Lind and I. Hornemann Møller, *Workfare in Denmark*; R. van Berkel, C. Tholen and B. Valkenburg, *The Dutch Jobseekers' Employment Act: including or excluding the young unemployed?*

- Firstly, young unemployed people are subjected to activating measures to a larger degree than the other unemployed;
- Secondly, the obligatory character of participating in the activating measures is stronger for young people than for the other unemployed, lending activation for the young a more workfare character.

Looking at current activating policies for the young unemployed in the four countries, we can distinguish several ways the different treatment of the young compared to the other unemployed is given shape. Sweden recently introduced a specific activation programme for the young unemployed. The Netherlands used to have a specific programme for the young unemployed resembling the Swedish scheme in several ways, from 1991 to 1998. Starting in 1998, this scheme was incorporated into a new activation act which is targeted at all unemployed though it still distinguishes the young as a specific target group. Denmark and Finland have been introducing activation schemes as well, and though they don't have specific programmes for the young, the young unemployed are recognized as a specific target group that is treated differently from other groups of unemployed. These different treatments of the young may reflect different views on how activating social policies should be given shape and on how different target groups should be treated. But they may also be the result of different stages of the development of activation schemes in the four countries. We will return to that issue in the concluding section of this chapter. But whatever future developments will be, it is quite clear that the stage of development of activation programmes for the young unemployed depends on socio-economic developments in general and the development of youth unemployment in particular. For example, youth unemployment in the Netherlands reached its peak in the 80s (in absolute number, the peak was 1983 with 320,000 unemployed people under 25), whereas in Finland youth unemployment was highest in 1993 (100,000 unemployed people younger than 25) and in Sweden in 1996 (16,1% unemployment among young people 20-24 years of age).

This chapter starts by describing the various activation schemes in the four countries. Then, evaluation results will be presented, as far as those are available. We will close this chapter by drawing some conclusions, both at the level of policy development and at the level of evaluation results.

2. Activation policies

This section will describe activation policies in Sweden, The Netherlands, Finland and Denmark, with specific attention to the treatment of the young unemployed. We will describe the policies country by country, but the separate descriptions will deal with the same issues as far as possible.

2.1 Sweden: The Development Guarantee Programme

In 1998, Sweden introduced the Development Guarantee Programme (DGP), after several years of policy debate and prior policy schemes targeted at the young unemployed. Part of these prior measures was to increase responsibility for the local municipalities to tackle the problem of youth unemployment. This decentralised design of activating social policies, which as we will see is a common development in all four countries, is also apparent in the Development Guarantee Programme.

The DGP is targeted at the young unemployed of 20 to 24 years of age. An important characteristic of the programme is that municipalities are not obliged to run the programme. Thus, municipalities can choose to enter into a contract with the state to take over responsibility for the young unemployed and run the DGP. The young unemployed living in municipalities that do take this responsibility, can then be obliged to participate in the programme. Not complying with this obligation entitles the municipalities to withdraw financial assistance.

For the young unemployed, the DGP will become operational after 90 days of unemployment. During the first 90 days, responsibility for the unemployed lies with the local employment agencies and the young unemployed are treated like the other unemployed, having the same obligations as they do. During that same period, an individual action plan has to be made in co-operation with the municipality, the labour office and the unemployed. This plan should respect the wishes and qualifications of the unemployed. When the young unemployed is stil unemployed after the period of 90 days, DGP becomes effective and the municipality has 10 days to find a suitable activity for him/her, that supports him/her in gaining independency in the future. According to the DGP, the unemployed may participate in the programme for a period of 12 months. If unemployment continues, he/she gets a period of 3 months to find a job, after which another period of participation in DGP may start.

Allowances for participation in DGP are regulated according to a system not depending on the activities the young unemployed are engaged in but according to their prior sources of payment. This means that people carrying out the same activity can receive very different allowances. The following three groups may be distinguished:

- Those DGP participants that were not entitled to unemployment benefits or social assistance before participation. They receive a flat-rate allowance during participation;
- Those DGP participants that were entitled to social assistance before entering DGP. Their DGP allowance is equivalent to the social assistance they received before;
- Those DGP participants that were entitled to unemployment benefits before DGP. Their DGP allowance is equivalent to the benefits they received before.

The activities of the DGP participants are not treated as work or wage labour. For that reason, participants entitled to unemployment benefits before entering DGP, are treated differently from those not entitled to benefits. For those on benefits before entering DGP, benefit rights are defered during participation and can be resumed afterwards. For the others, DGP participation does not give them unemployment benefits entitlements.

2.2 The Netherlands: from Guaranteed Youth Employment Act to Jobseekers' Employment Act

As we mentioned before, the Dutch Youth Employment Act (GYEA) was incorporated into the Jobseekers' Employment Act (JEA) in 1998. The GYEA was introduced in 1991, after some years of small-scale experimentation. As in Sweden, the GYEA is a responsibility of the municipalities. But contrary to Sweden, all Dutch municipalities were obliged to run the scheme. Even more, they were obliged to offer *every* young unemployed up to 23 years[12] of age a GYEA placement after 6 months of unemployment: the so-called 'full-coverage approach'. Before GYEA placements were put into effect, an individual plan was made to make explicit the steps to integrate the young unemployed into the labour market.

The general idea of the GYEA was that unemployed young people would be offered a parttime (32 hours), temporary job. Participation is for 6 months; after that, participation can be prolonged for another period of 6 months. This makes the GYEA differ from some Dutch subsidized job schemes for the other unemployed, because the latter may involve permanent rather than temporary placements. GYEA participants will receive an equivalent part of the minimum wage applying to their age category. Thus, unlike the Swedish programme, payment is related to minimum wage regulations, not to prior income resources. For the young unemployed, participation is a right and an obligation (we will see something similar in the Danish case below); non-compliance may be sanctioned with a 13 week stop of benefits. When one does not change behaviour or attitudes during that period, it may be prolonged. At the same time of introduction of the GYEA, social assistance for young unemployed (most of the young unemployed are social assistance recipients) was reduced substantially. When the aim of full coverage of the JEA was not realized, this measure was not withdrawn. A combination of working and education is possible within the GYEA. On an individual basis, municipal social services can decide not to involve a young unemployed into GYEA placements, for example because personal problems make placement not very feasible. Up until now, young (single) mothers with children under 5 do not have to participate in GYEA as well.

During its existence, several changes have been made to the original GYEA design. In the beginning, job placements were only

[12] In the beginning, this age limit was lower, but it was gradually increased over time.

possible in public sector jobs. Because this limitation hampered outflow to the private sector and because public sector jobs do not always fit with the orientations of the young unemployed, it was later decided that private sector placements would be possible as well. Secondly, in 1994 a preparatory phase was added to the GYEA for those young unemployed for whom participation in a GYEA job turned out to be a bridge too far. This preparation may involve education and following courses or other, work-like, activities.

As was said before, in 1998 the GYEA and several other activation schemes were integrated into the Jobseekers' Employment Act. The main policy instruments available in the context of this act are:

- Subsidized employment with a regular employer in the profit or non-profit sector;
- Subsidized employment with a municipal employment organisation;
- Training and social activation.

Combinations of these policy options are possible. Within the context of the JEA, the young unemployed are still distinguished as a separate target group ('JEA-Young'). For example, they will be approached by the institutions responsible for delivering the JEA before 6 months of unemployent (the other unemployed: 12 months). Furthermore, the 'full-coverage' approach of the earlier GYEA is continued in the JEA-Young. For the other unemployed, a full-coverage approach is being developed at this moment but it only deals with the 'new' unemployed. Finally, workfare characteristics remain stronger for the young unemployed than for other groups of unemployed, although differences are getting less clear and differences in treatment of young unemployed and older unemployed may become more dependent on local discretion.

2.3 Finland: the development of an activating social security system

In Finland, as in Denmark, unemployment benefit recipients and social assistance recipients belong to different 'activation regimes', which is different from the situation for example in the Netherlands, where the JEA is targeted at both groups. Compared to all unemployed in Finland, a relatively large proportion of young unemployed (<25) are on social assistance. At the same time it should be pointed out, that social assistance in Finland can be received as a supplement to unemployment benefits. Many Finnish social assistance recipients also have other sources of income.

During the 1990s, several changes have been made to the Finnish unemployment benefit schemes, especially as a consequence of the deterioration of the Finnish socio-economic situation in 1990-1991. These changes also influenced the position of young unemployed people. For example, in 1996 it was decided that people under 20 would only receive labour market support (an unemployement benefit for people who do not

meet entry requirements for earnings-related unemployment benefit or who have exhausted their rights on this benefit) when participating in activation measures. A year later, this measure was extended to all young people under 25. At the same time an increase of training and work-experience opportunities took place. By this measures, the right to unemployment support for young unemployed people was made highly conditional. To prevent the situation that young unemployed people would resort to social assistance, an optional reduction of 20% of the basic part of social assistance was introduced to sanction the unemployed that do not accept work or training offers.

In 1998, Finland introduced a new Social Assistance Act. Its main objectives were to reduce expenses on social assistance, to make living on social assistance less attractive and to promote labour-market integration of social assistance recipients. Thus, the new act materialized the growing emphasis on activation in Finnish social policies. Formally, the activation task is a responsibility of employment authorities, not of local welfare authorities. Nevertheless, municipalities started to develop employment projects as a response to high long-term unemployment and large numbers of social assistance recipients. Many of these projects (130 projects in 78 municipalities in 1997) were directed at young unemployed people.

The new Social Assistance Act continues a development set in motion already earlier, namely the option of sanctioning those who refuse work or activation offers. Refusals can be sanctioned with a 20% reduction, a sanction that should be accompanied by a tailor-made plan to promote self-support. Repeated refusal can be sanctioned with a 40% reduction.

Finally, the 1998 Finnish National Employment Action Plan implied another increase of activation efforts. For every new jobseeker, an individually tailored job-seeking plan will be made before he/she will have been unemployed for 6 months. The right to this plan is coupled with obligations since taking part in these measures is a precondition for the entitlement to labour market support. Another measure is aimed at all long-term unemployed, which will be interviewed on a regular basis with the aim to revise job-seeking plans.

2.4 Denmark: the Act on an Active Labour Market Policy and the Act on an Active Social Policy

Although Denmark has a long history of activation policies, mainly directed at the young unemployed and the long-term unemployed, the activation efforts have been strengthened during the 1990s, as we also observed in the other countries described above. Even stronger than in Finland, Danish activation policies distinguish between those on unemployment benefits and recipients of social assistance. Whereas activation of people on unemployment benefits is regulated in the Act on

an Active Labour Market Policy (AALMP), activation on those on social assistance is regulated by the Act on an Active Social Policy (AASP). Also, responsibility for and administration of these acts are more strongly separated than in Finland. The AALMP is the responsibility of the Ministry of Labour, the AASP is the responsibility of the Ministry for Social Affairs; administration of the AALMP lies with the employment agencies, that of the AASP with the municipalities.

The period unemployed people are entitled to unemployment benefits is four years. In general, activation starts after 1 year of unemployment. Activation is both a right and an obligation for the unemployed individual. During the first year of unemployment, a personal action plan is made, which may include one of the following measures:

- Job training with public or private employers;
- Individual job training, offering a more tailor-made approach than normal job training and involving other regulations for both the unemployed and employers;
- Pool jobs in the public sector for the long-term unemployed (> 1 year) for a maximum period of 3 years;
- Education/training.

Refusal to accept activation offers may result into loosing one's benefit entitlement.

As in the other countries, the young are treated differently from the other unemployed. Specific measures in the AALMP aimed at reducing youth unemployment were introduced in 1996. In the AALMP, young people are those under 25 years of age. Among them, attention is focused on the young unemployed that have not completed a formal education or training programme. After six months of unemployment, activation interventions start. The young unemployed within this group that have not been employed for at least 2 years during the past 3 years, have the right and obligation to participate in an education programme for at least 18 months.

The introduction of the AASP in 1997 was part of a comprehensive reform of social assistance in Denmark. Here again, the young unemployed –this time defined as people under 30- are treated differently: activation interventions start after 13 weeks, where for the other unemployed on social assistance it starts after 1 year. After this initial period of 13 weeks, the obligations for the young unemployed on social assistance become effective. Activation offers are similar to those of the AALMP but may also include information/introductory programmes, jobrotation schemes, special education or combined work/education programmes and voluntary or non-paid activities. Within the group of young unemployed social assistance recipients, those with and without completed formal education are again treated differently. Also, those with and without multiple problems are treated differently, especially with respect to the weekly

number of hours the young unemployed has to participate in activation measures which is set individually in the case of people with multiple problems.

Delivery of the AASP is a responsibility of the local municipalities. This may result into significant differences in standards of activation, for example with respect to the moment of commencement of activation and with respect to the nature and quality of schemes.

3. Policy experiences and evaluations

This section describes some of the results of investigations into the experiences with and evaluations of the policies described above. Since some of these policies have been introduced only recently, the amount of available research is not overwhelming. Furthermore, the design of the research as well as the point of view from which they are carried out may vary significantly, which makes comparison difficult. Finally, the concept of 'evaluation' can be operationalized in various ways, depending on, for example, what is counted as a 'success' of the policy. We will return to this issue in the conclusions.

3.1 Sweden

The Development Guarantee Programme (DGP) in Sweden was introduced recently, so research into experiences and evaluation is scarce yet. Nevertheless, some results are available.

During 1998, youth employment decreased from 12,000 to 4,000. This is due to the fact that DGP participants are not included in these figures; if they are, youth unemployment decreased from 12,000 to 10,000. In March 1999, 7,023 young unemployed were DGP participants, which is less than the 10,000 participants that were expected. Just over 20% of Swedish municipalities did not enter into a DGP contract with national government. On the other hand, some larger municipalities that did sign a contract, hardly enlisted any young people in the DGP. An important institutional barrier in the operation of DGP seems to be that financing of the programme is taken from the local employment office's budget, which can make the latter reluctant in transferring the young unemployed from the employment office to the municipality.

Some of the characteristics of the participants are as follows: 2/3 of them are male, 20% have immigrant backgrounds, 20% lack completed secondary education, 60% lack prior work experience. In general, most participants seem to have a hard time in competing for jobs and educational opportunities.

As far as the individual action plan is concerned, many participants did not know what it was and what its purpose should be. Many even did not know that had taken part in designing it. Others were critical of the plan: it resulted into paper production, and some pointed out that there own wishes were not taken into consideration in making the plan.

90% of DGP placements (internship, sometimes combined with education) are in the public sector, although more than 50% of

municipalities also claims to offer internships in the private sector. The same proportion of municipalities provides education in basic skills at secondary school level.

One researcher states that in general, participants are satisfied with their DGP placements, although some groups are considerably more critical than others. Almost 50% of participants thinks that participation increased their labour-market chances. The obligatory character of participation is experienced quite different by the young unemployed. Whether or not participation is experienced as an obligation, seems to depend on:

- The degree to which participation is based on the unemployed people's own initiative;
- The degree to which the activity was experienced as meaningful;
- The treatment by the employent office;
- The payment system of the participants, those that were on unemployment benefit experiencing more obligation than the other groups.

At this moment, it is difficult to establish a clear picture of what happens after participation. In the municipalities that have been investigated, over 75% of former participants had left early. Many of them had found work, though usually of a temporary nature. Another study states that DGP participation does influence the period of unemployment in a positive way (participants become employed quicker), though it is difficult to establish what differences between the participants and the control group in this study can actually be attributed to effects of participation. Furthermore, it is quite unclear whether these effects, if any, are lasting.

3.2 The Netherlands

As we said before, in 1998 the Guaranteed Youth Employment Act became part of the new Jobseekers' Employment Act. On the latter, no research is available at this moment. However, quite some investigations have been carried out into the GYEA. We will focus on those studies here.

Although figures gradually improved, the 'full-coverage' objective of the GYEA has never been met. In 1992-1993 54% of the target group was of the GYEA was reached, in 1993-1994 this proportion rose to 66%. These figures only include the young unemployed registered at the employment agencies. However, not all young unemployed are registered, for example drifters, youmg migrant women not allowed to do paid work etcetera.

By the end of 1996, 21,756 young people had an employment contract with a GYEA organisation. Another 2,818 were participating in the preparatory phase. 63% of the people on an employment contract are women (compare the Swedish figures), whereas 54% of participants in the preparatory phase are men. Of all participants, about 30% are migrants.

About 75% of participants have an educational level of completed lower vocational or general secondary education at the most. Among the participants in the preparatory phase we find more lower-qualified people than among those on an employment contract. Not surprisingly, the preparatory phase has more participants without work experience. 52% of participants on an employment contract do have work experience, against 37% of those in the preparatory phase. During the years, private sector placements have become more important. By the end of 1994, the proportion of private sector placements was 13%. This proportion had almost doubled by the end of 1996.

Because of the full-coverage approach and the fact that participation is a right and an obligation, municipalities have to offer the young unemployed a contract even though placement opportunities may not be available. This means that some young unemployed have an 'empty contract': they are not placed in a job. During 1996, underutilization amounted to about 20%. Vulnerable groups (low-educated, migrants, no work experience) are confronted with a period of being on an empty contract more frequently.

Outflow or exit figures in 1996 show the following. 37% of the outflow from the preparatory phase entered an employment contract in the context of the GYEA. 24% was fired from preparation. 17% found a regular job, which is quite remarkable given the fact the participants in the preparatory phase were not considered 'fit' to enter a GYEA employment contract. Of the outflow from employment contracts, 54% found a regular job, 19% were fired. Those who did end their employment contract had been participating for 72 weeks in GYEA on average.

Of those that were fired from an employment contract (over 2,500 participants in 1996) it was investigated what income resources they had afterwards. 28% received social assistance, 20% lived with their parents, 5% were financially supported by their parents, 12% were dependent on the income resources of their partner and 24% had no income resources. Of the remaining 12%, nothing is known.

GYEA outflow can later re-enter GYEA. In 1996, 14% of all new entrances on an employment contract were 'recidivists'. 57% of them re-entered GYEA after loosing their regular job. 20% of recidivists had been fired from an employment contract before.

Between 1993-1995 it was estimated, that about 12% of the target group of the GYEA (11,000 people) were not reached by the scheme. Part of this group receives social assistance. In 1998, a research was carried out in 8 municipalities on young social assistance recipients. It turned out that 56% of them were released from the obligation to apply for jobs, the largest group among them being single mothers with young children. In general, four groups of young social assistance recipients were distinguished: young single mothers (25%); (former) single minor asylum

seekers (26%); young unemployed with psycho-social problems (17%); non-participants in GYEA with an obligation to apply for jobs (21%).

The investigations show that for part of the young unemployed, the GYEA does not seem to be very succesful. Some never manage to enter the scheme, others drop out after a period of participation. A casestudy in Rotterdam revealed, that especially the young unemployed that don't enter GYEA and are not registered at the employment agencies, have very problematic backgrounds, involving family problems and criminal activity. But also the drop-outs score less favourable on social indicators. Thus, it looks as if the most problematic young unemployed favour the least from the GYEA.

3.3 Finland

Finland introduced the new activation policies only recently, which accounts for the fact that availability of research results is quite limited at the time.

After the first 10 month following the reform of the labour market support of 1996, which strengthened its conditional character for the young unemployed, the unemployment rate among young people younger than 20 had decreased by 20%, whereas applying for education had increased by 1/3. It seems that the measures had most effect on the low-qualified which completed secondary education only. At the same time, the effects of the reforms on the young in the age group 20-24 were unimportant.

As far as the reforms of social assistance are concerned, initial results show that the optional reduction of social assistance is implemented in few cases only. Most of the time, reduction is 20%. Social workers report that the optional reduction is mainly targeted at the young unemployed. They believe that sanctions will be effective on young people mainly. So despite the Social Assistance Act does not distinguish age groups as far as activation and obligations are concerned, in policy delivery young people seem to be treated differently. At the same time, social workers point out the importance of co-operation between social welfare and labour authorities for the measures to become more effective.

Another preliminary result shows that the individual plan that should be made when sanctions are applied, had not taken clear shape yet. Plans were not always linked to sanctions, and clients were not always involved in making the plans.

Despite all new measures and despite the assessment of social workers that they are most effective on the young unemployed, a 'hard core' group of about 12,000 young unemployed between 15 and 24 years of age has been identified that risk exclusion if no special measures are being taken.

3.4 Denmark

In 1998, about 74,000 people participated in Danish activation schemes. With 45,000 participants subsidized employment constitutes the biggest scheme, followed by training with 25,000 participants. 4,000 participants were involved in other schemes. 15-20% of subsidized job placements are in the private sector.

Research into the activation of unemployment benefit recipients reveals that the 'follow-up' of participation in the schemes is very different for short-term unemployed and long-term unemployed people. Because participation changes from a right into an obligation when the period of unemployment increases, for the short-term unemployed participation is a right, for the long-term unemployed it is (also) an obligation. After less than a year after participation in a scheme was finished, 51% of the short-term unemployed were in regular unemployment compared to only 19% of the long-term unemployed. 54% of the long-term unemployed were again involved in participation schemes against 11% of the short-term unemployed.

When different schemes are related to 'successful' follow-ups (measured in terms of having regular employment or participating in education), jobplacements in the private sector are the most successful programmes both for the short-term and the long-term unemployed, whereas job placements in the public sector are less successful. Of course, these differences can be the result of creaming processes taking place during activation placements: the unemployed placed in a private sector job placement may have had more labour-market opportunities in the first place.

It turns out that by far most unemployed that participated in private sector job placements also find regular employment in the private sector. For those whose job placements were in the public sector, the picture is more scattered.

Finally it should be pointed out that a majority of participants think that the activation scheme they participated in contributed to finding regular employment. The differences between the participants in different schemes are quite small. In about 40% of cases, the participants now in regular employment got into contact with their current employer while participating in the activation scheme.

The AASP has not been evaluated yet, but there are some research results with respect to previous social assistance legislation. Of the social assistance recipients that were investigated 6 months after finishing their activation, 23% were in regular employment, 21% were in education, 29% were unemployed and 26% were (again) in activation. Once again, of those that participated in private job placements relatively most were now engaged in regular employment or education. 42% of people who had participated in unpaid activities were in regular employment or education, and about 1/3 of those who had participated in training/education or other forms of activation.

Some investigations studies other experiences and effects related to participation in activation measures. Both recipients of unemployment benefits and social assistance recipients reported that activation had contributed to their self-confidence as the most important effect of participation. This effect was mentioned more frequently than improving employment opportunities. Activation also increased part of the participants' inclination to look for a job.

4. Conclusions

This chapter showed how the development of activating social policies has been taking place in all four countries under observation. Also, young people receive special attention in all four countries: generally, their obligations with respect to activation are emphasized more strongly and at the same time, opportunities for activation seem to be more numerous. We have also seen, that this special treatment of young unemployed differs in the four countries, ranging from specific programmes for the young to defining them as specific target groups in social/labour-market policies more generally. To what degree these differences may be explained by refering to the different stages of development of activation policies in the countries, remains to be seen. For example, it might be the case that Sweden enlarges its scope for DGP-like programmes to other groups of unemployed. Something like that recently took place in the Netherlands with the incorporation of the GYEA into the broader Jobseekers' Employment Act. At the same time, the Dutch case shows that this does not necessarily mean that the special treatment of young unemployed comes to an end.

The description of policies shows that despite the general increase of obligations, particularly of the young unemployed, in the context of activation, the distribution of rights and obligations differs from country to country. For example, in Denmark and The Netherlands groups of unemployed both have a right and obligation to be involved in activation programmes, which implies an obligation for activation institutions to make these unemployed an activation offer. In the Swedish DGP on the contrary, municipalities can choose whether or not they want to implement DGP measures. The young unemployed do not have a participation right, even in the municipalities that decide to implement DGP.

Activating social policies, at least in the countries under observation, seem to be accompanied by a decentralisation of social policies, giving local institutions more room and discretion in delivering and administering activation. This makes assessing the effects of activation and increasing obligations more difficult, because decentralisation and increased local discretion make rules and regulations in national legislation worse predictors of what is actually going on in the practices of social policy delivering. This also goes for the degree to which young unemployed are

treated differently: these differences are not only produced in national legislation, but may be reproduced or transformed, strengthened or weakened at the local level. In other words, investigating the treatment of the young unemployed should not be limited to a study of national legislation, but should involve local practices as well.

The development of activating social policies also is accompanied by the introduction of individual activation plans in the four countries. In general, these plans may be seen as contracts defining and/or specifying the rights and obligations of both clients/the unemployed and social policy institutions. Of course, this makes the processes of negotiating the terms of these plans or contracts an interesting issue. For example, the first evaluations of the Swedish DGP show that in many cases, not much negotiating seems to be going on in practice. First of all, some of the unemployed young people involved in the investigation didn't even know that there was a contract. Secondly, some of them were critical about the degree to which their own wishes were taken seriously and respected during contract talks, even though this is stated in DGP regulations explicitly. In other words, working with individual activation plans calls attention to the distribution of power and resources among the partners in activation talks.

This points out a more general issue as well. Transforming the fundamentals of social policies from 'protection' to 'participation', or making social policies more activating, seems to be a two-sided process. On the one hand it asks for the activation of unemployed people, but on the other hand a process of institutional activation seems to be important at the same time. The studies described earlier make clear that institutional practices, institutional divisions and institutional interests may be important factors in explaining success or failure of certain policies. For example, time and again the importance of co-operation and networking are emphasized, especially where social welfare or benefit institutions and employment agencies are concerned. Another important issue in this respect concerns financial responsibility for social assistance. This responsibility of municipalities varies widely between the four countries. For example, in Finland municipalities pay 70% of social assistance costs, in Denmark 50%, in the Netherlands 10%. One may expect that financing systems will have an important impact on the strategies developed by municipalities and the efforts spent in developing these strategies to reduce the number of social assistance recipients.

As we have seen, the countries deal differently with the treatment of various benefit categories. Denmark is the clearest example of a different treatment of different benefit categories: there are specific activation acts for unemployment benefit and social assistance recipients. To a lesser extent, Finland treats both groups differently as well. On the other hand, The Netherlands use another distinction, the so-called 'distance from the

labour market'. Activation options are not determined by the kind of benefits the unemployed receive, but by their distance from the labour market, which is assessed in individual interviews during which a 'measuring rod' is used that helps establishing people's labour-market distance. Of course, both kinds of distinction are not completely unrelated. Duration of unemployment often influences both the kind of benefits people receive (since unemployement benefit entitlements often are limited in time) and their distance from the labour market.

What seems to be clear from the experiences in the different countries is, that whatever one feels about workfare-like measures for the young unemployed, they are no guarantee that creaming effects do not take place and that no new exclusion mechanisms are being developed. Both the Finnish and the Dutch experiences show, that a considerable group of young unemployed is not reached by the policies in these countries (even though the Dutch policy claims to be based on a 'full-coverage' approach), and that these processes of 'reproduction of exclusion' hit specific groups of young unemployed people harder than others, especially those young unemployed that because of personal and/or social problems may be considered as vulnerable. This may point out (and there are other indicators for this as well) that after a period of activation countries will be confronted with a group of 'hard-core' unemployed for whom new, specific measures will have to be created.

Finally, we would like to make some remarks with respect to the evaluation of activating social policies. Evaluations usually involve an assessment of the successes and failures of the policies under investigation. However, the issues concerning the definition and operationalisation of 'successes' and 'failures', and the methodology to assess success and failure, deserve continuous attention.

First of all, the question is who defines what constitutes a success or a failure. This question may be answered differently from different perspectives. For example, policy makers may use different definitions of success and failure than the people involved, for example the young unemployed. What from one perspective may constitute a success, from another may constitute a failure or the other way around. For obviously, aims and objectives of policy makers not necessarily coincide with those of the people the activating policies are tageted at.

Secondly, definitions of success and failure themselves are not always clear. For example, does a placement in an activation programme constitute a success (and can we state that a programme is successful when the quantitative 'placement targets' are met)? Or is a programme only successful when placement in an activation programme results into regular labour-market participation? Are programmes successful when they only manage to reach the best qualified, the short-term unemployed, the most motivated, the people with less problems, or should they reach the average unemployed or even the most disadvantaged in particular?

Thirdly, operationalisations of concepts need attention, particularly the assumptions they are based on. For example, objectives of activating social policies are often framed in terms like 'benefit independency through labour-market participation' or 'preventing exclusion and promoting inclusion'. Then, labour-market participation is often operationalized as getting a job after activation; exclusion/inclusion are operationalized in the sense that unemployed are the most excluded, participants in activation measures are at the lower end of an inclusion hierarchy and inclusion is best when people have a paid job. However, these operationalisations may not necessarily be valid. When operationalizing labour-market participation, it might be useful to include a reference to the degree to which it is durable, emphasizing the importance of a longitudinal design of evaluation studies. And when operationalizing inclusion and exclusion, it might be useful to involve people's own views on whether they are or are not included through their job (or excluded through unemployment).

A final issue we would like to emphasize concerns the difficulties in isolating the impact of activation measures from other relevant influences. This is, for example, important in interpreting relations between activating social policies and developments in the rates of unemployment. Policy makers and policy administrators are often very eager to interpret decreasing unemployment figures as pointing out the success of activating policies. However, evidence for those claims is almost always lacking. In general, assessing the impact of isolated factors in these cases is very difficult. A similar problem occurs in interpreting outflow from activation measures into regular employment. Although outflow is often interpreted as a consequence of participation in activation measures, other factors may be involved that may be responsible for outflow to a larger degree (compare, for example, what in the Danish case was said about creaming effects in relation to the 'successfulness' of job placements in the private sector).

Section 2: - Work and inclusion in relation to 'activation ' programmes in Central and Southern Europe

('Employment, training and activation policies with special emphasis on European youth)[13]

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1. Introduction

This chapter provides a comparative analysis of different European and national public policies, which have been implemented in the last decades in order to counteract the problems of unemployment. The policies analysed correspond to countries with very diverse socio-economic developments. These are Austria, Belgium, France, Italy, Portugal, Spain and United Kingdom. Comparison among these countries is far from simple. To start with they constitute different welfare regimes. Following Esping-Andersen's typology the majority of them with the exception of the UK, - which has increasingly been characterised as a member of the Liberal regimes cluster - would be within the Corporatist regime. However, we consider Italy, Portugal and Spain as a distinctive cluster, namely the Southern European. There is further complication added by the fact that all regimes are going through a testing time in terms of adaptation to demographic and socio-economic changes. One the main challenges that has been put to all regimes and European societies is unemployment. After several discussions of the SEDEC network members the consensus was reached that one of the policy areas needing special consideration was policy design and implementation to overcome youth unemployment. Young people face difficulties with regards (a) entering the labour market; (b) establishing labour contracts with social rights and (c) building up working careers through job stability. However, the network is also especially concerned with the social sectors that are more vulnerable and to whom public policies have been directed.

Within the countries analysed in this chapter only the UK resembles in some features to the liberal regime after the labour market de-regulation exercises and welfare state transformations which began

[13] This chapter is based on seven papers: Jan De Schampheleire & Jacques Vilrokx, *Local Employment Agencies in Belgium: Flexiwork for the long-tern unemployed* ; Laurent Fraisse, *Job Insertion Policies for Young People in France*: *Combatting Youth Unemployment by Meeting Unsatisfied Need Through the Development of New Activities*; Aitor Gómez & Lidia García, *Measures for Employment and Training for the Young in Spain: the case of Barcelona*; Pedro Hespanha & Anna Matos, *Case Studies on Employment Policies Targeted to Young People*; Angelika Kofler, *NAP Implementation: The National Action Plan for Employment in Austria with Particular Attention to Young Peo*ple; Enzo Mingione, Yuri Kazepov, Alberta Andreotti & Milva Ruttico, *The Socially Useful Jobs*; Colin Williams, *The Potential of the Social Economy in Taackling Social Exclusion, With Particular Reference to Young People: Some Lessons From Local Exchange and Trading Schemes (LETS) in the UK.*

with the Thatcher era. The extension of the informal economy and the weakening of workers' unions to ensure social rights for precarious employment has reduced the distance between the British and United States labour conditions for some sectors of the population. In this climate the values of social reciprocity had re-emerged as Colin Williams argues in his paper. The second welfare regime is present in Austria, Belgium and France. This welfare regime based on a contributory system involves having a body of social entitlements resulting from employment. In societies where this "corporatist" model is dominant there is a considerable degree of differentiation in welfare programs according to occupational status and benefits relating to previous earnings. In the last two decades of high unemployment in Europe, the more vulnerable sectors of these societies have experienced strong difficulties in accumulating social rights or even entering the labour market. However, there are striking differences between the working chances of a country with low levels of unemployment, such as Austria and those of Belgium and France where unemployment also has an ethnic dimension. Particularly interesting for these countries has also been the increasing participation on women in the labour market with the increase in unemployment registration.

There is less unanimity in the characterisation of the Southern European model, which Esping-Andersen sees as a variant of the Continental-Corporatist model with strong emphasis on familism. Chiara Saraceno has argued for the Italian welfare model that a salient feature of this model is the importance of the family in the design of this welfare system, which has been strongly influenced by the responsibilities taken by gender and generation divisions. The family in Italy (as well as in the other Southern European societies), is an economic unit (Saraceno, 1995)[14]. This familistic model has been traditionally based on the social rights accumulated by the male breadwinner, whereas other members of the family added income from the informal economy or precarious employment. We will see that in Italy and Spain this pattern has been challenged by the high levels of unemployment that had touched the job security of the breadwinner as well as created considerable difficulties for job entrance to the young. Portugal differs from the other two countries since unemployment has been relatively low. However, in this country the issue is more under-employment and low wages.

2. Unemployment and the difficulties young people face in entering the labour market

Unemployment has become a major issue in the European Union. An average unemployment rate of 12.6% across EU countries in 1998 is a cause for political concern. This concern has been translated in specific

[14] Chiara Saraceno (1995) "Familismo ambivalente y clientelismo categórico en el estado del bienestar Italiano" in Sarasa,S and Moreno, L (edi) **El estado de bienestar en la Europa del sur** , Madrid, CSIC-Instituto de Estudios Sociales Avanzados, pp:262.

policy directions in the National Action Plans discussed at the European level within the so-called 'Luxembourg process' and that had concrete outcomes in 1998. However, each National Action Plan has its distinctive implementation process as realities differ considerably from country to country. Taking our country based analysis we observe countries, where unemployment is more diffuse and therefore policies need to have also a diffuse orientation and countries where specific groups are badly hit by labour market transformations.

Austria's unemployment rate was only 4.4 per cent in 1997. Austria has had policies to regulate the supply of labour, such as quotas for immigrants incorporation into the labour market, early retirement schemes and employment growth in the public sector. However, this corporatist model has been challenged by EU membership. The rise of unemployment is then related to public budget cuts that have touched on maternity leave periods (which have been shortened) and the raising of age limit for early retirement. Moreover, youth unemployment, although much lower than the 20% EU average, reached 6% in 1997. This rate was higher for the 20-24 age group, but still below the 7.5% registered unemployment for the 25-74 year-olds. In this country the wide supply of educational and training schemes prevents further increase in unemployment rates.

In Belgium while the unemployment rate is 9.7 there are important contrasts among the sectors of the population with higher education who registered between 4.1 and 4.3 % rate of unemployment and the sectors with only primary education, which registered 17.3% or the sectors with lower secondary education with 12.2% (all data for 1998). In this country the higher unemployment risk of the low-skilled sector of the population is also reinforced at the household level. Households with both partners having low skill qualifications and social assistance dependants who are also single parents have become the most vulnerable groups in danger of constituting a persistent problem of social exclusion. Moreover, on of the main characteristics of high underemployment in Belgium is the low labour market participation of people above 50 years old. The young as a whole do not appear officially particularly affected by unemployment in Belgium. This is partly due to the activation policies introduced in a comprehensive manner from 1994 onwards.

In France, together with women and older workers, the under-25s are particularly affected by unemployment and precarious jobs. The instability of new jobs created in the labour market and the increase in part-time work are two causes. In March 1998, the unemployment rate for the 15-24 years old group was 25.4%, which was twice the country's average rate. Whereas in 1968 young people represented 20% of the labour force in 1998 the proportion has drooped to only 9%. However, when the average period of unemployment is compared the under-25s stay out of work 8.5 moths average against 15 months for the active population as a whole. This is explained by the widespread temporary or "atypical" jobs that have become generalised among the young. Moreover,

the rate of conversion of fixed-term contracts into permanent contracts is 15% for young people, as against 20% for the overall labour force. Taking into consideration the previous data the recent trend is to increase the proportion of assisted contracts for the young in the non-market sector (21% in 1995 of the total youth employment).

In Italy unemployment rates present a very uneven territorial distribution, with striking difference between North and South, but also according to age. Thus unemployment affects mainly young people in the South, particularly females, who have the highest unemployment rates. As we will see Spain has very similar patterns, although the North/South divide is less evident. In Italy the unemployment rate in the South is 22.4%, while in the North is 6.5%. However, the gap is more pronounced when the young are singled out. For the 15-24 years old the rate of unemployment is 57.3% in the South and 24.4% in the North. However, with the gender variable included the contrasts are even more salient since women reach 70% of unemployment in the South. (All data for 1998). Youth unemployment in Italy has a further divide according to education. Although the condition of unemployment among the young (only 5% of people over 50 years old is registered as unemployed) is transversal to all social classes the incidence of unemployment among those with secondary education (41.2%) is much higher than those holding a university degree (6.2%) and even higher that those who only have elementary education (13.4%). (All data for 1997).

In Portugal the unemployment rate for the sector of the population between 15 and 24 years old was 14.1% with 11.0% for men and 18.0% for women (Eurostat, 1997). However, in this country there is a high proportion of dissatisfaction among the young about the jobs they hold. Among the employed there is considerable dissatisfaction with their present job. Whereas for the EU average 36.9% of the young declared to be expecting to find a better job conditions, the comparative figure in Portugal was 63.1%. In the Portuguese ECHP 58% youth respondents declared they were looking for another job with better conditions.

Spain has the highest unemployment rate within the EU countries. The unemployment rate reached 24.2 % in 1994. However, the rate for the group 20-24 years old was 42.3% that year. The implementation of training programmes as well as new legislation for youth incorporation into the labour market has translated in a decrease of the previous labour market conditions. In 1998 the total unemployment rate was 18.8% and the rate for the 20-24 years old was 32.8% (the rate was higher for 16-19 year olds, though, reaching 44.8%). However, youth incorporation into the labour market has been mainly thorough temporary employment. In this type of employment the worker only accumulates economic rights if he or she has been employed for a year. Unemployment affects particularly those without finished primary education (21%) and those with secondary education (23.4%). Within those with university degrees there are very marked differences in the rate of unemployment among the engineers (10%) and those with a degree in humanities (18.6%). But the type of

contracts established by those with university degrees tend to be indefinite, while those with limited formal education have access to precarious employment. As in the case of Italy, in Spain the Southern regions (Andalusia and Extremadura) registered the highest unemployment rate, for example in 1999 the country's average rate has been 16.9% while in the South has been 27.9% for all labour force. Three regions (Navarra, Logroño y Aragon) located in the North-East near Catalonia registered the lowest rate at around 10%.

3. Activation policies with special emphasis on policies directed to the young

In this section we review some of the policies implemented in recent years in each country. Even if there have been recent attempts of approximation among EU countries with the implementations of National Employment Plans (NAPs) what this review shows is the variation among the countries that do not belong to the social democratic welfare regime. In fact the larger and the more heterogeneous the country the more complicated is to apply a common policy. In this sense it is interesting to notice the contrast among relatively homogeneous and small countries such as Austria, Belgium and Portugal with the large and more complex countries of France, Italy, Spain and the UK. In order to avoid an excessive dispersion of data and analysis the national reports have put emphasis on particular policies or territorial areas and this is clearly reflected in this comparative report.

Austria: The National Action Plan for the Young

The implementation of NAP for the young in Austria had the objective of incorporating the school leavers either into further education and apprenticeship emphasising a structural improvement of the entire educational system. Within the latter, again great emphasis is put on vocational schools. Many of these measures stress women as target group. All of the measures are interpreted as belonging to the 'employability' pillar. Particularly interesting is the emphasis put on equal opportunities with targeted information efforts to overcome gender blind curricula in middle and high schools. As well as to increase the proportion of women under 25 years old in upper secondary and further education at least 85%. Also there is the aim to increase the proportion of women directed towards employment in crafts and technology. The fact that the implementation of the 1999 Plan has just started means that there are not evaluation results. The planned measures have been the following:

- Regulations to create new apprenticeship professions
- Reform of vocational high school graduation *(Berufsreifeprüfung)*
- Pre-apprenticeships
- Funding of belated middle school graduation (*Hauptschulabschluß*)
- Job preparation for youth

The ‘Safety Net for Young People’, which in addition to courses includes training in existing independent training institutions (Triathlon, Initiative Lehrling, Jobstart) to be extended, paying particular attention to young people seeking apprenticeships who are already in the second or third year of their dual education without having an apprenticeship post (that is the open-the-job training part). Remaining vacancies are to be filled with first-year youth. For those who graduate from these programmes for which the Public Labour Office (AMS) selects the participants no new admittance will take place. The measure will be phased out in 2001/2002.

In general, the Austrian employment policies are characterised by a universal approach to counteract unemployment. The Public Labour Office (AMS) does not distinguish between different disadvantaged groups but rather covers all registered unemployed. With the integration of the NAP guidelines into the AMS system, those at risk of becoming long-term unemployed were identified as special target groups; that is people below 25 years of age unemployed between three and six months, in addition to age groups 25 plus unemployed between nine and twelve months. Regardless of age it is the objective to ensure that twenty per cent of the unemployed are to participate in measures for (re-)entry into the labour market. For young people, the NAP 99 states the commitment to counselling, job search assistance, training, assistance in gaining work experience as well as other measures considered appropriate to promote employability. The transition rate of the young into long-term unemployment, which was 6.9% in 1998 (9.2% for women) aims to be cut into half by the year 2002.

Already in 1997, the government introduced a scheme called ‘A Chance for the Young’ (*Der Jugend eine Chance)*. ‘Apprenticeship packages’ have been part of the Austrian labour market policy already previous to the NAP. The need to further increase the number of apprenticeships, to modernise the apprenticeship training system and to expand the types of available occupations is nevertheless recognised and emphasised. The aim stated in the NAP is to provide training places for young people who do not find an apprenticeship or training placement in a medium or higher-level vocational training college.

Central to the measures for young people are the continuation and expansion of the ‘Safety Net for Young People’ (*Auffangnetz für Jugendliche)*. The scheme is one of the few initiatives in the framework of Austrian labour market policy that came into being in the course of the NAP process. It is nevertheless a continuation of the previous policy approach. Specifically, in the school year 1999-2000, 4,000 openings in apprenticeship foundations and education programmes will be created for those young people who do not succeed in obtaining a regular apprenticeship post.

The ‘Safety Net’ consists of two elements: (a) Apprenticeship foundations which provide training places for apprentices for one year with the possibility to annually prolong the training which potentially provides the opportunity to conclude the entire training period in the

foundations. Apprentices receive about 217 Euro a month. A third of the participants have to be integrated into the labour market thereafter. (b) Courses for a time period of ten months for which apprentices receive about 145 Euro a month. The objective is to provide all participants with a job thereafter. For this scheme, the budget of the AMS for 1999 foresees 65.41 million Euro (compared to 5.16 million Euro in 1998). These figures include the principal budget and additional means to implement the NAP and are to be spent about equally on apprenticeship foundations (36.34 million Euro) and courses (29.07 million Euro).

Another important emphasis in the Austrian NAP is adaptability of young people in order to assist their transition from school to work. Here some of the main objectives are: (a) to stabilise the apprentice rate at a high level and, (b) to approximate the rate of female apprentices towards the average rate, (c) to regulate in a flexible and rapid manner new professions for apprentices, (d) the creation of new professions, stressing the service sector, particularly the IT field. The extension of incentives for employers who hire apprentices: in addition to 1,453 Euro for the first apprenticeship year, 2,907 Euro for the last year are planned.

Belgium: Local Employment Agencies

In the Belgium context activation policies are interpreted as: (a) encouraging people to engage in work by offering them training, route counselling and eventually a job, and (b) enlarging the labour demand through subsidised labour. Within the subsided area there are two types. The first type is the jobplan (*Banenplan*) and certain schemes in social economy, which provide subsidies that diminish over years from 75% to 25% of wage costs. The second type is permanently subsidised jobs, which are currently managed by the Local Employment Agencies. These agencies constitute a mixture of social economy and free market. These activation schemes are directed to all sectors of the population independently of age or gender.

Local Employment Agencies (LEAs)

A "Local Employment Agency" ("Plaatselijk Werkgelegenheidsagentschap" or "Agence Locale pour l'Emploi" has the general task to organise and control at municipality level the secondary labour market. Among other things, this includes promoting in private companies highly subsidised jobs *Smetbanen* for tasks outside production, such as pump attendant or tea lady. Another activity is the distribution and administration of service vouchers for house painting and papering: this involves regular, but highly subsidised work by workers of private companies. The main activity, however, which LEAs fully organise and financially control, is bringing together (i) the offer of occasional labour of long-term unemployed and (ii) the demand of labour of mainly private persons for domestic work and gardening. The goal behind the introduction of this type of scheme were:

- To provide a legal framework for doing odd-jobs and domestic work

- To offer the long-term unemployed the possibility to have some extra legal income and job experience, as a step towards regular work

- Filling in services on the level of personal and social needs.

This set of goals is very much in line with projects on local services and social economy. The LEA-system is however much more liberal than social economy regularly is: as a rule no local services are centralised nor are ateliers established. LEAs just officialise an informal labour market and structure it by bringing together the labour offer and demand. It operates under a voucher system.

From an institutional perspective the LEAs have been introduced at the municipal level with resistance from trade unions and some municipal governments. In fact LEAs are a QUANGO type of organisations with half the board of directors assigned by the municipality council, while the other half are chosen by social partners. This type of management limits democratic accountability, which found resistance in the corporatist Belgium municipal system. From the workers' perspective, there is a high pressure to enter the LEA schemes. For example the long-term unemployed can be suspended from their unemployment benefit if they do not accept "suitable" LEA work. Moreover, there is a lack of bargain capacity for workers (which has been denounced by trade-unions) since there is no labour contract with associated economic rights. This implies an uncontrolled exception to all regular terms of employment. The result of the debate is that by the end of 1999 LEA-workers will have an employment contract that differs from all other employment contracts: (i) the contracts are settled for an indefinite period and terminable at any moment, (ii) they imply no guarantee of actual employment, (iii) they deviate from the law on the protection of wages, (iv) they imply no settlements on holiday pay nor health-insurance.

From the users' perspective, these can be private persons, NGOs and local administrations among others. For private persons work is limited to domestic activities. As a rule a private person pays 7,44 Euro for each LEA-voucher, however some LEAs have a differential price system according to the job. What is particularly interesting is that users can charge LEA payments as costs on their tax assessments. This means that already a subsidised job can provide further advantages to those who hire this type of workers, often the high income groups. The mechanism is a follows of the 7,44 Euros paid by the user, the worker receives 3,72 Euros while the company that issues the voucher receives 0,11 Euros. Of the remaining (3,72 Euros) 80% goes to the employment agency and the 0,72 Euros left goes to the LEA.

France: Youth Employment Policies

Youth schemes have become a central instrument for regulating the insertion of young people into the labour market. In France there are three main categories of objectives. These are:

- Adapting the workforce qualitatively to the requirements of the labour market through additional training. These policies aim at increasing the

employability of young people by improving their initial vocational training. The programmes usually consist of a combination of lessons at training centres lasting a few months, followed by block-release placements in companies. Such schemes are targeted at the lowest qualified young people, who have left school with no qualifications.

- Offering job opportunities in companies by reducing the cost of labour. The hypothesis implicit in this type of policies is that the cost of employing young people is higher than is justified by their productivity, because of their lack of vocational experience. The State uses various types of financial support (exemption from social security contributions, bonuses, youth exemption contract) to try and encourage companies to employ young people. The best-known schemes are the Qualification Contracts and the Adaptation Contracts.
- Experimentation with new jobs outside the market. Starting from the fact that there are not only a number of unsatisfied social needs but also young people out of work, the public authorities have attempted to promote the creation of new local services by directly funding jobs for young people. State help for proximity services is offered via specific transitory job insertion schemes, such as the *Travaux d'Utilité Collective* in the 1980s or the Solidarity Employment Contracts in the 1990s. The new "New Services – Jobs for young people" programme also belongs in this category.

Following these objectives the main employment policies in the market sector have been:

Exemption from social security contributions for the employment of apprentices: Introduced at the time of the "youth employment pact" in 1977 for employers with a maximum of 10 salaried staff, this policy was extended to all companies in 1987. The apprentice is paid between 25% and 78% of the minimum wage), according to age and length of service. In addition to exemption from all social security contributions, there is a bonus (of 7000 or 10000 FF) when the apprentice is taken on, first added in 1993.

Qualification contracts: Introduced in 1984, this is a fixed-term contract of 6 to 24 months duration in a company, which includes training for at least a quarter of the hours of work. Pay is between 25% and 78% of the minimum wage (SMIC), according to age and length of time in the programme. The employer benefits from exemption from employers' health service contributions and, since 1993, a bonus of 5000 FF when the young person is taken on.

Adaptation contracts: fixed-term (6 to 12 month) or permanent employment contracts enabling young people (16-25 years old) to acquire work experience and additional training in a company or a particular trade. Pay is 80% of the minimum wage.

In the non-market sector the two programmes have been:

"Travaux d'Utilité Collective": Introduced between 1984 and 1989, TUCs are part-time activities lasting between 3 and 6 months offered to young people aged between 16 and 25 in the non-market sector (local

authorities, public institutions, non-profit associations). Pay was 1200 FF per month funded by the State, plus a 500 FF bonus from the employer. The young person had the status of trainee, not wage earner.

Solidarity employment contracts *(CES)*: These replaced the TUC in 1989. Part-time employment contract for an average of 8 months, paid on the basis on the SMIC in the non-market sector. In addition to young people, CESs are aimed at the long-term unemployed and recipients of the RMI. The State is responsible for 90% of the pay.

In October 1997 the Government introduced a new programme called *Emplois-Jeunes* aiming at creating 350,000 jobs in the public and voluntary sectors within three years. To achieve the target 8.1 billion francs were allocated to the programme. Compared to the previous programmes this one emphasises the following:

- All young people aged between 18 and 26 are eligible without any conditions as to qualifications or registration as unemployed, and likewise those aged between 26 and 30 who have not worked long enough to qualify for unemployment insurance. This can very well increase discrimination between skilled and unskilled young people due to the fact development of new services often requires highly qualified people.
- The young people are employed according to the terms of a private contract of employment based on the general legislation on employment and the specific collective agreement, if any. The contract may be a temporary or a long-term one, but unlike the earlier schemes there is no specific contract. Usually it is a contract for full-time work. If it is a temporary contract, it must be for a 5-year period. The wages received must be at least as high as the minimum wage, but can be more. The time spent doing this type of job entitles the worker to unemployment insurance.
- The 5-year duration of the contract can be seen as a response to the turnover induced by the earlier programmes, and as a public investment allowing time for the new occupations to emerge and consolidate. The State supports the creation of such jobs by giving the employer a subsidy of about 80% of the minimum wage per job (92,000 francs, in 1998) over a 5-year period.

In order to avoid the abuses of the earlier schemes the Ministry has laid down quality criteria for the projects and conditions for successful local management: no replacement of public or private sector jobs; preference for permanent contracts of employment; provision of jobs for young people living in problem areas; jobs should be given a vocational focus. Applications for work agreements addressed to the Prefect must conform to precise specifications.

Italy: Socially Useful Jobs (LSU)

In Italy Socially Useful Jobs were introduced at the very beginning of the 1980s to face growing unemployment, in particular in the South of the

country. Since then, their regulation changed several times. The measure was originally targeted to adult workers who experienced the temporary loss of the job, that is already inserted in the labour market within the most guaranteed sectors. In 1988, the measure was partially modified in order to address the dramatic unemployment situation of South, where the rates of youth unemployment were growing rapidly. At this point it was decided to introduce a measure explicitly targeted to young people living in the South: the public utility projects. Their aim was to temporarily employ young people between 18 and 29 years of age in projects managed by local authorities or private co-operatives. The measure was transitory and had the aim of providing a job to bridge formal education with a future job in the labour market. People involved in these programmes had to work for a maximum of 80 hours per month with a monthly payment of about 250 Euro. This measure involved almost 200,000 people and provided real opportunities to the young in the South.

In 1991 regulation of Socially Useful Jobs was modified and became a national measure. In 1997 the regional nature of being a bridge towards the first labour market for young unemployed was made explicit once more. The measure was again extended to new categories of disadvantaged people: long term unemployed and people in serious conditions of disadvantage as ex-prisoners. In synthesis, at the moment, people entitled for this measure are:

- workers registered in mobility lists with or without any unemployment benefits;
- workers registered in unemployment lists searching for their first job or registered for more than two years;
- workers especially individualised on the base of trade unions agreements in situation of firms crisis;
- prisoners who can work outside jail.

The implementation of this programme has been delegated to the local level with projects to be presented at the Regional Commission of Control for verification and approval. Moreover, some important changes have been introduced such as a series of benefits for the workers and for the firms which employ them. For example, people previously involved in Socially Useful Jobs will have to register in the mobility lists, so that the firms will access fiscal facilities employing them (e.g. they can deduce the benefits the workers are entitled to from the contributions they should pay). Or if the Socially Useful Worker, after this experience, wants to start a self employment activity, he/she is entitled to obtain about 9,000 Euro from the State, as special contribution for new activities, without having to give it back. Facilitated access to loans are also granted.

There are more open clauses to favour people benefiting from LSU to have as well other activities. They can also earn: (a) income coming from self employment activities started after the LSU project and which do not exceed certain amount, (b) income coming from dependent part time

work, took up after the beginning of LSU project, and (c) income coming from civil pensions.

With the latest reform, four types of Socially Useful Jobs have been identified:

1. Community Useful jobs aimed at a future entrepreneur activity (they can last max. 24 months);
2. Socially Useful Jobs included in training programmes in innovative fields (max. 12 months);
3. Socially Useful Jobs for the realisation of special *ad hoc* projects (usually 6 months, max. 12 months);
4. Socially Useful Jobs for people in mobility lists, who enjoy pension contributions.

The areas of activity, in which the projects must be developed are:

- personal care (taking care of children, drugs-addicts, disabled, elderly,…);
- environmental care (differentiated gathering of rubbish, guarding public parks, …);
- rural development, improvement of the hydro-geological organisation of the territory, biological agriculture.
- re-qualification of urban spaces, historical sites and artistic goods (re-structuring of artistic buildings, improvement of the tourist conditions, re-qualifying the areas at risks in the urban context,…).

Portugal: Employment Policies Targeted to Young People

From 1993 to 1995 a wide range of employment policies were created in Portugal to facilitate the entrance of young people into the labour market and to develop vocational training, which eventually will lead into job insertion. Moreover, incentives were also created directed to employers to encourage them the job creation for young people. These policies existing today are the following:

1. Job and Training programme (*Programa de Formação/Emprego).* This programme applies to training in schools and in enterprises and it is targeted to different categories of young unemployed workers independently of their educational level. The costs are shared between the National Employment Service and the employer.
2. Cultural Heritage Conservation Programme (*Conservação do Património Cultural).* Under this programme young unemployed are trained in this particular competence for two years, leading in some cases to job placement or to the creation of self-employment. Only a reduced proportion of trainees manage to get a job in the area and also this situation has been declining.
3. Job Placement (*Estágios Profissionais).* The aim of the measure is to enable young people with higher-level schooling or other training leading to a qualification to supplement their vocational training with work experience of at least one year's duration carried out in either

public or private institutions. The trainees sign a training contract with the employer and benefit from a training grant paid in equal parts by the IEFP and by the employer.

4. Incentives for job creation. These are provided to those employers who create new extra jobs for young unemployed people and long term unemployed on a regular basis, such as reduction or exemption of social security payments for up to 36 months, or non reimbursable subsidies for each young worker hired (amounting to 12 times the National Minimum Wage). This measure has been wide used and, during some time, employers were allowed to cumulate exemptions with subsidies. Later this regime was revised and became more strict.
5. Local Employment Initiatives (*Iniciativas Locais de Emprego).* These ILE were intended to generate economically and socially viable jobs in local communities for local development. The target groups for these subsidies are unemployed persons, young, first-time job seekers and workers threatened by unemployment. A technical and financial aid is provided. The latter consists of a non-refundable grant corresponding to a maximum of 12 times the national minimum wage as well as an interest free loan up to 24 times the national minimum wage and a refundable subsidy for equipment hire or recovery.
6. Incentives for the Creation of Self-employment (*Apoio à Criação do Próprio Emprego).* The aim of this measure is to support the creation of self-employment. Aid is provided to young persons aged between 18 and 25 years and also to long-term unemployed persons who are qualified and independent professionals. The numbers, non-distinguishing young people from long term unemployed, reveal the scarce use that the programme has had.
7. Active Working Life Insertion Units (*Unidades de Inserção dos Jovens na Vida Activa)*. This programme supports the emergence of local non-profit institutions oriented to promote the integration of young people into working life through the gathering, informing and providing vocational guidance to those inexperienced into the labour market. UNIVAs may be set up by any non-profit institution and receive technical and financial support from IEFP in order to adapt existing infrastructures and purchase new equipment.

The National Employment Plan (*Plano Nacional de Emprego),* was approved in March 1998. The Plan introduces a more pro-active attitude to the regional Job Centres incorporating other social and economic actors. In Portugal two basic instruments were created in terms of unemployment combat: the REAGE programme oriented to the adult unemployed population and the INSERJOVEM programme oriented to the young population. INSERJOVEM aims to increase by 10% the numbers of young people in vocational training (110 000 in 1997; 121 000 in 1998) and by 20% those in the Apprenticeship System (13 000 in 1997; 15 600 in 1998) and to double the number of job placements (“estágios”) for young people (6 000 in 1997; 13 000 in 1998). Since July 1998 this

programme covers twelve pilot zones and will cover all the country in the end of the year 2000.

Spain: Measures for Employment and Training Directed to the Young

In Spain there have been three significant labour market regulations in the years 1994, 1997 and 1998 which have taken the young population into especial consideration given the high unemployment rates for this group. The 1994 Law for Enterprises of Temporal Employment created the legal frame to generalise precarious employment for young people. The 1997 Law made a strongest emphasis on encouraging indefinite contracts, in transforming previous short time contracts into indefinite ones and in developing part-time contracts. However, by 1997 the widespread practice of temporary contracts affected a total of 1,3 million people of which a large majority were young and low skilled. No social and economic rights are associated with the short-term contracts, which affect a large proportion of the young working population. The high turn over in entering and exit the labour market for this sector of the population is compensated by a strong family support.

With the introduction of the National Employment Plan in Spain in 1998 there has also been an especial emphasis on young people in directives 1 and 2 called “Fight the unemployment of young people and prevent long term unemployment”. As in the Austrian and Portuguese cases there is a marked emphasis on trying to understand the specific difficulties individuals have to be inserted in the job market and in founding paths of job integration. Training which will lead to employment is particularly singled out. In order to achieve this target public funding has been increased from 24.8% to 31.4% of the total public expenditure on employment.

Among the specific policies are the following:

- Social dialogue between employers and trade unions to reach consensus on the relation between passive and active policies
- Increase in the stable contracts of young people, women, and workers over 45 years old and disabled
- A specific Plan to fight long-term unemployment with specific programmes on training directed to the same groups
- A pilot Plan in 100 municipalities strongly affected by unemployment with personalised interviews to reach the really needy people

To summarise, the Spanish labour market has been experimenting a fast flexibilisation of contracts, which has primarily affected young people. In order to face the immediate consequences Training Programmes have been implemented for the under 25 years old, such as the Workshops Schools (*Escuelas-Taller)* and Trade Houses (*Casas de Oficio)*. In these programmes training is combined with practices in occupation related to public services or jobs of social useful jobs. The length of the courses in the Workshops Schools is of two years and in the Trade Houses of one year. In both cases grants are provided to the 16-25 years old.

Other measures include:

- Insertion enterprises. These enterprises do not have lucrative objectives. They contract the most vulnerable sector of the population with temporary contracts combining training and work with the limit of 3 years.
- Promotions of Autonomous Employment and Local Initiatives of Employment both are managed locally and financed by municipalities and regional governments. Usually those between 25 and 35 years old are the most likely clients of these measures because they have some previous work experienced.
- Employment Plans. Municipalities and regional governments (56.2%) as well as non-profit organisations (43.8%) have managed these. The grants provided cover partially or totally (according to cases) the wages and social security costs of the people hired. Barcelona has been particularly active in developing these plans through the municipal government.

United Kingdom: Local Exchange and Trading Schemes: Potentially a Policy for Young People

Within the different programmes to fight unemployment and social exclusion in the UK one particularly interesting approach which has a wider purpose to that of creating employment is the expansion of Local Exchange and Trading Schemes, known as LETS. LETS belongs to the social economy approach, which is based on co-operative and non-profit principles and is private even if there is some public sector involvement in specific cases. The purpose of LETS is to overcome the lack of adjustment between supply and demand in the market due to lack of money. The mechanism to establish and the functioning of LETS is the following:

- A group of people form an association and create a local unit of exchange. Members then list their offers of, and requests for, goods and services in a directory and exchange them priced in a local unit of currency.
- Individuals decide what they want to trade, who they want to trade with, and how much trade they wish to engage in.
- The price is agreed between the buyer and seller. The association keeps a record of the transactions by means of a system of cheques written in the local LETS units. Every time a transaction is made, these cheques are sent to the treasurer who works in a similar manner to a bank sending out regular statements of account to the members.

The tasks conducted by such initiatives are primarily economic activities that seek to fulfil needs and wants through the production and/or distribution of goods and services to meet people's needs and wants. However, LETS is a formal association that provides an organisational framework for the pursuit of collective self-help activities.

In the UK, the first LETS was established in Norwich in 1985. In early 1992, there were just 5 LETS in operation and by 1999 the total number has reached 270. In a survey conducted in 1999 with 38.7% response rate the finding was that in this same year LETS had an average of 72 members and a mean annual level of trade equivalent to £4,644 (an average of £64.50 per member). Extrapolating from this, the 270 UK LETS existing in 1999 can be estimated to have some 19,440 members and an annual turnover equivalent to £1.3 million.

Few LETS explicitly target specific social groups in membership drives. However, many do so unintentionally. Methods used, The most common method used by LETS to recruit new mambers was 'word-of-mouth' used as the principal marketing device by 55% of LETS, followed by public posters/flyers (19%). Given that in nearly all cases, LETS aim their publicity in the first instance at groups likely to be interested, such as environmental organisations, so as to pursue the 'line of least resistance', the product is nearly always a skewed membership profile with many 'greens' and 'alternative lifestylers' joining, but few people from other social groups. In terms of membership profiles, for example, in a 1995 co-ordinators survey, some 29.8% of members were defined by co-ordinators as unemployed and by 1999, this figure was 28%. Young people less than 30 years old, constitute just 6.0% of the membership. The largest age group was those between 30-49, which amounted 54.2%. What it is more relevant to our comparative analysis is that this type of organisation could be a policy for youth integration in exchange activities. The fact that some 28% of members are unemployed and a further 24% self-employed does reveal that LETS appear to appeal to a particular type of clientele. They tend to be more likely to be joined by people who are unemployed or who are attempting to set up their own business venture on a self-employed basis.

4. Policy Experiences and Evaluations

In this section we include a brief summary of some of the main experiences and evaluations which have taken place in the different countries, with the exception of *Austria* where no evaluations has been conducted yet on the National Action Plan for employment. However, in this country the NAP is raising awareness of the need to tackle the issue of youth incorporation into the labour market and it is increasing the interaction between responsible institutions in order to achieve a more systematic co-ordination and a successful implementation outcomes.

Belgium

The impact of Local Employment Agencies on the unemployed, mainly on the long-term unemployed can already be evaluated since there is an accumulated experience of these agencies in Belgium. Participation of the long-term unemployed seems to be increasingly significant. About 17% of all long term unemployed for the age group 18-49 participate in LEAs – the rates are 14% for Wallonia and 28% for Flanders. By gender division

the figure is particularly high in Flanders with 38% of all long term female unemployed as LEA-workers against 9% males. In Wallonia the rates are 30% for women and 5% for men. Moreover, 37% of all LEA workers are either single or single parent. If the LEA workers are compared with the long-term unemployed, the educational levels are higher among the former.

It is unclear to what extent the long terms unemployed in Belgium become LEA workers on a voluntary basis. However, almost a third of them stressed they have experienced some pressure from LEA functionary to participate in their employment agencies. The subjective evaluation is as follows: among LEA-workers more women are rather positive (28%) or very positive (43%) about their work than men (37% and 20%). Young people are also more positive than older. Finally, the low-skilled are more positive than the high-skilled.

However, from an objective perspective, in the long run LEA work provides little opportunity for job-experience and these workers are less inclined to engage in training. They also tend to be considered part-time workers and even if they still receive unemployment benefits it is more likely that they will disappear from the unemployment statistics. Moreover, while in the short term the financial advantage provided by the agencies to the unemployed are substantial and therefore beneficial to their household income, in the long term the long term unemployed have a higher risk of being cut off from other possibly better job opportunities.

Finally, a positive outcome of the LEAs has been to increase the control over the informal economy activities. This is especially the case for the market of personal services. A LEA worker has a better wage than a person working in the informal economy. Also through giving large tax advantages to the users of LEA work, the federal government has made a case and increased the number of users of LEA workers. The paradoxical outcome, however, is that a household based on LEA income is generally a low income household, while a household user of LEA work gets more advantages. Thus a new path to increasing social inequality may be developing with the best original intentions.

France

In terms of numbers of young people involved in the different youth employment programmes there seems to be a relative degree of success. Between 1984 and 1994, the youth employment schemes supposedly created the equivalent of between 200,000 and 250,000 full-time jobs. Two-thirds of these jobs are primarily the result of apprenticeship contracts and assisted employment (TUC and CES) in the non-market sector. However, it seems that a large number of jobs would have been created in any event without the support of these schemes as most companies had already planned hiring equivalent numbers of workers.

On the other hand training courses and subsidised jobs (TUC, CES) have proved to be powerful tools against unemployment in the short term, having involved several hundred thousand young people. In

all, 1,200,000 young people had community jobs (TUCs) between 1984 and 1988. . In 1995, 275,000 benefited from the fall in labour costs, 440,000 were in block-release training and 120,000 in subsidised jobs in the non-market sector and 800,000 young people have been affected by employment policy schemes.

However, it may be an overemphasis on numbers instead that evaluating the different job insertion opportunities which have resulted from these schemes to different clients and the quality of the positions young people are offered. First, return-to-work rates are higher for qualification contracts (CQ) and adaptation contracts (CA) and lower for vocational training courses and assisted employment in the non-market sector (TUC, CES). Qualification contracts lead to a significant inclusion in overall employment (71%), in non-subsidised employment (63%) or in fixed-term employment (43%). Recourse to assisted employment (TUC, CES), on the other hand, is rarely followed by direct access to a job in a company but is usually extended or renewed. In all, only 33% of recipients of solidarity employment contracts (CESs) have a job. Moreover, the higher the original training or skill of the young person involved the higher the chances to get a salaried job entrance in the formal labour market. Second, even if job insertion has been facilitated for young people, The schemes are alleged to have accelerated the growing lack of security in the working conditions of young people, offering only unsteady work trajectories. Moreover, they have made a significant contribution to reducing the cost of juvenile manpower and the level of young people's wages.

Italy

Here we take into account two evaluations. One to the first Public Utility Projects and the other to the following Socially Useful Jobs. The first measure was criticised by the end of the 1980s within Italy because in many instances it turned out to be a passive social assistance measure. The other important point, which made the implementation of the measure doubtful, was the fact that in the case of the Public Utility Projects these were never assessed in relation to their real utility and their outcomes. In this sense, many useless projects both for the public utility and for the workers themselves were financed.

In the case of the Socially Useful Jobs It is too early to comment on the new implementation. However, from the information provided by local authorities. It seems that in the most developed contexts (Piedmont, Emilia Romagna, Tuscany and Lombardy), the implemented projects gave good results, while in the less developed regions, information and outcomes are less clear. But there is another *black hole,* which affects the implementation of the measure, and this time it is true both for the North and for the South of the country: it is the question of professional training. Whereas in theory these programmes should incorporate a period of training for the workers, in practice there is no training activity, but only working activity (training on the job it is often called) and this is a lost

chance for the young workers, otherwise have practically no chances to gather work experience on the market. To improve the outcome, close observers have recommended a stricter monitoring.

In terms of numbers by 1997 the total number of people involved in Socially Useful *Jobs* was 120,213 out of which 65,565 have been men and 54,648 women. From a territorial perspective the majority - 83.3% - were from the South, particularly in the three regions of Sicily, Campania and Puglia a total of 82,243 persons were involved in the programme. In contract in the North of Italy the total number of persons involved was 6,500 (5.4%). In this sense the target to address the most needed areas have been met. However, not always the measure integrated young people. Only up to the early nineties were the majority of participants young people. Later on the increasing unemployment of adult breadwinners has push them too into the measure. Thus the profile of the beneficiary has changed to some degree. At present the majority of Socially Useful Workers is composed by people registered in mobility lists or with pension contributions. These are 72.2% of the total, also concentrated in the South of Italy. This means that the majority of the people involve in these programmes are older than 35 years.

Portugal

For this country we have a quantitative evaluation, which is the following:

Job and Training programme. The number of young people involved in this programme was quite large in the beginnings (11 011 in 1992) but has been decreasing constantly (933 in 1995). However, from 1992-1996 a total of 23,375 people have participated.

Cultural Heritage Conservation Programme. The numbers reveal that only a reduced proportion of trainees reach to get a job in the area and also that this situation has been declining. The numbers of participants have been stable adding for the 1993-1997 period a total of 2,563 training and 388 jobs created or self-employment.

Job Placement. The numbers of job placements under this programme are quite short and express the difficulties in getting the co-operation of hosting institution or firms. For the period 1995-1997 a total of 1,287.

Incentives for job creation. This measure has been widely used and, for some time, employers were allowed to cumulate exemptions with subsidies. Later this regime was revised and became more strict. The participation of young unemployed in this programme increased from 1994 to 1996 as they became a priority. However, the funding for the measure declined from 10 511 million PTEs to 8 281 PTEs (constant prices) in the same period. The incentives consisting in exemptions or reductions in the social security payments are expressed in bigger numbers and these reveal the preference of employers for this modality of the programme.

Employment Local Initiatives . No numbers for the more recent years, but it is known that the number of initiatives declined strongly in 1996 and is

just recovering since then. For the 1992-1997 period a total of 12,447 participants.
Incentives for the Creation of Self-employment . This programme had little participation. For the 1993-1997 period a total of 2,468 training post created and 2,311 job creation posts.
Active Working Life Insertion In this case, the increasing numbers of UNIVAs reveal the positive role the units can play in addition to the more institutionalised role of the Job Centres. For the 1993-1997 period a total of 1007 posts.

Spain
In the case of Spain we include a quantitative evaluation on participation according to the different programmes, the specific qualitative subjective evaluation on the basis of interviews to a short number of young participants in Barcelona can be seen in the national report.
The ETT. From 1994 the contracts of job insertion that have taken place have increased year by year changing from 378,739 in 1995 to 1,803,547 in 1998.
Labour Reform of 1997. Six months after the implementation of the reform an evaluation was conducted showing that the precariousness of employment was not diminishing to a large extent. Only 333,100 temporal contracts became indefinite contracts, of this 106,498 were registered in Catalonia, that is the 32% of the total. In Spain 88% of the total number of new contracts continued to be on a temporary basis.
Insertion Enterprises. These enterprises are located in the nationally based associations: Spanish Net of Promotion and Social Labour Insertion, Spanish Net Association of Alternative and Solidarity Economy and Spanish Association of Social and Solidarity Economy Recovery. These associations represent a total of 86 entities of social labour insertion. These entities have created until 1995 a total of 934 jobs and 2,000 people have benefited form them with a total funding of 2.5 million pesetas.
Promotion of Autonomous Employment . The number of participants in this measure has changed considerably. In 1990 the number of participants were 13,626 decreasing to 10,867 in 1992. In 1993 the contracts increased to 12,667 and in 1996 the number amounted to 17, 860. However, this measure affects mainly persons older than 25 years.
Workshops Schools. In 1997 there were a total of 26,378 students in 629 Schools distributed across Spain.
Trade Houses. In 1997 there were a total of 503 participants in 171 Houses.
In Barcelona there have been 3 Workshops Schools and 3 Trade Houses with 440 training contracts for young people.
Employment Plans in Catalonia. In 1997 the beneficiaries of these plans have been financed by the Catalan government through contracts offered by municipalities and county-councils, which offered 570 contracts. On the other hand ONGs offered 472 contracts. A second financial source is the

central government that offered 514 socially useful contracts. In sum the total number of beneficiaries in 1997 were 1,556. However, all these contracts had a duration of between 6 and 12 months.

The main concern for an evaluation of the Spanish programmes is the limited extent to which they provide a solid basis for stable job insertion. However, individual experiences varies considerably.

United Kingdom

The evaluation of LETS as a work integration as well as social inclusion practices has been done on the basis of a survey to 105 LETS participants in this country. Of the several answers the main point perhaps is that the participation in LETS provides social networks, favours self-esteem to a greater extent than economic advantages. Thus LETS earnings represented a very small proportion of household income as a whole.

The economic benefits have been considerably higher for the low income participants. 30.0% of respondents (46.7% of young people) asserted that LETS had helped them to improve their standard of living but this rose to 70% for respondents in low-income households and 65% for the non-employed. About 28.3% of the goods and services acquired on LETS by members would not have been acquired at all had the LETS not existed and just 18.3% would have been acquired through the formal labour market.

Concerning work some 72.5% of members (66.6% of young people) agreed that the LETS had provided them with the opportunity to work outside the formal economy, giving them an opportunity to engage in productive and meaningful activity. For many participants on LETS, moreover, it is the fact that the LETS provides access to goods and services without having to find the money that is important. Some 54.3% of members asserted that the LETS was useful because it provided access to interest-free credit and 56.2% (33.4% of young people) because it had enabled them to spend less national currency than would otherwise have been necessary in order to acquire goods and services (such as health and personal services, food, building and house maintenance).

Besides tackling the barrier of economic capital, there is also evidence that LETS enable participants to tackle the barrier of social network capital that often prevents them from developing complementary means of livelihood. Some 72.7% of respondents (75% of young members) asserted that the LETS had helped them to develop a network of people upon whom they could call for help whilst 42.9% (45.0% of younger members) asserted that it had helped them develop a wider network of friends. The result, therefore, is that LETS appears to be more effective at developing 'bridging' social capital (i.e., bringing people together who did not before know each other) than it is at developing 'bonding' social capital (i.e., bringing people who already know each other closer together). Indeed, this is especially the case for the poor and

unemployed. Some 82.4% of the non-employed and 86.7% of respondents in low-income households claim that the LETS has enabled them to develop a wider network of people that they can call on for help. Furthermore, 76.4% of the non-employed and 50.0 of respondents in low-income households assert that the LETS has enabled them to develop a wider network of friends. Indeed, it is important to note that many people who join LETS appear to do so because of their lack of kinship networks. Some 78% of LETS members had no grandparents living in the area, 72% no parents, 74% no brothers or sisters, 49% no children, 78% no uncles or aunts and 76% no cousins.

Finally, another positive outcome of LETS is that can often act as a constraint on participation in informal exchange and the development of complementary means of livelihood. This means that these experiences are converting a proportion of the demand for informal work into a regulated system of exchange. Moreover, LETS provides an opportunity for many not only to maintain and develop their skills but also to rebuild their self-confidence in a country where the post-Fordist changes in the labour market are putting into question the Fordist economic culture of regular participation in the formal labour market.

Section 3: Citizenship, inclusion and the integration of ethnic minorities

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1. Introduction

The key concepts in the study of social exclusion and exclusion in Europe have been defined for this project as work, income and recognition. In this paper two case studies based on different European countries are used. The first illustrates particular experiences of work and its impact on income in Germany with the Europeanisation of the labour market and the accompanying liberalisation of services. The second deals with the concept of recognition for young socially excluded people in Britain. Both case studies are concerned with the experiences of social exclusion for migrant or ethnic minority groups and for the wider population. The case studies carried out by the migration/ethnic minority group within SEDEC share a common theme that they look at aspects of the impact of current and previous immigration on the nation state and on public policies in relation to social exclusion.

However, they each address very different aspects of the issues. The contribution from Germany concentrates on the consequences of immigration for the work situation and income of indigenous German workers. The paper summarizes the results of a study on the perceptions of civil society concerning new forms of labour mobility associated with the liberalisation of services as a part of the Single Market in Europe. In particular, it considers the impact of one new form of liberalisation of the labour market arising from greater European integration: the tendency for employees based in one country to be 'posted' to another whilst retaining the wages and conditions of employment appertaining to the original country. These 'posted' (1) workers, it is argued, may have a significant impact upon the receiving society and its economy, when the wages and conditions differ substantially between the two countries concerned. The case study concentrates on the German construction industry to consider the impact of 'posted' workers on national social policies of social inclusion and local employment.

The British contribution focuses on the recognition aspects of social inclusion. Recognition refers to formal and informal social statuses which give individuals or groups a recognised position within institutional and societal contexts, thus allowing them to participate in civil society (See SEDEC Report 2, Vol 1). The paper reports the findings of a case study in one London borough of ethnic minority young people who are socially excluded and their experience of dealing with official

organisations, the procedures available to them both actually and potentially, and their effectiveness. The empirical findings reported refer to a study of local service providers. Ongoing research with the young people themselves tends to confirm the views reported. These findings are put into the overall context of the migrant experience through a literature review of ethnic minorities and social exclusion and through a report of the findings of a study concerning 'Rights, Citizenship and Ethnic Minorities in the European Union'.

2. Migrants, Citizenship and Residence in Europe

The status of migrants, in member states of the European Union, varies widely and can be categorised along the dimension of access to citizenship rights:

I. citizens of a European Union member state who are resident in another member state - by virtue of their European Union citizenship their rights are, nearly equal to those of the indigenous majority population: i.e. they have rights to reside and to work and to vote in local and European Parliamentary elections.

II. third country nationals who have become citizens.

III. citizens of a European Union member state who are posted to another member state - they only have civil rights but no political and social in the receiving state since it is assumed that they return to the country of origin.

IV. third country nationals who are legally resident within a member state but who are not full citizens - their recognition is defined by rights conferred by the member state, sometimes as a result of a European Union directive. They have no right to European Union citizenship. They do have a right, under the Schengen Agreement, to reside in another European Union country but it is limited to three months unless they have special permission, with no right to seek work.

V. third country nationals who have immigrated as temporary (contract) workers or trainees (mainly from Eastern Europe).

VI. third country nationals who are asylum seekers or refugees resident either temporarily or by special leave in a member state - their status and rights are largely governed by the national government; eg: on the right to receive social benefits; but with an increasing degree of co-ordinated action by the European Union on questions of immigration, visa and asylum policy.

The German case study concentrates upon posted workers (Category III). The British case includes mostly ethnic minorities who have always had citizenship, 3rd country nationals who have become citizens, and some who are asylum seekers or refugees (Categories I, II, and VI).

The degree of social exclusion experienced by ethnic minorities or migrants who possess either citizenship of the state in which they reside, or who have European citizenship conferred by a European Union state other than the one in which they reside, should not differ legally from ethnic majority citizens. On the other hand, those who are third country

nationals with legal residence but not citizenship, or who are asylum seekers and refugees, will be legally socially excluded to the extent that this is enshrined in the national laws of their state of residence. Studies of social exclusion statistics in different European nation states illustrate this [see SEDEC Report 2 Report]. Of course, formal recognition of legitimate status enshrined in legal statutes, does not necessarily guarantee full recognition with all aspects of civil society.

3. Regulating the New Mobility in the European Union: Posted Workers and National Labour Market Standards in Germany

In this study, we consider the impact of Europeanisation - more specifically the creation of the Single European Market in 1993 and the accompanying liberalisation of services - on national wage and labour standards. The Single Market made possible the employment of workers from country A by subcontractors from country A to carry out services in country B. In the absence of a European wide regulation in 1993 these workers remained covered by national collective agreements and social insurance schemes. As there exist substantial wage differentials in Europe, service providers from low wage countries were more competitive than service providers in or from high wage countries. As a result, service providers and specifically, indigenous workers in high wage countries were at a disadvantage. This problem occurred specifically in the construction industry but other sectors (hotel and catering industry) were also affected. Only in 1996 did a European wide directive regulate that member states can enforce national wage and labour standards on service providers and their workers from member states through the institutionalisation of the principle of "equal pay for equal work at the same place". Thus, prevailing social policy did not take into account the new forms of flexible work in the form of posting and therefore led to the marginalisation of domestic workers. Furthermore, it created a new immigrant labour force not integrated into German society, and with no aspiration or possibility of integration.

The focus of our contribution is on the debate about the employment of posted workers from Portugal on construction sites in Germany, which holds 24% of the construction market in Europe (France ca. 20%, Italy 18% and Great Britain 15%, Syben/Gross 1993: 20). As has already been pointed out in the first German national report the case of posted workers is of particular interest because it exemplifies the struggle between ‘protectionist’ interests represented by sectoral employers and unions on the one hand and export oriented capital advocating in a further opening towards the regional European economy. The former emphasised the need to cushion the effects of deregulated markets at the European level (positive integration), the latter were in favour of the status quo (negative integration). Thus, the discussion on the problems of posted workers shows how civil society in Germany perceives the nature of the European integration process in this particular case.

The social partners in the industry have made substantive efforts to deal with the specific problems of the employment patterns in the industry. Of special importance is the system of additional social funds. These social policy programmes aim at compensating the various disadvantages construction workers suffer in comparison to workers in other industries as a result of causal form of employment. There are four specific insurance schemes concerning holiday, pay, training and additional benefits.(3) The social fund for training provides the basis for a vocational training scheme which is of high standard and has been seen as an example for reform initiatives in other sectors (Streeck/Hilbert 1991: 244). During the discussions of the posted workers law, the HDB (4) pointed out that posting created major repercussions for the training of young people. The organisation argued that the number of young people (92.000 in the 1990s) could not be maintained since it is cheaper to employ posted workers who have been trained in other countries instead of providing expensive training for young people in Germany. In this sense, the possibility of using posted workers undermines other programmes by the government to provide training possibilities for young people.

The 1996 legislation in Germany guaranteed a minimum wage and the extension of holiday and working time to posted workers in the construction industry. The law applies to posted workers from day one of their contract. Employers have to register before carrying out their contract with the respective regional employment office and indicate the name of the firm, the duration of the contract, and the construction site. The federal labour office and the main customs office control the regulation. Thus, for the first time, the state is involved in monitoring wage levels in a German industry. But the legislation does not secure fully the social rights of domestic workers. It is limited to the construction industry only, it does not implement the full collective agreement as applied to indigenous workers' conditions, and it actually reduces the wages of indigenous long term unemployed and low skilled workers to the same level as for the posted workers. It seems furthermore that the regulation proves difficult to monitor effectively and it is estimated that every fifth construction worker still has to be considered as working under illegal conditions.

According to trade unions it should be taken as a success that the principle of social protection has been institutionalised for the services industry both at the European level with the directive and at the national level. This could not have been taken for granted given the prevalent neo liberal dominance. However, with regard to the central point of contention, the wage level, trade unions had to grant enormous concessions otherwise there would have been no effective German law for posted workers. This demonstrates that voluntarism, as a mechanism for the implementation of directives is problematic. Under a voluntarist system, the precise contours of social regulation depend on the bargaining power of the social partners, and here trade unions are at a disadvantage since their bargaining power declines in times of unemployment.

How far did the directive at the European level achieve its major aim of preventing the erosion of national standards in wages and conditions of employment through European integration of labour markets? Despite the official goal to set a compulsory minimum standard there are no compulsory compliance regulations to ensure harmonisation. Only in a few minor points are national measures explicitly forbidden. So while the directive is intended as an umbrella over nationally fixed minimum levels, the implication is that it has not prevented competition between national social standards. On the contrary, the national institutional repertoire and the political force field continue to define the substance of social protection. It is the member states and the culmination of power struggles at the level of the nation state which determine in the end the degree to which posted workers are covered by national legislation.

With regard to the question of the posted workers' case in Germany, there are two possible conclusions. From an optimistic point of view, it is possible to argue that the posted workers directive is a successful social inclusion policy since it has been able to extend domestic laws to flexible forms of work made possible by the liberalisation of services. Seen from this standpoint, it is possible to claim that determining European wide minimum standards the Single Market is not only concerned with liberalisation and deregulation but also with social integration. In this sense, the directive confirms and concretises ideas and norms laid down in the social protocol on social citizenship at the European level. A pessimist, on the other hand, would point to the fact that the directive leaves too many doors open to circumvent even the central propositions of the directive such as securing the application of the minimum wage, that European social citizenship rights still have to be fought over at the national level, and therefore are not guaranteed at the European level, so it is premature to talk about concrete European social citizenship rights.

4. Ethnic Minority young people and Social Inclusion: the case of a London Borough

The overall aim of the British contribution is to investigate aspects of the position of young 'migrants' or ethnic minorities within Europe as well as to consider the particular problems of social recognition within Britain itself. There are important differences in the legal status of ethnic minorities in different member countries but our cross national study of 'migrants' in several European Union countries found worrying high levels of perceived threat: levels were especially high for verbal threat, but also for physical threat. Those engaged in education and training were particularly subject to both kinds of threat. Government agencies, apart from those engaged in law and order, appear to come out of this survey relatively well. Health services are particularly well regarded, though mostly by older people, and welfare regimes were not highly criticised for

their fairness. It is perhaps not without significance that these state agencies tend to define eligibility for services in terms of residence rather than citizenship status.

Work, as we have seen from the German case study, tends to be a focus for conflict. About a third of respondents reported unfairness by employers, and those in education and training were more critical than others. However, most felt well treated by workmates and not a single young employed person reported unfair treatment by trade unions. Landlords were seen to be a problem by only about one fifth of all respondents though young people who were not working were more critical than others. Neighbours were not generally seen to be a problem, though young people were more critical of them. Of course, this could reflect youthful conflict with neighbours rather than ethnic discrimination per se. The greatest problems for all were seen to be the forces of law and order, and particularly, the police. Nearly two-fifths of our ethnic minority respondents overall reported unfair treatment by the police. Among the younger age group those who were not actively employed were most likely to complain, followed by those in education or training. Young people in work were rather less critical than others, but levels remain high. Across the countries studied and between different ethnic groups we found evidence of discriminatory practice in both the public and private sector. However, the national state provided both the best and worst examples of treatment of ethnic minorities. So, whilst many social welfare and health providers from the state are well regarded, and relations with workmates and neighbours are seen to be quite good in general, the picture changes remarkably when it comes to the police who are reported, pretty universally, to be discriminatory in their practice. One might have assumed that Britain would be somewhat different in this respect in that, as we saw above, the majority of its ethnic minorities are full British citizens. They have therefore, in law, equal rights to anyone else within the society. What is more, in British law, there are specific prescriptions against racial discrimination (though these do not apply to the police).

In a British context, ethnic categories tend to include what are actually relatively heterogeneous populations (Anthias and Yuval Davis 1992) with different histories. It may also be used to include differences in religion, skin colour and / or culture. However, in practice, the term 'ethnic' in a British context is typically linked with that of visible minorities (ie: those with darker skins). People of Asian, African and African Caribbean descent predominate. These, for the most part, and as a result of progressively stricter immigration controls from the 1960s onwards, tend to be long resident, and in the case of Asian and African Caribbean people, tend to have full British citizenship. Jews and the Irish have traditionally also been regarded as ethnic minorities. In the case of the Irish, they are now not only European Citizens with their rights but continue to enjoy additional citizenship rights within Britain. Ethnic minorities in Britain also include more recent arrivals who tend to be

refugees and asylum seekers. Many of these have subsequently obtained either citizenship or rights of residence. However, the present government is now in the process of passing draconian legislation against new asylum seekers.

The overwhelming focus of work on younger members of ethnic minorities in Britain has been on young black people (African Caribbeans), even more than upon other visible minorities. This was particularly concerned, from the 1960s/70s onwards on the second generation of black people. These 'Second Generation' studies focused on the experience of African Caribbean underachievement in schools (as compared particularly to Asian youth), which began to suggest that the anticipated full integration was not going to occur, particularly for boys. Later reports on training and employment opportunities confirmed this. More recently, a particular concern has been the effect of school exclusion policies which fall disproportionately upon black males (Haynes 1996, Sewell 1996). Also from the 1970s onwards, concern was arising about relations between black youth and the police. Youth in general is seen to pose problems in relation to law and order and to an extent all youth have been demonised, but African Caribbean young people (and especially males) are seen to face (and pose for society) a wide range of problems relating to their higher rate of unemployment and their depiction as a potential threat to law and order. The 'demonisation' of young blacks (Hall 1978) has encouraged the police to concentrate their attentions upon them, and so encourage discrimination. At the same time, their citizenship status and a central government initiative to democratise local authorities, has generated a political will to encourage the participation of these excluded groups in the Marshallian community (Haynes 1996, Back 1996).

The British local case study was conducted in one London borough, with the full approval of the local political authority. This London borough has substantial concentrations of ethnic minority population and has been active in its own studies and response to problems of their participation. The study concentrated upon the problems of young socially excluded people. It followed on from a recent study, conducted by the local authority itself using focus groups, of socially excluded youth. The study reported here is based upon structured interviews with local service providers for young people within the borough. The interviews explored the professionals' perceptions of the experience of the young people which their work affects, their interpretation of their own organisations' policy towards young people from ethnic minority groups, and the support that they provide for young people when their rights are infringed. The interviews also explored the role of service providers in encouraging greater participation in decision-making and the attitudes of local politicians towards their attempts at social inclusion of marginalised young people. This study is being followed up at the moment by a parallel study of young socially excluded themselves. An initial analysis of these

alter findings suggests a great deal of agreement between the young excluded themselves and the service providers.

Despite the fact that many of these socially excluded youngsters were citizens and born within the national boundaries, they held very negative views of the forces of law and order. Over half of the young people with whom the Head of the Youth Service came into contact had had contact with the criminal justice system. This was either direct or by observing discriminatory treatment against other members of the community. Indeed, he claims that the hostile attitude towards the police relates to all youth, not just those from ethnic minorities. Recent interviews with excluded young people go some way to confirming this view. Whilst some accepted that there were both good and bad policemen many were very hostile: "the police are pigs!" Resentment was also to be found against education, particularly amongst African Caribbean males. Interestingly, the Head of Youth Service claimed that many started school with high expectations of their potential achievement but became bitter once those expectations had been thwarted. A feeling of disempowerment in school and the failure of students to encourage them, often led to conflict with the teachers and a downward spiral leading to exclusion from school. This in turn increased the likelihood of getting into trouble with the police. Indeed some of our recent young respondents saw police and teachers as alike: " (they) play on you so you react badly", and then use it against you.

Failure at school produces a vicious circle - without experience they cannot get a job and without a job they cannot get experience so they attend training courses to gain experience but find that the experience they are offered is not useful to them. The youth service estimates that about 80% of local African Caribbean males are unemployed. There is also a suggestion that some employers discriminate by postcode by rejecting without interview all those who come from particular areas of the borough. Whilst not racial discrimination, it is discrimination against excluded youth. The borough itself has made and is making strenuous efforts to prepare young people for such encounters with both the police and with schools. This includes exposing them to positive experiences of the police through sports events, talks and residential courses. At the same time they encourage the young to carry information cards telling them what to do when stopped by the police and advise them on what is an appropriate demeanour. The local Youth Project has a programme of the three Rs - responsibility, reasoning and respect. This includes respect for authority. The local authority also make strenuous efforts to get young people to register as electors so that they have some opportunity to participate in decision making processes. Democratic services are also planning to institute local consultation forums.

This local case study suggests that there is a substantial level of agreement as to the main problems of social exclusion faced by young people and particularly those from ethnic minorities. Whilst ethnic minority young people appear to suffer even more than white youth, the problems

of social exclusion are similar for all, as indeed are the solutions. Despite their general status as citizens of Britain, the problems they raise are very similar in type and scope to those 'migrant' groups in other EU member countries.

5. Conclusion

In some respects Germany and Britain lie at opposite extremes in their experience of dealing with ethnic minorities and migrant groups. In Germany's case, most immigrants began to enter originally through a series of bilateral national agreements so that groups of workers were introduced to meet specific labour shortages and came with no expectation that they would remain. The German citizenship laws were historically based upon the concept of ethnicity as the qualifying factor so that non-Germans were not expected to obtain full citizenship rights. Hence the significance of the term Guestworkers. Germany has historically also been quite generous in allowing in asylum- seekers, but again with no necessary expectation of citizenship. That some groups - especially the Turks - how now been resident for two or more generations, is only now being addressed politically. The concepts of ethnicity, citizenship and nationality are deeply entwined and the generous social welfare provision has been linked to that. Now a leading player in the European Union, Germany has been active in pressing for degrees of integration. However, the traditionally generous German social welfare provision is now being seen to be threatened by workers originating from other European Union members. The case of the Portuguese workers in the German building industry is one such example.

Britain, on the other hand, has relied substantially upon the Commonwealth to supply its labour shortage needs, not through bilateral agreements but by encouraging, in some cases very actively encouraging, Commonwealth citizens to come to Britain to take up that range of jobs which the British no longer desired to undertake themselves: the unskilled and semi-skilled poorly paid occupations. Because they were Commonwealth citizens, most of these either had a form of British citizenship or a right to claim it. Once in Britain, therefore, they legally possessed equal rights to the indigenous population. From the 1960s onwards, Britain tightened progressively its immigration legislation, and most of the qualifying population already here remained. That population grew slightly through family reunification schemes but soon grew into a stable population. Indeed, with progressive generations, it became part of the indigenous population. However, despite having equal rights in law, the ethnic minority population suffered from serious and open discrimination during the 1950 and early 1960s. As a result, successive Race Relations Acts were passed outlawing discrimination. Nevertheless, as we have seen, discrimination continues at some levels.

The relationship between ethnic minorities, migrants and the socially excluded is a complicated one. Being a member of an ethnic minority does not make one socially excluded. Many British Asians

(especially from India) have been highly successful in terms of work and income and have also achieved considerable social recognition. Nevertheless, as we have seen in the British case, ethnic minorities do appear disproportionately among the socially excluded, in which case, they may be doubly excluded: once on class and again on colour. At the same time, migratory workers can contribute both to the social exclusion of themselves and others. In the German case, we see that migrant workers, even from other EU member countries, can impact upon welfare regimes. This is not then an ethnic dimension so much as a consequence of migration of different income and employment regimes.

Notes

(1) Posted workers may be:

a) posted by their employer to another EU member country for the purpose of doing a specific job of work,

b) be transferred to another part of the same company which is located in another member state,

c) be hired by their employer to another company in a different EU member country

(2) In Britain the term ethnic minority is more appropriate since a combination of the traditional definition of citizenship and firm immigration control since the 1960s means that about 75% (Commission for Racial Equality, 1997) of the ethnic minority were not immigrants in any sense, but second or third generation resident citizens. In Germany, by contrast, the ethnic emphasis in the definition of citizenship and the tenancy for the state to make bilateral agreements with other countries, means that most 'ethnic minority' residents, even if second or third generation residents, are not citizens and have limited formal recognition.

The common term for such people in Germany in the 1960s and 1970s was 'guestworkers'. Whilst the precise terminology has been modified since then, and changes in the law have made it possible for some individuals to obtain formal citizenship, their legal status compared to the majority is necessarily different to ethnic minorities in Britain. In some sense, the term 'migrant' may be more appropriate in Germany even for second generation people since their resident status remains insecure.

(3) These additional institutions are very important because they allow the partners of the tariff regulations to meet regularly in informal settings and thus create some sense of security and trust among the social partners (Voswinkel/Lücking/Bode 1996:110).

(4) HDB is an abbreviation for the Hauptverband der deuchen Bauindustrie - the Construction Industry Employers Organisation.

(5) Interviews with DGB (German Trade Union Association), IG-BAU (IG Bauen Agrar Umwelt).

Section 4 - European 'social inclusion' programmes: - Findings and conclusions

The range and diversity of the national case studies of social inclusion polices, particularly inclusion through work, is indicated in Table 1 together with some rough overall assessments. Based on the preceding Sections 1,2 and 3 this part of the CSIP project will now be briefly summarised.

Earlier it was noted that a general finding of the CSIP project is that, in spite of their changes 'social democratic' countries' social models seem to be adapting in a more coherent and successful way to various strains and challenges imposed upon welfare systems both internally from their own characteristics and externally from structural change.

The policies being operated in Denmark (i.e. the special measures for young people within the context of the Active Labour Market law 1996 and the Active Social Policy law 1997) and in the Netherlands (i.e. The Jobseekers' Employment Act 1998) are particularly interesting, in both their strengths and weaknesses (see Moller, Hanson, and Lind in CSIP Report 3, and van Berkel, Valkenberg and Tholen in CSIP Report 3). This assessment is consistent with other recent assessments of the comparative success and interest of the adaptive capacity of these nations' socio-economic and social inclusion policies (see Hirst and Thompson 1999 on both, and Muffels et al 1999 on The Netherlands). These programmes, in spite of their weaknesses, contain a reasonable amount of policy delivery practices and client experiences which embody, to a certain extent, elements of the CSIP project's assessment concepts and criteria relating in particualr to citizenship and social rights.

In addition the CSIP project suggests that there may well also be useful lessons to learn in relation to the policy recognition of informal and social economy work from activation programmes developed in other welfare regimes, for instance:

i) the relatively recent British attempt to both re-generate and modernise

the social democratic wing of its political and policy culture through the New Labour government and the strengths and weaknesses of its 'New Deal' activation programme for the young unemployed since 1997 (Roche et al 1999; CSIP Reports 3 and 4; also France and Hoogvelt 1999);

1. the strengths and weaknesses of the French 'Emplois-Jeunes' programme (Fraisse, in CSIP Reports 3 and 4)

iii) the apparent weaknesses more than the strengths of the Italian 'Socially Useful Jobs' programme (Mingione, Kazepov and Andreotti in CSIP Report 3)

The policy case studies presented in Report 3 add to the contextual and comparative studies produced in WP1 and WP2 and aimed to provide a basis of information and analysis from which conclusions and policy recommendations might be made. These latter conclusions and recommendations address possibilities for adapting the European social model(s) concerned with the social inclusion of young adults in more cross-nationally coordinated and citizenship-based directions. In our review of policy cases in WP3 our brief was to consider innovative policies to promote social inclusion among young adults, particularly work policies, and to take some account of the ways in which these policies involved civil society and citizenship.

In our work for Report 3, among many other things, we considered and compared two recent and innovative social activation programmes involving young people in the Netherlands and UK. Also we considered the problem of encouraging the informal economic activity as a dimension of activation programmes (Williams et al, Report 3). In this section we firstly give some general conclusions about these programmes in order to secondly, illustrate more general assessment issues and criteria relevant to programmes of this kind.

<u>a)Social Inclusion through social activation: - Programmes in the UK and the Netherlands</u>

It is, of course, wise to recall that some of the British and Dutch activation programmes we considered in the CSIP and INPART projects, in particular the New Deal and Melkert III programmes (see Roche et al 1999 also van Berkel et al in CSIP Report 3, and INPART 2000), have not been running for a very long time and at this time are still in a process of policy evolution. Nonetheless from the studies and evaluations of them which we considered some conclusions can be drawn. Firstly they are both generally speaking regarded positively by most target groups of clients, and from that point of view they appear to be addressing perceived needs. Secondly, both are reasonably well resourced to deliver the service they claim to provide. However the length of time over which the resources and service can be offered is significantly different as between the two schemes, with the Dutch scheme offering greater support and for longer than does the British scheme. Thirdly both schemes aim, as is appropriate, to operate in a client-centred way. However evidently each of them face difficulties in achieving these aims.

The problems which we have identified with these schemes stem from the difficulties for the professional and occupational culture of employment service officials (as opposed to, for instance, social workers) in sustaining a client-centred rather than employment placement-centred approach. These problems appear to be greater for the British than for the Dutch scheme. In addition, overall, the 'reach' and take-up, and also the 'drop-out' problems of both versions of these policies give cause for concern at least for some categories of client. The British scheme has changed to from a voluntary approach to lone parents in receipt of benefit towards making at least one interview compulsory (i.e. a benefit condition) in 1999. The alternative approach of offering a positive financial incentive to encourage participation was not selected. It is too soon to see whether this approach will achieved the intended results.

We can sum up the more general implications of this consideration of the British and Dutch activation schemes with reference to a recent cross-national review of activation policies (Geldof 1999). This report, in line with our findings and recommendations and also those of the INPART

project (INPART 2000) suggests that in the future, when activation policies are being developed and evaluated, the following criteria should be used. These criteria can be expressed in the form of a checklist of characteristics which, ideally and maximally, activation policies should be expected to show. They should recognise any unpaid useful activity as work (and not just take paid employment as their model). They should be located in a broad programme of preventative anti-poverty measures (rather than being isolated measures to control the effects of poverty). The resources available to the programmes should be adequate for the personal tailoring of the programme to fit clients' expressed needs (rather than being minimal and supporting only standardised services). They should aim at permanent integration (and not temporary integrative effects). They should operate on the basis of respect for clients (and not stigmatise them). They should offer positive incentives for clients to participate on a voluntary basis (rather than using compulsion of negative sanctions such as that of benefit withdrawal given non-compliance).

The findings of our studies of activation programmes, both in the Dutch and British cases, and also in the cases of other national programames studied in the CSIP and INPART projects, lend support to the relevance of these evaluative criteria. In general we consider that they provide some basic elements of a template on the basis of which to develop schemes which can aspire to provide high quality and effective inclusionary services, experiences and opportunities to the unemployed.

b) Empowering Informal Economic Activity as an element of Social Activation policy

On the basis of the findings of their studies of informal economic activities in disadvantaged neighbourhoods both for the SEDEC network and also running back over a number of years Williams and Windebank conclude that policy-makers need to empower people to help themselves. People's unmet needs resulting from the inadequacies of the 'social inclusion through employment' model have to be addressed by complementary policies (Williams and Windebank 1999). They propose a framework for the introduction of complementary social inclusion policies

that incorporates self-help and also reflects the macro-economic conditions of the contemporary period.

In terms of the principles which underpin policy, they propose that we should move from a 'full-employment' to 'full-engagement' goal. The new principles include: - holistic citizenship; the valuing of self-help beyond employment; and the recognition that such activity is a key way of meeting needs, and one which is often prefered by people over employment. In terms of particular strategies they consider 'bottom-up' as well as 'top-down' strategies. Bottom-up strategies refer in particular to community-based initiatives such as LETS, Employee Mutuals, and Mutual Aid Contracts. Top-down strategies include redefining and revaluing work and employment through a number of measures. These include extending tax-credit schemes from 'working families' (as in the UK's WFTC scheme) towards the goal of a Guaranteed Minimum Income, and making (informal) work pay, though a new Community Enterprise Employment (CEE) scheme, which would allow benefits to be claimed and/or would pay a wage for client-based and negotiated community, voluntary and other care activities.

In our studies of the UK's New Deal programme we concluded that, from a 'social activation' and social rights perspective, the range of options currently available is limited and needs to be expanded. Our policy proposal here, then is that one important way of improving the New Deal programme, and programmes like it in other countries, would be to develop CEE schemes. These would qualitatively extend the non-market work options and work selection processes currently available on the New Deal and on similar 'social activation' and social rights-based programmes (Williams 1999). (For further more general recommendations for the future devcllopment of social inclusion and activation polices see the Summary of Recommendations above).

Ch.2 - PART C

Strategic Concepts for National-level and European-level Social Inclusion Policy: - Findings and Conclusions

This section outlines findings and conclusions connected with the 'standard paradigm' for undertaking comparative analysis of welfare regimes and social models; issues of innovativeness, institutional design and constitutional framework in researching new social models; and principles of social inclusion policy assessment connected with the forms, frames and processes of social inclusion.

1 - Comparative Cross-European Analysis: - developing the 'standard paradigm'

i)The relevance the standard paradigm for the analysis of differences in social models in European societies:

Our project's concern for social inclusion policies across 12 EU states necessarily required some organizing concepts and terms of reference in which to situate the national studies and to enable comparisons to be made. The well-known, and by now 'classic' or 'standard' analytic paradigm for such comparative work since 1990 has been the work of Esping-Andersen and his colleagues proposing the existence of distinct 'welfare regimes'.This classifies nations into 'social democratic', 'continental corporatist' and 'liberal market' types of regimes.[15]

This kind of analysis, in addition to the study of national political and cultural differences, is evidently important in trying to assess such things as:

- the existing and traditional mixes and versions of work (typical and atypical employment, formal and informal work) and citizenship (social rights and responsibilities, state-civil society) characterising nations' social models (and thus their approaches to social exclusion problems and social inclusion policies), and the 'internal' dynamics and conflicts

[15] Original analysis in Esping-Andersen 1990, subsequently reviewed and modified in Esping-Andersen 1996, 1998. See recent assessments and uses of the paradigm such as Muffels et al 1999 and Hemerijck et al 1999. For a refview and critique of the standard paradigm see CSIP Report 1.

which may threaten the effectiveness and stability of such systems from within;

- the impact of common 'external' forces of structural change (such as globalisation, techno-economic paradigm change, feminisation of the labour market etc.) on nations' social models; and

- the capacities of national and/or regime models for change and adaptation, both the resources to do so and the institutional and cultural limits and inflexibilities in relation to this.

It is worth bearing in mind that to a certain extent the classic paradigm operates with 'ideal types' which, while they may be distinguishable in theory, may only found in reality in mixed forms. This reminds us that some of the apparently qualitative differences between the types which may appear be observable at first sight or may be claimed by ideologically-grounded analysis may on closer inspection turn out to be variations on a common theme.

ii) Commonalities in European social models in spite of 'regime' differences:

The CSIP project is concerned with the dimensions of work, income and recognition, key dimensions of social inclusion and exclusion, across European. Given this it is notable for instance that, in spite of their regime differences, all European nations, to one extent or another:

- in relation to work, - give priority to full-time employment (rather than part-time, flexible, atypical employment or informal and social economy work) in their work/welfare systems;

- in relation to income, - provide income maintenance in unemployment and in post-retirement which is differentiated to prioritise the value of 'contributory' employment-based insurance schemes provision of income, over a subsidiary category of 'non-contributory' 'social assistance'-based income (on the idea of differentiating and comparing societies in terms of

their ‘social assistance regimes’ see OECD 1997); and

- in relation to ‘recognition’, - typically allow this to be attributed primarily to those in employment and in receipt of employment-based income, sometimes also connecting this attribution, within national ‘welfare states’, with ethnically and nationalistically influenced conceptions of entitlements and citizenship status.

iii) Developing the standard paradigm:

The standard paradigm has been the subject of much debate and criticism, much of it constructive and adding to our understanding of the tools and requirements for comparative social policy research.

The CSIP project has found that regime analysis, suitably amended has been useful, but that, given the concerns of our project, its use is limited in various ways.

In our theoretical review (Report 1) and our empirical studies (Reports 2 and 3) the project found that the classic analysis benefited from being amended:

- to include a fourth regime, that of ‘Southern European familist’ type;

- to take account of the ‘outputs’ of effectiveness and impacts on citizens’ (particularly welfare clients’) experiences connected with welfare regimes (cf. e.g. Muffels et al 1998 and INPART 2000)

- to take account of differences between the regimes in terms of their distinct patterns of familial and gender inequalities;

- to take account of differences between the regimes in terms of in their distinct patterns of policy approaches to, and accommodation of, immigrants (cf. e.g. Faist 1999 in CSIP Report 2)

Suitably amended regime analysis was found to continue to be useful in characterising particularly the ‘social democratic’ model and to a lesser

extent the three other models.

However more generally the project found the standard paradigm to be less useful in terms of its lack of capacity to throw light on:

- commonalities of experience in relation to the impacts of 'external' forces of structural change (including techno-economic change, globalisation and Europeanization, immigration and multiculturalisation) on old and new problems of exclusion and citizenship (including unemployment and racism);

- the fact of, and the commonalities of, reform of mainstream welfare and employment policy systems, including the new late 1990s generation of 'activation' policies and their distinctive features;

- cross-national policy learning and coordination beyond the sphere of particular regimes, (in particular the relevance of the EU level of policy coordination).

2 - Researching 'new social models' in European societies:

i) - Problems of 'innovativeness ' in assessing social inclusion policies

a) Innovativeness and recency: - the late 1990s

One aspect of the innovativeness of policies, of how 'new' they are, is evidently recency. Thus most of our studies are of national policies which, while their origins may lie deep in nations' post-war socio-economic policy experiences, nonetheless have been newly constructed or reconstructed in the late 1990s. This is so, for instance, in relation to the DGP (1998) in Sweden, the WIW (1998) in the Netherlands, the ALP (1999) and ASP (1997) in Denmark, the LEA (1994) in Belgium, the Employment Plan (1998) in Spain, the National Action Plan (1998) in Austria, and the New Deal (1998) in the UK etc. (For details on these policies see WP3 Vol. 2; for details on the UK's New Deal see Roche et al 1999 and Cook and Williams 1998).

It is worth making a number of general points about these late 1990s policy developments. In some countries, particularly the Northern European social democratic regime countries' versions of 'activation policy', they represent an evolution and consolidation of policy experiences which are relatively familiar and well understood, and which on balance seem to have sufficient positive effects and public support to develop further. In other countries, such as the UK, such positive activation policies are more unfamiliar and experimental. In both sets of cases, however, by definition late 1990s policies are at an early stage in their implementation and as yet only have short-term effects, and can only be evaluated in terms of such effects rather than in terms of the more settled medium-term effects of policies at a more mature stage of implementation. For instance, in any full evaluation of the inclusionary and employment-promoting impacts of activation and work policies it will, in principle, be important to be able to distinguish these effects from comparable effects of positive phases in countries' economic cycle effects. It is not possible to do this at the present time with late 1990s policies. So we have found that one cost of research into policy innovativeness in the form of recency is an unavoidable and intrinsic limitation in the potential depth of policy analysis and assessment.

b) Innovativeness and the local dimension:

While many of the policies we have considered in this report are national level policies often involving new primary legislation many also involve the local level (e.g. municipalities) in important ways in implementation. This creates the potential for substantive innovativeness and local relevance in policy-adaptation and delivery. New forms of local linkage between employment and social services agencies is often required. Also new forms of local partnership or incorporation of civil society agencies such as voluntary organisations in the provision of work and training is often required. However this also creates the potential for different levels and quality of services and of client experience between different localities. In addition to the possibilities of such differences exacerbating rather than ameliorating such problems as inter-regional inequality and solidarity, and

national labour market rigidities, it is also possible that arbitrary-seeming local differences can operate to erode rather than strengthen citizens' perceptions of participating in a national community and system of social rights and responsibilities.

ii) - The dimensions of institutional design and constitutional framework

On the basis of our research we can attest to the importance of the dimensions of 'institutional design' and 'constitutional frameworks' in understanding social inclusion policies in EU members states, and also in exploring the further potential development of new social models at national and EU level.

a) The 'institutional' dimension:

The institutional design of new social models should be understood as incorporating - in more explicit and also, (given endemic structural change), more flexible ways - new relations (new 'social contracts') between state funding and provision on the one hand and the key socio-economic institutional sectors on the other. The latter include the labour market, the family or household, and also the combination of the not-for-profit and voluntary sectors, and the local community sector, (often refered to as 'the social economy', 'the third sector', or the dimension of 'informal economic activity') (see Note 7 above).

Conceptually the social economy can be seen as the whole of the economic activity of 'civil society', or broader conceptions of civil society can be used which include, in addition, relevant elements of the other three main sectors of the economy, - namely the labour market, the state, and the family. (See CSIP Report 1). In relation to the servicing and exercise of the social rights of citizenship we can refer to the welfare state-labour market relation as 'the mainstream system' and the sphere constituted by the other sectors and the inter-relationships between them as 'the complementary system'.

These institutional concepts are useful in guiding research into social

inclusion policies. In our research we looked, on the one hand, at the contemporary reform and restructuring of mainstream work and welfare policies and, on the other hand, at their linkage to new 'complementary' social inclusion policies in countries across the EU.

b) The 'constitutional' dimension:
On the basis of the CSIP project and SEDEC work more we make three general normative and policy-relevant observations from our perspective about the development of new social models in the contemporary period in Europe.

1. Firstly 'new' national-level 'social models' at least need to build on the lessons of the past, addressing the structural problems of the traditional national systems and adapting those systems to the new economic circumstances.

2. Secondly, new national-level models also need to be based, more explicitly than were the traditional models, on a revised universalistic conception of the social rights of citizenship, particularly those of work, income and recognition. Nations need to be committed to delivering these rights in as comprehensive and sustainable a way as possible. This rights orientation is important to counterbalance and also arguably to help legitimate the new weighting being given to responsibilities in this area.

3. Thirdly, and consistent with the second observation, the notion of a 'social model' and of the social rights of citizens needs to be constitutionally secured in the new European multi-level governance system, both at the national and also at the EU levels, as a framework for both systemic flexibility and also for citizens' autonomy and security. We explore the European Union dimension of these observations later in Chapter 3 (below).

3 - Principles of Social Inclusion Policy Assessment: - Normative issues and conclusions:

The CSIP project employed a range of analytic and normative concepts to help organize and assess its study of comparative social inclusion policies. These were outlined in CSIP Report 1 and applied in varying ways and to varying extents in Reports 2, 3 and 4. They can be briefly presented here as relating to some of the 'forms', 'frames' and 'processes' characteristic of 'social inclusion' as a social and policy phenomenon.

i) Social inclusion policy 'Forms':

The key forms of social inclusion for this CSIP project are work, income and recognition. These need to be understood as being interconnected. One way to understand their interconnection is to see them as individualisable and personally 'ownable' (although nevertheless ultimately socially generated and socially accessible) goods and as forms of 'Personal Social Capital' (PSC). People can be understood as needing to possess and use packages of these goods adequate for their needs , in particular their needs for autonomy. Further, people can be understod as having citizenship based social rights to needs-adequate minimum of these goods.

ii) Social inclusion policy 'Frames':

The concepts of personal autonomy and citizenship, and connected with them autonomy-needs and social rights provide important normative frameworks for the democratic regulation of the distribution of work, income and recognition as forms of personal social capital and thus as resources to prevent social exclusion and to enable and empower social inclusion. These framework concepts, particularly if institutionalised and legitimated in legal and constitutional forms at national and also at EU level, provide the context within which a new generation of more flexible, adaptive, negotiatable and common (or at least cross-nationally recognisable and translatable) social inclusion policies can be envisaged.

iii) Social inclusion policy 'Processes':

The social processes most appropriate to the generation, distribution, access and sustenance of these forms and frames for inclusion are citizens' participation in Democratic society (political citizenship in relation the state) and citizens participation in Civil society. This mainly refers to the national level, but it also refers to the sub-national and the transnational(particularly the EU) levels of democratic society and civil society in Europe. Processes which provide more space and voice, choice and responsibility for citizens are those in which the state adopts regulatory rather than only provisory roles, and encourages a contractualist rather than a dependency relationship between itself and citizens and among citizens in relation to their work and welfare.

iv) Some general principles of assessment for social inclusion policies:

These normative concepts of the forms, frames and processes relevant to the promotion of social inclusion suggest some assessment criteria for new social inclusion policies which have proved useful in the CSIP project in cross-national comparisons and assessments. These principles can be formulated as questions:

1. To what extent is policy-making in this field interconnected (or in British New Labour terms 'joined-up')?

Better examples of policy-making display evidence of this kind of interconnection which enables them to reflect and relate to the multi-dimensionality of exclusion problems and inclusion needs.

2. To what extent does social inclusion policy seek to promote a new relationship and a new balance between State action and citizens' action in the field of work and welfare?

The new generation of activation programmes in European societies

which we have surveyed and assessed in the CSIP project, together with their renewed interest in the usability of the infomal work and the social economy, can be usefully assessed in terms of the degree to which they promote a new balance between state and civil society, welfare state and citizen, formal capitalist processes (employment) and informal social capital processes (informal economic activity etc). To the degree to which do promote these things, to that extent they may be said to embody and exemplify the beginnings of a new social model in Europe, adaptive both to the demands of the age in which we live, and also to our contemporary aspirations as persons and citizens.

iv) Further research needs:

A conclusion of the CSIP project is that these sorts of questions and principles of assessment need to be developed and deployed in further in future comparative policy studies.

For example in relation to question 1, above the contemporary character and trends in the linkages between (a) formal welfare systems, (b) the capacity of societies to maintain, develop and distribute both human capital and also social capital, and (c) states' economic performance tend to continue to be treated in inappropriately disconnected and compartmentalised ways both in policy and in research, and thus continue to be poorly understood as interconnected processes requiring iunterconnected policy approaches.

In relation to question 2 above, both the CSIP and INPART projects suggest that the capacity of most European countries' public sector employment services and activation programmes to fully embody personally-responsive and rights-oriented principles in their operation in relation to the unemployed and welfare clients is limited and variable. The professions, agencies and bureaucracies involved themselves need to be capable of 'activation' as well as their clients. Further exploration of good practice in this area, and of the conditions which enable it, is needed.

In its future work the SEDEC network plans to explore the possibility of contributing to further research in each of the two topics noted here. However, in general the CSIP project suggests that in these and other ways a new agenda needs to be set, in European social research, for comparative policy research, monitoring and assessment in the field of social inclusion policies and programme.

CHAPTER 3
CONCLUSIONS AND EUROPEAN POLICY IMPLICATIONS

1 - Europeanisation and Socio-economic Policy:
- A developing context for Social Inclusion policies

i)The Europeanisation project: - EU integration and social policy

The EU member states at one level continue to proceed cautiously and in a staged and pragmatic way with the construction of the European Union as an historically unique experiment in new 'world regional' international and transnational governance. For often very defensible reasons (relating generally to the desire to maintain the quality of democracy and welfare at the nationstate level and the importance of the principle of subsidiarity within the EU) there remain important, familiar and even notorious 'deficits' at the heart of the EU and of its integration project. These deficits include, for instance, the 'democratic deficit' (Andersen and Eliassen eds 1996), the 'social deficit' (Begg and Nectoux 1995), the 'cultural deficit' (Garcia ed 1995, Roche 1999) and the 'exclusion' from the full development of EU citizenship (Roche 1997) as the member states attempt to retain maximal national sovereignty and maximal substance for national versions of citizenship.

However, with due recognition of all of this, nonetheless in the 1990s, - in the treaties of Maastricht (1992) and Amsterdam (1997) (and probably also in the forthcoming IGC in 2000), - the EU member states have embarked upon an accelerating economic integration process, namely the Economic and Monetary Union (EMU) project. This involves, among other things, the construction of a single unified market and a single unified currency. In addition there is the more slowly unfolding project of Political Union which explicitly involves at least the 'pooling' of national sovereignties, together with the, initially fairly nominal, construction of an EU level of 'citizenship' intended to 'complement' national citizenship. Taken together the EMU and Political Union projects, and the medium-term policy and research perspective that they require, are currently already having, and will increasingly have, profound implications for

people's experiences of social exclusion and social inclusion, work and welfare, collective identity and citizenship in Europe's societies. In various direct and indirect ways these multi-speed and multi-channel processes of European integration are already beginning to cosnsitute a substantial multi-level governance system, with multi-level experiences of collective identity, rights and citizenship. They imply the need for - and in the medium to long term, the likelihood of - comparable processes of Europeanisation and 'union' in the cultural, civil and social spheres of collective life and public policy. In addition of course currently there is pressure from the European Parliament and other agencies to create a justiciable Charter of Fundamental Rights in the EU which, if achieved, is likely to include some social rights (EP 2000a,b).

With all due allowance for subsidiarity and differential national reform processes the implications of the EMU single market and single currency projects, as they are worked through in the medium term, are likely to increase the convergence between EU member states' mainstream work and welfare systems. The first stage of the single currency project, launched in 1999, involves, among other things, the centralised control of the exchange rates of the national currencies of the 11 EU member states in the 'eurozone' by the European Central Bank together with a significant constraint on their levels of public expenditure (at least that part of it which might be generated through governmental borrowing and increases in the national debt). This stage of the EMU system, together with the monitored economic convergence that it involves, clearly implies a 'pooling' of economic sovereignty by eurozone members. That is, it already seems to imply significant constraints on participating state's traditional capacities for independent and nationally distinctive versions of macro-economic policy.

The working out of the economic policy logic of EMU in the medium term involves both the drawing out of the implications of a single currency for independent national tax and benefit systems and also, and relatedly, the drawing out of the implications of the single market project for independent and nationally distinctive work and welfare systems. In

relation to the latter the crucial issue for the future is not just the current and ongoing unification and Europeanisation of capital, commodity markets, but, in particular - and (because of the evident durability of barriers of language and tradition) necessarily in a longer-term perspective - the progressive unification and Europeanisation of EU member states' labour markets and Europe-wide labour mobility and migration during the early decades of the 21stC.

The single currency project's implications for tax and benefit systems and the current policy goal of constructing a single labour market within the EU, are both binding Treaty-based commitments. Both separately and together they necessarily carry profound implications for the capacity of member states to retain control, as they currently do, of employment and welfare policies. The agreements which member states have entered into to attempt to converge their employment and welfare policies remain technically voluntaristic and not legally binding. However, even in the post-Maastricht mid-1990s period these agreements were capable of being analysed as distinctive systems of multi-level governance involving a significant pooling of sovereignty by a group of what have become merely 'semi-sovereign' welfare states.[16]

ii) Recent developments in the European dimension in employment policy

In the post-Amsterdam and post-euro launch period of the late 1990s we can now see the beginning of a coordinated EU employment policy and regulatory system which member states are obliged to take account of and which is likely to consolidate in the short to medium term. The Employment Guidelines policy (agreed at Luxembourg in 1997 and first implemented in 1998) requires EU member states to submit employment action plans and attempts to promote 'best practice' policy sharing and coordinated approach between the member states. The system has recently been further institutionalised by the creation of an inter-

[16] For relevant general discussions see Leibfried and Pierson eds.1995, Marks et al 1996, Roche and Van Berkel 1997. On EU strategies in general see the Amsterdam Treaty (EC 1997a) and Agenda 2000 (1998a). On EU social policy see Leibfried and Pierson 1995, Begg and Nectoux 1995, Streeck 1996, Spicker 1996, Duffy 1998, Heikkila 1999. On EU employment policy see EC 1997, 1998, Begg 1997, Bosco and Chassard 1999. On EU citizenship see Meehan 1993; Roche 1996, 1997.

government EU Employment Committee charged with the annual monitoring of member states' National Action Plans and the coordination of them in relation to the EU's overall Employment Action Plan policy from 2000 onwards (EU 2000).

Key themes of the Guidelines are attempts both to improve the quality of labour supply and also to promote demand for labour. Promoting the demand for labour connects with general EU macro-economic policy to promote non-inflationary economic growth pursuing 'high levels' of (but not 'full') employment within the EMU project. The project to improve the quality of the labour supply pursues a 'preventative' approach to unemployment and emphasises the new and long-term state obligation to support citizens' (working) lifelong 'employability', and generally a society of 'full' or 'secure employability', through education and training opportunities and 'active' rather than 'passive' approaches to the distribution of welfare benefits and services (e.g. see EC 1998, Bosco and Chassard 1999). These policy approaches, as can be seen in the policy reviews and studies contained in CSIP Reports 2 and 3, particularly the preventative and employability approaches, have undoubtedly registered both in the recent employment policy discourses and practices of EU member states as they begin to undertake reforms in their mainstream work and welfare systems.

This development of EU level employment policy runs parallel to the existing agreements in the social rights field. These include agreements (from Maastricht) to monitor social policy convergence, and (from Amsterdam) to exercise an increased competence for EU institutions in the sphere of social inclusion policy actions in the Amsterdam Treaty, together with new commitments to human rights and to the European Social Charter's social rights also agreed in the Amsterdam Treaty commitments which are currently being developed further in the pressure for a EU Charter of Fundamental Rights. Taken together they begin to amount to the construction of an EU framework for socio-economic policy-making and for the addressing of citizens' socio-economic rights at an EU level. They may be said to amount to the beginning of what can be refered

to as a process of Civil and Social Union. While this undoubtedly currenty lags behind the EMU process, it is logically required by it and it may ultimately be more substantially developed to complement it.

The late 1990s work policy developments in the EU member states which we are concerned with in Reports 2 and 3 are roughly co-terminous with the EU member state governments' inter-governmental discussions on employment policy in the 1996/7 period leading up to the Amsterdam Treaty and the Luxembourg Agreement, and with the early implementation of the attempt to coordinate member states' employment policies from 1998 onwards (through annual NAP reports). National-level policies of the kind we have considered in WP3 may be presented and accounted to national publics as the creations of national governments and their own democratic processes, and also as being exclusively of concern to the citizens of each country. However, with all due recognition for the current voluntariness of the process and the diversity it allows, it remains the case that these policies also now have to be presented and accounted to the Council and are open to scrutiny and debate in the EU Parliament and in other EU institutions (e.g. ECOSOC). At the very least it can be reasonably assumed that, from now on, policies which are incompatible with the overall inter-governmentally agreed thrust of employment policy for Europe are unlikely to be created or promoted in EU member states.

More substantively, it is reasonable to assume that policies which are compatible with the overall agreed range of policy strategies will increasingly be considered and experimented with by member states. This process may provide a context for more rapid policy-learning (policy cloning and 'social technology transfer') between member states, particularly in respect of effective policies, and this in turn presages the possibility of a qualitatively greater degree of commonality across the EU in employment policy compatible with the long-term development of a more integrated EU labour makrket. Currently this seems already to be happening in terms of the spread of 'active' approaches to labour market policy and the development of 'social activation' programmes around European countries, and also in terms of the spread of elements of a

common policy discourse in this field (involving concepts such as 'activation', 'employability' etc).

Since this EU dimension in employment policy is so recent, its connections with changes in national employment policies is not always clearly articulated within national policy debates, and it presents an intrinsically complex picture there are limits to which it can be fully grasped as a whole and adequately evaluated at the present time. However, in Report 3 we flagged up the importance of the EU dimension of our work and interests both in our study of migrant labour and the 'posted workers' regulation (Dreher et al in Report 3) and in our outline comparative review of the first wave of NAP reports (Kofler in Report 3).

2 - EU socio-economic policy and the European social model:
- Developing the institutional and constitutional agendas

The medium-to-long term policy implications of the interim findings of the SEDEC studies can be related to the EU's own vision of employment and social policy. Following from our earlier discussion (section 1 above) they can be divided into institutional and constitutional implications and proposals (respectively in ii) and iii) below).

i) The institutional dimension: - EU institutional social inclusion policy development

a) The monitoring of EU policy convergence:

There does appear to be some de facto convergence between states in the work and welfare spheres in spite of major national and regime differences. However this convergence needs to be more fully and systematically monitored across both employment and welfare policy fields than it currently appears to be. This is particularly important given the fact of the EMU process and the likely current and future impacts of this process on national employment and welfare problems and policies. EMU impact assessment should also be part of a fuller monitoring system.

b) The promotion of EU policy interchange and implementation:

The policy interchange between EU states which the EU aims to promote (e.g. in employment policy in particualry and generally in the socio-economic sphere in terms of 'best practice') does not seem to be particularly evident from the information we have gathered in the social inclusion policy field. In addition, and connected with this, the relevance of EU-level and EU-sphere policy thinking and recommendations (particularly at the local levels at which activation policies were mainly implemented and managed), does not seem to be particularly evident from the information we have gathered. With due allowance for subsidiarity the relevance of this EU dimension for national and local levels in social inclusion policy-making, managing and implementing could be promoted further. This could be achieved through an EU-coordinated programme of interchange which could be developed in parallel with, and even incorporated into, innovative new social inclusion policy developments as they emerge in member states and regions.

b) The consititutional dimension: - EU Social Citizenship development: - Towards a Civil and Social Union

In terms of our discussion we propose that there is the need to promote a medium term programme of construction of and constitutionalisation of EU level citizenship rights. On the basis of our analysis we suggest that citizenship within the EU should be understood as being multi-level, multi-functional and multi-dimensional. Citizenship is multi-level because it relates to European, national, regional/local levels of governance and identity. It is multi-functional in that it relates to rights and responsiblities in relation to citizens' activities and functions across a range of core social roles, such as being employees, consumers, parents, and carers. It is multi-dimensional because it consists of the familiar Marshallian dimensions of civil, political and social citizenship.

We propose that the social dimension of citizenship should be understood as consisting of (at least) the rights to work, income and recognition. The rights at least to work and income will increasingly need to be addressed

by combinations of policies and sets of packages of relevant social goods. Thus, the right to work can be addressed, on the one hand, by both subsidizing and rationing employment, and making some form of employment opportunities available on a guaranteed basis for any citizen who wants to access them, together with, on the other hand, a negotiated portfolio of non-market complementary activities. The right to income can be addressed by a combination of a (probably 'partial' and non means-tested) basic income, an employment-based income (where possible), a supplementary income or benefits payable for activities undertaken as part of activation programmes, and formally-provided and informally arranged and needs-oriented services in-kind .

In terms of EU social citizenship we propose that, if it is to be far-sighted, policy-making should aim to work towards achieving a constitutional framework for the lifelong social security of the individual citizen in an increasingly insecure labour market, and for the flexibility of both the individual citizen and also the socio-economic system they operate within in Europe. This framework should link member-state and EU levels and be developed with appropriate regard for subsidiarity. Such a framework for security and flexibility is necessary in order to enable both nations (as macro-economic entities) and enterprises to increase their adaptability, productivity and competitiveness in contemporary global and high technology economic environments. On this sort of basis it can be hoped that a socially and democratically regulated European capitalism can generate growth, prosperity for employees and a taxable basis to pay for the new social Europe at national and EU levels in the 21stC.

Finally, we propose that strategic EU and memberstate policy-making should orientate itself in terms of the EU's new and emergent 'social constitution'. That is it should explore and exploit the commitments to the European Convention on Human Rights and the European Social Charter which were recently recognised in the Amsterdam Treaty, and the planned EU Charter of Human Rights should help in this regard. In connection both with these principled issues and also beariing in mind the development of the Economic and Monetary Union, we propose

(consistent with other comparable calls for such reform, eg. ECOSOC 1999) that we should begin to develop the concept and the reality of a 'Civil and Social Union' project within the EU. For the futures of the citizens of the member states of the increasingly interconnected and interdependent European Union now is the time to begin to put some flesh on what are currently only the bones of EU citizenship and social rights. (Also see Summary Recommendations above)

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Dissemination

The findings and recommendations of the CSIP project were disseminated at a special one-day international conference in Brussels, February 2000, organised by the SEDEC Network on the theme of 'Developing the European Social Model'.

They were also presented to the annual conference of the British Association for the Advancement of Science in September 1999, and it is planned to present them at the international conference of the Society for the Advancement of Socio-Economics in July 2000 in London.

The CSIP project partners are currently reworking their studies into a number of papers for academic and policy journals, and also into the form of a book which it is hoped will be published in 2001/2.

APPENDIX 1:
THE CSIP THEMATIC NETWORK RESEARCH PROJECT

The SEDEC Network's TSER Thematic Network project is concerned with 'Comparative Social Inclusion Policies and Citizenship in Europe: Towards a new European Social Model'. It aims to make a contribution to the search for a 'new European social model' as a frame of reference for developing and evaluating alternative forms of socio-economic policy concerned with social inclusion within the European Union, both at national and EU level. It aims to analyse and evaluate contemporary socio-economic policy frameworks and processes. It focuses on types of policy which emphasise citizenship's and civil society's role in work and welfare policy. In particular it focuses on policies concerned with atypical and innovative forms of work and employment in relation to the target group of young people in particular. Its work programme consists of cross-national comparative contextual and policy reviews and also reviews of case studies. These studies should reveal much about the key strategic socio-economic policy questions facing the EU and EU member states in the contemporary period.

The project aims to explores and test the following general hypothesis:
'Social inclusion policies which give a positive and constructive role both, on the one hand (a) to flexible forms of work, and also on the other hand (b) to principles of social inclusion, citizenship and civil society - other things being equal (e.g. material resources) - are perceived as being more effective and successful by policy-makers, policy-implementers and policy-recipients than traditional forms of social policy which marginalise these principles and which marginalise and even penalize these forms of work'.

On the basis of this work the project aims ultimately to develop an analysis of the 'inclusionary potential' of a range of European social models and, relatedly, a citizenship-based approach to the evaluation and future development of social inclusion policies within EU member states and also at the EU level. To explore and assess the overall

Network Project hypothesis in its work programme the project addresses both the national level in 12 EU member states and the EU level particularly in relation to the target group of young people, and policies aimed at this group such as, among others, those concerned with the 'activation' of unemployed young people.1

The project's work programme consists of four work packages which, in turn, generate four reports on aspects of 'comparative social inclusion policies' and the social rights of citizenship in contemporary Europe.
- Report 1 involves a contextual (sociological and normative) analysis which generates concepts (e.g. citizens' rights to the personal social goods of recognition, work and income) to guide the subsequent empirical comparisons.

- Report 2 involves a macro comparative analysis of exclusionary problems and policies in 12 EU states using the concepts indicated in Report 1.

- Report 3 involves a set of case studies of innovative work and welfare policies, including activation policies aimed at the young unemployed as follows:
i) Social Assistance Reform and Workfare in Northern Europe (Finland, Denmark, Sweden, the Netherlands);
ii) New Employment Schemes: - National and local levels (Austria, Belgium, Britain, France, Italy, Portugal, Spain;
iii) Ethnic Minorities and Migrant Workers: - Problems and policies (Germany, Britain, EU level).

- Report 4 sums up the findings of the project and indicates its implications for the medium term development of the main forms of European social model.

APPENDIX 2:
CROSS-EUROPEAN INEQUALITIES IN 'PERSONAL SOCIAL CAPITAL'

PART A: WORK

CSIP project authors: - Jacques Vilrokx, Jan de Schampheleire

Introduction

In this text we compare the various SEDEC CSIP project national reports (Work Packages 2) on the level of labour and social inclusion. The comparison we will make obviously implies a description of similarities and differences between countries as they have been contextually described in the work packages. At least two broad, but quite concrete, issues are involved: (1) employment and social welfare policies, (2) people's involvement in formal and informal work.

The corpus of this text is about employment versus unemployment and their relevance for both the individual and household levels (§2). First, however, we begin with two reminders: one on Personal Social Capital (PSC) and the meaning of work (§1.1) and one on the general context of welfare state development (§1.2). These reminders will hopefully facilitate the further description and analysis.

Personal Social Capital (PSC)

PSC as described in Report 1, volume 1 as a concept that is very much related to ideas on activation, empowerment and the increase of personal autonomy. In practically all present debates where work, economic growth and the welfare state are involved there is a high chance that one or more of these concepts arise. Many actors with different interests are involved in these debates. It is useful, therefore, to review the different emphases the concepts are awarded depending on the basic reference one takes:

- From the perspective of *citizenship*, empowerment and autonomy are people's prerequisite qualities for developing virtue and judgement. Therefore they should be able to have, or to earn, the resources for their own living.
- From the perspective of the *welfare state* (work) income resources contribute to the social security system. An effective welfare state guarantees income security and prevents poverty. An efficient welfare state guarantees its own reproduction through the manageability of its expenses. A high activity rate (or a low dependency rate) is one indicator of the good health of the social security system.
- From the perspective of the *economy* people should be able to take up their responsibilities in work situations. People should also be able to actively adapt to the changing work requirements - both in technical as in communicative skills.

Evidently (and luckily) the various emphases and interests can be very much in line with each other. For example, preventing people from entering a poverty trap is essential from every perspective. It is important for people themselves - for their own self-respect, personal development and, in general, for their life chances. It is also important for society, in order to prevent laziness and dependency, and in order to stimulate feelings of duty & responsibility. Furthermore it is important that social security functions as a temporary safety net and not as a permanent hammock. Finally, for the economy it is important to have stable and permanently high income levels for equally high consumption patterns.

Nevertheless, the various emphases are not *necessarily* in line with each other. More specifically, activation on the one hand and empowerment and PSC on the other hand can stress quite different things:

- In terms of activation it is most important to put the unemployed under pressure in order for them to accept the training or jobs that are offered to them. In general it is important to have a low dependency

rate through high employment of people between 15 and 65. In this way a healthy - reproductive / workable - social security system is guaranteed.

§ In contrast, empowerment and PSC are less concerned with the quantity of formal work itself, but rather with the social inclusion of the people concerned. Work as it is connected to PSC (a) supplies a self-provision [informal] or an income [formal/informal]; (b) reproduces appreciation and self-respect; (c) supports self-development through professional activity or through education and training.

As a consequence, through taking the perspective of PSC we are only moderately interested in the quantitative distribution of formal work. We rather stress the importance of (1) informal work, (2) education, (3) qualified and qualifying work.

General context

Some aspects of the economic and social contexts are so pervading that they should be mentioned before we can go into the more restricted issue of work and social inclusion. The first issue is the demographic transition - all countries report demographic evolutions that are similar to a high extent. The second issue is about broad national and regional similarities and differences in welfare state development.

Demography

All twelve countries report a decrease in birth rate and a decrease in gross number of life births. This is accompanied by a growth in life expectancy. Together these tendencies imply a life pyramid with a narrowing basis and supporting a broadening top. The baby boom generation, now in its forties and fifties, will, when reaching the age of pension, rely on and will be dependent on a generation much smaller in size.

The mean size of households is in decline. The decline in household size is the result of two tendencies: a significant increase in single person households and a decline of large households (5 persons or more).

Parallel with the decreasing household size, is a significant shift in household composition. New lifestyles such as independent living, premarital cohabitation and single parent households have emerged. Rising divorce rates have led to various forms of reconstituted families, while lower remarriage rates resulted in post-marital cohabitation as well. The different states are, furthermore, less clearly defined. Returns to previous states occur more frequently. This means that transitions from one state to another are no longer unidirectional. Independent living or cohabitation can be combined with periodic returns to the parental house, while LAT-relations involve spells of independent living and spells of cohabitation.

The only differentiating remark to be made is that some of these tendencies are less clear in south European countries. In Italy, Portugal and Spain married couples with children still make up the majority of households; young people do get married but on average later than their parents. If they are not getting married, they stay within their parents' household, births out of the wedlock are increasing but the figures are not comparable to northern countries. Nevertheless, there is a slow but increasing diffusion of these life styles.

At least two demographic tendencies then underline the need to look at individuals rather than households in their capacity to earn an income: (1) the increase of single person households (or single parents households) and (2) the ability to change (or non unidirectional development) of households.

Welfare state development

The least one can confirm on the basis of the twelve national papers on WP2 is that there are strong differences between developments in welfare

states. This implies that the adaptation process to both demographic transition and economic globalisation is quite different from state to state. In Portugal, for example, a reform is observed without the welfare state having been properly developed. In Sweden a well developed welfare regime now becomes more restricted.

Reforms or restrictions on welfare state facilities are mainly concerned with the same issue: the state delegating certain tasks back to the family. This delegation notably arises at a moment where more households have become economically and socially vulnerable. The main point to be mentioned in this context, however, is that although all national reforms go in the direction of delegating tasks to the family, the starting points are very different. In Sweden reference is made to the unemployed who now have little or none childcare possibilities anymore. In the south European countries the actual presence of such services has always been extremely low.

Another obvious difference lies in the regulations on minimum income and social security of the unemployed. This is a point to which we shall return. In the meantime it is quite clear that the absence - or still very week presence - of a minimum income in the UK and the absence of a fully established social security system for the unemployed in Italy, involve a potential for income precariousness and job vulnerability on a scale that is totally different with countries that do not face these absences.

A last point to be borne in mind refers to polarisations that undermine solidarity in the various countries. These polarisations can be:

§ *Between regions.* Some countries face strong internal regional differences in economic development, undermining the national solidarity: The Flemish and Walloon regions in Belgium; the North-South division in Italy; regional differentiation in the UK.

§ *Between generations.* All countries that used attractive pre-pension systems during the eighties and first half of the nineties now face a

situation where the systems are not affordable anymore and cannot be offered to the next generations. In general, reforms involving less attractive work conditions - notably absence of job security - only hits the next generation, while the former one is still legally protected by earlier agreements. Similarly, attractive pension schemes (that are not reproducible for the next generations) can concentrate resources with older people (cf. Italy).

§ *Between terms of employment.* Individual companies or industrial sectors can have a high liberty in fixing their own terms of employment. High differences are possible in job security or in terms of dismissals. Especially if this differences are independent of the job content or the required skills solidarity between employees is questioned.

Employment and unemployment

We can now focus on some comparisons in employment and unemployment. Structural changes in labour market participation involve evolutions by age and gender (§2.1). Moreover, there can be important differences in vocational training (§2.2) and in terms of employment (§2.3).

Age and gender

During the last two decades European labour markets have structurally changed. With some minor exceptions and nuances two long-term trends have been witnessed:

§ The establishment of *women* in the labour market. This involves an increase in absolute presence and, through a decline in the number of males on the labour market, an even higher rise in relative presence.

§ A concentration of the *age groups* on the labour market. Notably a high presence of the 25 to 50 years old:

- § The prolonged education for young people has affected the total size of the labour market; young people are entering the labour market much later than before.
- § An increasing proportion of the older labour force leaves the labour market before retirement. Early retirement has been endorsed until the 1990s.

The concentration in age groups is higher for women. If older people are working, then there is a high chance that they are men.

Women

The basic line for higher female participation on the labour market together with higher unemployment rates for the female labour force are well known. Economic restructuring from the 1970s to the early 1990s has brought high redundancies in the industrial sectors, leading to a retreat of - most importantly male - participation on the labour market. The rise of the tertiary and quaternary sectors has been accompanied with a higher participation of women on the labour market. Moreover, part-time work and less job security are also more associated with work in the tertiary and quaternary sectors. Consequently, higher unemployment rates are also more to be found in the female labour force.

A basic exception to this script is the Swedish case, with actually a lower unemployment rate for the female labour force. In this case the importance of redundancies in male dominated sectors overshadows the unemployment in sectors with a higher female participation.

Furthermore, the participation of women in the labour market is also less established in the south European countries - especially in Italy the rise of female labour is less pronounced. Cultural differences (more traditional gender roles in the south European countries) offer one side of an explanation (although still a superficial one). The other side of the explanation is the low presence of welfare facilities - child care, care for

the old and disabled. With the reform of the (hardly established) welfare state even more responsibilities are reassigned to families and households. This further reduces the development of the quaternary sector.

Younger people

As a rule, young people enter the labour force at a later age than one or two decades ago. This is due to both longer compulsory secondary education and parents investment into their children's higher education. Nevertheless, education no longer guarantees an automatic passport to a first job. The difficulties young people experience in entering the labour market is most dramatically reflected in the southern European countries - with high percentages of youth unemployment, most importantly unemployed with no first job experience. Notably, in the case of Spain and Italy those in highly protected jobs sharply contrast with those having difficulties in entering the labour market.

In the other European countries young people get more opportunities to acquire first work experience and/or access to unemployment benefit. Youth employment or training programs are useful in giving people a stepping stone to regular work. Alternatively, these programs can also develop "careers" with switching periods of work and unemployment. There exist high international differences in income resources these employment programs offer (e.g. high in Denmark, variable in the Netherlands, low in the UK).

Higher education for more young people by contrast also emphasises the low qualifications of the rest group. Furthermore, compulsory secondary education that has not led to a school leaving certificate is worse than entering the labour market at a very young age. Both tendencies imply a displacement effect on the labour market: with their number rising the high qualified start taking jobs slightly below their qualification level, which

forces the lower qualified to do the same and which excludes the unqualified from any job possibilities.

Comparison between countries on youth employment programs and “activation” of young unemployed is anyway a difficult issue. Many variables are involved: e.g. education level, income resources, regular labour market possibilities. A final complication is the hybrid labour market position of young people: they often combine education and work (i.e. in the Netherlands and in Denmark) and they are not “really” unemployed unless they have been employed.

Older people

Labour market exit at an earlier age than regular retirement age has also become generalised. One widely used reform scheme in industry has been early retirement. It has been particularly used in countries with high trade union presence (e.g. Italy, Belgium) and with a particular high protection of employees on a regular labour contract. Financially interesting early retirement schemes also were set up in public administration and education. As a consequence of present state budget control these schemes are no longer possible, which cuts off the future older employees from an equal financially interesting regime.

Between countries there seems to be a quite big difference in job security among older employees. In Austria of all age groups, the one between 50 and 55 has the highest unemployment rate. As a contrast, in Italy the employment and job security of this category is high. Remarkably, the comparison (between age groups and between countries) is also troubled by unemployment policy. In Belgium for example people over 50 who are unemployed continue to receive unemployment benefit but are no longer counted as part of the labour force.

Education

A well established dual system of training as the one existing in Austria proves perhaps to be the most fruitful inroad as far as training the young unemployed is concerned. The "national policy document", implemented by the Labour Market Office (AMS) offers the (mandatory) schooling framework in which the integration of young problem groups is sought. Of special interest is the three pillar version of the dual training system, where additional training through targeted courses supplements the original interaction between school and company. As such Austria is, as it appears from the different reports, the country which pays the most explicit attention to problems of youth unemployment notwithstanding the fact that its unemployment problem is less dramatic than in most other countries of the EU.

Given the scale of youth unemployment and although several specific programs are brought into practice, training for the young low qualified does not appear as an overall priority in the battle against unemployment and exclusion. Indeed, in most countries, we can see a more generalist approach towards inclusion in the labour market. *Life-long learning* and *activation* for all labour market categories in excluded or peripheral labour market situations, seems to be the objective in such a generalist approach:

§ In *life-long learning* the cause of enhanced productivity and employability is spoused. Treu's "pachetto" in Italy contains this element, but also in the UK situation, live-long learning as a productivity ethos, rather than as a programme for specific target-groups, should be mentioned here. This is not to say that, even in such a broad scope, specific youth training programmes are completely absent from the scene. They are present in the case of Italy where apprenticeships are part of the pacchetto. But most cases

– Finland, France, Portugal and Spain – make no specific reference to youth programs.

§ Next to these countries the emphasis on mandatory or conditional *activation* dominates policies. In Sweden nine new programmes have been implemented since the beginning of the nineties. Here a youth training scheme and a "development guarantee" are part of the labour market policy. In Holland on the contrary, none of the seven subsidised employment schemes for the unemployed implements an explicit training purpose, although participants can take part in apprenticeships. Also in Denmark the new 1994 Act on the Active Labour Market Policy contains a job-training aspect and stresses education, but not for youngsters specifically.

§ Spain, Belgium and France present a somewhat *special* category. In Spain the active policies destined to encourage employment are situated outside the training atmosphere. In the inclusion enterprises (subject to approval by Parliament) training contracts do exist but not for specific age groups. In Belgium federal regulations imply a compulsory training programme after 10 months of unemployment. Regional programmes (often paid for with European funding) combine training and labour market inclusion policies. In the case of NGOs a broader inclusion (social-psychological) is aimed at. In France training programmes for the low-qualified in order to increase their employability do exist but have had little impact. French labour market policies seem rather directed towards a decrease of labour costs and reducing working time.

Terms of employment

Regular work contracts and fixed term labour

As a rule, in traditional sectors (process industry, public administration) the situation described for the Spanish labour market context is applicable

to most countries: “(there) exists a dualisation between the people that enjoy indefinite contracts (than have been on the labour market circuit a long time) and the people that don't have these contracts and are exposed to the mobility of the market. In this way, both the mobility and rigidity of the market enter into play. Young people and women are the most impaired by flexibilisation, as they join the job market with temporary jobs (in many cases precarious). The workers with indefinite contracts over 45 years old make the system rigid on one hand, because these jobs don't move and young people can't gain access to them and only gain access to the temporary ones.”

Although fixed term labour is more typical for the tertiary and quaternary sectors, industrial sectors also apply fixed term labour. This contributes to the fact that temporary jobs are also highly present among men.

Part-time and overtime

The rise of both part-time work and overtime work illustrate the flexible employability of the labour force. Part-time work is more associated with female work and with work in the tertiary and quaternary sectors. Part-time work can be more easily used for production that involves peaks and dales. Consequently, labour costs in production can be highly reduced. As part-time workers offer their work at a relatively lower price, they implicitly can obtain a higher job-security.

Part-time work is highly present in Nordic countries (except Finland). Although part-time work typically allows (women) for combining an income resource with domestic obligations, the rise of multiple employment moderates this idea. Multiple employment is explicitly mentioned for Austria and the UK.

Working overtime is also more present in the 1990s. This is for example reported for Spain, Sweden, Austria and the UK. For an employer paying overtime work, is also a relatively cheap solution for covering peak

production periods. Evidently, overtime highlights the duality between the work-rich and the work-poor.

Self-employment

Self-employment can take many forms: "from the professional to the small artisan-worker to the simple subordinated work disguised in self-employment" (Italian report, p.14). Therefore, it is difficult to bring it back to a context of employment chances.

Most notably in the Spanish and Portuguese reports, self-employment is mentioned as the major work option outside the channels of regular work.

In other countries the promotion of self-employment among the unemployed is much more modest. It is reported as being more attractive to and manageable by people over thirty. Generally it also attracts more men than women. Women are more frequently used as an assistance (registered or not). This highlights self-employment as a family or household business.

Concluding remarks on PSC and work

Work is an activity with a special and intense meaning for many people. It is an important source for sense and self-respect. This is reflected in the concept of PSC.

In this way the relation between work and social inclusion is quite clear.

A different point is the relation between social inclusion and participation in the labour market. This relation is far from linear (and PSC implicitly also reflects this). At least three points mentioned in the national reports illustrate this non-linearity:

§ Many people prefer to (temporarily) retreat from the labour market. In several countries pre-pension schemes, parental leave, career interruption are welcomed by many people.

§ Work rich households can have a poor social and cultural life. High involvement into formal work make households highly inflexible when it comes to their domestic work or social activities. They loose liberty in time to spend.

§ Employment and poverty can go very well together. Work does not necessarily give access to welfare. It can imply involvement in badly pay, bad social conditions, bad social insurance.

The economic restructuring involves many frustrations for large groups of people. One bag of frustrations contains living in a bad, retarded region: few interesting job opportunities, bad transport facilities, bad child care, bad health care. An other bag contains resentments on few ascribed or acquired individual talents: few monetary capital, bad education, wrong generation, no grasp of information technology. A last bag is about bad intimate relations: no partner, few friends, no facilities in developing care for others, no stimuli in refined and joyful communication.

All these elements can be seen with a metaphor of capital. Community capital, personal capital, household capital, co-operative capital. People who join their capital without naivety more readily create a winning situation. Their investment can imply more work as well as less work.

The national reports for WP2 in relation to work, illustrate how people bring their various elements of PSC together. In the case of households, female labour is an example (although a rather conservative one). The establishment of a female labour force has doubtlessly developed female PSC. Nevertheless, the importance of a more limited individual participation (part-time and not lifelong) also stresses the continued importance of families and households as entities of social capital (or joined PSC). This goes together with (is highly dependent on) the importance of a welfare infrastructure and collective facilities (child care, health care). Female labour, then, is still highly used as a supplementary income source. Its combination with (assigned) household responsibilities

makes it more irregular. As a consequence, in this case as well as in others, unemployment will not always be seen as a risk but also be temporarily welcomed as a relief for free time while giving access to unemployment benefit. The only reason to morally reject this attitude is because it is highly unfunctional for the reproduction of the present day social security system. Systems can be adapted though.

Similarly, education and applying for jobs are important investments in PSC. If we take people seriously, however, they can not be asked to invest in whatever education industry wants at whatever moment. Forcing people to apply for whatever job, requiring their permanent effort, demanding three cheers for work is not what PSC should be about.

PART B: INCOME

'Income Analysis and Social Inclusion Policies'

CSIP project author: Liana Giorgi

Preliminary

In a recent study the Dutch Economics Institute used the so-called I/A ratio to compare the impacts of the welfare systems in different countries.[17] This ratio is constructed by dividing the number of persons dependent on payments of the social security system by the number corresponding to the working population. The comparison is supposed to reflect the economic 'virility' of a nation: the higher the ratio, the more difficult for the welfare state to phase-out.[18]

The comparison showed the United States displaying the lowest I/A ratio (0,5): for each person dependent on social security payments, there are two persons working; Sweden, the highest (1,0): for each person dependent on social security payments, there is one person working. The ideological bias of this construction is not difficult to judge: the country with the least developed welfare system comes out best; that with a welfare system of greatest scope, the worst.

The problems with the I/A indicator (or of others of similar type) are easy to summarise:

a) no consideration is taken of the role of the social welfare system: neither in terms of guarding against exclusion; nor in terms of redistribution. What this indicator for instance does not say is that despite the low number of persons dependent on social security for subsistence in the United States (which goes in line with the low unemployment rates), there is also an extreme income gap between the lowest and highest earning groups: the richest in the United States earn 10 times more than the poorest (also considering social security benefits); in Sweden, the ratio is closer to 1:4.

b) The I/A indicator says nothing about the quality of the welfare systems in general nor about their performance in terms of access: it controls neither for universalistic vs. particularistic benefits; nor for whether access is facilitated or actively discouraged or stigmatised.

c) The European average on the I/A ratio is 0,8: the Netherlands, Denmark, Austria, Germany, the UK and France display a ratio of around 0,8. Yet all these systems are quite different, especially regarding where they place their emphasis.

When studying income, especially as an indicator of 'social capital' and with reference to social exclusion (or alternatively for judging the degree of social

[17] Reported in the Dutch national report, Volume 2 of this report. Cf. Sociale Nota, 1999, p.102.
[18] The term 'phasing-out' is one often also used by international aid agencies.

integration), it is important to be aware of the context of investigation as much as of the role of income in the lives of households and/or individuals. The aim of this chapter is to discuss income as an indicator of social integration by using comparative data from a select number of European countries. The focus of the analysis is on inter-group differences, with an emphasis on young people. The other two chapters of this report consider other key conditions, and in particular recognition and status in relation to citizenship rights, as well as work for the identification and analysis of patterns of marginalisation.

The chapter is organised in the following sections: we begin with a theoretical discussion of income as a key concept in economic and sociological analyses of inequality and life quality studies. The second section reviews some main indicators involving income, their advantages and disadvantages and argues in favour of an integrated approach to the study of income distribution in relation to the evaluation of social policy. The third section summarises the main trends by using comparative data from a select number of European countries, specifically Austria, Belgium, Germany, Denmark, Finland, France, Spain, the Netherlands, Italy, Portugal, and the UK. In all these cases we report both on income data and on the contemporary policies of social inclusion under consideration for overcoming problems of exclusion. Finally, in section four, we recap the main findings and consider the implications of current welfare reforms for effecting income redistribution.

From Welfare Economics to Social Capital

Income is a key variable in the discussion of the standard of living, life quality or equality. In welfare economics, utilitarians consider individual utilities as a function of individual income—the emphasis among egalitarians is on an equal income distribution: the latter would maximise social welfare, i.e. 'would generate the highest utility sum-total for the total income' (Sen 1992, referring to Dalton, 1920). International comparisons about the standard of living (often measured using so-called quality of living indicators—cf. Douglas and Ney, 1998 for a review of relevant literature[19]) make clear that this individualist approach leaves many questions unanswered. In fact, it was the attempt as such to establish an assessment tool which made clear the shortcomings of this approach. One had to add more variables to explain the observed variance, especially within otherwise apparently 'homogeneous' clusters.

It was mostly variables connected to 'societal infrastructures' that explained more of the variation, or the observed types of difference. In the early eighties, Sen (1984) introduced into the discussion the by now well-known twin concepts of functionings and capabilities when talking about equality in terms of positive freedom. Capability refers to the ability of any person to achieve functionings 'that he or she has reason to value' (Sen 1992, p.5). Functionings can vary from very elementary ones, like 'being well-nourished' to complex ones like 'having self-respect'. Sen notes that

> "judging equality and efficiency in terms of the capability to achieve differs from the standard utilitarian approaches as well as from other welfarist formulations ... This [the latter] is a restrictive approach to taking note of individual advantage in two ways: (1) it ignores freedom and concentrates only on achievements, and (2) it ignores achievements other than those reflected in these mental metrics ... This way of seeing individual advantage is particularly limiting in the presence of entrenched inequalities. In situations of persistent adversity ... the victims do not go on grieving ..." (p.6)

Sen's approach to the study of the quality of life and inequality is not very different from Rawl's (1971) focus on 'primary goods' in his theory of justice, despite the objections of the former on this point. Indeed, Sen's approach, still in the individualistic tradition, allows for a plurality of values (functionings can be anything the individual values) and could therefore be thought to be more 'multicultural'. Yet research shows that a limited set of capabilities are pivotal in terms of empowerment and the development of further capabilities. Thus, "though Sen's method is formally concerned with the individual, with his idea of positive freedom, he has introduced a concept of social capital" (Douglas and Ney, 1998, p.72) which emphasises the importance of infrastructures like education, health, transport and communications for the development of positive freedom. Other scholars, like Dasgupta (1993) have added more key conditions to the list of basic infrastructures, in order to do justice to the major significance of civil society and democratic rule for positive freedom. "In

[19] Quality of life indicators are also used to differentiate between ‘moderate’ and ‘severe’ poverty. See also discussion that follows.

any case, the individual is nominally to the fore and the rest of society to the rear. But only nominally, for the measures are designed to assess the institutional support for the individual" (ibid., p.72). In this way, Sen's approach could be said to effect the link between the explicitly structural or institutional approach of Putnam (1973) in discussing social capital, and the approach adopted by the SEDEC project which focuses on individuals and inter-group differences.

In SEDEC we identified income, work and recognition or citizenship as the key conditions for positive freedom. It is questionable whether the SEDEC approach to social capital would apply to less developed societies where basic infrastructures, including civil society and a democratic-rule government are missing. Where the average GDP per capita is well below the European average and persistently so, the investigation of income differentials or work entitlements is not unimportant, but possibly not the one procedure that leads to the identification of the root problem: mainly the lack of education and of a public health system, combined with the absence of democratic rule and the lack of transport and communications infrastructure for enabling mobility and knowledge transfer. In under-developed impoverished societies, vertical means-tested welfare measures, for instance, will be of limited impact unless combined with direct investment in infrastructure 'goods' and institutional development.

The SEDEC approach is clearly conceptualised as a policy response to the contemporary social exclusion problems being faced by advanced industrialised societies. We will review the trends in more detail in section three of this chapter, paying particular attention as to how they unveil in different European countries of often very different social policy backgrounds. Here suffice to summarise them in brief.

Despite the overall increase of the standard of living in Western Europe, inequality as measured in terms of income has not decreased. Indeed, the gap between the richest and the poorest has been on the increase. In comparison with the United States, Europe displays higher unemployment rates, but less poverty on the other hand. This is mainly attributed to the persistence of a strong welfare state. Efficiency has however not been the strongest point of the European models of welfare. In view of continuing economic stagnation and considering major demographic changes, various attempts are being made to re-engineer the welfare state in order to make it more efficient, without losing much in terms of effectiveness.

Despite the differences in the approach to social policy that can be observed in various European countries, what is noteworthy is the convergence, i.e. the similarities between countries insofar as social inclusion problems are concerned. In all countries the major challenges are: fighting poverty which is increasingly coming to affect the working population and families with children, as well as young singles and single-parent households; keeping unemployment down, especially among the young; and reforming the pension system in such a way as to be able to guarantee a minimum subsistence level to older people over a longer

period of time, whilst not compromising the long-term entitlements of the young in this same field.

In advanced industrialised societies, social exclusion has clearly assumed a new and rather protean face. There remain major structural deficiencies in terms of education and training which need to be addressed. At the same time, the contemporary problems would appear to necessitate more integrated solutions, which often need to be more 'individually tailored' so-to-speak. And finally all this occurs against the background of calls for a more efficient use of the resources available.

The social capital or infrastructures approach is still relevant in such a context and so are the concepts of functionings and capabilities. The problem still remains one of empowerment of individuals or social groups. With the exception of egalitarians, income equality is not the goal in advanced industrialised societies. Nor does the modern welfare state has this as its objective. The objective of the welfare state is rather to guard against exclusion in an horizontal way by guaranteeing a set of civil liberties or entitlements that can be said to guarantee some pivotal capabilities; and to protect those excluded. The bringing together of these horizontal and vertical tasks in the face of economic stagnation is the challenge being faced by the modern welfare state. In other words, the main issue that needs to be addressed in advanced industrialised societies is no longer how to establish the pivotal capabilities, but rather how to safeguard them for all whilst strengthening them for the few and reducing gross inequalities in the face of structural unemployment. This will probably necessitate going beyond the concept of positive freedom to one of positive responsibility. To this we return in the last section of this chapter.

Measuring Inequality or Income Inadequacy

In this section we review some of the major income-related indicators for studying inequality and social exclusion. It is useful to remember that some of the major theoretical advances in the field of income studies or the study of the standard of living, came from methodological concerns or the trial and error attempts to define a measurement tool for the standard of living.

In the tradition of welfare economics, Dalton's (1920) measure of inequality measures the percentage shortfall of the actual sum-total of utilities from the maximal value, i.e. the sum-total that would be generated through equally distributing the given total income over all individuals. Example: suppose we rank the population (of households) according to their income and divide them in ten groups; these are the so-called deciles. Suppose further that the total income of the population is 100 and the lowest decile has an income sum-total of 5. In an equal income distribution, this group ought to have an income sum-total of 10. Dalton's measure is calculated by considering this difference.

Also in the welfare economics tradition, the Atkinson (1983) index of inequality measures the percentage reduction of total income that can be sustained without reducing social welfare. The higher the percentage of income reduction sustainable by a society, the higher the inequality: for instance, if in society A which currently displays a total income of 100, unequally distributed, the same effects could be effected with a total income of 80 if this were to be equally

distributed, then the Atkinson index is 20. If in society B, the respective index is instead 30, then society B is more unequal than society A. The Atkinson index is quite good in measuring efficiency, less so in measuring effectiveness; in that it is not dissimilar, albeit better than the I/A index discussed at the preface to this chapter.

When studying the income distribution, it is common to rank households according to household income and then calculate the income sum-total of each income class (decile, quartile or quintile) and express this in percentage terms in relation to the total income. The so-called Gini coefficient measures the 'concentration' of the income distribution and in that inequality: the higher the gini coefficient, the lower the inequality. It is also common to investigate the gradual progression of incomes as various income components are added: factor income considers income from employment and the private sector (capital and private transfers); primary income corresponds to factor income plus income from pensions; and secondary income corresponds to the net income, i.e. including also income from social transfers. Examining how the Gini coefficient or percentage of the income sum total of any income group develops as income elements of policy relevance are added allows to assess re-distributive effects, either horizontally or vertically, depending on whether the whole population is looked at or specific groups (for instance the unemployed, single-parents etc.) It is also possible following this method to consider the effect of taxation by considering gross wages in factor income.

There is no agreement as to how to define the poverty threshold, i.e. the value of any income distribution, below which households or individuals are considered as being endangered by poverty. Currently, EUROSTAT suggests to define the poverty threshold as 50 % of the equivalent income of an average household. The notion of equivalent income is introduced to control for the positive correlation between household income and household size: a household of two adults and three children earning 2.000 EURO cannot be considered equivalent to a single household also earning 2.000 EURO. In order to balance for these differences, equivalent scales are used, however, these tend to differ: Should a child be assigned a weight of 0,5 or one of 0,3? Not surprisingly which approach is chosen influences not only the poverty threshold, but most importantly the composition of the 'poor population', i.e. the population living below the poverty threshold (see table 1).[20]

There are significant differences between countries, also within Europe, as to the average household income, and subsequently, as to the level of the poverty threshold. On the basis of the ECHP second wave data and using purchasing power standards (PPS),[21] we estimated the average household and equivalent incomes (table 1) as well as the poverty thresholds (table 2) for 1994 in various

[20] The use of which equivalence scales is not the only difference on how to define poverty thresholds. In Luxembourg and the UK the average household income is used; in France the median; in Italy the median equivalent income of a two-person household; in the Netherlands the minimum income as defined by the social security (see EUROSTAT, 1997, Statistics in Focus, 6/1997). See also the national reports (Volume 2) of this report.

[21] The purchasing power parities (PPP) allow comparisons in equivalent units. These equivalent units are called purchasing power standards. They are obtained by dividing the national currency amounts by the PPP. The PPP for 1994 were as follows: 41.65 for Belgium; 9.79 for Denmark; 2.16 for Germany; 133.10 for Spain; 7.23 for France; 0.70 for the UK; 2.28 for the Netherlands; 14.90 for Austria and 136.80 for Portugal.

European countries. For the latter purpose two equivalence scales were used, namely the OECD and the OECD-modified scales.[22]

Table 1. Household and equivalent incomes 1994 (yearly amounts – all rounded)

Country	Average HH income PPS	Average equivalent income (OECD scale) PPS
AT: Austria	24.100	12.500
BE: Belgium	23.200	12.000
DE: Germany	22.100	12.700
DK: Denmark	21.000	12.100
ES: Spain	17.800	7.700
FR: France	22.300	11.900
IT: Italy	18.600	8.900
NL: Netherlands	20.300	11.500
PT: Portugal	14.800	6.500
FI: Finland	(22.600)	N/A
UK: United Kingdom	22.200	11.700

Notes: For Finland data based on the Income Distribution Data of 1996 on basis of exchange rate (1 EURO=FIM 5.9), not PPS.
Source: ECHP User Database, 2nd wave; own calculations.

The poverty thresholds range from 262 in Portugal to 499 in Germany. What this means is that a 'poor' person in Luxembourg would probably be found among the middle classes in Portugal. There are also quite significant differences within any country between the poverty threshold as measured using the OECD scale and that measured using the OECD-modified scale: the difference is between 55 and 90 PPS.

Table 2. Poverty Thresholds 1994

Country	PPS – OECD scale	PPS – OECD-mod. Scale
AT: Austria	490	577
BE: Belgium	476	564
DE: Germany	499	580
DK: Denmark	497	575
ES: Spain	303	369

[22] These are the two mainly used equivalent scales. The OECD scale assigns a weight of 1.0 to the first adult; 0.7 to every other adult and 0.5 to every child below 14 years of age. The OECD-modified scale assigns 1.0 to the first adult; 0.5 to every other adult and 0.3 to every child below 14 years of age.

FR: France	473	558
IT: Italy	341	410
NL: Netherlands	444	520
PT: Portugal	262	317
UK: United Kingdom	400	490

Notes: The poverty threshold represents 50 per cent of the average equivalent net monetary income. It is obtained by dividing the total net monetary income by the total number of equivalent adults. No information available on Finland as the ECHP had not yet been launched at the time.
Source: ECHP User Database, 2nd wave; own calculations.

Clearly the poverty threshold is a relative measure (cf. Alcock, 1997). It is this relativity which allows it, it could be argued, to describe the relative deprivation of basic functionings or capabilities in any given society. On the basis of the poverty threshold it is possible to make a number of estimations that are useful for assessing equality or social exclusion: one such measure is the so-called 'income gap': on the basis of the income distribution and the poverty threshold it is possible to estimate 'the additional income that would be needed to bring all the poor up to the level of the poverty line' (Sen, 1992, p.103). Another measure is the count of households and/or individuals living under the poverty line and an expression of this head-count in terms of the total population.

Table 3. Income Gap 1994 (using the OECD equivalence scale)

Country	Income Gap as % of Total Income
AT: Austria	2,5
BE: Belgium	2,1
DE: Germany	2,5
DK: Denmark	0,8
ES: Spain	2,5
FR: France	1,9
IT: Italy	2,7
NL: Netherlands	1,5
PT: Portugal	3,9
UK: United Kingdom	1,4

Source: ECHP User Database, 2nd wave; own calculations.

Table 4. 'Count' of households & individuals under poverty threshold (OECD)

Country	% Households	% Persons	% Children
AT: Austria	13,5	16,0	23,0
BE: Belgium	12,1	14,2	17,8
DE: Germany	13,3	15,5	24,4
DK: Denmark	7,0	6,5	5,9
ES: Spain	15,0	17,8	23,6
FR: France	13,8	15,0	18,1
IT: Italy	12,9	16,6	21,6
NL: Netherlands	8,9	10,6	17,5
PT: Portugal	25,1	24,0	29,5
FI: Finland	3,2	N/A	N/A
UK: U. Kingdom	11,7	13,9	23,4

Note: For Finland the information is from the Ministry of Social Affairs, 1998, and relate to the year 1995. The category 'children' refers to those children with less than 16 years of age which in the ECHP are defined as dependent.

Source: ECHP User Database, 2nd wave; own calculations.

Table 3 displays the income gap for ten European countries. This ranges from 0,8 in Denmark to 3,9 in Portugal. In other words, whilst in Denmark 0,8 per cent of the total income of households would be needed to bring all those threatened by poverty up to the level of the poverty line, in Portugal, 3,9 per cent of the total income of Portuguese households would be needed for the same purpose. The differences in the income gap reflect the variation in the number of those living under the poverty level (table 4) as well as the difference in the composition of the 'poor' households (see discussion that follows in the next section).

It is also relevant to assess the level of inequality among the poor; not all poor are equivalently poor: in fact a closer look at any income distribution in West European countries, reveals that there is a substantial number living just under the poverty line, which raises the legitimate question 'how can they be said to differ from those living just above the poverty line?'; or, 'Is it legitimate to make a distinction between the poor and the acute or real poor? Or 'If a distinction is to be made, what could be said to be discriminatory variables?'.

There have been various attempts to answer these questions. In Spain Degado *et al.* (1997) distinguish between 'relative' and 'severe' poverty: whereas 'relative poverty' is defined as above, 'severe' poverty is defined as corresponding to having an equivalent income which is below 25 per cent of the average equivalent income. In the UK, the Department of the Environment , Transport and Regions (DETR) have developed a package of 13 'quality of life' indicators for monitoring deprivation at the aggregate or regional level; whereas the New Policy Institute and the Joseph Roundtree Foundation (1998) have proposed a set of 46 indicators for measuring social exclusion at the individual level grouped according to life stage.[23]

In Austria, Giorgi (1998) drew a distinction between the 'poor' and the 'acute poor' by using what could be termed basic capabilities as discriminatory variables: affording warm food, clothes and basic amenities without being in arrears. In a comparatively well-off society like Austria it was shown that very few households could be found to meet all three of these conditions, next to low income; but some 5 per cent met one of these and also displayed low income. Looking more closely at what else distinguished the acute poor from the poor and the non-poor, it was shown that the variables with the most discriminatory power concerned social activities, like inviting friends at home or affording one week of holiday away from home per year: 48 per cent of the acute poor could not afford to invite friends at home, as compared to only 11 per cent among the poor and 10 per cent among the non-poor; 68% of the acute poor could not afford any holidays as compared to 28 and 18 per cent respectively in the other two groups. What these findings underline is the point of Sen regarding the plurality of capabilities: indeed in economically advanced societies like Western Europe, income as such is perhaps not the only important key condition; status and social activities are equivalently important functionings.

Having reviewed some of the major methodological approaches to the study of inequality or exclusion in relation to income, the question arises as to which of the above measures is the best. Hopefully, the exposition above has shown that it is not possible to simply answer this question, either in the positive or the negative, as the various measures have all different purposes. An integrated approach combining various measures

[23] The information on Spain and the UK was provided by S. Garcia and C. Amnesley working respectively on the Spanish and UK national reports – see Volume 2 of this report.

is without doubt the best, and still it is important to realise that it cannot entail the whole picture by reason of the complexity of the subject matter at hand. This is especially the case today when exclusion appears to be the result of an interplay of factors rather than of any factor alone.

Trends and Policy Developments

In this section we describe the main patterns that emerge when income-related indicators are studied in a comparative way across various European countries. The main trends can be summarised as follows:

1) With few exceptions or short 'breaks', West European countries have experienced a positive rate of growth since the sixties. Alone between 1985 and 1995, GDP/capita in Europe almost doubled, across most countries and regions (at NUTS2 level) (REGIO Database, EUROSTAT).
2) Despite this positive growth, the gap between the richest and poorest of countries or regions did not dramatically decrease. In 1985, the ratio of GDP/capita between the poorest and the richest NUTS2 region in any European Union country was 1:2. In 1995, it was the same. The only exception was Germany where the ratio between the richest and poorest increased to 1:3,5 but clearly as a result of unification (table 5). In some countries, particularly Italy and the UK, regional deprivation also displays a clear North-South divide.[24]

Table 5. Richest and Poorest Regions in Europe

Country / Region (NUTS2)	GDP/capita 1995 in PPS	Ratio LO : HI
Austria (AT)		
... HIGHEST: at11	32.734	1 : 2.3
... LOWEST: at13	14.513	
Belgium (BE)		
... HIGHEST: be11	31.195	1 : 2.0
... LOWEST: be32	14.982	
Germany (DE)		
... HIGHEST: de61	39.850	1 : 3.5
... LOWEST: dee1	11.328	
Spain (ES)		
... HIGHEST: es53	14.255	1 : 1.9
... LOWEST: es43	7.704	
Finland (FI)		

[24] In Italy, notes Mingioni, Kazepov and Andreotti in the Italian contribution (see Volume 2 of this report), the South is characterised by an extensive patronage system which over years was used to face social exclusion and poverty. In the South one also finds more of those groups who are currently more endangered by social exclusion.

... HIGHEST: fi11	24.088	1 : 1.6
... LOWEST: fi13	14.732	
France (FR)		
... HIGHEST: fr11	31.107	1 : 2.0
... LOWEST: fr81	15.310	
Greece (GR)		
... HIGHEST: gr31	9.483	1 : 1.7
... LOWEST: gr21	5.485	
Italy (IT)		
... HIGHEST: it21	18.424	1 : 2.2
... LOWEST: it93	8.309	
Netherlands (NL)		
... HIGHEST: nl11	24.055	1 : 1.7
... LOWEST: nl23	14.116	
Portugal (PT)		
... HIGHEST: pt13	10.284	1 : 1.8
... LOWEST: pt21	5.724	
Sweden (SE)		
... HIGHEST: se01	24.477	1 : 1.3
... LOWEST: se02	18.246	

Table 5. Richest and Poorest regions in Europe (... continued)		
United Kingdom (UK)		
... HIGHEST: uk55	20.927	1 : 2.0
... LOWEST: uk84	10.664	
Luxembourg (LU)	32.249	N/A
Denmark (DK)	24.747	N/A
Ireland (IE)	13.780	N/A

Notes: No regional NUTS2 information is available on Luxembourg, Denmark and Ireland as these countries are considered as one NUTS2 region each. Unfortunately there is no GDP/capita information available at NUTS3 level.
Source: REGIO Database; 1998; EUROSTAT.

1) Developments in terms of GDP/capita reflect positive developments in terms of household income. Household income has increased over the years both among the lowest and the highest income groups. Nevertheless, as in the case of regional GDP, the gap between the lowest earning and highest earning households at best could be seen to stagnate. In 1993, in the European Union of the 12, the lowest income decile 'controlled' only 2 per cent of the total income as compared to 25 per cent for the highest decile, a ratio of 1:10 (EUROSTAT, *Statistics in Focus* 1997/6). Our own analysis of the 1994 ECHP data shows that this differs quite dramatically between countries, ranging from 1:5 in the Netherlands to 1:13 in Portugal (table 6). It is important to underline that in all European countries this ratio would have been much higher had it not been for the system of social transfers guaranteed by the welfare system, including, if not principally, the universal benefits. Thus in Portugal, the gap would instead have been 1:20; in the Netherlands 1:8 (see also table 6).[25]

[25] Table 3 only includes those countries which are participating in the SEDEC network and for which there is ECHP data. It should be noted that if compare the income distributions of 1994 (table 3) to those reported by EUROSTAT for 1993 based also on the ECHP (Statistics in Focus 1997/6), we observe some interesting differences. Thus in 1993 in Spain the ratio of the income between the lowest and highest income groups was 1:13; in 1994 we found this to be 1:8. Such significant differences are unlikely to represent real changes but are rather related to the differential quality of reporting about income between the first and second waves.

Table 6. Distribution of Factor and Net Monetary Household Income, EU 10, 1994

	AT		BE		DE		DK		ES		FR		IT		NL		PT		UK	
	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net	Factor	Net
Share of deciles in % of the total net monetary household income																				
Low	2,8	3,2	1,9	3,5	2,7	3,2	2,3	4,0	2,6	3,6	2,1	3,5	3,4	3,6	2,9	3,9	1,4	2,0	1,5	3,4
2	4,9	5,9	3,0	5,4	4,0	5,2	3,4	5,9	3,5	5,0	4,4	5,7	5,4	5,5	6,0	7,0	2,3	3,6	2,0	4,6
3	5,3	6,7	4,8	6,4	6,0	6,9	5,9	7,5	5,5	6,4	5,5	6,7	5,6	6,2	5,7	7,1	3,3	4,6	3,2	5,5
4	7,1	8,2	5,6	7,2	7,1	7,9	7,2	8,6	4,6	6,0	6,7	7,6	6,9	7,6	7,1	8,0	5,5	6,3	4,1	6,0
5	8,5	9,3	8,3	8,9	8,5	9,6	9,0	9,6	6,9	8,0	8,2	8,5	7,7	8,5	7,2	8,3	7,6	7,7	6,8	7,8
6	9,3	9,9	10,6	10,3	9,4	9,3	10,4	10,0	7,6	8,8	9,5	9,4	8,9	9,6	10,2	10,1	9,5	9,4	9,2	9,4
7	11,5	11,6	12,7	11,3	11,3	11,0	11,0	10,3	11,1	11,1	11,6	10,8	11,9	11,4	12,1	11,0	11,3	10,8	11,9	11,1
8	13,4	12,3	14,5	12,5	12,9	12,1	13,2	11,7	13,9	12,8	13,2	12,3	12,8	12,5	12,3	11,3	13,3	12,9	14,5	13,1
9	14,8	13,4	16,0	14,3	16,5	14,1	15,7	13,3	17,7	15,7	15,6	14,1	15,4	14,2	14,7	13,2	17,9	16,3	17,8	15,2
High	22,4	19,4	20,2	20,2	21,7	20,6	21,9	18,9	26,6	22,4	23,1	21,3	22,1	20,9	21,9	20,0	27,9	26,3	28,8	23,9

Source: ECHP User Database, 2nd Wave; own calculations

It is at first sight surprising to note the re-distribution effects of social benefits of a universal or semi-universal character.[26] Contemporary policy discourse tends to emphasise means-tested welfare schemes over universal benefits in order to 'reach those who are really in need of assistance' and also in order to make the system more efficient. Income analyses nevertheless show that the impact of universal benefits in terms of re-distribution ought not to be underestimated. The example of Sweden's unsuccessful reforms of its welfare state furthermore caution against the application of a substitution principle when reforming the welfare state.[27] As noted in the earlier sections of this report, in contemporary European societies the causes of exclusion are multiple and often operate in an additive way. It is thus not difficult to explain the re-distributive effects of universal benefits. The question that remains is that of efficiency, less so one of effectiveness.

1) The groups displaying the highest risk of falling under the poverty line or the lower income echelons are the unemployed (especially the long-term unemployed), single-parent households, and young people no longer living in the parental home. Important developments underlying these trends concern the changing character of household structure (more single households), the increase of divorce rates and the increase of unemployment.[28]

Unemployment has been on the rise, the European average currently well above 10 per cent. In Germany there are over 4 million unemployed; in the UK unemployment passed the 3 million mark repeatedly during the Thatcher era and is still today not far below. In Austria and Sweden both countries with a tradition in a strong welfare state, unemployment rates increased within a decade from less than 4 per cent to over 7 and 8 per cent respectively. Finally, in Spain, unemployment has been persistently over the 20 per cent mark with some regions displaying unemployment rates of over 30 per cent, whereas in Finland it soared over a few years from below 10 per cent to closer to 20 per cent. Unemployment is an urban phenomenon: often the highest unemployment rates are displayed by those cities also displaying the highest GDP/capita, like Hamburg, London, Paris or Vienna, which is also an indication of the increasing income differentials in these cities (EUROSTAT, REGIO Database 1985—1996).[29]

Table 7 below shows the share of households depending on income from unemployment benefits for subsistence[30] among the poverty endangered household population, and the risk of falling under the poverty threat if such a household. The term ‘incidence’ in this and the following tables indicates what percentage of the total number of persons living in a particular type of

[26] It is nevertheless important to underline that the above analysis is based on net income, i.e. both with regards factor income and with regards disposable household income we only focus on the net amounts. A detailed re-distribution analysis would also need to consider the progression from gross to net income.

[27] For details see national report on Sweden in Volume 2 of this report written by Salonen and Johannson.

[28] See national reports in Volume 2 about the changes of household structure over the years. In sum the trends are as follows: through the increase of divorces there has been an increase of single-parent households; there has also been a decrease of bigger families (especially of three children and more) and of extended families more generally, thus also the gradual steady decrease of household size. Cohabitations are on the rise and so are children born out of wedlock, also in countries, like Italy or Spain, displaying still a rather traditional household and familial structures.

[29] For more detailed information on the number of unemployed based on national statistics, see national country reports, Volume 2.

[30] There are of course far fewer households depending on income from unemployment benefits than there are unemployed in any particular country. This is not only due to household size not being equal to one. Households depending on unemployment benefits are either those of the long-term unemployed and/or households with more than one unemployed household members.

households fall under the poverty line; 'risk' indicates the risk of falling into the poverty trap if belonging to this particular type of household. The OECD equivalence scale has been used for defining the poverty line in this and the following tables.

It is important to underline that the number of households depending on unemployment benefits for subsistence is significantly lower than the number of unemployed and that this is not alone related to the obvious fact that the household population is smaller than the population of persons. In fact, by focusing on those households that are dependent on unemployment benefits for survival, we are focusing on those households hit by long-term unemployment and/or those households that have more than one unemployed member, a phenomenon also on the rise.

Table 7. Incidence and risk of poverty among HH dependent on unemployment in Europe – 1994

Country	Incidence (%)	Risk (%)
AT: Austria	4	57
BE: Belgium	15	38
DE: Germany	N/A	N/A
DK: Denmark	7	11
ES: Spain	14	60
FR: France	4	35
IT: Italy	2	59
NL: Netherlands	8	21
PT: Portugal	2	31
UK: United Kingdom	2	67

Note: The information on highest source of income was missing from the German Users' Database of the ECHP. No information on Finland as there was no ECHP in Finland in 1995.

Source: ECHP User Database, 2nd wave; own calculations.

With the exception of Spain, Belgium and the Netherlands, households dependent on unemployment benefits for survival still make up only a small proportion of households endangered by poverty, i.e. less than 5 per cent. As the risk ratios show, a significant proportion of these households fall under the poverty threshold. Only in Denmark would this appear not to be the case. Otherwise, between one fifth (in the Netherlands) and more than two thirds (in the United Kingdom) of households dependent on unemployment benefits for survival are endangered by poverty. What this suggests is that the more unemployment increases and the more it becomes a long-term structural phenomenon, the more poverty we can expect. Also what these findings show is that the extent to which to be threatened by poverty means also to fall into the poverty trap depends on the diffusion of structural and long-term unemployment.[31]

[31] Cf. Also the French national report (Volume 2) for a further elaboration of this issue based on national statistics. Similar findings can be observed with the population depending on social benefits other than unemployment benefits for survival. With the exception of Spain and Portugal this is a larger population than the one depending on unemployment benefits.

Marginalisation has acquired a new face. Low educational and/or occupational level are still associated with low income; ethnic minority members and migrants are over-represented among the lowest earning; and women continue to earn on average 40 to 50 per cent less than men (after controlling for differences in status, age and part-time vs. full-time) (Giorgi *et al.*, 1997). What is however increasingly worrisome, especially from the point of view of household economy is the increased unemployment among the youth and the persistence of poverty in single-parent households.

Youth unemployment is often at the double digit level and significantly higher than the national averages (EUROSTAT, REGIO Database, 1985—1996). Official statistics tend to underestimate this problem insofar as they only count those with past employment experience (hence entitled to unemployment benefits) or those registered at labour offices. Research shows that not only has the 'adolescence moratorium' tended to extend into the twenties, but also that the opportunities for young adults in terms of employment have tended to decrease. What should be added is that young people are not only more likely to remain or become unemployed; but also that a high proportion of those establishing own households (one fourth to one third) are to be found amongst the lowest echelons of the income distribution (Giorgi, *et al.* 1997; EUROSTAT, Statistics in Focus 1997/6). To what extent this is a life-cycle effect can only be established through longitudinal studies (Alcock, 1997).

As an indication of the problem, table 8 displays the incidence and risk of poverty among young single households. It is interesting to observe that in Denmark which otherwise displays a very diffuse poverty profile, the group of young single households is the one most at risk of poverty (compare this to other tables). In France and the Netherlands, one third of young single households are to be found under the poverty threshold.

Table 8. Incidence and risk of poverty among single households 30< – 1994

Country	Incidence (%)	Risk (%)
AT: Austria	5	15
BE: Belgium	()	()
DE: Germany	6	18
DK: Denmark	26	21
ES: Spain	()	()
FR: France	13	32
IT: Italy	()	()
NL: Netherlands	26	33
PT: Portugal	()	()
UK: United Kingdom	()	()

Notes: In parentheses figures that are not reliable enough to be reported by reason of small cells. No information on Finland as there was no ECHP in Finland in 1995.
Source: ECHP User Database, 2nd wave

Table 9 displays the number of young persons under 16 living in households that fall under the poverty threshold.

Table 9. Incidence and risk of poverty among the young in Europe – 1994

Country	Incidence (%)	Risk (%)
AT: Austria	21	23
BE: Belgium	20	18
DE: Germany	21	24
DK: Denmark	15	6
ES: Spain	19	24
FR: France	19	18
IT: Italy	17	22
NL: Netherlands	25	18
PT: Portugal	18	30
UK: United Kingdom	28	23

Source: ECHP User Database, 2nd wave; own calculations.

The highest risk of becoming poor among the young can be observed in Portugal where close to one third of all young people below 16 years of age live in households that earn less than 262 EURO (in PPS) per month (the Portuguese poverty threshold using the OECD equivalence scale). In comparison in Denmark only 6 per cent of the youth lives in households earning less than 497 EURO (in PPS) per month (the Danish poverty threshold using the OECD equivalence scale).
The problem of single parenthood is a derivative of the high divorce rates, but also the breakdown of traditional family ties (i.e. extended family networks). Single-parent households (defined strictly as comprising one parent and children without any other resident adult of whatever relationship) are still a

'minority' phenomenon, not exceeding 5 per cent of the household population in any European society. Still, a dramatic percentage of such households (often close to 40 per cent – see table 10) live under the poverty threshold and/or among the lowest echelons of the income distribution. Single-mothers facing major financial difficulties are often young, unskilled, or low educational background and with limited capabilities in terms of child-care: hence their problems to actively engage in the labour market.

Table 10. Incidence and risk of poverty among single-parent households in 1994

Country	Incidence (%)	Risk (%)
AT: Austria	5	24
BE: Belgium	8	25
DE: Germany	7	38
DK: Denmark	(2)	(5)
ES: Spain	2	30
FR: France	6	23
IT: Italy	3	19
NL: Netherlands	6	24
PT: Portugal	4	33
UK: United Kingdom	16	36

Notes: Only those single-parent households are considered that have at least one dependent child below 16 years of age. In parentheses, those findings which correspond to cells with less than 20 cases. No information on Finland as there was no ECHP in 1995.

Source: ECHP User Database, 2nd wave; own calculations.

1) The increased life expectancy has led to the parallel increase of persons past the retirement age relying over a long period of time on social security pension payments for subsistence. Households relying on the pension system for subsistence, primarily single or two-person households of 60 to 65+, make up between 20 and 30 per cent of households living under the poverty threat (table 11). In Portugal they make up close to 50 per cent of all households threatened by poverty. Likewise in Portugal, over 40 per cent of all households depending on pension systems for subsistence are to be found under the poverty threshold. In all other countries, the risk is significantly lower, at around 10 per cent; the Netherlands displays the lowest risk ratio with 5 per cent.

Table 11. Incidence and risk of poverty among pensioner HH in Europe – 1994

Country	Incidence (%)	Risk (%)
AT: Austria	21	9
BE: Belgium	26	10
DE: Germany	N/A	N/A
DK: Denmark	28	9
ES: Spain	22	11
FR: France	25	12

IT: Italy	27	10
NL: Netherlands	13	5
PT: Portugal	48	43
UK: United Kingdom	27	12

Note: The information on highest source of income was missing from the German Users' Database of the ECHP. No information on Finland as there was no Finnish ECHP in 1995.

Source: ECHP User Database, 2nd wave; own calculations.

Table 12. Incidence and risk of poverty among single households 65+– 1994

Country	Incidence (%)	Risk (%)
AT: Austria	8	8
BE: Belgium	8	7
DE: Germany	13	12
DK: Denmark	17	8
ES: Spain	4	5
FR: France	12	13
IT: Italy	6	6
NL: Netherlands	7	5
PT: Portugal	15	43
UK: United Kingdom	16	12

Source: ECHP User Database, 2nd wave; own calculations.

Focusing just on older single households we see that in those countries where there are comparable data (Austria, Germany, Denmark, France and the Netherlands – see table 8) the risk of falling under the poverty line is higher among young single households than it is among older single households. However, whereas in the case of the young this situation can change, in the case of the older people it is more likely to be continuous. The second observation is that there are significant differences between countries and many more than when one focuses more generically on pensioner households (as in table 11), i.e. on households where the main source of income are pensions. Considering that the majority of single households over 65 is made up of women, this draws attention to the difficulties being faced by some pension systems, especially when it comes to the case of dependents.

1) A problem of increasing concern to policy-makers is the so-called phenomenon of the working poor, i.e. of persons living in households where the head or a number of household members is/are working (some even in secure jobs), yet are to be found below the poverty threshold. In the United States the 'working poor' made up over 12 per cent of the working population in 1995 (cf. Guger, 1995). In Europe the percentages are not very different, with one major difference, namely, that those in the lowest income echelons in the States are much poorer both in absolute and in relative terms from the poor in Europe.

Table 13. The 'working poor' in Europe – 1994

Country	Incidence (%)	Risk (%)
AT: Austria	57	12
BE: Belgium	27	6
DE: Germany	N/A	N/A
DK: Denmark	32	4
ES: Spain	47	12
FR: France	40	9
IT: Italy	59	12
NL: Netherlands	39	6
PT: Portugal	40	15
UK: United Kingdom	28	6

Note: The information on highest source of income was missing from the German Users' Database of the ECHP. No information on Finland as there was no Finnish ECHP in 1995.

Source: ECHP User Database, 2nd wave; own calculations.

In Austria and Italy households where wages or salaries or income from self-employment comprise the main source of household income make up close to 60 per cent of all households to be found under the poverty threshold. In Spain the respective share is 47 per cent, in Portugal 40 per cent. In all four countries, the risk of becoming endangered by poverty despite gainful employment is above 10 per cent – 12 per cent in Austria, Spain and Italy and 15 per cent in Portugal. In all other countries it is significantly lower: 9 per cent in France, 6 per cent in the UK, the Netherlands and Belgium, 4 per cent in Denmark.

In public policy debates, the problem of the working poor is often discussed with reference to the decreasing security of the labour market and the gradual abandonment of the full employment principle; but it is also used to support the so-called generational conflict of interests insofar as stakes in the welfare system are concerned: in those countries characterised by a strong first pillar pension system and wanting to move towards a dual pension system, the increasing prevalence of poverty among the working population is used to support arguments in favour of substitution of measures targeting the older population, with measures targeting the working population, in order to compensate for the increasing insecurity of the labour market.

The new phenomenon of the working poor is also at the root of the increased impoverishment of children of dependent age. Increasingly in western societies we find families with dependent children displaying a significantly higher than average risk of falling into the poverty trap (table 14).

Table 14. Incidence and risk of poverty among families with children

Country	Incidence (%)	Risk (%)
AT: Austria	46	20
BE: Belgium	37	14
DE: Germany	35	19
DK: Denmark	16	5
ES: Spain	59	20
FR: France	35	15
IT: Italy	55	19
NL: Netherlands	35	12
PT: Portugal	33	19
UK: United Kingdom	33	14

Note: Dependent children are those younger than 16. All households with dependent children, whether of the nuclear or extended family type were included in the analysis. No information on Finland as there was no Finnish ECHP in 1995.

Source: ECHP User Database, 2nd wave; own calculations

The risk of falling under the poverty line is all the more pronounced among families with three or more children. Thus in Austria whereas overall the risk is 20 per cent, among families with three or more children it is well over 50 per cent (Giorgi, 1998).

The persistence of poverty and its changing profile has fuelled policy discussions on the reform of the welfare state. There are three major trends in policy:[32]

First, to adopt active labour measures for fighting unemployment, especially youth and long-term unemployment. The measures range from granting more scope to the activities of labour offices or employment agencies; to the creation of co-operative businesses for the unemployed, or of insertion enterprises through voluntary organisations at the local level. In parallel, access to unemployment benefits has been intentionally aggravated in a number of countries.

Second, to reform the pension systems. The latter is considered in many countries the backbone of the welfare system and, subsequently, of welfare reforms. Reforms are necessary to balance for both demographic changes and structural unemployment. The reform of the pension system has however been proving most difficult, especially in those countries relying almost exclusively on the first-pillar state system and the pay-as-you go principle. The reform of the pension system will also determine the face of social security in the future.

[32] The following derives from a review of the national country reports – Volume 2. For more details of the specific measures per country, see Volume 2.

Third, to reduce universal benefits or 'undo' their universality whilst in parallel increasing the scope of means-tested welfare schemes. Children or family benefits are the focus of such discussions. The experience with existing means-tested schemes like supplement or basic or minimum income schemes shows that these operate well for some groups (for instance pensioners) but not for others (like families). Furthermore, they are often not sufficient to remove the poverty threat; only to ameliorate the problems associated with the low income situation. The reform of the social benefits systems is also related to that of tax reform and brings back on the agenda the issues related to horizontal vs. vertical redistribution or of economic vs. social welfare.

Conclusions

This Appendix chapter has looked into what can be learned from income analysis for social inclusion policies.

Despite the problems surrounding the concepts of (relative) poverty or income inequality in terms of measuring social exclusion or inclusion —the latter being by definition wider a term, tapping on social relations and how these reproduce specific patterns of functionings and capabilities – income analysis provides insight into the impacts of social policies under certain external conditions horizontally and on specific groups.

The analysis reported in this chapter has shown that most European societies face similar problems despite their differing degree of economic development and despite the differences in their welfare systems which, admittedly, are often overestimated. What these findings suggest is that external pressures – and in particular the decline of full-employment, the demographic changes and the changes in family relations – are proving stronger than internal pressures – in particular the drive to 'lean' public expenditures down – with regards the demand for reform; yet also operate in an additive fashion.

Income remains the main means for establishing 'capabilities' in advanced industrialised societies. Inequality can thus be measured through income. Different types of welfare might nevertheless emerge if income-related benefits are used to 'enable' rather than 'protect' or 'guard' individuals against the risk of social exclusion. The increasing emphasis on active labour measures to fight unemployment are an indication of a re-orientation towards an 'enabling' social policy in general. With regards income-related benefits the discussion has yet to address this issue sufficiently. The debate on the scope and extent of universal benefits vs. means-tested schemes does not answer to this question; nor is either choice likely to resolve the main problems. With regards income, an 'enabling' policy is with all likelihood not possible without a parallel consideration of the issue of positive responsibility next to positive freedom. The question is not alone how much is paid to whom; but also who pays.

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APPENDIX 3

Elements of a new European Union-level Social Inclusion Policy? – An overview of the EU's NAP policy 1998

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1 Motivation and process

European economies operate in the global context. In 1997, Europe's employment rate was 14 per cent lower than that of the USA which translates into 34 million jobs. Twenty years ago, the rates of the two regional players were similar. Today, particularly the employment rates of young people (between 15 and 24 years old), of women, and of older people in Europe are considerably lower than those in the US. Moreover, there are substantial differences across the EU member states (EC, 1998a).

Fighting unemployment is not alone economically important. It is also a goal of highest political priority. To create political support and momentum, the EU depends on the endorsement by its citizens to whom it thus needs to prove economic as well as social competence. The development of European labour markets is a major challenge in that regard.

With the early implementation of the employment title of the Treaty of Amsterdam, the European employment strategy has been moved to the top of the EU agenda. In 1997, the European Council adopted the first employment guidelines. In the course of the so-called 'Luxembourg process,' the member states submitted their first NAPs, followed by the first implementation reports in 1998. At both the European and the national level formalised and systematic frameworks emerge that support this process:

The first guidelines for the 1998 NAPs defined four 'pillars' around which the member states structured, to varying degrees, their National Action Plans. These specifications of the joint strategy also include ongoing efforts to define a minimum of common policy and performance[33] indicators to monitor the implementation of the individual guidelines (DG V, 1999).

Summary NAP structure 1998		
Pillar	**Goals**	**Guideline**

[33] To give an example: unemployment is considered as interrupted in the case of illness in Germany. In Austria unemployment ends with participation in training programmes or through brief employment which by no means can be considered a basis for subsistence (Austria) (Wolf, 1999).

I – Employability	Tackling youth unemployment, preventing long-term unemployment Transition from passive to active measures Encourage partnership approach Facilitation transition school-work	1, 2 3 4, 5 6, 7
II – Entrepreneurship	Facilitate starting and running businesses Exploit new opportunities for job creation Making taxation system more employment-friendly	8, 9 10 11, 12
III – Adaptability	Modernising work organisation Supporting adaptability in enterprises	13, 14 15
IV – Equal opportunity	Tackling gender gaps Reconciling work and family life Facilitating return to work Promoting integration of people with disabilities into working life	16 17 18 19

2 Differences and similarities across countries

National conditions vary. Denmark, Sweden, the UK, Austria and Portugal have the best overall economic starting positions, Italy, Spain, Greece and Belgium are among the most challenged. While it is too early to assess the medium- or long-term impact of the NAP strategy, the Joint Employment Report 1998 (a joint document of the Council and the Commission) offers a first overview of the European employment and implementation strategies as reflected in the NAPs:

The emphasised issues for Pillar I (employability) are long-term unemployment, measures for young people, life long learning and a shift from passive to active and from curative to preventive measures. Those themes, in most NAPs, are treated in conjunction and independently from the guidelines. Pillar II efforts (entrepreneurship) appear to progress at a slower pace which is partly due to the necessity of more incisive structural changes. Pillar III (adaptability) centres for the most part around ongoing reforms which take place independently from and parallel to the NAPs. The objectives of Pillar IV (equal opportunity) were still too vague and too little integrated in the overall EU perspective of 1998.

Most NAPs stress Pillar I, employability, and integrate those objectives into their particular national policy perspectives. In the case of Denmark it is the "Denmark 2005" concept; Germany emphasises its supply side approach; France seeks integration with economic growth policies; for the UK, the 'New Deal' is the prominent element around which the NAP is structured; Portugal devised its action plan around a thorough assessment of structural deficiencies; and Austria emphasises a comprehensive approach stressing issues beyond the guidelines.

Likewise, the first implementation reports differ according to the indigenous features of the national situation. Many measures in Portugal are still in preparation; much of what Denmark reports are increased efforts to improve

instruments that already exist; the UK, in the field of work organisation, considers no further action necessary.

Some member states, that is Denmark, Spain, France, Luxembourg, Portugal, Finland and Sweden, made clear commitments to activation and prevention. Some announced in their first NAPs elaboration in the revised 1999 versions. Italy and Greece, in their first NAPs, did not indicate their overall targets.

The Spanish and French NAPs of 1998 have been the only ones which provided clear information on overall NAP budgets. Some countries estimated additional public expenditure required by the NAPs (Belgium, Netherlands, Luxembourg); some members states indicated costs for some actions but not an overall estimate (UK, Germany, Austria, Portugal, Greece, Sweden; and others provided no details on budgets (Denmark, Finland, Italy, Ireland). Most states did, however, indicate specifics on particular measures and initiatives.

The process of a European employment strategy refocused the national, public discourse and stimulated national efforts, despite administrative problems in the early stage. At the time the first NAPs were written national budgets had already been allocated. This led to a common theme in most: they spell out policies already in place which are to be continued and, in addition declare the intent to implement further measures. Most countries have already established specific interdepartmental NAP implementation and monitoring structures.

3 Overview NAPs across countries

The tables below provide a comparative overview of the strategies of a select number of EU countries as they are reflected in the first NAPs and the Joint Employment Report 1998. They exemplify the differences and similarities of starting positions, policy approaches and prioritised measures, and their progress.

NAPs 1998 overview							
Country	**Starting position**	**Policy perspective**	**Focus**	**Pillar I Employability**	**Pillar II Entrepreneurship**	**Pillar III Adaptability**	**Pillar IV Equal opportunities**
Austria	Among top three performers in EU; low unemployment despite slight deterioration; problem keeping older workers in empl. due to generous early retirement conditions; lowest youth unemp.	Comprehensive plus additional measures, prevention, activation; main actor Public Labour Office AMS ; decentralisation through territorial pacts	Employability,	Transition school-apprenticeships; quality of school system; l-t emp. targets acc. To guidelines not met; activation target by 2002	Promotion of start-ups, administrative and legislative facilitation for SMEs; third sector focus	Focus on responsibility of social partners; little on in-firm training and upgrading skills	Additional resources for childcare and gender programmes; disabled programmes.
Belgium	High l-t unemp., low emp. rate, women and older persons problem area, relatively favourable re youth	Income maintenance, trend towards active policy, reinforcing existing measures, focus on reducing existing unemp.	Employability, entrepreneurship	Active policy in terms of training, guidance, subsidising recruitment, earlier measures for unemp. youth	Administrative support, funding to lower social costs of labour, training	Flexibilisation of work organisation, better contracts for part-timers	Training, childcare facilities, services for elderly people
Denmark	One of best in EU including performance in terms of participation of older and gender gap and l-t unemp.; growing emp., decreasing unemp.	Continuation ("Denmark 2005")	Prevention, activation	Earlier activation, upgrade and develop qualifications	Decrease tax burden on low-paid work, promotion	Work organisation, social chapters, job rotation, upgrading skills, lifelong learning	Monitoring regional markets
Finland	Structural reform shock; emp. rate high, but also unemp. high, particularly of young people; effective re gender gap and l-t unemp; fast job creation	Labour market reform of 1998	Employability	Individual plans for job searchers; maintenance of activation level; increase expenditure for active measures	Ease administrative burden; SME development; business environment	Active involvement of social partners in designing proposals	Guidelines for public administrators for preparation of government proposals; support for women entrepreneurs
France	Emp. and unemp. near EU average; problem emp. growth, emp. older workers; poor job creation; increased unemp.; improved gender gap	Integration with economic policy – growth, job creating, growth benefits for all	Employability	Prevention, activation by individualised scheme and increased role of public emp. services	Scheme for youngsters; re-structuring social security system reducing non-wage labour costs	Modernisation of work organisation, reducing, distributing working time	Scheme for disabled
Germany	Emp. decreasing, unemp. increasing; poor job creation; West-East imbalance; l-t unemp. problem; good position in youth emp.	Continuation; overall economic conditions; supply side approach; continuation of policy (Labour Promotion act)	Employability	Legal reform to balance preventive measures and adult l-t unemp.; dual system; school drop-outs, life-long learning	Reducing cost and administrative burden for SME; tax relief	Working time patterns; in-house training in enterprises	disabilities

NAPs overview continued

Italy	Low emp., high unemp., l-t unemp. and gender gap among the highest in EU, North/South imbalance, structural problems, unemp. increase, poor job creation	Unemp. in South is priority, particularly l-t unemp.; still curative approach; traditionally strong policies to encourage entrepreneurship: mostly consolidation of policies re pillars 2-4; reinforcement of public employment services, regionalisation	Employability	Measures target mainly existing l-t unemp.; planned increase of active measures; first attempts towards preventive approach; retargeting and reduction of short-term measures	Consolidating measures to facilitate start-ups; reduction of cost burden on enterprises, especially SMEs; reinforcement of links to research; increase of local agreements; regional wage flexibility	Implementation of 1996 Labour Pact via legislation re flexaibilty;	Some measures at specific disadvantaged groups; gender gap tackled mainly via integration in pillar 2 and 3 efforts; administrative acts for mainstreaming
Netherlands	Employment above EU average. Lower rate for women and people 55+; decreased unemp.rate, about half of EU average; good performance re job creation and overall unemployment; fast emp. growth; low youth unemp.	NAP written before elections; new government stressing overall emp. measures, cornerstones are tax reform, reorganisation of social security, and emp. services	Employabiltiy	Centres for Work and Income; life-long learning programme; integration plan for young unemp.; extra funds for integration plans for all before end of first year of unemp.	Announced tax reform; reduction of burdens on SMEs	Flexibility and Security law	Several measures to reconcile work and family life; expansion in childcare facilities, after school supervision
Portugal	Emp. and unemp. rates better than EU average; slowing down of job creation, thus increase in unemp., particularly l-t.; structural problems: schooling; underemployment; unstable, atypical jobs; low qualification; low wages;	Improvement of overall qualifications, particularly youngsters, structural changes assessment; mainly short- and medium-term objectives Activation, prevention;	Employability,	Commitments acc. to guidelines; apprenticeship system	Neglected with justification; proposal of social security system reform; measures re flexible retirement age	On-the-job training in SMEs, social partner agreement as basis for modernisation of work org.; plans for revised legislation re new types of contracts	Care for dependants, child care, disabled
Spain	Problematic despite high emp.growth, structural problems, lowest EU participation rate in labour market, highest EU unemp., high gender gap; youth, l-t. female unemp. higher than EU average	Address main problems of labour market; policy mixpreventive-curative; towards activation, prevention	Employability	Increase employability measures for one million unemployed in 1998	Fiscal measures	Promoting regulation of voluntary and stable part-time work	Focus on raising access to care services, social security exemptions to benefit women
Sweden	Structural shock from mid 90s; total emp.rate highest in EU; also favourable across age and gender and re l-t unemp.; but low job creation, thus worsening except for equal opp.	Continuation of policies; active measures; focus on education and skills development	Employability	Stronger emphasis on education and training; stricter definitions for youth and l-t unemp.	SMEs; fostering business culture	Development modern flexible work organisation	Childcare well covered; parental leave scheme in place; already amended equality act; announced legislation for disabled

UK	Emp. and unempl. considerably better than EU average; also in terms of participation of older employees; improved gender gap; problem l-t.unemp.	Activation through New Deal, Job Seeker's Allowance, Employment Service measures;	Employability	New Deal for all; activation	Job creation initiatives, stress on local: fiscal and administrative measure to benefit SMEs	Contractual flexibility and fiscal policy in place; improving employee rights;	Introduction of minimum wage to benefit women; childcare strategy; working family tax credits; reintegration programmes for single parents and disabled
Source: NAPs 1998, Joint Employment Report 1998							

NAP IMPLEMENTATION 1998 overview						
Country	**General**	**Pillar I Employability**	**Pillar II Entrepreneurship**	**Pillar III Adaptability**	**Pillar IV Equal opportunities**	**Expenditure***
Austria	Measures for youngsters, especially apprenticeships; transition scheme school-apprenticeship; preparation legal and administrative re active policy; territorial pacts to be formalised; monitoring and intervention structures established;	Education and training for young; transition measures for apprentices; safety net for school leavers; preparation programmes public employment office	Programme for women entrepreneurs (MINERVA) extended; reform of unemp. insurance to retain claims	Collective contracts for several industries to allow flexibilisation; ongoing process across federal states; further legislation inpreparation; database for continuing education	Additional budget and facilities for child care; prevention for disabled	Additional 100 MECU for youth measures 1998, 199; increase active labour market budget by 36 MECu for 1998, by 144 MECU for 1999
Belgium	Legislation Monitoring structures and co-operation agreement federal/ regional level	Career breaks, creation local commercial service sector jobs (Smet jobs), simplification of young person traineeship, Local Employment Development Agencies (ALE/PWAA) employment contracts. Extension work experience projects (WEP plus), financing innovative training in Flanders. Employment and professional transition schemes in Wallonia. Preparation of law on wage policies, employers' costs, working hours				Additional expenditure of 1500 MECU
Denmark	Tax legislation to increase work motivation for low-income	Earlier offers to unemp.; proposed system of credit transfer, reform technical vocational edu.; evaluation and higher edu., decrease time in edu. System; institution for edu. System;	Reduce administration; promotion in edu. system	Balancing flexibility and security in work organisation in collective agreements	Strengthen female entrepreneurs	Overall framework in terms of expenditure on labour market programmes, some information on specific measures (implementation report preceded Finance Act 99)
Finland	Labour market policy reform implemented by regional and local public employment offices; research funds for reform evaluation; high-level working group to monitor	Plan for all registered unemp. before 5 months unemp.; increase of staff resources by 8-9 per cent; preparation of legislation re education and training; legislation re vocational training from 1999 on; training programme for electronic and IT industries for 130 MECU (ESF financed)	Proposals for simplified administrative procedures; tax reduction on labour; public funding increase for technology; target for R&D investment set	Ongoing discussions with social partners son modernising work oranisation; research projects on atypical work; implementing lifelong learning strategy	Study on equal opp. In 12 work places; flexibilisation of parental leave	Budget framework 1999-2002
France	Job creation initiated; decentralisation in implementation; focus on monitoring and evaluation indicators;	Modernisation and resource increase state emp. and training; legislation against exclusion; extension of qualification contracts to adults; preparation of legislation on vocational and lifelong training, ICT, increase remedial	Simplification for employers, public risk-capital fund; job creation scheme; assessment of tax burden	Legislation on working time reduction, information campaign; agreements re job creation; recruitment by employer groups; draft legislation re co-operation schools and SMEs	Planned constitutional bill; creation of observatory and council	Overall 17 BECU for 1998, 19 BECU in 1999.
Germany	Intensified co-operation between actors; improve indicators; monitoring by research bodies	Decentralisation; pilot scheme qualification and work for disadvantaged graduates	Assessment of recent measures	Agreements by social partners; employer efforts to improve skills; measures to develop cont. edu.	New programmes for disabled	

Italy	Push activation target; monitoring via interministerial committee and task force and ESF monitoring mechanisms	Launch of new initiative to enhance prevention (Guidance and Information Plan), 17 per cent of young unemp. receiving job search assistance; regions adopting legislation re placement services; new forms of apprenticeships; minimum income subsidies for unemp. based on participation in training; back to work actions for l-t unemp., reintegration efforts into self-employment	Solidarity pact with voluntary and co-op sector	Implementation of Labour Pact, introducing flexibiltiy in work organisation and working time; increase in flexible forms of contracts visible	Intergovernmental agreement to enhance female entrepreneurship; observatory established; clarification of role of authorities; enhancement of NGOs	Overall financial information; details re some measures; clear ESF info
Netherlands	Progress varies across measures; decentralisation; tax reform taking effect 2001 shifting towards indirect taxation; major measures not fully operational till 2001; monitoring and evaluation at national level	Funds allocated to supplement available budget for active emp. measures	Tax reform	Agreements among social partners on training and employment, consultation re lifelong learning; Flexibility and Security law in effect	Preparation of law on reconciling work and family life; announced improvements for childcare facilities.	Additional funds for supporting measures re active measures amounting to 1.600 MECU in 2002
Portugal	Revision of existing measures, adopting new ones; monitoring at different levels.	Initiatives launched re l-t unemp.	preparation	preparation	preparation	Resources to be mobilised particularly on prevention of l-t unemp., activation, life-long learning
Spain	Actions mostly for employability pillar; interministerial working group for monitoring and evaluation	Introduction new management model of authorities; career guidance for 2.8 million unemployed; reorientation FIP to enable prevention and reintegration of l-t unemployed; draft regulation for employment workshops; adoption regulation of training contracts.	legislation change for enterprises working on social insertion; measures to encourage hiring by self-employed workers	One-stop-shops and SME initiatives, new facilitating regulations for SME	Zero cost initiative via partial exemptions from social security contributions adopted	Total NAP budget 5.718 million ECU for 1998, plus credit line for SMEs of 1.796 million ECU. 81 per cent of total budget for employability, a third for prevention and activation
Sweden	No complete monitoring/evaluation plan, but monitoring plan for adult education initiative and fixed-term emp. agreement; also evaluation for advanced vocational training	Youth scheme; personal development guarantee for 20-24 year olds; individual action plans for l-t unemp., current coverage rate 80 per cent; Adult Education Initiative; labour market training programme expanded to include IT; reshaping apprenticeship training: pilot projects launched	Start-up grants for unemployed or risk groups; extended grant period for under-represented women and immigrants; measures to encourage female entrepreneurship; tax reductions and funds for venture capital purposes proposed	Appointment of working group to upgrade skills level; proposed agreement on government intervention	Amendments made in Act on Equality between men and women; review of discrimination law; priority in emp. schemes for physically disabled; draft statute against discrimination of physically disabled;	Youth scheme estimate 0.6 billion ECU; personal development guarantee scheme for 20-24 year olds: 39 MECU for 1998; 3 MECU to fight gender segregation in 1998; 1.1 billion MECU in 1998 for disabled
	New Deal; high involvement national and local orgs.; monitoring at level of individual institutions	New Deal also for adults; Individual Learning Accounts for life long learning. Education Action Zones; review Single Regeneration budget and New Deal for communities for local job creation	Payment of interest on outstanding bills to companies foreseen; reduction social security contributions; assistance for self-emp. in employment action zones.	no further action considered necessary re work organisation	Progress in New Deal for lone parents and disabled; minimum wage legislation, childcare	Budget indicated by guideline and for individual measures

Source: NAPs, Joint Employment Report 1998 **exclusive ESF funding*