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Combating Inequalities through Innovative Social Practices of and for Young People in Cities across
Europe

CAUSES OF INEQUALITY AFFECTING YOUNG PEOPLE IN 10 EUROPEAN CITIES

Baseline and comparative report

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This report is part of Work Package 2 of the research project entitled “Combating Inequalities through Innovative Social Practices of and for Young People in Cities across Europe” (CITISPYCE). CITISPYCE (2013-15) has been devised against the back drop of research which shows the disproportionate impact of the global economic crisis on young people across Europe. This includes excessively high rates of youth unemployment (particularly amongst those who face multiple social, economic and cultural disadvantages) and threats to the social provision enjoyed by previous generations. CITISPYCE partners are working on a three year multi-disciplinary, multi-sectoral programme to examine the current state of the art and ideas concerning social innovation against inequalities faced by young people, explore socially innovative practices being developed by and for young people in urban areas, and test the transferability of local models of innovative practice in order to develop new policy approaches. The CITISPYCE consortium covers ten European countries and is funded by the European Commission (FP7, Socio-economic Sciences & Humanities).



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Introduction

Citispyce means “Combating Inequalities through Innovative Social Practices of and for Young People in Cities across Europe”. The objectives of the project are set in the framework of the Social Innovation Europe Initiative and follow on from the establishment of the European Platform against Poverty, the Social Innovation Pilot within the European Social Fund, the PROGRESS programme and the focus on young people and employment through Youth on the Move and New Skills for New Jobs. They come together around the key question: In the rapidly redrawn landscape of deprivation and inequalities across Europe, how might policymakers (at local, national and EU levels) be assisted in their objectives to tackle inequalities through learning from innovative strategies developed for and by young people and particularly those from marginalised groups in major European cities, including an elaboration of the resources and technologies at the heart of these social innovations?

In order to achieve that, we first of all need to know about the inequalities that are supposed to be combatted through innovative social practices of and for young people in cities across Europe. Accordingly, this report aims to fulfil that need and in that way present a basis for the further work in the Citispyce project. The report deals with the inequalities, but not by restricting itself to the symptoms. It aims to go beyond the symptoms and identify the causes. Such analyses will show that the symptoms may be the same in two cities, for example in terms of youth unemployment, but the causes different. As agreed in the project, social practices to combat inequalities have to be directed at the causes to become successful and innovative. The symptoms of inequality are of course important, but mainly as point of departures for further analyses of the causes.

The report builds on 10 reports, dealing with the cities in their national contexts, written by national teams in the Citispyce project (see References). In order to make the descriptions of symptoms in these 10 reports similar, 14 indicators were selected (see Annex). All of them are well known, established and defined within the EU. They are used in the work within the *EU Youth Strategy* (European Commission, 2009), the framework for European cooperation in the youth field (2010-2018). Two recent publications, *EU Youth Report* (European Commission, 2012) and a report by Eurofound (2012), contain values for all the indicators, specified for the national levels. The 10 national teams were asked to try to find the corresponding values at the city level. If they were not successful, it would perhaps be possible to determine whether values were higher or lower. These values or estimates have then served as a basis for the analyses of the causes (see Annex).

Regarding the causes of inequalities, this report runs counter to the wisdom that has characterized a lot of economics and politics during the last decades (see chapter 5). The report suggests that a capitalist economy has to be regulated. Thus, totally deregulated capitalist economies do not exist and when deregulations are carried out, one can expect that the fundamentally contradictory content of the capitalist economy gets out in the open, so to speak, engendering instability and conflict (Jessop, 2013). These structural contradictions (basically deriving from the exchange- and use-value aspects of the commodity), for example the one between labour-power as a use-value and capital as an exchange value, are one of the reasons to why a capitalist economy has to be regulated. The other reason is that a capitalist economy cannot reproduce itself. For example, children have to be born, raised and educated in order for labour-power to be available. People have to make decisions about buying the commodities produced and thus needs have to be engendered. Historically, it took a while for people to become mass consumers. Among other things, people need to feel sufficiently secure about their future. The welfare state has had as one of its purposes to make them feel that.

This means that the economy cannot be studied separately. It has to be understood in its “inclusive sense” (Jessop, 2002: 5) and in this report, this will have two implications. Firstly, it means that the relationships between growth and welfare will be highlighted. It turns out that there are crucial differences between the countries regarding this relationship, which then may explain the differences in the causes of inequality. That will be conceptualized as regimes of capital accumulation. Secondly, it means that extra-economic mechanisms and structural forms contributing to the regulation of the economy have to be brought into the picture. One such structural form is the wage relation, another one is the state and we will focus on the specific configurations of state, market, family and social economy known as welfare regimes. These regimes will be regarded as structural forms, decisive for the regulation of the capitalist economy.

This view expressed above belongs to the perspective called regulation theory (Aglietta, 1987). The implications of it will be clarified in chapter 3. Another guiding theory of this report concerns causes. They are not always what they seem to be; and what seems to be is not always the cause. Furthermore, often nothing seems to be the cause; although a cause certainly exists but it does not seem so, as we may not be able point it out. For that reason, we have to ask ourselves what can have a potential to be a cause.

Such a line of inquiry has its basis in the scientific paradigm called critical realism (Jessop, 2005) which distinguishes between the real, the actual and the empirical. Something must have the causal force to make people unemployed before they become it. Critical realism identifies such a causal force at the level of the real. Whether people do become unemployed (the actualisation of it), however, depends on various circumstances interacting at the level of the actual. Finally, that should be distinguished from how we perceive it, which is a matter of the empirical and may be indicated by, for example the unemployment rate.

The distinction between the real and the actual explains how the same causal forces can operate in different contexts but get different outcomes due to the differences in actualisation. In one of the articles resulting from the EU project Social Polis,¹ Pratschke and Morlicchio (2012: 1895) express the same thought when they refer to it as generative mechanisms that “combine to produce differing outcomes in a context-dependent way”. This means that we cannot take the indicators for granted and that is what the distinction between the actual and the empirical implies. The indicators may be well defined and technically superb but do not speak for themselves. It is we who have to speak for them by interpreting them critically. As stated above, the indicators should only be regarded as point of departures.

The critical realist view of causes enables us also to understand that what is a symptom, effect or solution can also become a cause and problem. For example, unemployment of young people may be regarded as an effect but it also causes a lot of problems; another example is the welfare state, which seems to solve problems as it regulates the economy and makes it run more smoothly. The welfare state also causes its own problems, however, regarding, for example, the conditions for getting benefits or access to public housing. Thus, what seems to be solutions can also be, or turn into, problems. This was underlined by the Hamburg team in a contribution to the *WP2: Strategy report*:

Nationality and age open and close doors to services, and the reason for this is no other than the very make-up of the welfare system itself that draws clear boundaries around citizenship (citizen vs alien) or age (child vs adult). Secondly, the institutions of inclusion may in practice provoke exclusion through mechanisms of institutional discrimination, just think about the last riots in France which were clearly directed against discriminatory state practices in schools etc., or think about the conditionalities built into the workfare approach of employment policies - not handing out benefits to people because they fail to apply for jobs means in reality that they will face deeper hardship than before rather than anything else.

The objective of this report is to compare the 10 reports on the cities in their national contexts. The cities can probably be compared in many different ways, but here the comparisons have been made with the purpose of serving the forthcoming work packages. Since the view of this report is that in order to combat inequalities, social practices have to be directed at the causes to be regarded as innovative, the analyses finishes with a chapter where some conclusions are drawn about what these causes may be. But first of all, the 10 cities will be presented on the basis of how they are presented in the 10 reports.

¹ Available at: <http://www.socialpolis.eu/> (accessed 9 October 2013)

Thereafter (chapter 2), the focus turns to the symptoms of inequality and one of the 14 indicators will be highlighted, the NEET. That means the young people not in employment, education or training. There are several reasons why we have chosen to highlight the NEET indicator. Firstly, it is a major indicator because it covers not only one symptom of inequality but at least three (employment, education and training) and also often other symptoms related to that, like for example discrimination. Secondly, the NEET indicator is particularly useful as a way of leading into a more theoretical discussion, including problematising concepts such as social exclusion and aiming at improving the understanding of young people's situation and what it depends on. At the local level, however, the NEET indicator has not been available with the same definition in all the 10 cities. That shows the difficulties of finding indicators which may be used for comparisons.

Then, in chapter 3 we turn to the causes of inequality, starting with the ones associated with the growth models. In chapter 4 the exploration of causes continues with the welfare regimes. Chapter 5 highlights two major and general trends from a European perspective. Both these trends have been engendered by the political project called neo-liberalism. It has on the one hand caused a divergence between and within European societies. On the other hand, it has made them converge in the sense of being increasingly imprinted by neo-liberalism. Finally, based on the analyses and as a kind of conclusions, chapter 6 outlines seven prospects for social innovations.

It is important to note that this report represents a critical interpretation of the 10 reports and information provided in other ways. The report does not simply convey the content in the 10 reports. It is the view of the author that such a procedure would not have been scientifically justified. It is also the author who is responsible for the selection of theories and literature by which the critical interpretations and analyses have been made. All the teams have, however, been given the opportunity to read and comment on a previous version of this report. All these comments have been considered by the author to the best of his ability. The responsibility for the final result, however, with its remaining shortages, lies with the author.

1. Ten European cities

The 10 European cities are very different. All the cities, however, can be regarded as capitals, although only two in the national sense and the others regionally. Some of the cities are very old, in particular Athens, one of the oldest cities in the world. Others were previously very prosperous industrial cities which have gone through a hard time of industrial decline. Some of them have managed to change their identity, like Malmö. In contrast, Birmingham seems to have got stuck in between the old and the new, while Rotterdam remains as the working class stronghold, the city where you earn the money you spend in Amsterdam, according to a popular saying (Spies and Tan, 2013: 3).

Some cities have been very much affected by the crisis, like Athens, while in Hamburg things have never been better. Also Brno looks optimistically towards the future. In two of the cities, Krakow and Rotterdam, there do not seem to be any serious problems at all, according to the reports. In especially one city, history means a lot and that is Barcelona, the city that gains strength from its history and sees itself as champion in the contemporary struggles against the central power in Spain. That probably provides something for young people to identify with, making life a little more meaningful, and that is also a reason for mentioning it. The cities differ in terms of the meaning and identities they offer young people. Inequality is certainly about jobs, housing, education and politics, but also about meaning which will be made clear later in this report.

Another city with a rich historical and cultural heritage is Venice. It does not, however, provide the same opportunities as Barcelona for young people to gain strength from this heritage. According to the Venice report (Campomori et al., 2013: 19), the history of trades and cosmopolitanism, but also the working class tradition and the strong presence of migrants have made Venice an open city, acceptant towards strangers. This feature is anchored in the Old Town of Venice which during the last decades, however, has been invaded by tourists. In this emergent “touristic monoculture”, many young people cannot afford to live any longer and have been forced to move. The Venice report (Campomori et al., 2013: 21) describes the city as “heartbroken by the disruption of social ties that have suddenly taken shape in the last thirty years, polarized between an ‘Old Town-museum’ (‘Old-Town-Disneyland’) and a ‘mainland-dormitory’, as a melancholic because of the progressive emptying of young population that appears unstoppable and because of the lack of generational turnover caused by the projection of the new generations to other contexts and by their lack of attachment to the city and to its history”.

In terms of population, the cities range from 270.000 (Venice) to almost 2 million people (Hamburg and Barcelona). That is not particularly significant, however, as all the cities are included in wider metropolitan regions with much bigger populations of between half a million (Brno) and 5 million people (Barcelona) or even 7 million of the Randstad in The Netherlands. Thus, as centres of metropolitan regions they all offer a wide range of opportunities for young people. The difference in opportunities

between cities has nothing to do with size. It is not because some of the cities are small that there is a lack of opportunities.

More interesting is the change of populations in the cities. Athens stands out as the city which has lost a substantial part of its population. In fact, the registered population of Greece has diminished significantly from 10.206.539 in 2001 to 9.903.268 in 2011 (Avatangelou et al., 2013: 3). Malmö constitutes the opposite pole, being one of the fastest growing cities in Europe. The other eight cities have either increased a little (Barcelona, Birmingham, Brno, Hamburg and Sofia) or remained around the same size (Krakow, Rotterdam and Venice). According to the Athens report, the decrease of population in Greece and in Athens depends on, amongst other things, low fertility rates, but also large-scale emigration and that makes it even worse because, as the Athens report (Avatangelou et al., 2013: 3) mentions, “the majority of emigrants are well educated young people who move towards other European countries in search of employment and better living conditions”.

Particularly worrying is that Greece has lost as much as a fifth of its young population (age 15-29) during the last decade, falling to below 18% of the entire population. That makes Greece a middle range country in relation to the share of young people. Among the ten cities, Krakow and Rotterdam have the highest share of young people, amounting to 22% of the population, followed by Brno with 20%.

Athens is not only the city with the highest emigration. It probably also has the highest immigration, although a lot of it is undocumented. In 2010, according to FRONTEX, 9 out of 10 immigrants who illegally entered Europe did that via Greece (Avatangelou et al., 2013: 4). This could be well explained by the fact that a large number of immigrants do not have Greece as their final destination, but rather use it as a transit point in order to reach other European countries (Kitsantonis, 2007). Due to the fact that other member states do not want to receive them, they remain in Greece and end up living in specific areas of Athens, many of them working in the informal sector and in that way contributing to the growth of that sector.

Barcelona has also experienced a rapid increase of immigrants, but of a different character. Previously, Spain has been characterized by emigration. It changed at the end of the 1990s when large numbers of foreigners started entering Spain, mainly because they could get a job there. From 2001 to 2012, the ratio of foreign nationals living in the city has risen significantly, from 6,3% to 17,4% of the population. As Latin American immigrants represent the largest continental group, constituting 41% of the immigrant population, many immigrants obviously speak the Spanish language. Regarding the rest, Europeans amount to 30%, which also creates favourable conditions for a social integration. In addition, large numbers of undocumented immigrants live in Barcelona, corresponding to roughly 17% of the immigrant population according to estimates (Barcelona report). The proportion of immigrants has increased particularly rapidly, from approximately 3.9% in the year 2000 to 29.9% twelve years later of the youth population (15-24) of Barcelona.

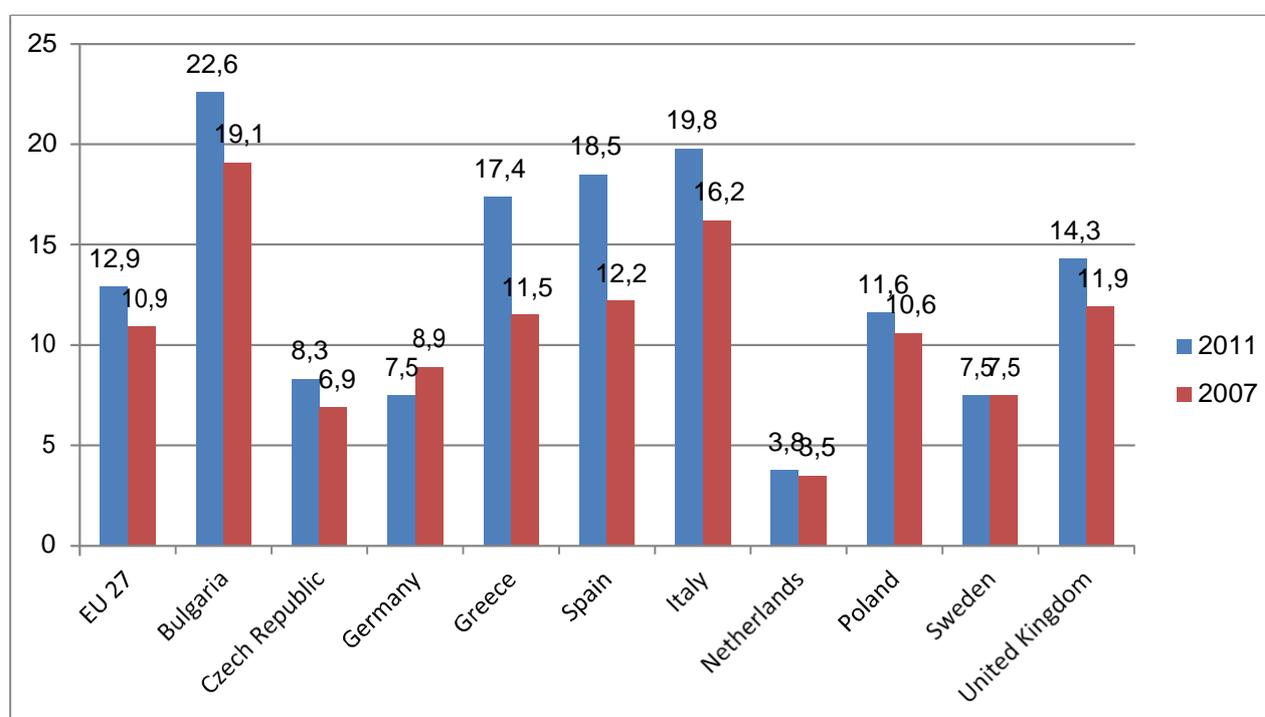
A city which has a much longer experience of immigration is Birmingham. Currently, 22% of the city's residents were born outside the UK. Due to the status of English as a world language and because many immigrants in the UK have their background in English-speaking countries, speaking the language of the majority does not imply the challenge that it does in, for example, Malmö where almost none of the immigrants, except for the Danes, understand Swedish on their arrival. Among the ten cities, Malmö seems to have the highest share of people born abroad, namely 30%, although the figures are difficult to compare. Hamburg as well as Rotterdam (21%) have high proportion of people born in other countries. In contrast, less than 1% of the population in Krakow was born abroad. Also Brno and Sofia have very low proportions of people born abroad. In these cities, however, another ethnic division prevails, one between the majority and the Roma community.

All these differences between the cities immediately raise a question about comparability. How is it possible to compare the cities when they are so different? They are not, however, supposed to be compared in general. The comparisons should focus on the symptoms and causes of inequality affecting young people. For that reason, we have selected 14 indicators of such symptoms as points of departure for further examinations of the causes. As explained in the introduction, one of these indicators has turned out to be particularly useful. That is the NEET indicator, indicating what all the cities have in common, although to different extent, "the not included".

2. NEETs – the not included

A major indicator of inequality is the so-called NEET (young people not in employment, education or training). The EU Youth Report (2013: 211) points out the NEETs as the “group of young people mainly at risk of poverty and social exclusion”. According to the Youth Report (2013: 211), in 2011, 12.9 % of young people in the EU-27 were classified as NEETs. Among the countries in our project, Bulgaria had the highest share of NEETs with 22,6% (age 15-24). The share of NEETs was high also in Greece, Spain and Italy, but particularly low in the Netherlands (European Commission, 2012b).

Diagram 1. Young people (15-24) not in employment, education or training (NEET), 2011



As the Malmö report (Grander, 2013: 6) states, in Malmö “those born abroad are overrepresented in the NEET category”. That means that in addition to not being in employment, education or training many of them are probably affected by discrimination. Furthermore, many of them probably live in specific areas of the city, thus with concentration of NEETs and where others in a similar situation, the “almost-NEETs”, live.

As mentioned in the quote above from the EU Youth Report, the NEETs are associated with social exclusion. According to the Youth Report (2013: 199), “social exclusion brings about a vicious circle of unemployment or low-quality employment and poor living conditions with limited access to education and training, health care and social and community networks and activities. In short, it adversely affects all aspects of young people’s lives”. Social exclusion can, however, be a controversial term as it may be

used to stigmatize and thus aggravate the problems rather than solving them. For that reason, if we are to use it, we should very carefully define it and specify the purpose of using it.

The EU has since 2004 defined social exclusion as (European Commission, 2012b: 144) “a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education and training opportunities, as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.”

One of the major problems with the concept concerns if it refers to a process or a state (situation). The EU report *Employment and Social development in Europe 2012* expresses both these meanings, without paying attention to the very important difference between them. On the one hand, social exclusion is referred to as a process, as in the definition above, but then there is said to be “consensus that it can also mean being deprived of other aspects of life in a rich European society, such as access to paid employment, quality education, health and health care, housing, public benefits, and social contacts.” (European Commission, 2012b: 145) Being in a state of deprivation, however, is something else than the process of depriving.

As clarified in for example Collins English Dictionary, the term exclusion has two different meanings, the one referring to a process and the other to a state. While in English, the one and the same term carries both meanings, different terms are used in for example Swedish. The term used by the Swedish government, “utanförskap”, corresponds to only one of the meanings carried by the English term social exclusion. In Swedish, the term is used as a noun, referring to a state.

That is not how many scientists define it (for example Byrne, 2005; Madanipour et. al., 2003: 22). It is seen as an on-going process and Byrne (2005: 2) stresses the benefits of such a definition: “When we talk and write about ‘social exclusion’ we are talking about changes in the whole of society that have consequences for some of the people in that society.” Byrne asks us to pay attention to the inherent dynamics of the term because it points out something that happens in time. The term is also clearly systemic, Byrne claims, as it is about the nature of social systems and also has an implication for agency. “‘Exclusion’ is something that is done by some people to other people”.

In British politics, however, a definition of social exclusion as a state prevails, according to Fairclough (2000: 54), as “in the language of New Labour social exclusion is an outcome rather than a process – it is a condition people are in rather than something that is done to them.” It is used to present people and places as excluded but without the slightest trace of someone causing it, other than themselves. Fairclough (2000: 65) concludes that New Labour has replaced the quest for equality with the desire for more inclusion.

The objective of equality in left politics has been based on the claim that capitalist societies by their nature create inequalities and conflicting interests. The objective of social inclusion by contrast makes no such claim – by focusing on those who are excluded from society and ways of including them, it shifts away from inequalities and conflicts of interest among those who are included and presupposes that there is nothing inherently wrong with contemporary society as long as it is made more inclusive through government policies.

This is the definition that the Swedish alliance government has imported by translating social exclusion to “utanförskap”. Levitas traces the roots of this view in the sociology of Emile Durkheim. Its main characteristic consists of taking the existing social order for granted. Society is seen as obvious and natural. The individual must adapt to it. Disorder depends on individuals who have not adapted and therefore should be blamed. Levitas (2005: 188) sees it as a “neo-Durkheimian hegemony”, which removes the critique of capitalism from the political agenda.

But will a process-definition of social exclusion be sufficient to bring the full potential of that critique back? The answer here is no, because the process-definition also tends to take society for granted, although not necessarily the contemporary one. It conjures up the vision of a society that does not exclude and where social exclusion becomes the exception. It makes us believe that we are all basically included, but in modern and functionally differentiated societies we are not.

According to Marx (1996), following the French physiocrats and Adam Smith, capitalism requires a separation of work from the ownership of its material conditions. There must be people who volunteer to work for others because they do not own anything and therefore cannot work for themselves. They have to be outside, so to speak, before they can come inside. They must be out of work to be compelled to take one. Marx calls it “primitive accumulation” and what he conceptualises as capitalism’s point of departure can be understood as a state of social exclusion.

Harvey (2010: 48) updates the concept of primitive accumulation by renaming it as “accumulation by dispossession”. By that he wants to highlight that primitive accumulation does not only belong to the earlier stages of capitalism. It continues to happen and indeed, puts an imprint on contemporary society, by the use of illegal means, “such as violence, criminality, fraud and predatory practices of the sort that have been uncovered in recent times in the subprime mortgage market”. But also legal means are deployed, including “privatisation of what were once considered common property resources (like water and education), the use of the power of eminent domains to seize assets, widespread practices of takeovers, mergers and the like that result in ‘asset stripping’, and renegeing on, say, pension and health care obligations through bankruptcy proceedings”.

Dispossession means excluding, thus reaffirming the definition of the term as a verb. But all these processes of social exclusion tend to reproduce a fundamental precondition of capitalism, namely the state of social exclusion. This argument seems consistent with the view held by Luhmann who distinguishes between pre-modern and modern societies (Braeckman, 2006). In pre-modern societies, Luhmann claims,

the individual is basically included due to family bonds. Being inside and included is linked to the individual as a person, thus, one is either completely included or excluded. Moreover, one is included in only one sub-system, as in pre-modern society households constitute the sub-systems. Each such sub-system can be characterised as multifunctional, i.e. it serves many functions.

Modern societies are instead functionally differentiated. The various sub-systems perform different functions. The same individual is now participating as a voter, consumer, student and/or music fan, but in different sub-systems. No one is, for example, neither just a voter nor a consumer. We are both voters and consumers, but in different sub-systems and thus with different conditions for being included. In order for the individual to appear and feel as a whole individual, she/he must reconcile what in reality is systemically separated. Beck (1998: 220) describes it as a separation between subsystems which runs right through the individual and which the individual has to integrate in her/his life history. In modern society, the individual is basically excluded.

Therefore, social exclusion should neither solely be defined as a process (verb) nor as a state (noun), but as both. It is a matter of both excluding people and the state they are in. Accordingly, both the causes that exclude people and the conditions that hinder people from getting included have to be analysed. It might be argued that using the term social exclusion in its form as a state, “utanförskap” in Swedish, contributes to stigmatisation. That is certainly a risk but the term also helps recognising a particular situation. For what should the result of dispossession be called when it also means being excluded from any influence in society? We may call it a state of social exclusion (Braeckman, 2006: 74); and it is this state of social exclusion which some of the reports describe.

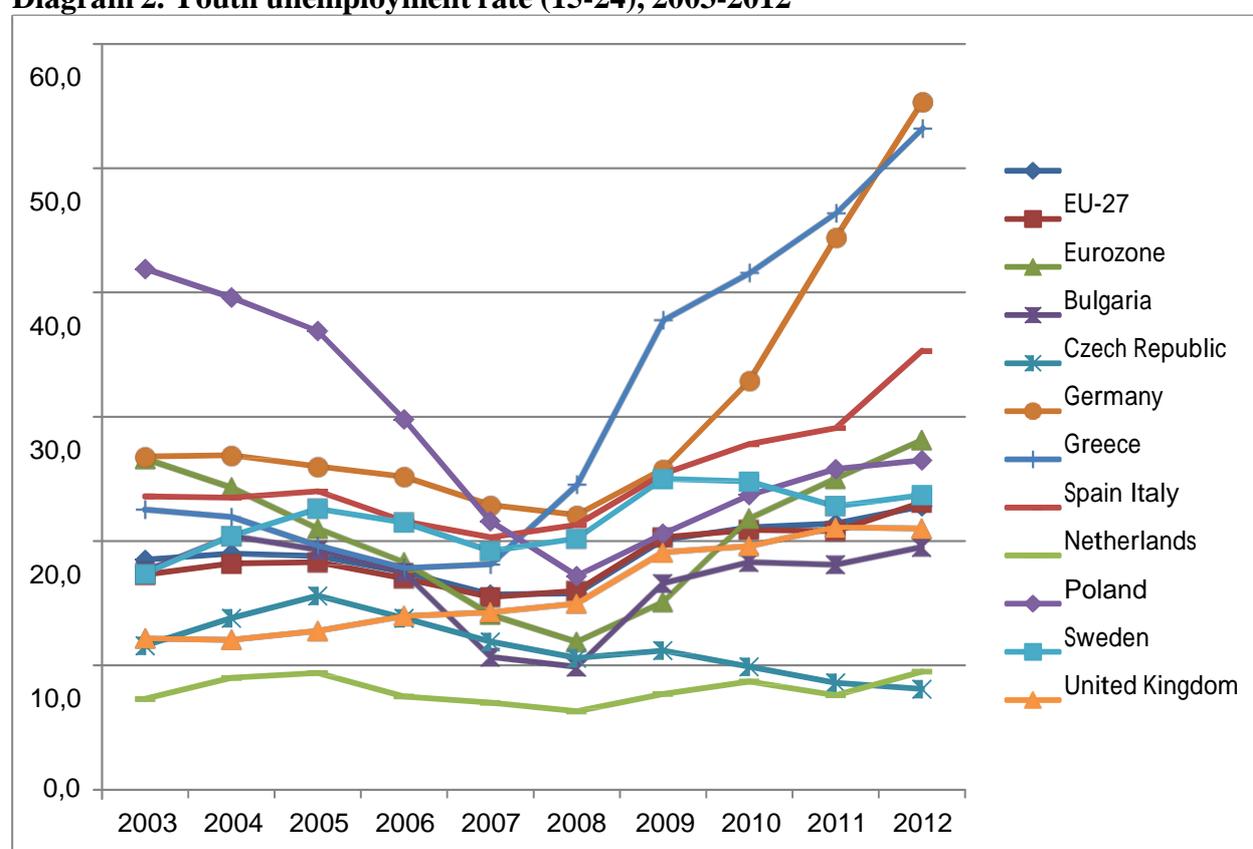
Using the term social exclusion both as a noun and as a verb paves the way for a fundamental critique of contemporary society. Moreover, it makes it possible to recognize the excluded on their own conditions. Being excluded does not necessarily equate with being useless or worthless. More specifically, it means that you do not fulfil the conditions for being included or perhaps do not want to fulfil them. The European Commission (European Commission, 2012b: 144) actually hints at such a definition when they claim that “situations of poverty and social exclusion are relative in time and space”. Relative to what? Such a line of inquiry is very seldom pursued, probably because it opens up the scope for a critique of contemporary society. Perhaps the main problem is not a matter of the excluded young people lacking competencies, but that society fails to recognize and make use of it. We will return to this last point in chapter 6.

Using the term social exclusion both as a noun and as a verb enables two sets of questions regarding the inequality affecting young people. Firstly, what are the conditions that hinder young people from getting included, that the young people affected by inequalities and in particular the NEETs do not fulfil? Secondly, why and how does society cause the inequalities that affect young people and even exclude some of them? These are the questions that will be guiding for the subsequent chapters.

3. Growth models

The global crisis that started as a banking crisis in 2008 has put its imprint on all the countries across Europe. The youth unemployment rate (15-24) increased from 2007-2012 in all the countries involved in Citispyce, except for Germany where it decreased from 11,9% to 8,1%.² In contrast, the youth unemployment rate has increased by 2,9 times in Spain, from 18,3% to 53,2%, and by 2,4 times in Greece, from 23,0% to 55,3%. This also shows the differences in point of departure. Greece had the highest youth unemployment before the crisis set in. The youth unemployment rate was high also in Poland, 21,6%.

Diagram 2. Youth unemployment rate (15-24), 2003-2012



This has led to an increase in long-term unemployment, but not in all the countries and not to the same extent (European Commission, 2012a: 168). It has increased in Greece, Spain and somewhat also in the Netherlands, but not in the Czech Republic nor in Poland. Among the employed, the share of those with temporary employments has increased overall in Europe, but not in all the countries and to very different extents. Also the share of part-time work has increased, but again to different degrees and from various points of departure.

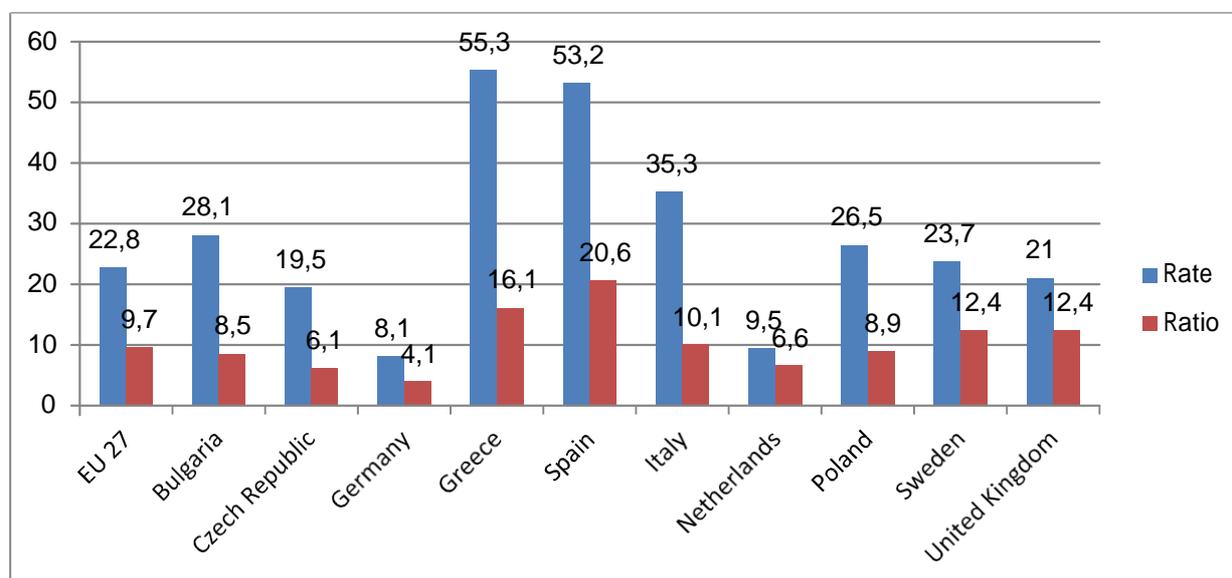
² Available at:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Youth_unemployment_rate_ratio_2012.png&filetime&=20130710115744 (accessed 3 October 2013)

To conclude, young people across Europe have been affected by the crisis but to various extents and in different ways. The comparisons on the basis of symptom indicators will not take us further than that. Thus, we will not be able to make assessments of the situation for young people in cities on one single scale. The situation may be worse in one sense and better in another. For example, the situation looks perhaps good in Poland where a remarkably high share of the 25-29 have jobs, but as a remarkable share of these jobs are temporary, that probably causes a lot of uncertainty; and how do we grade that uncertainty in relation to the uncertainty caused in other ways?

Really, what do we know about what the indicators indicate? Indeed, they all have their limitations and shortcomings. One of the most used indicators of inequality in the labour market is the unemployment rate. It measures unemployed people in a particular age group as a percentage of the total labour force (both employed and unemployed). It covers only, however, the active population and thus excludes those classified neither as employed nor as unemployed, for example students. To be classified as unemployed you need actively to seek employment. For that reason, the unemployment ratio seems to be a more accurate indicator as it covers the proportion of people registered as unemployed over the total population in the same group.³ Among the countries in our project, Spain has the highest unemployment ratio, 19%. None of the other countries comes near that high level. Germany, The Netherlands and The Czech Republic have the lowest unemployment ratios, between 4-7%.

Diagram 3. Youth unemployment rate and ratio (15-24), 2012



Getting a job is not, however, necessarily the solution. Also, conditions and quality matter. For example, the job may be temporary, of which Poland (Chrabąszcz et al., 2013: 6) has the highest share. 66% of the jobs there are temporary, compared with only 8% in Bulgaria (Eurofound, 2012: 16). On the other hand,

³ Available at:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Youth_unemployment_rate_ratio_2012.png&filetimestamp=20130710115744 (accessed 3 October 2013)

Bulgaria has the lowest employment rate among young people, which means that the share in relation to all those taking advantage of the permanent jobs is not particular high.

One may wonder what the rest do. In Bulgaria, only 27% of the young people aged 15-24 are either employed or registered as unemployed (European Commission, 2012b: 406). In Italy, it is the same. What do the rest do? Study? Some of them certainly do but far from all of them. Thus, in all probability the unemployed consist of many more than the registered ones. That means that youth unemployment is considerably higher than what the figures indicate.

Thus, we may take for granted that young people are affected by inequalities in all the countries but in different ways. We do not really know, however, to what extent, due to the inaccuracy of statistics. But even with more accurate statistics we would not have been much wiser. For example, Sweden and the UK have the same unemployment ratio, which may then look as if they have the same problem. They do not. Behind these figures lie very different causes. In order to understand that we need to know about the different economic structures across Europe.

In *Industrial relations 2008* the European Commission suggests a classification. They start by highlighting some commonalities which the western member states of the European Union share and which distinguishes the EU from other regions in the world. In post-war western Europe, the industrial relations arrangements and their achievement in contributing to growth and publicly secured social protection have rested on four institutional pillars (European Commission, 2008: 19); “strong or reasonably established and publicly guaranteed trade unions; a degree of solidarity wage setting based on coordination at the sectoral level or above; a fairly generalized arrangement of information, consultation, and perhaps co-determination at the firm level based on the rights of workers and unions to be involved; and routine participation in tripartite policy arrangements.”

From the perspective of regulation theory (see Introduction), these four pillars are associated with the so-called Fordist mode of regulation. This was linked to the fordist regime of capital accumulation, which consisted of a virtuous circle of mass production and mass consumption. A fordist growth model existed when this regime of accumulation was coherently combined with its associated mode of regulation. Fordism, however, was developed unevenly across Europe. In Britain, Fordism has been described as flawed, while an export-oriented flexi-fordism developed in Germany (Jessop and Sum, 2006: 128-133). The countries in southern Europe did not develop Fordist growth models due to their large agrarian sectors and late industrial development. Yet, they were affected by the general crisis of the Fordist growth model during the 1970s. When new growth models eventually appeared, it turned out that the differences between the European economies had increased.

In *Industrial relations 2008*, and more recently in *Industrial relations 2012* (European Commission, 2013: 47), the European Commission tries to classify these differences. On the basis of several typologies, the report identifies five models of industrial relations, associated with different geographical areas. The Nordic model is characterised by being inclusive and coordinated as well as having a high

union density and collective bargaining coverage. The Central European model is also coordinated, but dualistic and it has a middle-range union density, although a quite high bargaining coverage. The Western model is uncoordinated and market-oriented as well as characterized by a low union density and also low coverage of collective bargaining. In the Southern model, described as state-centred and dualistic, union density is extremely low but bargaining coverage rather high. The Eastern model has both an extremely low union density and a low bargaining coverage. Citispyce contains representatives for all these five models.

From the perspective of regulation theory, these five categories concern the structural form called the wage relation. As such, however, categorisation is useful. In order to make the categories even more useful, these five different forms of wage relations will be linked to different regimes of accumulation. As Becker and Jäger (2011: 4) maintain “to understand the crisis of the EU and the Eurozone and the responses to the crisis it is necessary to analyse the content of structural forms, their interaction and territoriality together with the regimes of accumulation.” Together these five different forms of wage relations and their structurally coupled regimes of accumulation constitute five models of growth. Each one of them will be dealt with in turn and the reports will be used to clarify how they have been actualised. The aim is to highlight the model-specific causes of inequality, the ones that makes it difficult for young people to get included as well as the ones that exclude them.

3.1. Dependent financialisation in the south

Countries in the south of Europe have pursued an import oriented regime of capital accumulation, depending on borrowed money and indicated by current account deficits in Spain and Greece at least since the mid-1990s. The increasing indebtedness has been driven by consumption but also by rising prices on real estate (Lapavistas et al., 2012: 19). The main reason for increasing debt has been the loss of competitiveness. That has forced peripheral countries to focus on boosting domestic demand, above all, through investment in real estate and consumption (Lapavistas et al., 2012: 92).

This regime of accumulation has been called dependent financialisation (Becker and Weissenbacher (2012). With the support of Fine (2011), we may define the concept of financialisation by referring to the phenomenal expansion of financial assets and financial activity relative to the rest of the economy over the last thirty years. Financialisation has comprised “the proliferation of different types of assets, not least through the expansion of securitisation, derivatives, exchange rate speculation and corresponding futures markets for currencies as well as for many commodities”. Moreover, this proliferation has occurred at the expense of the real economy. Financialisation “has been perceived to be dependent upon consumer-led booms based on credit in which the housing market in particular has been the basis for a central speculative asset”. It has also penetrated generally into “ever more areas of economic and social life such as pensions, education, health, and provision of economic and social infrastructure.”

In addition to the definition suggested by Fine, financialisation has to be treated in conjunction with the finance-dominated regime of accumulation. This differs from the fordist regime of accumulation, where productive capital dominated and the wage was regarded as a source of demand. Therefore, increases in real wages were in the interest of both capital and labour. In the finance-dominated regime of accumulation the wage is regarded as a cost and has to be kept as low as possible. Hence, the wage share has declined in all OECD countries, according to Stockhammer (2013: 1) on average from 73,4% in 1980 to 64% in 2007, constituting “a major historical change as wage shares had been stable or increasing in the post-war era”. The results of Stockhammer’s study indicate that financialisation has been the main cause of the decline in the wage share.

In Spain, the continuous economic growth for 14 years, from 1994 to 2008, and the veritable economic boom in the last decade of this period, built on loans. As Lapavistas et al. (2012: 93) shows, “aggregate Spanish debt has risen dramatically as a proportion of GDP since the late 1990s. The bulk of growth has been in private debt, driven mostly by rising debt of the financial sector”. In contrast, Spanish public debt has actually declined in relative terms since the late 90s. Money was mainly invested in construction and its subordinated industrial production, not for example in export oriented production or an increased productivity (Lapavistas et al., 2012: 27). That made the growth model vulnerable to changes in borrowing conditions. Accordingly and as the Barcelona report highlights, sectors closely related to the previous economic growth were affected more severely by the crisis.

In Greece, the public sector debt has been a far more significant part of aggregate debt than in Spain and Portugal. This has been a feature of the Greek economy since the 1980s, the initial growth of public debt being an outcome of the expansion of public expenses and mismanagement (Lapavistas et al., 2012: 95). For instance, the Athens report describes that although the National Health System, founded in 1982, was originally a breakthrough concept at the time, gradually, great administrative loopholes, mismanagement and lack of monitoring, resulted in poor public health services, worsening during the time of the crisis (Avatangelou et al., 2013: 11). The Greek welfare state in general is currently described as dysfunctional and inefficient. Obviously, despite the great expectations of certain legal provisions, operation mechanisms remained ineffective and the welfare state did not manage to support the development of a competitive economy deserving its place in the international division of labour.

In Italy, the general government gross debt as a percentage of GDP has exceeded 100% every year since at least the mid-1990s. Dependent financialisation has not, however, engendered the same dynamic as in Spain and Greece. Italy has suffered from slow growth since the late 1990s. As Tridico (2013: 18) concludes, “Italy used to be a richer country, with an average GDP above the EU15 (the richest club), and today it is far below this average level”. According to the detailed analysis made by Tridico, this depends on the past reforms of the labour market, in particular the labour flexibility introduced in the last 15 years.

The development of the welfare state in Greece can be interpreted as an attempt to catch up regarding modes of regulation instituted in other countries during the heydays of Fordism. Another such attempt

was made to establish the kind of wage relation associated with Fordism when pressures by the Unions led to the establishment of some 'protective' laws restricting the use of fixed-term contracts. Accordingly, in 2007 Greece's rate of fixed-term contracts was below the EU27 average, the Athens report tells us, but "nevertheless, after the eruption of the crisis, temporary employment came dynamically to the forefront and permanent employment declined, within the general measures taken for the enhancement of "flexible work"." (Avatangelou et al., 2013: 8)

The restrictions on fixed-term contracts in Greece did perhaps alleviate the effects of the division between insiders and outsiders, characterising the southern form of wage relation. In contrast, on the labour market of Spain a tendency to rely on temporary work contracts, especially for young people, has been the norm. As the Barcelona report (Roiha et al., 2013: 6) states, "a key reason why temporary contracts do not lead to permanent employment in the Spanish context is the large difference between dismissal costs for temporary and permanent contracts, making companies reluctant to convert fixed-term contracts into open-ended ones. ... This means that many young people are trapped in precarious employment or unemployment, with unfavourable effects for their long-term employability and large costs for society as a whole."

The dualistic division and the concomitant existence of a market for low skills seemed to have made it legitimate for a substantial share of young people not to educate themselves. As the Barcelona report mentions, a high share of youth (15-24) in Spain have attained at most lower secondary education, but yet "until 2007, the unemployment rate of low-skilled workers was not much higher than that of skilled workers, indicating a great deal of low-skilled jobs in the construction and hospitality sectors in the past" (Roiha et al., 2013: 7). The first to lose their jobs during the crisis, however, were these low-skilled youths and "they are also likely to be in a disadvantageous position in terms of accessing new jobs when the economy recovers, considering the growing demand of high and intermediate levels of skills".

In general, young people have been particularly vulnerable due to the southern form of wage relation with its dualistic labour market dividing workers in insiders and outsiders. They do not seem to have had any legitimate representatives at the labour market. Union density is extremely low in the southern form of wage relation. As the Athens report (Avatangelou et al., 2013: 19) maintains, "participation of young people in labour unions is minimum in Greece, mainly due to the neglect and lack of good practices for attracting youth." The Greek trade unions have failed to offer a fresh view to young people and tend to have restricted themselves to safeguard the insiders.

To this another characteristic of the Southern growth model can be added, and that is its weak learning opportunities. Lundvall and Lorenz (2012: 237) make a distinction between four different forms of work organisation; discretionary learning (DL), lean production, taylorist organisation and traditional organisation. The forms of work organisation differ with regard to problem solving and learning on the job as well as the degree of freedom that the worker has to organise his or her work. Discretionary learning is the form where employees are engaged in work activities involving problem solving and

learning. The concept refers to “work settings where a lot of responsibility is allocated to the employee who is expected to solve problems on his or her own” (2012: 238). That matters, Lundvall and Lorenz claim (2012: 237), because “... the key to economic success for a national or regional economy is its capacity to renew competencies in order to be able to move into activities that are less exposed to global competition.” It is simply less efficient to operate in a hierarchical organisation when the environment changes rapidly. The Southern growth model, however, consists to a high degree of hierarchical organisations. In 2000, only around 20% of the employees in Spain and Greece worked in organisations characterised by discretionary learning and since then it has further decreased.⁴ In Italy, the corresponding figures has been higher (30% in the year 2000), but yet far below the shares in the Netherlands (64%), Sweden (53%) and Germany (44%) (Lundvall and Lorenz: 2012: 249).

Yet, in Spain and Greece the growth model seemed to be successful. In 2003, Greece had the highest growth rate among the countries in the European Union, 5,9%, compared to -0,4% in Germany. As the Athens report (Avatangelou et al., 2013: 2) states, “an unexpected growth throughout the 1990s, also continued into the new millennium, involving a major improvement in employability, welfare and citizens’ living standards and providing immense opportunities to young people at the time.” Yet, just a few years later, everything had been turned upside down and the growth model had proved to be unsustainable. The crisis has led to the collapse of this growth model, the one characterized as dependent financialisation.

3.2. Export-orientation in the centre

The Central European model consists of an export-oriented regime of accumulation, regarding both goods and capital, where productive capital dominates. In contrast to the countries with dependent financialisation, Germany has had a surplus in its account balance since 2001, rising until 2007. This surplus has not depended on superior productivity growth, which has been weaker than for example Greece (Lapavistas et al., 2012: 26), but on a favourable situation in the Eurozone as well as an internal pressure on pay and conditions. Growth in Germany has in fact been mediocre. In addition, investment has been flat, consumption stagnant, savings rising and household debt falling. The question arises about what has engendered growth. As Lapavistas et al. (2012: 21) underlines, “the only source of dynamism has been exports” and two thirds of German trade is with the Eurozone (2012: 30). As the leading country of this growth model, Germany has become very rich.

One of the most important industrial centres in Germany, and indeed of this growth model is Hamburg. It shows all the benefits of this growth model. As the Hamburg report (Gehrke et al., 2013: 7) states, “never before has the number of people in employment been as high”. In fact, Hamburg is one of the richest

⁴ According to a lecture given by Bengt-Åke Lundvall at the international Helix conference in Linköping, 12 June 2013, where he referred to recent research available at: http://www.ike.aau.dk/digitalAssets/71/71537_holmlorenzemaee2013.pdf (accessed 4 October 2013).

cities in Europe, ranking four of the 271 NUTS-2 regions with regard to GDP comparison per capita. The Hamburg report gives the impression of a city with a lot of space for discretionary learning:

The City of Hamburg has a prosperous and innovative scene that spans across the arts and creative industries, including services and production related to new technologies and software development, media and journalism, advertising and design. Beside the typical hot spots in which young urban professionals have already established centres for multimedia and all types of creative and independent arts and technology (Schanzenviertel/St. Pauli/ Ottensen), many new creative cells are spread all over the city. (Gehrke et al., 2013: 4)

The report also highlights, however, the costs of this model because “at the same time, precarious jobs (short term or part time contracts - with less protection than in previous decades when permanent contracts were the norm) are increasingly common, even for middle classes, causing uncertainty and unease” (Gehrke et al., 2013: 8). The Hamburg report mentions subcontracted temporary employment, “which increased by 95% during 2000-2011 up to now 3.4% of all formal employment contracts (the national average is 2.9%). Half of these contracts are for less than three months and typically, the wages are much lower compared to average wages in regular employment contracts” (Gehrke et al., 2013: 9). Since 2000, the low wage sector has increased by 38% and in 2010, it comprised 19% of all employees working with an income of less than 1890 Euro per month. People in general have benefitted from the regime of capital accumulation but a substantial share of the population has not been favoured by its form of wage relation. As Becker and Jäger (2011: 6) emphasise, the low wage sector is as important in Germany as in the USA. According to Eurostat data, the proportion of low-wage earners among all employees is among the highest in Europe, 22,2%, slightly higher than in the UK (22,1%).⁵

Rotterdam with its harbour is certainly a very important node in this growth model. As the Rotterdam report (Spies and Tan, 2013: 7) maintains, “from the 19th century onward the harbour and the economic activity that comes with it, has been the most important source of employment in the region”. A lot of the low-skilled work, associated with the harbour and traditionally dominating the labour market, has however disappeared. The Rotterdam report tells us how the labour market has changed, also in terms of the wage relation. Flexibility is increasing and fewer people have a permanent job. Nevertheless, the Dutch economy seems to have positioned itself successfully in the international division of labour, indicated for example by a surplus in the current account balance for decades and by low levels of unemployment. Netherlands has one of the highest percentages of employees working in organisations characterised by discretionary learning, 64% in 2000, although it has decreased since then. Obviously, that makes the Dutch economy competitive and allows it to provide job opportunities for young people.

⁵ Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Figure2_Proportion_of_low-wage_earners,_%25,_2006_and_2010.png&filetimestamp=20130201090333 (accessed 6 October 2013)

3.3. Dependent export-orientation in the east

The Czech Republic, Poland and Bulgaria have in common the legacies of the severe recessions and de-industrialisation that occurred in the early 1990s as a result of the transformation to capitalism. It took until the late 1990s until the growth models became more neatly defined. Becker and Weissenbacher (2012: 5) characterise the growth model of the Czech Republic and Poland as a combination of export-oriented industrialisation and dependent financialisation. “These growth models corresponded to the accumulation strategies of West European companies – the outsourcing of production by German manufacturing companies and the export of money capital.”

The key sectors, export industry and banking, became dominated by Western European companies. In that way, the Czech Republic and Poland were closely linked to the German export industry and productive system. As the Brno report (Sirovatka and Valkova, 2013) reaffirms, “the economy of the country is very much tied to the performance of manufacturing industries, the exporters in particular, strongly influenced by the development of the economy in Germany”. Due to this dependence the growth model has proved to be highly vulnerable, Becker and Weissenbacher (2012: 9) concludes, “but it has at least a productive base – though usually a very narrow and extraverted one”. The expansion of domestic demand has relied significantly on increasing household debt.

Regarding the industrial relations, union density is below 20% in both the Czech Republic and Poland, while bargaining coverage is higher in both countries, around 40%, but yet much lower than the average of the EU-27 (European Commission, 2013: 23). Active labour market policies are rather underdeveloped, in the Czech Republic amounting to 0,3% of GDP and in Poland 0,7% (2010). As the Brno report (Sirovatka and Valkova, 2013: 7) puts it, “the Czech Republic prefers rather to have an increasingly flexible labour market and force the unemployed to take any job available than to invest into job creation and employability”.

In contrast, financialisation was the main motor of the growth regime in Bulgaria, Becker and Weissenbacher (2012) maintain, relying on huge capital inflows. During 2001-2007, Bulgaria attracted considerable amounts of Foreign Direct Investment. This led to the emergence of an unsustainable current account deficit. The pre-crisis growth model proved compatible with increased labour force participation, a significant jump in employment levels and much lower unemployment. The Sofia report explains what happened:

The limited construction of new housing in combination with the increased demand pushed the housing prices progressively upwards. With the stabilisation of the economic situation in Bulgaria and a clear course towards EU membership, the Bulgarian property market became interesting for foreigners. In addition, numerous Bulgarians who emigrated during the 1990s started investing in property in the country, giving a push to a construction boom from 2000 to 2008, during which property prices increased dramatically. (Hajdinjak and Kosseva, 2013: 17)

That made the Bulgarian economy vulnerable in a way similar to the countries with dependent financialisation. Hence, the global financial crisis led to a considerable decline in the economy. Both private consumption and foreign investment declined rapidly in 2009 and 2010. Although a very modest growth resumed in 2010, both private consumption and investment remained quite low even by 2012, when they began to recover in most EU countries. Today, the most important obstacles for foreign investment and economic growth remain low productivity and competitiveness on the European and global markets, which are a consequence of inadequate R&D funding and a lack of a clearly defined development policy.

Bulgarian households are under heavy burden of low incomes, high unemployment, the declining property prices and the fear that the jobs market will deteriorate further. Severe constraints on access to credit, concerns about liquidity in banks with strong linkages to EU-15 countries and very high real interest rates are also major factors inhibiting investment. Wage levels remain the lowest in the EU and the low-wage sector comprises 22% of all employees.⁶ As a result of low average wages, Bulgaria enjoys substantially lower unit labour costs, which means that Bulgaria has to rely on industries with low added value – a factor preventing a catch-up with the more advanced countries of the EU. For example, the majority of Bulgarian exports are products with very low skill content (clothing, footwear, iron and steel, machinery and equipment).⁷

3.4. Superior financialisation in the west

The Birmingham report (Robinson et al., 2013: 8) mentions how the crisis revealed several systemic vulnerabilities of a previously outwardly successful economy, “a house price bubble, an over-extended banking system, an over-indebted household sector”. These are the symptoms of an extreme financialisation which has its background in the political project of the Thatcher governments in the 1980s to make Britain, and London in particular, the principal site for international financial institutions. Since then, the UK has had a deficit in its annual current account balance. Thatcherism in the 1980s set the UK on a path which also included the weakening of the unions and led to high levels of unemployment, in Birmingham rising to over 20%.

Many of those out of work were low-skilled manual workers with minimal or no qualifications and had no tradition of self-employment. They were ill-equipped to access new opportunities which required higher levels of literacy and numeracy. They were in no small part victims of the structural shift in economic policy espoused by the Thatcher government in the 1980's. This was the case across the country, where the emergent neo-liberal economic settlement significantly altered the cultural as well as economic bedrock of Britain. (Robinson et al., 2013: 4)

⁶ Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Figure2_Proportion_of_low-wage_earners,_%25,_2006_and_2010.png&filetimestamp=20130201090333 (accessed 6 October 2013)

⁷ Important additional information has been provided by one of the authors of the Sofia report, Marko Hajdinjak.

Currently, Britain has a low union density and one of the lowest bargaining coverage rates in Europe (Indrel 2012: 22). Another legacy of the Thatcher governments in the 1980s is the emphasis on flexibilizing wages, hours and working conditions, instead of reskilling workers (Jessop, 2006: 135). The UK displays the lowest level of spending on active labour market policies in the whole of the EU (European Commission, 2012b: 96). Thus, the victims of the structural shift, mentioned in the quote above, have not got much support to cope with the new flexible conditions and instead become permanently socially excluded, sometimes for generations.

Youth unemployment in the UK was quite low before the crisis and lower than the average of the EU-27. It has been argued that the deregulated labour market makes it easier for young people to get a job. It certainly makes it easier to lose jobs as well. The inequalities have been transformed into the labour market and many young people work on precarious conditions. An example mentioned in the Birmingham report (Robinson et al., 2013: 7) is the so-called zero contract, “whereby people agree to be available for work as and when required but they have no guaranteed hours or time of work”.

According to Lundvall and Lorenz (2012: 250), the UK belongs to the countries with the lowest frequencies of discretionary learning. They relate that to income inequality and claim that “the countries with the highest degree of income inequality (the UK and Portugal) are amongst those that are most unequal in terms of access to discretionary learning and that those countries (Denmark and the Netherlands) that have the most equal income distribution also offer the most egalitarian access to jobs with discretionary learning.” This means that young people who get a job in the UK are more likely than in other countries to also get a low income and less likely to learn something useful for a future career.

3.5. Export-orientation and financialisation in the north

The growth model in Sweden is characterized by export-orientation, just like the German one, and Sweden has had a surplus in its current account balance every year since 1994. In contrast to the German growth model, however, households in Sweden have become heavily involved in financialisation through both assets (pensions and insurance) and liabilities (mortgage and unsecured debt). Financialisation in Sweden has become, what Becker and Jäger (2011) call, mass-based. A part of the pension system has been privatised via the implantation of capital based schemes. Housing prices have increased almost constantly since the late 1990s and households are heavily indebted. The government, therefore, announced at the end of August 2013 the establishment of a “stability council”.

The unions are, however, still quite strong and the collective agreements do still cover a considerable part of the labour market. This has contributed to strengthening competitiveness, but not as in the German case through reduced wages and the preservation of a low-wage sector. According to Eurostat data, Sweden has the smallest low-wage sector in Europe.⁸ The proportion of low-wage earners is only 2,5% of all

⁸ Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Figure2_Proportion_of_low-wage_earners,_%25,_2006_and_2010.png&filetimestamp=20130201090333 (accessed 6 October 2013)

employees, compared to 17% in the EU-27. Instead, work has been made more efficient. This has been the old-fashioned principle in operation since before the Second World War and defended by the parties at the labour market.⁹ This is reflected in a high share of jobs which Lundvall & Lorenz (2012) characterise as discretionary learning, but it has at the same time raised barriers around the labour market and made it more difficult for young people to get a job. The demands for a formal education have been sharpened. Due to this growth model, not many low qualified jobs remain at the labour market.

This increases the risks of unemployment for those who do not fulfil the demands. To avoid this, well developed labour market measures have been a part of the growth model since its early days. In 2010, Sweden spent 1,11% of its GDP on active labour market measures, which is lower than in 2006 but yet among the highest in Europe.¹⁰ These measures have, however, not been fully sufficient to meet the increasing unemployment. That was a major reason to why the social democrats lost in the general election 2006.

The response of the succeeding right-wing coalition that has remained in power since then was a solution which can be interpreted as German. The government wanted to increase the divisions, in particular between those with and without a job, in the hope of thereby strengthening the motivation of the unemployed to seek a job. This has been done through in particular the so called 'jobbskatteavdraget' (work-tax deduction), explained by the Malmö report (Grander, 2013: 11) as "a tax deduction for all employed people. This priority is part of the current government's strategy of motivating people to work, the so called "work first principle", which implies that rather than providing social benefits, the government should strive to reduce unemployment so people can work and support themselves. The deduction has increased the disposable income for all people having a job, while it has not affected the economy of unemployed, sick or people not able to work for other reasons. Parts of the tax deduction have been financed by increases in the fees for the unemployment insurance funds, which has led to a political debate."

The critics have stated that the government more or less deliberately is about to introduce a low wage market while making the labour market less inclusive and more dualistic. That may happen as Sweden just as Germany lacks a legislated minimum wage. The parties at the labour market have agreed to make the collective agreements determinant of the lowest levels. That works to a greater extent than in Germany, but if the unions are further weakened and the coverage of the collective agreements continues to decrease, Sweden may end up in a German situation.

⁹ For a recent and interesting paper on the Swedish growth model, see Erixon (2013).

¹⁰ Available at: <http://stats.oecd.org/Index.aspx?DatasetCode=LMPEXP#> (accessed 6 October 2013)

4. Welfare regimes

Managing risks has traditionally been a responsibility for families. In some European societies, such a responsibility remains primarily with the family. In other societies, the welfare state has replaced the family as mainly responsible for managing risks. Furthermore, some societies rely primarily on market solutions. Finally, welfare is also delivered by voluntary and non-profit work, often called the ‘third sector’ or the social economy. Market solutions, the welfare state, the family and the third sector/social economy constitute four main sources of managing social risks.

The different divisions of responsibility among sources for managing social risks have been the basis for the theory about welfare regimes, launched 1990 by the Danish social scientist Gösta Esping-Andersen, in the book *The Three Worlds of Welfare Capitalism* (1990). There he made the distinction between liberal, conservative and social democratic welfare regimes. This typology was partly derived from quantitative criteria concerning the decommodification of labour-power in eighteen OECD countries. By decommodification he meant (1990: 3), inspired by Karl Polanyi, the degree to which social rights “permit people to make their living standards independent of pure market forces”.

The theory has been elaborated and restated by many social scientists as well as Esping-Andersen himself. Subsequently, it has become necessary to incorporate the social economy, recognised by Esping-Andersen 1998 in *Social Foundations of Postindustrial Economies*, although only in a note and not with any significant theoretical impact. Below, we will refer to this fourth main source as the social economy. Other types have also been identified, for example one prevailing in southern Europe.

The theory of welfare regimes has been criticised by, for example, Jessop (2002: 68) who highlights the restriction of Esping-Anderson’s original typology to only the decommodification of men’s waged labour. The equally important relation of the state to women’s waged and unwaged labour was not considered. Nor was other dimensions of the state’s involvement in social reproduction examined, such as housing, health or education, although Esping-Anderson has extended into these areas in later work. Jessop wants to retain the concept of welfare regime but broaden its definition, emphasising “how welfare regimes are structurally coupled with modes of economic growth (including their insertion into the international division of labour) and more encompassing modes of regulation”. As such, welfare regimes belong to the “normal” and do not exist only to manage risks. That paves the way for including for example housing in the analysis.

Cameron et al. (2011: 10) refers to such attempts. It has turned out that the “concept of decommodification in housing is complicated by the very wide range of policy interventions which are made to modify market outcomes in housing”. As an alternative analysis they highlight the distinction between unitary and dualist housing systems.

Unitary housing systems treat public and private sectors in a co-ordinated and flexible way to encourage affordable housing provision across tenures. Dualist systems typically privilege home ownership and operate systems of subsidy and access to social housing which emphasise its separation and stigmatisation as housing for the poor. (Cameron et al., 2011: 11)

The authors suggest, however, a combination between the unitary/dualist model with welfare regime classification since these two approaches are not mutually exclusive. A third source of inspiration will be added which concerns social housing, making a distinction between universal, general and residual approaches (Europolitics, 2011). The reason for including this distinction is because this report concerns inequality. In particular, we will focus on how welfare regimes manage the form of inequality highlighted here, the one associated with the relationship between social exclusion and social inclusion.

4.1. The conservatives and their "misérables" in the centre

The term social exclusion stems from France in the mid-1970s (Amin et al., 2002: 17). At that time it referred to the growing number of people who for various reasons were not covered by the social insurances of the welfare system. The title of Victor Hugo's classic from 1862, *Les Misérables*, accords well with those designated in the original definition of the concept of social exclusion. The definition was broad, but it did not include the unemployed, which Amin et al. (2002: 17) highlight:

Interestingly, given the subsequent history of the term, this list encompasses a wide range of individual conditions and problems and social ills and pathologies but does not explicitly refer to the unemployed or any other group whose exclusion might be attributed primarily to economic deprivation.

Amin et al. (2002) explain the lack of the unemployed in the definition as time-bound. The concept emerged at the end of the long period in Europe characterised by full employment. Mass unemployment did not yet exist, neither deregulated labour markets nor low-wage sectors.

An additional explanation has been put forward by Atkinson and Davoudi (2000: 429). The fact that the original definition did not include the unemployed depends on the welfare model developed in France (see also Levitas, 2005: 21). This welfare model has been tailored for well-paid industrial workers with lifetime employment capable of paying to the social security funds and thereby safeguard both their own and their entire family's situation. The model also includes a concern for solidarity with the disadvantaged in society, however, from a conservative basis. Not only working men constitute the pillars of the model, but also their home-working wives. Although in the formal sense unemployed, the home-working wives are not counted as excluded.

This model has been called a conservative or Central European welfare regime. In this regime, economic security is built on a mix of insurance and family. It relies primarily on the breadwinner, usually male. Welfare rights are attached to status, based on social insurances rather than taxes and directed at the family. The principle is that unemployment compensation has to be earned, either through payments to

insurance or housework. Compensation levels can, therefore, vary widely. The regime also rewards long-term employees and well-paid men with home-working wives. Single people, especially women and young people have it much more difficult. Germany is usually described as the prototype of the conservative, “Bismarckian“ regime and the Hamburg report highlights its principle of subsidiarity:

An important principle that stems from the Christian background of the German welfare model is subsidiarity: the state should only come in as a last resort, family and civil society should be the first to turn to in times of need. This principle is reflected in the governance and provision of social services and in the power of the big non-governmental welfare associations. (Gehrke et al., 2013: 11)

In a conservative regime, the housing systems usually have a unitary character. As previously mentioned, this means that public and private sectors are treated in a co-ordinated way to encourage affordable housing provision across tenures. In Germany and, thus, Hamburg, various policy instruments exist to provide affordable housing, including housing benefits to low income and unemployed households, and subsidies to housing providers who offer apartments at a low price (Gehrke et al., 2013: 16). Social housing constitutes an important part of the system, however not with a universal access. Access is determined by income ceilings and priority criteria. According to the Hamburg report, “nearly half of the households in Hamburg (46%) would be eligible for social housing due to their low income”. (Gehrke et al., 2013: 18)

The Dutch welfare regime has been classified as conservative. As the Rotterdam report (Spies and Tan, 2013: 5) explains, however, “over the last 20 years the Dutch welfare state, however, has been in transition, partly guided by elements from Anglo-Saxon welfare state models, partly guided by populist sentiments, and partly through windows of opportunity arising from among others changing political constellations”. As part of this transition, the obligation to work has been increased, and “almost all municipalities in The Netherlands have adopted a form of ‘work first’ policy, partly substituting the right to a benefit with the right to a (subsidised or created) job. This is especially true for young people.” Furthermore, benefits and access to social support have been limited, more pressure has been put on people to become self-reliant, services have been privatised, and rights and responsibilities have been individualised, instead of being attached to the household.

Similar changes have been carried out in Germany, starting in the early 2000s when “the German Government, then led by social-democratic chancellor Gerhard Schröder, introduced far-reaching labour market reforms, driven by the principles of activation and workfare. These reforms also set a new focus for the field of youth work. Institutions for child and youth work are now asked to build coalitions with the jobcentres for an integrated support of young people on their way to the labour market. In this context, measures for active labour market policies, i.e. the stimulation of (social) maturity for starting vocational education and training (VET), became a first priority.” (Gehrke et al., 2013: 6)

4.2. The liberals and their obstacles to economic growth in the west

In Britain, another welfare regime came to dominate, called liberal or Anglo-Saxon, characterised by a low level of de commodification. This regime implies a reliance on market solutions. The state provides a minimal support, usually means-tested and therefore also predominantly selective, as opposed to general. The same compensation is paid to all, regardless of previous income. Risks are considered social only in a narrow sense and preferably individualised. The family do not play any substantial part in the management of risks.

The UK is usually regarded as the most clear-cut representative of a liberal welfare regime in Europe. UK also exemplifies the significance of the social economy in a liberal welfare regime. Amin et al. (2002) define social economy as “non-profit activities designed to combat social exclusion”. Indeed, that is a very British definition, which Amin et al. (2002) admits, at least implicitly, by presenting a typology of four models. Amin et al make distinctions between the Rhineland, the Nordic, the Mediterranean and the Anglo-Saxon models. A particular emphasis upon tackling social exclusion is a typical feature of the Anglo-Saxon model.

The orientation of the state in a liberal welfare regime is residual which means that it limits its involvements in social reproduction to the most urgent needs. Such a residualisation of housing started with the Thatcher government and the Birmingham report (Robinson et al., 2013: 16) tells the story.

The lack of affordable social housing in Birmingham – as in other cities in the UK – can be traced back to the ‘right to buy’ policy of the 1980s which encouraged tenants to purchase their Council homes. This depleted the stock of social housing and neither local authorities nor government have been able to replenish the supply. Local authorities have also found it hard to fund repairs to many of the remaining stock.

It has to be added, that the notion of social housing has its origin in this “right to buy” policy. Social housing did not really exist before that. Indeed, the liberal welfare regime emerged in the 1980s when Margaret Thatcher was prime minister. In 1997, Labour won the election but that did not lead to any fundamental changes (Wood, 2010). The Labour government carried on the policies of deregulation and reduced state intervention. The British attitude to the concept of social exclusion was however modified. As Jessop (2003) highlights, the attitude of the previous Conservative governments had been marked by indifference and denial. Unemployment and social exclusion were considered the price that had to be paid in order to control inflation.

Immediately after its accession to power, the Labour government set up a special unit dealing with issues of social exclusion, called the Social Exclusion Unit. Thereby, the problem was put on the agenda, but according to Jessop (2003: 16) on the basis of an essentially neo-liberal ideology. Social exclusion was seen as an obstacle to growth and appeared on that ground as a problem.

Thus, in contrast to the Thatcherite view that economic growth would solve any residual problems of social exclusion, New Labour sees social exclusion and the existence of an underclass as obstacles to economic growth.

Central to this approach was the introduction of the Index of Multiple Deprivation (IMD). As the Birmingham report (Robinson et al., 2013:13) presents it, “the IMD provides a single overview indicator of how all-English areas compare on levels of deprivation measure a broad concept of ‘multiple deprivation’, made up of several distinct dimensions, or domains, of deprivation”. It is utilised in policy-making to compare areas and also of trends over time. As the Birmingham report puts it, “with the introduction of multiple indices of deprivation income redistribution (through welfare benefits) was given a back seat in the government’s welfare agenda ...”

The British sociologist Ruth Levitas makes a distinction between three different definitions of social exclusion (Levitas, 2005). The definition that emerged in France in the 1970s, which she calls MUD (moral underclass discourse), associates social exclusion with deviant behaviour and lower morale. The definition pursued by the Labour government since its election victory in 1997 focused on unemployment and Levitas calls it SID. She means by that a “social integrationist discourse”. Here it will be called a “system integrationist discourse”, drawing on the important distinction between social and system integration, represented by for example David Lockwood (1992: 400). That corresponds to the use of the concept in the Hamburg report as “integration in functional subsystems (educational, labour market, health, housing etc.)”. So SID – yes – but as an abbreviation for a system integrationist discourse. Furthermore, Levitas identifies a third definition, called RED (redistributionist discourse), which associates social exclusion primarily with poverty, and as Levitas (2005: 27) summarises it “to oversimplify, in RED they have no money, in SID they have no work, in MUD they have no morals”.

The British Labour Party used to be a representative of the definition which Levitas calls RED, but in the 1980s and 1990s, the Labour agenda was gradually remoulded. In the liberal welfare regime problems tend to be individualised. The problem is not society, but the people who find themselves in a state of social exclusion. They have to get included, if not otherwise so by the use of coercion (Levitas, 2005: 141). The rich have not been exposed for the same pressure and intrusive scrutiny:

There is no discussion of how to persuade them to pay existing or higher taxes, how to dissuade them from buying their way out of common institutions, or how to induce them to reduce car and air travel and thus contribution to global warming (Levitas, 2005: 228).

No matter what kind of work, it simply has to be paid. Although paid work in different ways may impede inclusion, for example for people working long hours, little attention is paid to that (Levitas, 2005: 169). Society is not regarded as a big problem. The problem is those who are identified as being outside, in a state of social exclusion.

4.3. The social democratic hesitancy in the north

In countries like France and Britain, the concept of social exclusion has for quite a long time played an important role in both policy and research. In Sweden, the concept has led a more obscure life. That depends on the welfare regime characterising Swedish society. It is neither conservative nor liberal. It is, therefore, not easy to take over either the French or the English meaning of the term.

In Sweden, a welfare regime called social democratic or Nordic has dominated. In this regime, the state is primarily responsible for providing economic security and welfare. Unemployment benefits are linked to previous income, not means-tested and welfare provision could therefore be characterised as general. Financing is secured by taxes, not insurance. The Nordic regime can, therefore, be said to have the citizen as a base, not the family as in the conservative regime or the individual as in the liberal one. Every citizen gets the same assistance in relative terms, regardless of class, status or earlier achievements. Risks are socialised in a comprehensive sense. The family has lost much of its earlier significance, due to policies of de-familialisation.

Yet, families are relied upon when young people fail in school or get unemployed. Such a responsibility, however, runs counter to the logic of the social democratic welfare regime as it usually keeps both parents fully engaged in employment, lacking the time to care for the family. In contrast, many immigrant parents do not lack that time due to unemployment. Long-term unemployment, however, tends to undermine the authority of parents. Furthermore, the active approach to employment management, also a characteristic of the social democratic regime, puts a pressure on parents to take part in various labour market measures, one after the other, without regard to the parental support needed by their children. Hence, families are forced to deal with societal problems which they have not got the capacity to solve. The resulting tensions, rows and decreasing trust, weakens the family institution even further.

The social economy is a deep-seated part of the social democratic regime. Although the term social economy has not been used very long, the phenomenon has a background in the popular movements. Basically, the social democratic model of social economy has not been designed to combat social exclusion, although the significance of it in tackling social exclusion has grown in recent years. Instead, it rests on the idea of organised self-help. As such, the social economy in various areas shares the responsibility for welfare provisions and delivery with the welfare state. For example, in Sweden unemployment funds run by the trade unions provide unemployment benefit, not the state.

Public housing constitutes an important part of housing in Sweden, in Malmö amounting to 15% of all dwellings and owned by the public housing company MKB, owned in its turn by the city of Malmö. Sweden has however by definition no social housing since the apartments in the public housing are available for everyone, not only for people with low income or other special needs. Furthermore, rents have been regulated by norms set by these public housing companies for the rent in general which private housing companies have had to comply with. The public housing companies have been a significant part of the welfare regime with their apartments available for the general public. Due to its openness to the

entire population, the approach to social housing in Sweden has also been called Universalist (Europolitics, 2011).

The social democratic welfare regime has made it difficult for the concept of social exclusion to take hold. The existence of social exclusion is contrary to its fundamental principles. A general welfare based on citizenship makes it quite unthinkable. Any “miserables”, as in the conservative sense, are not supposed to exist. And those who get into trouble should not have to be treated as obstacles to growth. Therefore, there was a lack of a typical Swedish breeding ground for the concept when the right-wing alliance launched it in the election campaign 2006. To be sure, the alliance put words on a reality that was too little talked about, to some extent the unthinkable given the principles of a social democratic regime. But the concept used by the alliance has rather to be seen as an Anglo-Saxon import. It is the liberal meaning of the term that has been used, i.e. what Levitas calls SID.

After the change of regime in 2006, the new right-wing alliance government highlighted “a reduction of social exclusion” as its main task. The concept has however not been properly defined but used in different ways. That prompted criticism from the National Audit Office that in an examination focused on the lack of a clear definition. In the Swedish election campaign in 2010, almost nothing was said about social exclusion. The government has even been reluctant to use the term as social exclusion had increased by some calculation methods, and decreased according to others. Yet the concept has continued to play a key role. Its importance seems to be so flexible and that is precisely why it is such a powerful concept, as Levitas (2005: 178) claims. It draws the attention away from the injustices and disparities among the included, while “...the poverty and disadvantage of the so-called excluded are discursively placed outside society.” (Levitas, 2005: 7)

Although the government has found it difficult to use the term social exclusion, it has however pursued a policy which can be interpreted as liberal. An example is the ‘jobbskatteavdraget’, explained in chapter 3.5. The critics of this work-tax deduction include the influential economist and governmental advisor Lars Calmfors who claims that the tax deduction is worsening the divides. Indeed, the divides have worsened, mentioned by a recent report from OECD (2013) which shows that Sweden has the fastest growing inequality in the OECD countries.

4.4. The reliance on the family in the south

A fourth type of welfare regime prevails in southern Europe. As it relies on the family primarily, it could be called the familial welfare regime. Welfare is provided by inter-generational care within the family, supported by a low retirement age. Concomitantly, the familial welfare state is less generous than the conservative with regard to unemployment benefit. As the Barcelona report (Roiha et al., 2013: 9) explains regarding the characteristics that states in southern Europe share, “they have smaller and less developed welfare programmes; a segmented social insurance model, building on the concept of an insider/outsider labour market; weak safety nets and a strong reliance on families for care and support”.

Familism is explained by the Venice report (Campomori et al., 2013: 18) as “based on the idea that family can and has to work as social security cushion for its members and, therefore, that it can carry out a number of functions like child, elderly and disabled people care, guarantee an income in case of unemployment or other events that produce an absence of income. The state gives very few services and some money transfer in order that families can eventually find caregivers on the market”. The Venice report highlights the inequalities this causes among immigrants, which often not have a wide family support.

The familial welfare state has directed a considerable amount of its resources to generous pension schemes, also in terms of early retirement, favouring a passive approach to employment management, just like the liberal and conservative states. As Mary Daly (2001: 91) has stated, “government and social partners have preferred passive transfer payments over active labour market policies, have maintained high wage rates, and reduced labour supply by relying on early retirement.” Old age risks have been favoured at the expense of other risks, particularly in Italy where more than 60% of social benefits has been spent on old age and survivors every year since decades, compared to the average of around 46% in the EU-25 (European Commission, 2010: 280).

In a previous chapter we concluded that the Greek welfare state may have been a dream for those who worked there, but not in terms of the services it has provided. The Athens report describes an imbalance and inequality in terms of the provision of social services, benefits, pensions and healthcare related to the different number of insurance funds that existed until recently, involving different rules, conditions and criteria. A figure that looks striking is the decrease in the proportion of population aged 15-24 years from 14.3% in 2001 to 10.2% in 2012. Thus, the proportion of young people in this age group has gone down by 29%, moreover during the period when the growth model has flourished. The Athens report mentions low fertility rates as one of the causes, but behind the low fertility rates lies probably the problems of the familial welfare regime. The welfare states of the familial regime have not been designed to support female employment. The family is still expected to care for welfare, and as the labour market protects the privileges of males, women find it hard to combine employment and parenthood. Thus, young people have perhaps not dared to give birth to children because the familial welfare regime has not been replaced by a regime with a welfare state that provides the support and security needed to develop a competitive economy, for example decent unemployment benefits and child care.

In Italy, devolution has further weakened the welfare state and instead exacerbated the already existing differences among the regions. In this way, Italy has spearheaded the emergence of what Andreotti et al. (2012: 1926) propose to conceptualise as Local Welfare Systems (LWS). By that they do not refer to any fixed and stable structures, but to “dynamic processes in which the specific local socioeconomic and cultural conditions give rise to: different arrangements of formal and informal actors, public or not, involved in designing and implementing welfare policies; and different profiles of people in need”. Such Local Welfare Systems have emerged in the absence of a framework of rules to guarantee homogeneous access to services across the country. According to the Venice report (Campomori et al., 2013: 9), the

welfare system in the Veneto region is centred on cash transfers to families while the systems in, for example, Piedmont or Tuscany are more oriented towards the provision of services.

In the familial welfare regime, young people's housing is the responsibility of the family. Accordingly, in Greece, Spain and Italy, but also in Bulgaria, the Czech Republic and Poland, young people do not leave the parental household until they are on average around 30 years of age. This is probably also a reason why young people are considered young to such a high age, 35 in Greece as well as in Spain. As the Athens report (Avatangelou et al., 2013: 14) maintains, it depends on traditional cultural patterns, "placing family bonds at the high scale of life principles". As the Barcelona report (Roiha et al., 2013: 13) puts it, the important role of families is "somewhat shaped by religious habits, and the perception of co-residence of parents and youth during the latter's transition into adulthood as part of family life in the Spanish context". Therefore, housing in Spain has been treated as an economic rather than a social policy because it is perceived as part of family wealth. According to CECODHAS Housing Europe, social housing is very tiny, as in Spain, or non-existent, as currently in Greece.

The small rental sector, lack of social housing and scarce opportunities for affordable housing makes it also difficult for young people to leave the parental household. In addition, as emphasised by the Venice report, young people find it difficult to obtain credits and loans to purchase a house. As touched upon in chapter 1, this has forced young people in Venice to move from the Old Town to the Mainland, creating what the Venice report refers to as an "exodus" (Campomori et al., 2013: 20).

In the south of Europe, the combination of the familial welfare regime and the growth model of dependent financialisation has left space for a quite comprehensive informal sector. The Athens report (Avatangelou et al., 2013: 9) regards it as a characteristic feature, "the extensive informal work flourishing within the context of the 'grey economy', which was especially intensified since the 1990s with the mass flow of undocumented immigration. The informal labour regime that tends to be widespread in Greece, is flourishing in Athens particularly, in all types of work, especially in blue-collar work." The Athens report refers to the establishment of 'grey economy networks', "creating especially precarious working conditions for a significant number of young people." Also the Venice report (Campomori et al., 2013: 18) underlines the significance of the informal economy, "which Italian governments have tacitly accepted for many years, despite workers in marginal and black economy do not benefit of the social insurances and their job is extremely precarious".

The crisis has exposed all the weaknesses of the familial welfare regime and its backbone, the family itself, as "more young persons (15-24) nowadays are seeking employment in order to help their families to cope with everyday difficulties; a practice that tended to operate in the opposite way in Greece before the crisis, when most youngsters were financially supported by their parents until the end of their studies." (Avatangelou et al., 2013: 8) The already weak structures and operations of the welfare state have deteriorated further by austerity measures carried out because of the crisis. The Athens report gives the impression of a welfare state about to vanish.

Unable to find a job for long periods, in combination with the almost unbearable taxation and increased prices in products and goods, those youngsters de facto cannot sustain a private household. Thus, more of them are delaying their transition from family home to independent living, which in turn creates further feelings of inability and depression for many of them. On top of that, the apparently weakened and dysfunctional national welfare system, not only fails to support young adults' independent living, but also fails to protect them against the risk of poverty or exclusion in cases of very low or no income. A large number of young people are constantly complaining about the social welfare state in Greece, which intensifies their insecurity. (Avatangelou et al., 2013: 20)

In Barcelona, the crisis has resulted in many evictions. As the housing market in Spain is based to a great extent on ownership and due to easy access to loans, many families bought property before the crisis, but “now, a great number have lost their jobs, making it difficult or impossible to keep up with mortgage payments; hence, many families have become homeless” (Roiha et al., 2013: 12). The Spanish government has reacted by changing legislation towards easing the pressure for those in debt; “however, these measures are likely to be ‘too little too late’ for too many families, focusing only on the debt issue and not on housing as a basic human right”.

4.5. The constant transitions in the east

The Bulgarian report (Hajdinjak and Koseva, 2013: 12) draws a background which also applies to the other new member states:

Under the communist regime, medical and social care were “owned” and controlled by the state. As such, they were provided to all citizens at no cost, since they were fully covered by the state budget. In general, the communist-era social and health care is still considered as very good, mostly on account of its universal accessibility and highly educated medical personnel.

The political changes in 1989, however, led to a profound transformation. In a study of the Eastern European countries, Zsuzsa Ferge (2001: 131) concluded that “most of them seem to share just one feature: the absence of a project for a welfare system ...” During the 1990s, the Eastern European countries were pushed by international organisations like the IMF and the World Bank to pursue neo-liberal policies, including the withdrawal of the state, deregulation and privatisation. Existing universal benefits “including price subsidies, the health service, and family benefits were curtailed across the region. They were either simply withdrawn or transformed into public or private insurance, or into means-tested benefits.” (2001: 140)

In Bulgaria, the current welfare systems are managed by the state at the national level and financed mainly by compulsory contributions by the employers, the employees and the self-employed. The contributions are insufficient due to the exceptionally low level of incomes in Bulgaria, however, and accordingly the systems suffer from a chronic underfunding. That has worsened the quality of the service. Instead, “private medical practice has boomed in the past decade and high quality health care is easily available to those who can afford it”. Moreover, an increasing number of people are not entitled to

welfare benefits and services. Because of unemployment, they cannot afford to pay the compulsory contributions due to the poverty in which many of them live or they do not qualify to get the benefits. That shows clearly how the welfare state, with the words of Esping-Andersen (1990: 165), is “an active force in the ordering of social relations”, contributing to causing the problems it is supposed to solve.

This is probably part of the explanation to why Bulgaria “has the second highest levels (after Romania) of poverty and social exclusion for children and young people (but also for the total population) – between 40 and 45%” (Hajdinjak and Kosseva, 2013: 15). Furthermore, Bulgaria has the highest severe material deprivation rate in the EU. The Bulgarian report refers to the formation of an extensive youth underclass, in which unemployment is not an exception but a norm. “A logical presumption is that if abandoned by institutions and the society, such young and jobless underclass represents a social time bomb, which might explode in a very near future.”

Due to their transitional character, the new member states have been difficult to classify, which the Krakow report reaffirms. The Brno report (Sirovatka and Valkova, 2013: 10) describes this transitional character of the Czech welfare state:

It started as a conservative Bismarckian model inherited from the pre-war period (Cerami, 2006; Inglot 2008). Later it was modified by the communists who implemented more uniform elements as well as workplace-related measures. After 1989, the post-communist governments again modified it by imposing rather modest standards in social insurance, in combination with selective and targeted measures in the final result generous enough to effectively alleviate poverty. Since 1990s the Czech welfare state has gradually moved in a more liberal, residual direction through the decaying of benefit levels and by a series of partial reforms (Saxonberg and Sirovátka, 2009), labelled as a trajectory towards a “low social expenditure” welfare state (cf. Armingeon, 2006).

As the Brno report (Sirovatka and Valkova, 2013: 15) states, “access to housing is one of the key preconditions for the effective inclusion into society”. Housing in the Czech Republic, Poland and Bulgaria, however, does not seem to offer such an effective inclusion for young people. In the Czech Republic, a large proportion owns a dwelling. The share of tenants has fallen and a higher share of them rent at market price which reflects the process of rent deregulation. According to CECODHAS Housing Europe, no official common definition of social housing exists in the Czech Republic.¹¹ To the extent that social housing does exist, it “comprises an integral part of the transition model of housing. It is intended among others for young people who cannot afford to pay for standard municipal housing or rent on the open housing market”, according to the Brno report (Sirovatka and Valkova, 2013: 18).

Similarly in Poland, CECODHAS Housing Europe finds it “difficult to define what constitutes ‘social housing’”. Furthermore, access is based on income and aimed at those without access to any other dwelling. Also in Bulgaria, social housing consists of dwellings “let to particularly needy people, and represents about 3% of the total housing stock in the country”. Hence, in all the three countries, housing

¹¹ Available at: <http://www.housingeurope.eu/publication/social-housing-country-profiles> (accessed 7 October 2013)

can be described as residual and dualist, making it hard for young people to leave the parental home. Consequently, the average age of leaving is high, around 30 years.

5. The simultaneous convergence and divergence in Europe

Since the early 1980s, finance has grown in weight relative to production and economies have been increasingly financialised. Large corporations have become much more engaged in the financial markets, based on speculation (“fictitious capital”) and rents (Arrighi, 2010: 230; Becker et al., 2010: 228). Banks have been transformed. Another crucial characteristic of the last decades is that profits have increased their share of total production value at the expense of wages and taxes (Harvey 2010: 12; Callinicos 2010: 55). That has made the collective welfare increasingly difficult to finance and paved the way for the emergence of private alternatives, for example regarding education. A major redistribution of wealth has taken place, confirmed by a recent report from the OECD, *Divided we stand - why inequality keeps rising* (OECD 2011).

As Lapavistas et al. (2012: 1) put it “households have become heavily involved in the financial system through assets (pensions and insurance) and liabilities (mortgage and unsecured debt).” Thus, people’s welfare has increasingly come to be based on speculation and loans. It has for example become important to make a career in the housing market. As long as house prices rise, anyone can make a profit by moving. Many have mortgaged their homes to fund additional consumption in the knowledge that prices, after all, are expected to rise. This works, but only as long as prices rise and that does not last forever, as shown most clearly in southern Europe. In recent decades several large housing bubbles have burst with large fluctuations as a result and usually to the benefit of financial capital. Indeed, since 1973 there have been hundreds of financial crises around the world, compared to very few between 1945-73 (Harvey 2010: 8).

Politically, this development has been guided by neo-liberalism, defined by Jessop (2012) as “a political project that is justified on philosophical grounds and seeks to extend competitive market forces, consolidate a market-friendly constitution, and promote individual freedom”. Jessop defines four main types of neoliberal regimes that developed in the ‘neoliberal epoch’ beginning in the 1970s. All of them emerged in reaction to the crisis of post-war settlements. The most radical was the neoliberal system transformations in the states that emerged from the former Soviet Bloc, among them Poland, Czech Republic and Bulgaria. Next follows the neoliberal regime shifts of which Thatcherism is the prime expression. The third form comprises restructuring processes that were primarily imposed from the outside (southern Europe), while the more pragmatic neoliberal policy adjustments constitute the fourth type. Germany, The Netherlands and Sweden belong to this last group. In general, neoliberal globalization has “reduced the frictions associated with national “power containers” or analogous borders, strengthened the logic of profit-oriented, market-mediated competition within the world economy, and reinforced the influence of world market dynamics in world society more generally”.

All the reports display effects of the neo-liberal project, most obviously in the reports on Birmingham and the cities in Eastern as well as Southern Europe. Furthermore, it appears in the far-reaching labour market

reforms in Germany, driven by the principles of activation and workfare. It has put a decisive imprint on the transition of the Dutch welfare state and as the Rotterdam report (Spies and Tan, 2013: 7) states, “it seems plausible to assume that privatisation, decentralisation and an increased emphasis on a person’s own responsibility, are changing the welfare state as we know it”. Neo-liberalism shows itself clearly in the austerity measures pursued with the intention to “solve” the crisis, for example “the excessive use of fixed-term contracts towards young people, is also accompanied by the extension of the maximum duration of their renewal (until they become permanent contracts); i.e. now the three continuous renewals can convert the fixed-term contract to permanent, not after 24 months as it was happening until recently, but after 36 months.” (Avatangelou et al., 2013: 8). In the sense of being increasingly imprinted by neoliberalism, the European societies now converge.

The political project of neo-liberalism has made the European economies in general more financialised. In the European Union, neo-liberalism has put its imprint on European policies since at least the establishment of the Single European Act in 1986. The Euro has been crucial in the neo-liberal project, urging the member states to strengthen competitiveness by increasing flexibility as well as promoting temporary and part-time work. As Lapavistas et al. (2012: 23) put it “all Eurozone countries have joined the race to impose labour market flexibility and compress labour costs, but from very different starting points and with different mechanisms.” EU policy has by the adoption of the Stability and Growth Pact enforced a race to the bottom across the Eurozone. That race has been won by Germany. Because of that race, countries across Europe now diverge. This is the divergence that now increases rapidly simultaneously as the countries converge in being imprinted by neoliberalism.

Lapavistas et al. (2012) highlights two main reasons to why Germany has won the race. Firstly, peripheral countries entered the Eurozone at high exchange rates which gave German exporters a competitive advantage. In that way, the competitiveness of peripheral countries was reduced at a stroke when joining the Eurozone. Secondly, Germany has been much more successful than the peripheral countries in squeezing its own workers and in that way increase its competitiveness. Lapavistas et al. (2012: 30) describe the euro as a “‘beggar-thy-neighbour’ policy for Germany, on condition that it beggars its own workers first.” German capital has also since the early 1990s taken full advantage of cheaper labour in Eastern Europe.

How has the EU tried to counteract the causes of these growing divergences? Indeed, there are reasons to be critical because the austerity measures have made the divergences worse. The President of the European Commission, José Manuel Barroso, highlighted in his 2012 State of the Union speech that “it is precisely those European countries with the most effective social protection systems and with the most developed social partnerships that are among the most successful and competitive economies in the world.” (EU Communication, 2013: 1) It is easy to agree but how does the development of effective social protection systems and social partnerships accord with austerity measures? And how will such a development be possible when the competitive countries build their successes on a ‘beggar-thy-neighbour’ policy, on condition that they beggar their own workers first?

The EC has addressed the increasing divergences, in particular by issuing a Communication on social investment for growth and cohesion in February 2013, the so-called ‘Social Investment Package’. It called on Member States to prioritise social investment and to modernise welfare states. But what is meant by social investment, the key concept in the Communication that is supposed to get people a sense of something new? Social investment is said to be one of three functions that welfare systems fulfils, the other two being social protection and stabilisation of the economy.

Social investment involves strengthening people’s current and future capacities. In other words, as well as having immediate effects, social policies also have lasting impacts by offering economic and social returns over time, notably in terms of employment prospects or labour incomes. In particular, social investment helps to ‘prepare’ people to confront life’s risks, rather than simply ‘repairing’ the consequences. (European Commission, 2013b: 3)

Such a preparatory function rather than simply ‘repairing’ the consequences should certainly be regarded as an important aspect of social investment. What the Communication does not mention, however, is that social investment as a perspective involves much more. In fact, the social investment perspective was launched during the 1990s as a critique of neo-liberalism (Morel et al., 2012). From the perspective of neo-liberalism, social policy has been seen as a cost and inequality a natural part of a market, even necessary to justify the economic actors. Markets have to be deregulated to avoid high unemployment and low growth and people need to be encouraged to apply for a job, regardless of quality; activation, as it has been called. Security has been less important.

During the second half of the 90s, critiques of neo-liberalism rallied around the new perspective that was developed, called the social investment perspective (Jenson, 2012: 66). “Central to the social investment perspective”, Morel et al. (2012: 354) writes in an anthology called *Towards a social investment welfare state?*, “is the attempt to reconcile social and economic goals.” This is not only desirable in order to reduce inequality but necessary to become competitive. Thus, a social investment perspective does not restrict itself to social policy but demands more equality and discretionary learning at the labour market as well, because as de la Porte and Jacobsson (2012: 143) write in the anthology mentioned above “pressure on the unemployed to accept unskilled and unrewarding jobs may be detrimental to productivity in the long run.” The relationship between growth and welfare, efficiency and equity, has to be renewed.

The social investment perspective had an impact within the European Commission during the 1990s second half. It came to characterize the European Employment Strategy and underpinned the Lisbon Strategy in 2000. The original Lisbon Strategy from 2000 expressed a desire to reconcile economic and social objectives, in line with the social investment perspective (Lundvall & Lorenz, 2012: 337). The revision of the Lisbon Strategy in 2005, however, meant a radical break, and according to Robertson (2008: 90) “... a significant shift away from a social market/’fortress Europe’ as the means to create a knowledge-based economy toward a newer vision; a more open, globally-oriented, freer market Europe.” As Robertson describes it, neoliberalism took revenge in the revision.

Thus, when the EC uses the notion of social investment in the Communication from February 2013, there are reasons for a critical interpretation. Does the use of the notion signal the adoption and perhaps even development of the social investment perspective or is the term reinterpreted in another discourse, perhaps even a neo-liberal one? It might be the latter. After the crisis had broken out in 2008, it became quite fashionable to blame and criticise neoliberalism for it. In recent years, however, it seems as if neo-liberalism has survived and even gained momentum, which the austerity policies show. According to a report from Oxfam published on 12 September 2013, “austerity policies could put between 15 and 25 million more Europeans at risk of poverty by 2025”.¹² Neither has austerity cut debt ratios, as it was supposed to, nor has it triggered inclusive economic growth. Instead, unemployment in many European countries is soaring. As the report underlines, women and young people are being hit hardest, and “Greece, Ireland, Italy, Portugal, Spain and the UK – countries that are most aggressively pursuing austerity measures - will soon rank amongst the most unequal in the world if their leaders don’t change course”.

A crucial stake in the success of the neo-liberal project has been its conceptualisation of social exclusion. Neoliberalism expresses itself by treating social exclusion as a state, not as a process, drawing the attention away from the injustices and disparities among the included. Instead, it discursively places the poverty and disadvantage of the so-called excluded outside society, blaming the victims. Exclusion is done to them by themselves. Social exclusion in the neo-liberal sense does not implicate changes in the whole of society that have consequences for some of the people in that society. Indeed, there is nothing inherently wrong with contemporary society, according to neo-liberalism, as long as it is made more inclusive through government policies. The problem is not society but the people in a state of exclusion from it. Thus, they have to get included, by using carrots and/or sticks, in particularly the latter. In that way, any critique of capitalism is efficiently removed from the political agenda.

A major area which has become increasingly imprinted by neo-liberalism across Europe is education. An expression of that is what the Athens report (Avatangelou et al., 2013: 18) refers to as ‘shadow education’ consisting of additional private lessons in private educational centres or at home which has emerged in several countries due to the deterioration of the educational system. In Birmingham and the UK, the democratically elected local politicians and local authorities seem to lose more and more of their responsibility in favour of central government, private initiatives and market forces. As the Birmingham report (Robinson et al., 2013: 19) maintains, “local authorities used to have a major role as providers of schools but this role is now reducing as a significant number of secondary schools are converting to become academies or free schools, which are independent of Local Authorities (LAs)”. The academies have been set up to replace poor performing schools in deprived areas. In general, private means are funding the start-up costs while the central government provide for the running costs. Free schools are

¹² Available at: <http://www.oxfam.org/en/eu/pressroom/pressrelease/2013-09-12/25-million-more-europeans-risk-poverty-2025-if-austerity-drags-on> (accessed 7 October 2013)

also funded directly by central government. They may be set up by groups of parents, teachers, charities, businesses, universities, trusts, religious or voluntary groups.

In Sweden, a system of independent schools was inaugurated in 1992. These schools were supposed to be run by headmasters, teachers or parents who wanted to realise their own good ideas. Currently, 10% of the pupils in elementary education attend independent schools and at upper secondary level, the rate is 20%. A large part of it, however, is run by multinational venture capital companies based in international tax havens. The Malmö report (Grander, 2013: 15) tells the recent story:

There are no restrictions on the profits or dividends to the owners of the school. An independent school is like any business. This means that a school can make a profit, which is paid directly to the owners. There is no obligation to re-invest the profits in the school. This kind of profit outtakes are prohibited in most other EU states. The system also makes it possible for an independent school to go bankrupt. Recently, one of the largest Swedish independent school providers, JB, owned by a Danish private-equity firm, went bankrupt. 14,500 pupils now wait to be placed in other schools. The teachers are losing their jobs.

This chapter will be finished by some questions on the basis of the *EU Youth Strategy*, the framework for European cooperation in the youth field (2010-2018). At the end of its first three-year cycle, in the autumn of 2012, *EU Youth Report* (European Commission, 2012a: 8) was published with the dual objective “to evaluate the progress and to serve as a basis for establishing a set of priorities for the coming work cycle”. The content of that report may be treated as an expression of current thinking and approaches. In particular, we have paid attention to what it does not contain. On the basis of the analyses in this report, it seems appropriate to pose the questions below, also in line with a social investment perspective. Unfortunately, the answers cannot be found in the *EU Youth Report*. That signals that a lot of work remains to be done, not only by giving answers to the questions but also in order to develop, establish and spread another perspective on the situation of young people in the European Union.

What does the *EU Youth Report* say about the financialisation of societies, often affecting young people who easily get indebted without having had a chance to understand how and why? What does it say about the growing divergences in Europe which increasingly unequal opportunities for young people? Why does it so one-sidedly stress the need to promote the employability of the young people and not the need to improve the quality of work at the labour market? Why does access to the labour market for young people have to be improved by making changes that weaken the rights of those that work there? How does the EU want to change the labour market to the extent that it becomes more interesting, stimulating, rewarding and developing to work there? Why does the EU put a one-sided emphasis on individual lifestyle factors (smoking, alcohol, nutrition, obesity and drug-use) in the promotion of health and well-being among young people when so much research, including the WHO-commission on the social determinants of health and the work of Michael Marmot in general, highlight the structural causes of health inequity? Why does the EU “stress the need to fight poverty from an early age in order to break the inter-

generational cycle of poverty", instead of fighting the causes of poverty? Why does the EU highlight the need for a "focus on flexicurity" when the security aspect is being allowed to deteriorate across Europe?

6. Prospects for social innovations

The report has highlighted various structural determinations and causes of inequality. It has to be emphasised that all these structures do not actualise themselves. They always have to be actualised by people on the basis of their interpretations, understandings, interests etc; and there will always be scope for individuals and actors of various kinds, including politicians, to make a change. Ideas, desires and even dreams may have the potential to be actualised, but whether and to what extent they do get actualised depends on among else their coherence, but also the context that they are getting actualised in, regarding for example support. And when they do get actualised, they are co-constitutive of social relations by assigning them with a certain meaning.

This report has highlighted one such meaning-making with a profound implication for the inequality affecting young people and that is the neoliberal conceptualisation of social exclusion. Such a conceptualisation belongs to what can be called a problem-oriented approach. That means to take the problems for granted without paying attention to their underlying causes. This approach restricts itself to what seems to be and draws attention away from the injustices among the included. It blames the victims because they seem to be the problem. A problem-oriented approach is NOT premised on critical realism.

The report has claimed the existence of social exclusion and that we should talk about it, but both as a process and as a state. As a state, some of the reports contain descriptions of what it means. As a process, it occurs on conditions determined by society. In order to clarify these conditions, Levitas' distinction between the three definitions of social exclusion can be used, but seen as three different aspects or criteria. Social exclusion may depend on that you do not have, do and/or feel what is required. If you do not have you belong to the have-nots and that is the aspect emphasised by RED. Similarly, SID is concerned with the ones who could be called the do-nots while MUD deals with the feel-nots, i.e. those who do not express the "right" moral. At least one more aspect needs to be added, however, concerning those who do not want to be included and which can therefore be called the want-nots. They cannot be identified on the basis of a process definition solely. Exclusion has not been done to them by others but by themselves.

A process definition does not recognise what the excluded want, have, do and/or feel. It presents the excluded only on the basis of what they do not want, have, do and/or feel. This makes these people appear as almost helpless. It becomes, therefore, our responsibility, those of us who happen to be included, to help them in again, or perhaps even force them to it. The process definition can thus quite easily be linked to patriarchal solutions. Therefore, defining social exclusion as a process has to be supplemented by defining it as a state (situation). Then, we do not need to assume what these people lack. Instead, it makes us attentive to what they actually want, have, do and/or feel. They want, have, do and feel perhaps not what is required to be included. But they probably want, have, do and feel something else. And it may well be the potential for a positive societal development, if only society became liable to it.

This is the potential that Citispyce hopes to contribute to actualising. That requires another approach than the problem-oriented, one which can be called potential-oriented. Such an approach pays attention to the potential (the real) whether it gets actualised or not. The concept of potential is used here in the Aristotelian sense, explained by Britannica as “existing in possibility: capable of development into actuality”, covering both the positive and the negative. Indeed, Aristotle can be regarded as a predecessor of critical realism. Thus, some potential that does get actualised contributes to causing the inequality affecting young people. It has been the main objective of this report to highlight such causes. On the basis of the analyses in the report, we will end by drawing some conclusions which highlights the needs for change and prospects for social innovation.

Firstly, this report has presented another understanding of Europe than the usual one. It is an understanding which underlines the dependence between the countries, to the advantage of some and to the disadvantage of others. Patterns of inequity are growing, certainly within cities but also between countries. Social innovations that aim to change causes need to take this into consideration. Indeed, the development and dissemination of such an understanding should be regarded as an important category of social innovations.

Secondly, such an understanding clarifies the needs of solutions that do not restrict themselves to individual neighbourhoods or even cities. There is a need for young people to get to know each other across Europe and address the causes of inequality collectively. The problems may express themselves in a particular neighbourhood or city but they depend to a high extent on a fundamentally flawed integration of Europe. Therefore, the solutions have to be European. Thus, initiatives that show how young people can work jointly to combat the inequalities on a European scale should certainly be regarded as social innovations.

Thirdly, the report has used a range of indicators, displaying several symptoms of inequality. Comparisons on the basis of these indicators show that young people are affected in different ways, across Europe. These differences become even more pronounced when the underlying causes are considered. The same symptom may have different causes. If all these symptoms of inequality have something in general, it is uncertainty. Young people in general across Europe are exposed to a growing uncertainty. Thus, social innovations that counteract this uncertainty should be given a high priority. As the Malmö report states, building social relations with mutual trust is a key for change.

Fourthly, the report has shown how financialisation has penetrated almost every aspect of European societies, also to the detriment of the productive sector and productive potential. There is a strong need of developing the productive sector and even to re-industrialize parts of Europe (Becker, Frieder Otto Wolf). What social innovations developed by and with young people can contribute to spread the work organization of discretionary learning? How can financialisation be revealed, dealt with in a competent way and even counteracted? Social innovations that respond to such questions should be more than welcome.

Fifthly, as Novy (2011: 249) has underlined, the welfare state has proved to be one of the most important social innovations of the 20th century. As quoted in the previous chapter, it has been recently praised by the President of the European Commission, José Manuel Barroso, himself. The practice too often contradicts the rhetoric, however, and the welfare state is being dismantled across Europe. For example, why has the European Commission put pressure on Sweden to abandon its Universalist housing system when it plays such an important role in one of these “most effective social protection systems” that President Barroso praises? The Netherlands has already abandoned its universalist housing system due to a similar pressure from the EC. There is an urgent need of social innovations that contribute to maintain the successful aspects of the welfare state and shows how to improve it, instead of substituting it.

Sixthly, besides the uncertainty mentioned above, another general characteristic among young people across Europe is the lack of rights. The *EU Youth Strategy* addresses this and the second of its two overall objectives is to “promote the active citizenship, social inclusion and solidarity of all young people”. This is too often promoted, however, at arenas and in contexts where it does not mean much. In contrast, there is an urgent need of social innovations that show how young people can gain an influence where it means something, for example in the class room regarding the approach to knowledge and what to learn. How could trade unions become more open to the needs of young people and collective agreements be developed in order to secure the rights of young people?

Seventhly, we should welcome warmly social innovations that show how to take advantage of, support and actualise young people’s positive potential. The Athens report (Avatangelou et al., 2013: 21) finds it important to emphasise, “that youth, have not yet resigned, but rather fight for their rights and all kinds of inequalities they are experiencing, through their calls for democracy and end of austerity measures on the streets and through various solidarity actions.” The Barcelona report (Roiha et al., 2013: 22) expresses a similar belief in young people, underlining that “one of the traits that characterise many young people in the city is their active stand against injustice”. The Malmö report (Grander, 2013: 21) urges us not to forget that “young people have a lot of competences, potential and often show creativity in dealing with their own situation”.

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Annex

As a first step in this workpackage, the *WP2: Strategy report* was written (Stigendal, 2013), outlining the rationale of the workpackage and how it was supposed to be carried out. Five contextual areas were identified. The first one was the economy and labour market (1). The second one was welfare regimes which we divided into access to social income, social and health services (2), housing (3), education and training (4). Finally, we agreed to focus on power, democracy, citizenship and civil participation (5). In each one of these five areas, indicators of inequality were selected. Most of the indicators was selected from the so-called dashboard of EU youth indicators, released by the EU Commission in spring 2011. They are also used in the latest *EU Youth Report* (European Commission, 2012a). Besides the EU youth indicators, some additional indicators were selected from a recently published report by the Eurofound (2012). These were the 14 indicators and they were divided between these areas as follows:

The economy and labour market

1. Long-term youth unemployment rate (European Commission, 2012a: 276): “Share of unemployed youth 15-24 without a job for the last 12 months or more among all unemployed in this age group.” Also defined at the Eurostat web page: “The long term unemployment rate is the share of unemployed persons since 12 months or more in the total number of active persons in the labour market. Active persons are those who are either employed or unemployed.”¹³
2. Youth unemployment ratio: Share of unemployed among the total population (employed, unemployed and inactive), aged 15-24. (European Commission, 2012a: 276)
3. Youth employment rates, EU Member States, 2007 and 2011. (Eurofound, 2012: 11)
4. Young people in temporary employment, EU Member States, 2007 and 2011. (Eurofound, 2012: 16)
5. Young people in temporary employment because they could not find a permanent job, by country, 2007 and 2011. (Eurofound, 2012: 17)

Access to social income, social and health services

6. At-risk-of- poverty or exclusion rate for young people (18-24) compared to total population: The share of young people (18-24) who are at risk of poverty and/or severely materially deprived and/or living in a household with very low work intensity compared to total population. (European Commission, 2012a: 277)
7. At-risk-of poverty rate for young people (18-24) compared to total population: The share of young people (18-24) living in families with an equivalised disposable income below 60 % of the national median equivalised disposable income (after social transfers) compared to total population. (European Commission, 2012a: 277)

¹³ Available at: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/une_esms.htm (accessed 10 of April 2013)

8. Severe material deprivation rate for young people (18-24) compared to total population: Percentage of the population that cannot afford at least three of the following nine items: 1) to pay their rent, mortgage or utility bills; 2) to keep their home adequately warm; 3) to face unexpected expenses; 4) to eat meat or proteins regularly; 5) to go on holiday; or cannot afford to buy a: 6) TV 7) Refrigerator, 8) Car, 9) Telephone; compared to total population. (European Commission, 2012a: 277)

Housing

9. Mean age of young people leaving the parental household. (European Commission, 2012a: 199)

Education and training

10. Early leavers from education and training: Percentage of the population aged 18-24 with at most lower secondary education and who is no longer in education or training. (European Commission, 2012a: 275)
11. Young people (20-24) having completed at least upper secondary education: Percentage of young people aged 20-24 having completed at least upper secondary education (ISCED level 3c). (European Commission, 2012a: 275)
12. Young people not in employment, education or training (NEET). (European Commission, 2012a: 278)

Power, democracy, citizenship and civil participation

13. Young people's participation in political organisations/party or community/environmentally-oriented organisations: Self-reported participation in activities of a political organisation or political party or a local organisation aimed at improving their local community and/or local environment in the last 12 months. Age 15-30. (European Commission, 2012a: 278)
14. Participation of young people in political elections at local, regional, national or EU level: Percentage of young people aged 18-30 who declare that they participated in political elections at either local, regional, national or EU level in the last three years. (European Commission, 2012a: 278)

It may of course be extremely difficult to make such comparisons, but the idea was to use the indicators as our common language. Using the same definition, we would know what we were talking about. As the values presented for each member state are based on the same definition, we can take their comparability for granted. That does not necessarily mean that these indicators are used by all the member states in their national contexts and perhaps other indicators are used at the city level. As long as everybody tried to maintain a relationship to the 14 indicators used at the EU-level and treat them as our common language, the prospects for comparisons was expected to be acceptable. Furthermore, that would make it likely that the teams would identify causes to the same symptoms, making the causes comparable.

For example, “youth unemployment rate” was to be used with the same meaning as defined in the EU Youth indicators and if otherwise, that should be explained. It was perfectly legitimate to use other

definitions but then the difference should be explained with regard to the EU Youth indicator, for example concerning age span. Then, we would know what we were talking about.

How did it work? Quite well. But of course, if we had got a few more months and every team the opportunity to work their reports through after reading this report it would certainly have worked even better. The ten reports have, however, also had the function to test the indicators. How do these 14 indicators function in order to get to know more about the inequality affecting young people? Do they all function well? No, they did not. Values for several of the indicators were not possible to get hold of at the city level and where such values exist, it does not always build on the same definition or it may perhaps apply to the region and not the city. The indicators will not be reviewed here, however, because it would take too much space and time. Above else, our study has shown the difficulties making comparisons on the basis of the same indicators.