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http://improving-ser.jrc.it/default/, the database of socio-economic projects funded under the 4th and 5th Framework Programme.

http://europa.eu.int/comm/research/social-sciences/index_en.htm, Social sciences and humanities in Europa

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Introduction

Research in the Social Sciences and Humanities (SSH) addressing major EU societal challenges has been part of EU research policy since 1994:


- **Under the 5th Framework Programme**, the Key Action “Improving the socio-economic Knowledge-base”(1998/2002), with a budget of 155 Million Euro, funded 185 research projects in broad themes such as societal trends and structural changes, governance and citizenship, enlargement, employment and new forms of work, etc.

- **Under the 6th Framework Programme**, Priority 7 “Citizens in the Knowledge-based Society” (2002/2006), with a budget of 270 Million Euro, is currently funding 140 projects, again in a broad range of societal issues.

- **Under 7th Framework Programme**, currently under preparation and to be implemented from 2007 until 2013, a new research theme on “Socio-economic sciences and Humanities” is foreseen. This Programme will have 5 main themes:
  1. Growth, employment and competitiveness in a knowledge society;
  2. Combining economic, social and environmental objectives in a European perspective;
  3. Major trends in society and their implications;
  4. Europe in the world;
  5. The citizen in the European Union;

While most of projects funded under FP6 are starting or currently underway, FPs 4 and 5 have already produced new knowledge in various fields of research of policy relevance.

This publication describes the main scientific and policy outcomes of those projects which finished between December 2001 and July 2005.

120 projects are described. They have been grouped into 10 areas of policy relevance, following the structure already developed in our FP5 projects synopses book:
• **Societal trends and structural change**
• **Quality of life and gender**
• **European socio-economic models and challenges**
• **Social cohesion, migration and welfare**
• **Employment and changes in work**
• **Dynamics of knowledge, generation and use**
• **Economic development and dynamics**
• **Governance, democracy and citizenship**
• **Challenges from European enlargement**
• **Infrastructures to build the European Research Area**

This information can also be consulted in our website: [http://europa.eu.int/comm/research/social-sciences/index_en.html](http://europa.eu.int/comm/research/social-sciences/index_en.html), where a link to most individual project’s website might provide further detailed information on the work undertaken by the research teams.

The area “Education and Training” is not included in this exercise, as a similar publication and website, dedicated to this field, were also produced in 2004. (See: [http://www.pjb.co.uk/npl/index.htm](http://www.pjb.co.uk/npl/index.htm)).

We intend to continue this exercise, by describing every year the outcomes of a new set of finished projects. The next update will cover the remaining projects funded under FP5, which have or are just about to finish.

We trust that this publication will become a useful tool for researchers and policy-makers to find in an easy and quick manner, the most interesting themes and findings addressed by our projects.

T. LENNON

Director
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Societal trends and structural changes</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Quality of life and gender</td>
<td>29</td>
</tr>
<tr>
<td>3</td>
<td>European socio-economic models and challenges</td>
<td>49</td>
</tr>
<tr>
<td>4</td>
<td>Social cohesion, migration and welfare</td>
<td>59</td>
</tr>
<tr>
<td>5</td>
<td>Employment and changes in work</td>
<td>113</td>
</tr>
<tr>
<td>6</td>
<td>Dynamics of knowledge, generation and use</td>
<td>145</td>
</tr>
<tr>
<td>7</td>
<td>Economic development and dynamics</td>
<td>165</td>
</tr>
<tr>
<td>8</td>
<td>Governance, democracy and citizenship</td>
<td>211</td>
</tr>
<tr>
<td>9</td>
<td>Challenges from European enlargement</td>
<td>241</td>
</tr>
<tr>
<td>10</td>
<td>Infrastructures to build the European Research Area</td>
<td>255</td>
</tr>
</tbody>
</table>
NIEPS
Network for Integrated European Population Studies 6

UIE
Uncertainty and Insecurity in Europe 8

SOCCARE
New Kinds of Families, New Kinds of Social Care: Shaping Multi-dimensional European Policies for Informal and Formal Care 10

IPROSEC
Improving Policy Responses and Outcomes to Socioeconomic Challenges: changing family structures, policy and practice 12

DYNSOC
The Dynamics of Social Change in Europe 14

FENICS 1999
Female Employment and Family Formation in National Institutional Contexts 16

SIREN
Socioeconomic Change, Individual Reactions and the Appeal of Extreme Right 18

FATE
Families and Transitions in Europe 20

UPE
Changing population of Europe: Uncertain future 22

ENIQ
European Thematic Network on Indicators of Social Quality 24

CHANGEQUAL
Economic Change, Unequal Life-Chances and Quality of Life 26
Societal trends and structural changes
What role can policies play to invert current demographic trends

**BACKGROUND**

Europe's families and household dynamics are rapidly changing. As a result, gender, work and family, and the policies related to them need to be examined in an integrated way. Many European countries have been or are still experiencing immigration of ethnically quite distinct population groups whose integration often raises specific challenges and problems for communities.

The demographics, family structures, linguistic, educational and occupational characteristics and the cultural identity of different categories of migrants require multifaceted opportunity enhancing policies. Inadequate integration policies result in ethnocentric feelings that may further weaken the position of immigrants on the labour market, give rise to segregation and create social exclusion, resulting in social tensions that cut across the political world, the general public and immigrant communities.

At the same time, European societies are ageing, due both to lower fertility rates and increasing life expectancy at higher ages. The increasing numbers and proportions of the elderly are changing societies. The combining effects of the evolving societal processes, emancipating gender relations and changing family dynamics raise new challenges to find new opportunities and societal roles for people in the later stages of life.

National population institutes or centres have a mandate to undertake scientific research on population issues and are frequently called on to inform and advise the government and public authorities on the policy implications of population dynamics. These governmental bodies or government-financed institutions carry out systematic monitoring and analyses of population dynamics and study of implications for society and policy-making.

The aim of the Network for Integrated Population Studies (NIEPS) was to create a European platform of 11 national population institutes to promote a dialogue and foster research co-operation on policy relevant interactive domains of population, family dynamics and socio-economic processes. Three interconnected key structural demographic changes were addressed:

- Gender relations, family building and patterns of work;
- Ageing, intergenerational solidarity and age-specific vulnerabilities;
- Demographic and cultural specificity and integration of migrants.

**WORKUNDERTAKEN**

NIEPS' activities were implemented through six thematic workshops and three technical meetings. The workshops consisted of a retrospective and comparative analysis of demographic trends and policy actions. Participants then examined alternative strategies to improve policies by identifying best practices. Finally they proposed research strategies and instruments to enable future innovative and transnational comparisons of data and policy impact analysis.

The intermediate technical meeting between the two workshops of each theme provided an in-depth critical evaluation of theoretical frameworks and research instruments currently used in the themen domain and delivered outlines of new frameworks for future comparative work. For each of the three themes, the network produced the following results:

- An overview of the major recent trends and their explanation;
- Suggestions for future comparative and co-operative research;
- Identification of socio-demographic policy implications of the findings.

The network produced an inventory of databases and research findings generated by partner organisations over the past ten years, including the results of two large-scale population and family surveys: Fertility and Family Survey and Population Policy Acceptance survey. They worked with data from the European Community Household Panel, European Value Study and other topical surveys. Key findings reported and discussed at the workshops and technical meetings built on these databases.

Issues not covered by on-going research projects in the partner institutes and gaps in knowledge were partially dealt with through invited papers that built on a broad range of topical studies. Empirical data from national or internationally coordinated surveys served as a basis for invited research reports presented at the workshops.

For each of its policy themes, NIEPS identified a number of social policy implications. Most are theme-specific, though a few general implications were drawn. When developing social policy, there is a need to:

- Integrate the policies pertaining to the three themes in a combined, population-friendly framework;
- Integrate population and family-related policies in other policy domains, particularly the economy;
- Develop policies that duly take into account processes over the entire life course;
- Envisage the long-term, intergenerational equitable dimension of population policies.

The analysis of recent trends in the three theme areas addressed confirm that European societies are confronted by critical population and family challenges that require integrated and fine-tuned policy adaptations, as well as structural policy reforms. For each theme, a number of concrete research topics were suggested. The network also proposed the use of innovative comparative pan-European surveys to produce statistically robust data and qualitative results.

**KEY OUTCOMES / CONCLUSIONS**

In Central and Eastern Europe, significant demographic changes were associated with economic and political transition, involving the dismantling of the social protection systems. The population has had to adapt to a weakening welfare system and declining public support for families. The demographic outcome includes a sharp decline in fertility, a marked decrease in life expectancy, and an increase in mortality among the working age population, particularly men, in some transition economies.

In the Nordic countries, there was strong evidence that reinforcing and fine-tuning family-friendly policies and measures, particularly with respect to women and as part of a universal social welfare model, have helped to stabilise fertility at levels that are only slightly lower than replacement level.

Southern European families more often support and care for less able and needy members. However, high demands placed on families in a context of weak public support cause dissatisfaction and general stress, more particularly among women. This is
because the majority of care giving comes from a gender-based division of labour within both the family and the labour market. The lowest fertility levels are found in the southern European countries, where the highest proportion of people report dissatisfaction with their life chances and consider themselves to be in bad or very bad health.

NIEPS’ main conclusion is that in societies providing generous support for working mothers the majority of women can achieve the size of family they want without having to opt out of the labour market. This opportunity enhancement for free choice regarding the timing and number of births results in fertility levels that are close to generational replacement and lower levels of dissatisfaction of people with their life chances. Higher fertility is no longer the result of larger families being produced at the two ends of the social ladder - among poor and less educated or very prosperous women. Therefore, universal policies can enhance the opportunities and quality of life of average dual-income families and of single working mothers. Universal schemes appear to provide a broad range of advantages over targeted measures, and contribute to greater democratisation in society with respect to parenthood.

Existing family-friendly measures appear to be insufficient to resolve the dilemmas facing individual women and men with respect to gender equity on the one hand, and intergenerational continuity and redistribution of resources between generations on the other. To reconcile the peak years of family formation with competition in the labour market, the entire life-course perspective of employment and retirement may need to be rethought so as to give more free time and resources to young families, while creating conditions for active ageing that also offer the option of working at later ages long after children have gained autonomy.

**DISSEMINATION**

Papers were published in journals and the proceedings of six workshops were produced, as well as a jointly authored book.

**PUBLICATIONS’ LIST**

1. Examined the relationship between planning, predictability and uncertainty, to examine if these two phenomena were important and to address their occurrence in contemporary societies with an emphasis on European social diversity.

The objective of the project was to inquire into social uncertainty and insecurity, to examine if these two phenomena were important and to address their occurrence in contemporary societies with an emphasis on European social diversity.

Research took place in France, Greece, Hungary and the United Kingdom. The UIE project was based on the thesis of a vicious circle: institutions and organisations of both the private and public sector deliver an expanding, highly reliable environment that has led to unprecedented degrees of certainty concerning specific institutional operations. For example, an interrupted abundance of food at the local supermarket, community care, punctual delivery of goods and services, to name a few.

Citizens become accustomed to this environment and tolerance to uncertainty diminishes while dependency upon sustainable relationships is simultaneously eroded. That is, direct social interaction is replaced by institutional sociality. If this situation is reversed, fragmented, short-term certainty and predictability may engender long-term uncertainty and vulnerability. This context of contemporary societies enhances their complexities, which also aggravates feelings of insecurity.

Another cause of growing insecurity lies in the way individuals perceive their own lives in terms of competitive self-development. They use options offered by institutions as tools for this process; however, while choosing from different options, they are again confronted with a high degree of complexity, which again leads to insecurity.

In investigating these complex, intertwined societal dynamics, project partners interviewed special focus groups and addressed six major sources of public anxiety that they divided into 12 task areas:
- Changing family structures
- Changing work patterns
- Social welfare systems
- The financial sector
- European integration
- Media representations of the political and socio-economic sphere.

WORK UNDERTAKEN

The UIE project investigated uncertainty and insecurity as horizontal issues that cut across the six major sources of public anxiety. Researchers isolated the uncertainty and insecurity component in each task area to show the combined effects of these issues. For example, how do public perceptions of changing work patterns, family structures and pension arrangements converge to shape overall strategies? To answer these questions, researchers:
- Explored the generation of uncertainty and insecurity in the four countries at three levels of social interaction represented by six thematic areas;
- Identified what triggers uncertainty and insecurity;
- Examined the relationship between planning, predictability and vulnerability in the context of a supra-national analysis of the generating factors of uncertainty and insecurity within the socio-political dynamics of contemporary Europe;
- Provided an organised, horizontal understanding of the effect of uncertainty and insecurity in public trust in institutions of political and economic governance;
- Reported on the combined effects that uncertainty and insecurity have for long-term European social-economic dynamics and supra-national policy design;
- Recommended possible amendments in public and private institutional planning and activity that could contribute to a more stable, certain and trustful public perception of the social, political and economic world.

Methodological priorities and issues were clarified. The project then established a standard process for refining methodological tools. All feedback was shared among team members and country data was centralised by a coordinator who produced a draft that was fed into a new feedback cycle. A rigorous process was followed in all activities, including interviews with focus groups, members of the public, and private and public sector interviewees. This process anticipated specificities in national societies and integrated them into a coherent scheme of approach and interpretation.

Given that the main objective of the project was to research the combined effect of uncertainty, insecurity and complexity on European citizens, project partners decided to achieve that objective using a sound methodological foundation. They brought together both the sophisticated integration of qualitative and quantitative data and the representation of societies, with different socio-cultural dynamics, inside and outside of the definition of ‘late modernity’.

The work was divided into three phases over 30 months.

KEY OUTCOMES / CONCLUSIONS

Preliminary findings identified factors that enhance social uncertainty, insecurity and complexity:
- The pace of change is accelerating;
- People’s autonomy is disintegrating and being substituted by their capacity to identify, combine and use modules of institutional activity as resources;
- A stable accumulation of resources becomes impossible;
- A hegemonic discourse expands these alienating and stressful dynamics;
- Competition leads to isolation and de-socialisation.

More detailed results were delivered on the issues of family, work, pension provisions, European integration, the financial sector, media, crime and institutions.

Uncertainty and insecurity critically influence citizens’ capacity to conceive of a politically meaningful world. As a result, political governance should reverse this through programmes to restore the critical mass of certainty and security. There is a need for increased citizen engagement with institutions and their societies.

An example of this would be to reconsider the orientation of the shift from a common pension track to an opaque market of pensions. The diversity and complexity of this market leads to insecurity because policy-making only deals with product qualities, not with the ‘social qualities’ of the market, such as unfruitful competitiveness, uncertainty, insecurity or complexity.
Project partners recommended several main lines of institutional action to reduce uncertainty and instability in Europe:
- A single, socio-culturally meaningful ‘language’ must be developed to govern all transactions between institutions and individuals. Both the public and the private sector should communicate with citizens in that framework.
- A universal safety net regarding income is indispensable, but is not enough to reduce uncertainty and instability. Contrary to conventional wisdom, beyond the very basic subsistence level, other aspects of life such as the sense of belonging and social influence are much more important than income in establishing confidence. A plan for the social governance of exclusion, apathy and disengagement of European citizens is long overdue.
- Provided that the above two recommendations are implemented, capitalist competition could continue and increase without producing destabilising degrees of uncertainty and instability. Project participants saw this as the only way to combine a healthy economy with a healthy polity and a healthy society. Such a balance would supply new content for a European model, which they contend has been adrift since the early 1990s under increasing pressure from globalisation.
- Specific large-scale efforts in social governance are necessary if European societies are going to be able to maintain a sense of community, internal peace and safety. One of the urgent initiatives needed is the public establishment of principles that guarantee equality for both social and ethnic minorities.

DISSEMINATION

PUBLICATIONS’ LIST
BACKGROUND

Social care – providing care and support for children or adults – is an important aspect of a social Europe. This takes many forms – formal care provided by the state, private or voluntary organisations and informal care provided by family, friends or neighbours. Current provision is demarcated into discrete forms and types of service, eschewing more flexible provision that could encompass both formal and informal care.

However the entire notion of ‘social care’ in Europe is being forced into a radical rethink because of profound changes within the family unit, the population structures and employment patterns. In addition, comprehensive state-subsidised ‘social care’ is becoming more challenging to sustain, as Europe needs to be economically competitive. New policies are needed at local, regional, national and pan-European levels to support Europe’s families so they can care for all their members while continuing in employment.

> Project objectives

There were six objectives:
- To describe the social care arrangements in four key types of European families most affected by demographic, economic and labour market changes – the lone parent family, dual career families, immigrant families and ‘double front carer’ (i.e., caring for both children and elderly relatives) families;
- To identify innovative methods for combining family and formal care arrangements for both young children and the elderly;
- To gather the views of users, providers, professionals, managers and policy-makers at all levels about the problems with existing arrangements;
- To identify the most sustainable and flexible social care arrangements that take into account both labour market needs and the importance for Europe to be economically competitive;
- To provide a more qualitative account of social processes, thus adding to European data on social change and social care;
- To create a sound basis for putting the findings into practice through inputs into policy design and social care practice and to lay the foundations for future research.

WORK UNDERTAKEN

Interviewing 400 family in five countries

The work was divided into six work packages. Work package 1 reviewed the social care literature and discovered that previous studies had focused on public care services, disregarding commercial (private) or informal care. Most of the research had concentrated on describing national care services, without taking into account the views of those involved in giving or receiving the care.

During the next four work packages, 400 families of four types – lone parent, dual career, immigrant and ‘double front’ were interviewed. They came from the five project countries: Finland, France, Italy, Portugal and the United Kingdom, which all had different welfare systems. Common interview guides and analytical criteria were developed so that national differences could be taken into account when analysing the interview results.

During work package 2, there were 127 lone parents families interviewed. The interviews focused on the following topics: child care arrangements, working hours and their flexibility, everyday life schedules, the use of public and private care services, existing informal support network.

Work package 3 looked at 124 dual career families, where both partners were either in paid work or studying full time (30 hours or more a week) and were responsible for either caring for children under 13 or/and for older people. The interviews revealed that, as well as having exceptionally busy work-plus-care schedules, the families were not particularly content with their quality of life. They needed more flexible (in terms of time and types of assistance) infrastructures of childcare services and care services for older people.

Work package 4 analysed how immigrant families organised care for young children or older people and identified the specific constraints they faced combining this with work. This family type showed a great diversity of caring strategies. The two strongest aspects were extensive delegation and mother-centeredness, while negotiation inside the families, father-centeredness, and leaving children alone only emerged in certain types of immigrant families.

Work package 5 analysed the final group of families – the double-front carers (those covering three generations) – and it was based on the interviews from the previous three work packages, with some supplementary interviews. The analysis showed that in these families the emphasis was on caring for the elderly members, while caring for the children simultaneously was less problematic. The studies found these families used two main types of care networks: In the first the network was minimal, leaving care giving on the shoulders of one person, and more than half of those interviewed – 56 families – fell into this category. The second was a relatively rich and polycentric network for sharing care, using various systems and family members.

The sixth and final work package gathered, disseminated and exploited the results of the project.

KEY OUTCOMES / CONCLUSIONS

The project came up with recommendations in four policy areas:

> Formal care policies

The most important conclusion was the absolute necessity of making formal care services available to all families who needed them. The project recommended that formal care should be planned as a part of a whole package of family care measures and that formal and informal care should be integrated, with informal carers treated equally to formal carers.

The studies found gaps in formal childcare, which created severe problems for those who did not have a strong informal network to fall back on, and the project wanted more flexibility in opening times and content of services to cater for individual needs. The studies also showed that at times the quality and responsiveness of formal care provisions for older people was so poor that these were seen as a ‘last resort’.

> Informal care policies

The project recommended reforming social policies so that family members could combine informal care and paid employment, allowing carers to adapt the hours and place of
work and giving them access to flexible support services that could cater to recipients’ and carers’ needs. The project also recommended giving carers special ‘care leaves’ supported by financial compensation schemes.

> Labour market policies

The project partners found that those families who had ‘atypical working times’ or used the new flexible labour market as a way of combining working with care responsibilities usually ended up at the bottom end of the labour market, so the partners recommended a full discussion between Europe’s ‘social partners’. In general the project recommended a re-evaluation of flexible market policies to see how they could give employees the opportunity to combine caring with employment, including giving care leaves and part-time work.

> Other social policy areas

The findings showed the importance of making changes in other policy areas as well. Housing was an important area and the project recommended policies to promote affordable housing so that informal care could take place in the home. There were also recommendations for more flexible types of housing stock so different generations and family members could live close to each other. In terms of social security policies, the project recommended redesigning pension and child benefit policies so families would have the financial means to use formal care facilities. It wanted immigration policies rethought so that extended families could offer support to their members and for social work to develop professional practices and focus on supporting families through forging well-functioning care arrangements.

The most general recommendation was that any new policies should encourage practices that integrate work and care in a way that will eliminate the dichotomy between workers and carers in family life.

DISSEMINATION

Results were publicised at national seminars, conferences and workshops and two European Dialogue Workshops. The project has a website and held a Final Dissemination Conference in May 2003.

PUBLICATIONS’ LIST

SOCARE Project Reports all available at www.uta.fi/laitokset/sospol/soccare/ Other publications from the SOCCARE Project
Full publications’ list available on SSH website.
Section 1. Policy responses to changing family structures in Europe

Background
In most EU Member States, birth rates are falling, population growth has slowed down and the population as a whole is ageing. Far-reaching changes have taken place in family structures: fewer people are getting married, and those who do are postponing it until they are older. As a result, women are having children at a later age. At the same time, more couples are getting divorced, and more children are growing up in one-parent families. More women are also entering and remaining in full-time employment when their children are young. The imbalance between the generations is growing, with an ageing population increasingly dependent on the younger generation for care and support.

Whereas these trends are common to most European countries, because of socioeconomic factors they take different forms, and the speed of change varies between and within countries. Ireland, Italy, Poland and Spain retain more traditional family structures, whereas Estonian and Swedish families have undergone more radical change. The way that individual governments have reacted to change also varies depending on the country's historical context, its current political and economic climate and attitudes towards public policies to support family life.

> Project objectives
The project covered 11 countries: Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Poland, Spain, Sweden and the United Kingdom, representing different stages of political and economic development, patterns of welfare provision and concepts of civil society. The aim was to inform policy by developing a greater understanding of socioeconomic change, the challenges such change presents for governments and the effectiveness of policy responses. The project also sought to show how the social policies operating in each country influence decisions taken by individual family members at different stages in their lives.

Because it is not possible to design a single European-wide policy to cater for the situation in all the countries, the project aimed to collect information to help policy-makers formulate policies adapted to suit different socioeconomic and political systems.

Another objective was to provide training in cross-national research methods. A 'training' element was, therefore, included in the project's annual workshops.

Work undertaken
The broad coverage of the research ensured that countries from different waves of EU membership, different European regions and with different welfare arrangements were included. The project was organised in three overlapping stages, so that the country teams could begin the next stage of work while the coordinating team was drafting the consolidated report for the previous stage.

The first phase of the project concentrated on the socio-demographic and policy context. The project team began by carrying out a comparative secondary analysis of socioeconomic trends, using harmonised EU-wide survey data to track population decline and ageing, changing family structures, changing gender relations in labour markets, in public life and within households, and changing intergenerational relations. The partners carried out a contextual analysis of academic research, policy debates, opinion surveys, scientific studies and media coverage in their own countries to find out what the literature had to say about the policy challenges that were facing governments as a result of socioeconomic trends, their reactions to these changes and the possible impact of policies on family life. Interviews were also conducted with representatives of economic, social and political institutions to seek their views on these topics.

During the second stage of the project, small-scale surveys (of about 250 people in each country) and up to 50 in-depth interviews were conducted with men and women of different ages and from different socioeconomic groups to obtain more information about the family decision-making process within selected family types.

During the final phase of the project, the partners undertook comparative analysis of the policy process in a series of policy learning case studies on themes covered in the project. The aim was to understand why policies work or do not work, and to identify the potential for learning and transfer between societies as they respond to the challenges posed by socioeconomic change. These case studies were presented and discussed at a dissemination conference. The findings from the project were also disseminated through a series of meetings between project team members and end-users in the participating countries. The final report provided a comparative analysis of all the quantitative and qualitative materials collected during the project. Papers reporting on the various stages in the project were published on the web and in print format.

Key outcomes / conclusions
While the project confirmed the decline in population growth across Europe and the increase in population ageing, Ireland was the country least affected. The three CEE countries were distinguished by their relatively large young population, and negative population growth, due mainly to low life expectancy. Population ageing was relatively advanced in Germany, Greece, Italy and Sweden and was combined with comparatively high old age family dependency.

Everywhere, family formation was being delayed, and de-institutionalised family forms more common, despite marked differences in the timing of marriages and births. Sweden and Estonia had gone furthest in developing alternative living arrangements. Ireland, Italy and Spain retained more traditional family forms. Poland combined traditional family forms with conventional timing of family formation.

Changing gender relations set Sweden apart from the other EU Member States in terms of equality of opportunity and work-life balance. Gender equality had weakened in the three CEE countries since the ending of Soviet rule. Ireland, Greece, Italy and Spain had relatively poor equality of opportunity and work-life balance.

Although many challenges were similar, the policy context analysis and interviews showed that the approaches adopted by governments in response to change varied according to the policy environment, political and economic climate and legitimacy, and social acceptability of state intervention in family life. The project countries fell into several clusters of...
development of family policy, its design and structure, and the vehicles for delivery. In France and Sweden, policy was highly structured and legitimated. Policy actors were strongly committed to supporting families. In the southern and CEE countries, policy was more hesitant, under-resourced and lacking in coherence. Between the extremes were Germany, Ireland and the United Kingdom where the rhetoric supported families, but where governments were more reluctant to intervene in private life. ‘One-size-fits-all’ policy solutions were not appropriate in the area of family life.

The project found that several conditions must be met for family policy to be effective. Firstly, a family-friendly and supportive social environment, founded on the principles of equality of opportunity, social solidarity and vertical redistribution of resources was necessary, with economic security based on a high level of employment and the guarantee of a living wage. The second was an equitable and consensual sharing of responsibilities between political, economic and civil society policy actors, with aims and objectives clearly communicated to the public. The third: effective mechanisms for funding and coordination across sectors, and for implementation and delivery of a good standard of benefits and services, responsive and non-intrusive public policy intervention in family life, commanding widespread legitimacy, acceptability and confidence, and complementary family responsibilities.

DISSEMINATION
The project results were widely disseminated through articles and book-length publications, seminars and conferences, end-user dialogue group meetings and a project dissemination conference.

PUBLICATIONS’ LIST
Main publications were:
Understanding the long-term changes in people’s lives in Europe

BACKGROUND

European citizens’ lives have changed dramatically over the last twenty years. Three important, interlinking and interdependent aspects that have seen significant changes over just one generation have been family structures, employment patterns and income levels.

The pace and scope of these changes has differed between countries, both as a result of ‘individual’ factors such as cultural and family values, and because of the influence of external factors like social norms, state policies and economic conditions.

Until very recently, social scientists did not have the tools to describe systematically how people’s lives were evolving or to evaluate which factors were responsible, so the six-nation European Panel Analysis Group (EPAG) set up a highly ambitious research project called The Dynamics of Social Change in Europe to map exactly where and how the changes had taken place. It was based on the European Community Household Panel (ECHP) survey, which gathered eight sets of data from 1994-2001 from the then 15 EU Member States.

The approach was a significant change from previous research methods in that it tabulated changes over time. In addition to bringing together the analyses from different countries, it assessed the picture Europe-wide, and looked closely at the role played by cultural and religious elements. This methodology enabled the partners to document the differences and similarities between countries and regions, and to codify and explain the country variations.

Policy Objectives

An important aspect of the study was to understand to what extent the state – whether as a regulator, or a provider – influenced the changes. In particular the partners were concerned with:

- The effect of national policy on the level of economic activity through fiscal regulations and monetary management;
- How state policies affect the family – i.e. whether legal arrangements affected individuals’ decision to get married or divorced;
- How state regulations about working conditions, job security and minimum wages affected employment decisions;
- The effects of state distribution of income through taxes and social security on individuals;
- How directly providing free or subsidised cultural, education, medical or other state services affected living standards and influenced individual choices about the organisation of private life.

WORK UNDERTAKEN

Designing the conceptual framework

The partners used a family-employment-income nexus in their research, and drew up a conceptual framework with the following five criteria:

1. the direct links between this nexus at the individual level;
2. the impact of social norms, market forces and institutions on people’s choices;
3. the importance of a dynamic perspective in people’s lives;
4. the pattern of experiences across people’s lives;
5. how important accumulating ‘capital’ was as a factor contributing to social mobility.

For the analysis, the partners categorised the countries into four ‘welfare regime’ models: the Scandinavian ‘social democratic’ model, the UK and Irish ‘liberal’ model, the continental Europe ‘corporatist’ model, and the southern ‘residual welfare’ model.

The main survey: European Community Household Panel

The research programme was mainly based on secondary analysis of the European Community Household Panel survey that covered the 15 EU Member States. To build up a consistent regional picture, the same set of questions about family structure, employment patterns, household income and living standards had been put to 73,000 households across Europe and, altogether, data was collected from 153,000 people. They were re-interviewed each year so that the data could be used both ‘cross-sectionally’ to describe the situation at any one time across Europe and ‘longitudinally’ to analyse changes from year to year.

The research programme covered three major areas: the labour market, family, employment and income, and quality of life. Within each of these, more detailed sub-topics were identified, covering aspects such as the hidden labour force, the transition to adulthood, changing concepts of work, the impact of taxes and benefits, and the duration of spells spent living in poverty. These were divided into 18 research packages and altogether 52 working papers were produced that described and analysed the results.

Moving from the ‘micro’ to the ‘macro’

The empirical analysis focused on the ‘micro’-dynamic elements of the models – studying the processes affecting the individual family, employment and income within and between countries. During the project’s final programme integration (IP) phase, the partners assimilated the results and produced ‘macro-comparisons’ between countries to provide the basis for interpreting the effects that state policies had had on determining the changes. The project results were summarised in a book written jointly by the project teams, and published as Social Europe: living standards and welfare states, (Richard Berthoud and Maria Iacovou, eds, Edward Elgar 2004).

KEY OUTCOMES / CONCLUSIONS

The project had the following results:

The Family

The households fell into three groups:

1. the ‘Nordic Scandinavian + the Netherlands’, characterised by ‘family privacy’, where many people preferred to live alone, rather than in family units, but where marriages were more equal;
2. the ‘Northern /Protestant type’ in continental European ‘corporatist’ regimes, plus the United Kingdom, where few people lived with their parents, many were not formally married and many women were not in full-time employment;
3. the Southern/ ‘Catholic’ or ‘residual welfare regimes, plus Ireland, which had a strong extended family that cared for the young and old, but where few women worked.

Employment

The study found that most adult men and single women below retirement age worked, or sought work, whereas many married women, particularly with children, did not. Family dynamics
affected employment trends more than a country's 'welfare regime', with childcare the determining factor.

The existence of state provision influenced families' social mobility; they were less downwardly mobile in social-democratic regimes than in liberal regimes, but in the latter it was easier to move up the social scale. Both the 'social democratic' and 'liberal' regimes had lower levels of unemployment than 'residual' countries like Italy.

Income patterns

Countries with the 'liberal' and 'residual' regimes were more unequal than the social-democratic ones. The study found many more people were likely to find themselves in poverty during a five-year period than in any one year. Pension provision was also an important factor in income distribution. Because the study was able to take a long-term perspective it found that the longer people were unemployed the more difficult it became to climb out of poverty.

Do the differences between countries correlate to 'welfare-type' regimes?

The study found that the welfare-type correlation was useful to examine the role played by state provision on the labour market, since 'liberal', flexible market regimes with low state provision pushed people back into employment faster than 'social-democratic' countries. However, this correlation was less useful for explaining variations in family life, as living arrangements or the move to adulthood were based on factors such as the level of childcare or family ties, rather than on state policies.

Conclusions

Overall, the partners were impressed with the diversity of the results, although they found that people's lives across Europe had many similarities. They found 'welfare-type' typologies useful for explaining cross-national differences, although this did not always fit perfectly, as many aspects depended more on details of social policy, than on broader characteristics of welfare regimes.

Finally the partners concluded that new ways of looking at cross-country variations would continue to emerge with changing social policy, and that there were likely to be more variations given the accession of the ten new EU Member States with their different socio-economic and political histories.

DISSEMINATION

This took place via the project website, through 52 working papers, and at academic and policy conferences and seminars. The EuroPanel Users’ Network also provided a forum for support and pooling ideas.

PUBLICATIONS’ LIST

A series of 52 working papers is available at www.iser.essex.ac.uk/epag


Full publications list available on SSH website.
BACKGROUND
In addition to boosting employment, a main aim of EU policy is to ensure equal opportunities, regardless of gender. This is at the heart of all EU policies because, without it, men and women cannot participate equally in the economy and in society.

The EU’s commitment to equality dates back to the foundation of the Union in 1957. When countries apply for membership they must agree to respect equal rights legislation. But because inequalities still exist, the Commission, since 1996, has taken a gender mainstreaming approach. This means that it has included equal opportunities in all EU policies and activities.

The Lisbon strategy set a goal of significantly raising the level of female employment. But one reason that gender inequalities persist is the dual role which women still play, as a result of working and taking care of families. It often means that they take on part-time, low-paid work and fall behind men on the career ladder.

The extent to which institutions support families and women’s decisions over education and work helps determine how much gender equality can be achieved. To be effective, institutions need to adapt to changes in the patterns of family formation, and changes in the structure of the labour market.

Analysis has tended to focus on the extent to which women return to work after the birth of their first child. But research is needed into similarities and differences between countries, taking into account changing patterns in partnerships and in forming families.

Project objectives
The project examined the rules and regulations, tax and benefit regimes, provision of services and working time arrangements in different countries, to see how they affected women’s decisions on having children and paid work.

Other aims were:
• to analyse the impact of institutional structures on women’s decisions concerning education, work and the family;
• to identify differences and similarities between countries, in demographic trends;
• to quantify the impact of the change in starting families, and on women returning to work over the past 20 years.

WORK UNDERTAKEN
Information was taken from the European Community Household Panel (ECHP), Fertility and Family Survey (FFS) and the EU Labour Force Survey. It was used to devise a comparative research project to:
• establish a detailed database looking across countries, comparing demographic, family, education and employment information
• estimate models relating variables such as time, cohort, age, education, age at first birth and number of children with the household and/or work situation.

Sub-projects were set up in Spain, France, Germany, the Netherlands, Sweden and the United Kingdom.

• The Barcelona team investigated trends in fertility and family formation.
• The Nanterre team looked at the impact of the decision to have children on earnings.
• The Erlangen/Numberg team studied occupational segmentation and hours worked.
• The Utrecht team investigated the changing institutional context, and the effects of childbirth on employment.
• The Bamberg team studied the spread of cohabitation.
• The Warwick team looked at the impact of the decision to form families.

SOCIETAL TRENDS AND STRUCTURAL CHANGES

- The Barcelona team investigated trends in fertility and family formation.

KEY OUTCOMES / CONCLUSIONS
The institutions in EU Member States designed to support motherhood and employment vary in different countries. But in many cases they are out of date, the project found. They play a significant part in women’s decisions on paid work and family life, but they no longer reflect the nature of the pan-European labour market.

Policies aiming to implement the Lisbon strategy need to take account of these different national conditions, the researchers suggested. Universal labour market and family policies should be avoided, but policies can encourage women into the labour market and improve the quality of jobs available to them.

Other findings were:
• Many couples now cohabit instead of getting married. The extent to which this is happening differs in different countries. But all countries need to reassess family welfare policies, to see how they treat couples who are legally married as opposed to those who choose to cohabit.
• There have been dramatic changes in fertility. Falling levels will affect future demand for childcare and education, and will have an impact on the availability of a more highly educated female workforce. Policies are needed to help women who wish to have at least one child.
• If women are to avoid long-lasting penalties as a result of being out of the workforce, policies should encourage higher rates of participation among mothers.
• The labour market structure in several countries has led to a ‘family gap in pay’. Women earn less because they are combining paid work with motherhood. This gap is at its widest in the United Kingdom and Germany. Occupation classifications need to be re-examined, and more attention should be paid to the relationship between part-time work and occupational segregation.
• Member States should encourage quality flexible working time arrangements and encourage men to take a greater share of care responsibilities.

DISSEMINATION
A website has been set up at www.warwick.ac.uk/ier/ffenis The national teams have several working papers on the site.
PUBLICATIONS’ LIST
The national teams published work papers, which are available on the website, including:
Vlasblom, Jan Dirk and Schippers, Joop, ‘Increases in Female Labour Force Participation in Europe: are there common causes?’, 2003.
BACKGROUND

In recent years, extreme right parties have been on the rise in some European countries and regions and since the mid-1980s have achieved considerable electoral success: in Austria (the Freedom Party), Belgium (the Vlaams or Vellangs Blok), Denmark (Danish Popular Party), France (National Front success in presidential elections), Germany (German People's Union), Northern Italy (National Alliance and Northern League) and Switzerland, (the SVP secured 26.6% in the October 2003 parliamentary elections). Concern about these trends brought together partners from seven countries, (plus Hungary) to study the reason for this phenomenon.

Previously, most commentators had postulated that right-wing extremism mainly flourished among those sectors of the population unable to adapt to social change – the so-called ‘modernisation losers’, who laid the blame for their failing socio-economic status on outsiders, so were receptive to right-wing extremism, populism and xenophobia. The project set out to test the validity of this belief.

Until recently, little research had been carried out to explain how or whether these attitudes were the result of changes in the labour market or in the individual’s working life. Research had assumed that the growth of right-wing extremism was linked to voters’ socio-economic characteristics – i.e. was more prevalent among the unemployed or low-skilled blue-collar workers or those with comparatively low education levels.

The project partners adopted a different perspective. They wanted to find out more about the individuals at the centre of the changes, to discover how people explained the changes in their social and economic life, and how they coped with them. The partners foresaw this would give them an empirical assessment of the extent to which changes in people’s working life would make them more receptive to right-wing extremism.

> Qualitative survey

During the second phase of the project, teams in the eight SIREN project countries carried out a qualitative survey of nearly 280 interviews. They interviewed individuals from different social backgrounds and with differing political orientations to ascertain how they viewed and coped with socio-economic changes. They used this to find out the workers’ assessments of technological change, the internationalisation or privatisation of companies, of changes in working conditions and the resulting changes in their employment prospects and living standards.

> The attractions of right-wing extremism survey

The third phase was a massive survey consisting of 5,800 interviews on individuals’ perceptions of socio-economic change and their receptiveness to right-wing populism. Some 900 telephone interviews were carried out in Switzerland and 700 each in Austria, Belgium, Denmark, France, Germany, Hungary and Italy. The survey investigated the subjective perception of socio-economic change, social identification processes, perceived injustice, attitudinal affinity with right-wing extremism and political orientation.

> Policy workshops and an international conference

The results of the two surveys were discussed at a series of workshops and an international conference. Four workshops were held with academics and policy-makers to present the findings and draw up policy recommendations. These took place between March and May 2004 in Paris, Recklinghausen (Germany), Budapest and Brussels. They were followed by an international conference to present the project findings and draw up final conclusions with major academic, UN and European Union speakers in Vienna in June 2004 on ‘Changes in working life and the appeal of right-wing populism in Europe’.

KEY OUTCOMES / CONCLUSIONS

> The abandoned worker

The interviews confirmed that socio-economic changes that affected workers played an important role in explaining the rise of right-wing populism. For many workers the attraction or even (in cases of blue-collar workers) the bearableness of work had declined or disappeared and they felt that it was not worth putting effort into their work because of the scant rewards it brought. The survey found five attitudes that made workers receptive to right-wing populism: prejudice against immigrants, nationalism, authoritarianism, social dominance and political weakness, with prejudice against immigrants the most important factor.

The interviews uncovered strong feelings of injustice that legitimated expectations about work, employment, social status and standards of living had been frustrated by company restructuring, redundancy, etc, with a general view that ‘hard-working people do not deserve to be treated this way’. This general discontent among the workforce explains why a right-wing population has been able to attract people with diverse and opposing interests and worldviews.
The research into workers' views of the changes in their working life found that age was the most decisive factor, since the older workers' views changed most negatively. They complained more than other groups about the loss of autonomy and those over 45 perceived more changes 'for the worst' in the social atmosphere at work. They also complained about a decrease in their family income, while younger people were more likely to see improvements in their incomes.

Turning to the general political climate in Europe, the project found that political attitudes were moving to the centre and the right. Fewer people than expected said they belonged to the extreme right, but this could be because opinions previously defined as 'extreme right' are now seen as at the centre or the 'respectable right' of the political spectrum. The numbers of workers declaring themselves as belonging to the political left had also decreased – by 3.75% overall, with the largest decrease (6.7%) in France.

Policy implications
The research showed that there should be more public debate about the problems caused by social inequality and socioeconomic change. This should stress the similarities not the differences between the national population and 'foreigners'. Allowing refugees and asylum seekers to work would also help to stop them being turned into 'scapegoats'.

Because the workplace can be so crucial in determining people's views and in encouraging right-wing attitudes, the partners recommend taking measures to improve workplace morale, eradicate social inequalities by working toward equal pay for men and women, and avoid expanding the low-wage sector to fight unemployment. Because of the poor morale among older workers, the project concluded that encouraging people to stay at work longer might simply aggravate the frustrations they harboured.

DISSEMINATION
There were four workshops and an international conference, publications on the literature review and the qualitative and quantitative surveys, a website and two electronic newsletters.

PUBLICATIONS' LIST


Limited state support hampers transition to adulthood

BACKGROUND
FATE examined the family’s role in facilitating or constraining young people’s transition from education to work and independent adulthood. It wanted to see how families have adapted to the changing patterns of dependency associated with modern youth, the strategies they adopt, and the way in which family resources and dependency influence young people’s decisions in the transition to the labour market and independent adulthood. It brought together two areas of research and policy (transitions and family), which up to now have not been linked in a systematic way.

WORK UNDERTAKEN
FATE looked at existing research on structural and institutional factors governing education to work transition and patterns of dependence. It carried out a survey of nearly 2,000 young people in the final year of post-compulsory educational courses in nine regions in the partner countries, collecting data on their backgrounds and attitudes to education, work, dependence and family life. Through follow-up interviews with 376 young people, it explored the strategies they have adopted on leaving education, the support provided by their families, and the impact this has on their decisions. Researchers also held 219 separate interviews with parents.

KEY OUTCOMES / CONCLUSIONS
FATE found young people in all the regions surveyed who strongly believed in the value of education, training and work and were optimistic as to their future, even though many had been confronted with the reality of unemployment, temporary work and/or poor working conditions. It said the education and labour market trajectories of the majority of respondents in all countries were characterised by “stop go” and “trial and error” behaviour. For many being an adult, like being young, was a chosen condition rather than an externally recognisable one. They associate adulthood with the capacity to assume responsibilities for their own lives and for society, and make their own decisions.

The project identified a number of trends which included:
- Young people stay in the parental home longer. The FATE survey showed that 65% of respondents were living with their parents although this ranged from 98% in Portugal to 36% in Denmark. They consider housing independence as a decisive step in the transition to independent adulthood.
- Young people’s sources of incomes varied according to their educational level. Those in the lowest education groups got their income mainly from employment and state benefits, those with medium level education from training allowances and employment, and higher educated respondents mainly from their parents, although many also combined this with income from work and loans or grants.
- Parental contributions varied across countries with Italian and Portuguese parents giving the biggest boost to their children’s incomes and those in Bulgaria and Denmark the smallest.
- Denmark provided the highest levels of state support for the young. Where state support is minimal or non-existent, young adults’ transition was often heavily dependent on family resources.
- Young people valued their parents’ emotional support more than their material support.
- Young people were often critical of official guidance and parents were reticent to guide their children in making educational or career decisions, feeling that they had insufficient knowledge of the modern working world.
- Although parental support was largely unconditional, in the Southern European contexts there were clear expectations of future reciprocity in old age. This was particularly the case for young women.
- Half of those surveyed anticipated some degree of upward mobility compared to their parents and some 25% felt their future situation would be similar to their parents.

The FATE policy recommendations included:
- Not only young people need to adapt to the rapid social and economic change in Europe, but also teachers, trainers, counsellors and parents.
- Parents and young people need reliable and up-to-date information and advice on the demands of the modern labour market to help them make the right choices.
- Education and support systems must provide sufficient flexibility for individually tailored strategies.
- Educational and career professionals need to listen more closely to young people and not address the transition to work in an isolated way.
- Declining welfare provision for young people reinforces the reproduction of social inequality. Policies should not only support young people’s transition to adulthood but also guarantee it, as is the case in Denmark. Access to financial and other support needs to be direct and automatic without stigmatising the user.
- Support to young people can help tackle the ageing of the population. In Denmark, the young often form new families in advance of completing their education and labour market transitions because strong state support gives them relative autonomy. In contrast, particularly in Southern Europe, prolonged family dependency and unfavourable labour markets forced the young to delay this decision.
- Housing, an important marker of transition into adulthood, should be part of youth policy.

FATE concluded that young people are highly motivated to work but they face compromises in their career aspirations, long waiting periods of dependency and uncertainty, and various attempts to retrain to find work. They said their findings show “that it is not so much a lack of activation or employability rather the lack of employment opportunities that needs to be addressed by social inclusion policies”.

It called for flexible support systems that do not restrict youth access through, for example, age thresholds, education level, duration of unemployment or family income. FATE warned that to “preserve family solidarity” implies not to overburden it but to provide complementary support according to individual needs.

It concluded that institutions rarely address the complexity of transitions and they are neglected by the often one-dimensional employment orientation of social policies.
FATE disseminated its results through its website, publications and conference presentations. The partner universities also used the material in their courses.

PUBLICATIONS’ LIST


BACKGROUND

Forecasters who are trying to predict demographic trends in Europe have been taken by surprise by a variety of factors over the last few decades. A rapid decline and continuing low levels of fertility in Mediterranean countries and in some parts of eastern Europe, a sudden change in mortality rates in some European countries, and the impact of migration flows have not been accurately predicted by population statisticians. These errors have come as a genuine surprise to many in the forecasting field. It means of course that, as things stand, there is no reason why such mistakes and poor predictions will not continue to be made in the future.

According to the UPE research team, "If population forecasts are to be used to formulate policies regarding the labour market, healthcare, economic development, or pension schemes, then [the] uncertainty involved should be quantified and included in those forecasts."

> Project objectives

The over-arching goal of the UPE project was to develop and implement stochastic forecasting — which could be used by both producers and users of population statistics — that will better quantify the uncertainty of future demographic trends. UPE covered countries in the European Economic Area (EEA), though due to its size and lack of relevant data, Lichtenstein was omitted from the study. Switzerland was selected as an appropriate alternative, meaning that UPE examined population data in 18 countries.

UPE originally had three main research objectives:
- To produce stochastic population forecasts for each country in the study, broken down by age and sex to the year 2050;
- To explore the possibility of making long-term, internationally consistent stochastic population forecasts for a selected number of data-rich countries;
- To explore the feasibility of making regional stochastic population forecasts in general, and functional stochastic population forecasts for the elderly.

Unfortunately a lack of data meant that the latter objective had to be changed. Instead, the research team decided to examine inter-country correlations in forecasting errors so that internationally consistent stochastic population forecasts could be produced for all countries.

WORK UNDERTAKEN

There were four main components to UPE’s work:
1. Existing stochastic methods were applied to the study countries so that researchers could compile long-term stochastic population forecasts by sex and age. A computer program called PEP (Program for Error Propagation) was used to calculate these forecasts.
2. The feasibility of making multi-national stochastic forecasts was examined. Originally this aspect of the work was restricted to certain countries, based on data availability. However, during the project, researchers decided to expand the work to cover all 18 countries, with the aim of developing methodologies and computer programs that could be applied to every country.
3. Researchers wanted to extend the analysis to take in the regional level. The best candidate appeared to be what is known as the NUTS2 level — containing regional information often used by the European Commission. A key aim was to collect information on elderly people, in a bid to explore the possibility of making functional stochastic population forecasts. (It should be remembered that a lack of certain data meant that the first part of this component was suppressed.)
4. The research team had to come up with specific assumptions on size of errors in forecasts of fertility, mortality and migration. This involved empirically analysing past forecasting errors, using model-based estimates of projection errors and the use of expert opinion to assess the expected level of error in future forecasts.

To undertake the work, a number of research modules were devised:
- Analysis of past forecast errors
- Model-based estimates of errors
- Exploring experts’ opinions
- Defining assumptions for national stochastic population forecasts
- Production and dissemination of stochastic national population forecasts
- Dimension reduction and imputation in migration modelling
- Stochastic multi-regional forecasts, with application to the elderly.

KEY OUTCOMES / CONCLUSIONS

The project produced a number of outcomes:
- Forecasts for age and sex of population have been compiled up to 2050 for the 18 countries in the study.
- Forecast uncertainty has been quantified. The project has computed predictive intervals that specify the probability that the future population will be between x and y million. Similar data has been compiled for all age groups, for each year in the future.

For the countries studied by UPE, the project shows that:
- Long-term stochastic population forecasts by sex and age may differ significantly from the latest predictions provided by the United Nations, Eurostat and national agencies, both in terms of assessing future demographic developments and how forecast uncertainty is taken account of;
- Data relating to future fertility, mortality and migration can be derived from a methodology that combines three different methods: an analysis of observed errors in past forecasts; model-based estimates of forecast errors; and the use of expert opinion;
- It is possible to produce multi-national stochastic population forecasts, despite the lack of internationally consistent data for international migration;
- Populations will continue to age, and there is likely to be a modest population growth — but speed of population ageing is uncertain.

The usual approach to population forecasting taken by organisations such as the UN, Eurostat and most national agencies is to run what are described as deterministic variant projections. In such an approach one makes assumptions about fertility, life expectancy and net migration without attaching probability content that could vary such inputs. UPE challenges this approach by introducing stochastic methods to forecasting.

The UPE team believes that discrepancies between its own work and the latest ‘official’ population forecasts produced by statistical agencies should be critically evaluated.
UPE also recommends that both Eurostat and the national statistical agencies should all start producing stochastic population forecasts by sex and age.

Because they found a larger than expected uncertainty relating to future demographic trends, the project authors also call for the development and implementation of new criteria to evaluate policy reform. The UPE team also believes that those producing forecasts, decision-makers in government agencies and the public need to be educated “about the magnitude of demographic uncertainty” that exists when using population forecasts.

DISSEMINATION
Presentations to scientific audiences and government officials; articles published in scientific journals and in the popular press; a dedicated website; networking activities undertaken.

PUBLICATIONS’ LIST
Including:
SECTION 1.

> Getting the measure of social quality in Europe

BACKGROUND

Social quality can be seen as an essential combination of economic progress and social justice – something to be aspired to by the EU and its Member States. One of the key players in developing thought and activities relating to these issues is the European Foundation on Social Quality (EFSQ). The Foundation itself is based on five pillars: theorising social quality, developing its measurement instruments, applying these instruments to policy outcomes, disseminating results and stimulating public debate.

In 2001, EFSQ published a (second) book on the outcomes of its projects called Social Quality, A New Vision for Europe. The book flagged up the importance of EFSQ’s work to policy-makers including those at the EC’s Research DG who gave the Foundation funding to develop a robust set of indicators with which to measure the conditional factors of social quality. Thus ENIQ – the European Network on Indicators of Social Quality – was born.

Project objectives

ENIQ’s main aim, as stated in the project’s final report was: “To progress the operationalisation of social quality as a useful tool for scientists, policymakers, practitioners and citizens.”

The network focused specifically on developing indicators to measure the four conditional factors that determine social quality. The four factors are:

- Socioeconomic security
- Social cohesion
- Social inclusion
- Social empowerment.

ENIQ’s work was exploratory by nature, and its key scientific objectives reflected this. The aim was to:

- Design a preliminary index of social quality
- Identify any data gaps and requirements
- Create a new yardstick by which to assess the impact of social and economic policies
- Develop benchmarks for social policy.

The network’s broader aims were to engage the wider research and policy communities in its work, and to create a more theoretically grounded basis for policy-making that involved issues relating to social quality. (ENIQ achieved all of its objectives except the development of benchmarks: it should be noted that the network slightly re-orientated its work by focusing on theoretical clarification before moving on to developing indicators.)

WORK UNDERTAKEN

The network’s key aim was to produce a robust set of indicators. One important condition was to clarify and elaborate social quality theory. This task was completed via deductive and inductive approaches that substantially increased understanding of the nature of the four conditional factors. The network’s participants held four plenary sessions (and their assistants held three of their own) that enabled the project to reach agreement on the final definition of the four conditional factors, their domains and sub-domains. This provided the consensus required to develop the indicators.

The large amount of work carried out by the network has been written up in a final report, 14 national reports, and reports from the European Anti-Poverty Network and the International Council on Social Welfare. This literature is being condensed into a book, scheduled for publication in 2005.

KEY OUTCOMES / CONCLUSIONS

ENIQ has produced initial indicators for the four conditional factors of social quality that comprise of 18 domains, 50 sub-domains and 94 indicators. This creates the basis for a new approach to measuring the social context of ‘everyday life’ and to assessing the impact of social and economic developments and policies. The national surveys provide the first assessment of social quality and the trends that affect it.

By establishing the foundations on which to develop indicators for social quality, ENIQ can claim to have made some important theoretical advances. It has re-defined and analysed the four conditional factors. The four definitions used by ENIQ are as follows:

- Socioeconomic security: the extent to which people have resources over time.
- Social cohesion: the extent to which social relations, based on identities, values and norms, are shared.
- Social inclusion: the extent to which people have access to and are integrated into the different institutions and social relations that constitute everyday life.
- Social empowerment: the extent to which the personal capabilities of individual people and their ability to act are enhanced by social relations.

ENIQ has clarified the relationship between people as competent social actors and their actual experience of social quality. Underpinning the four conditional factors is the process by which people become competent actors in the field of social quality. Important factors in this process include the rule of law, human rights and social justice, social recognition/respect, social responsiveness and the individual’s right to participate. According to ENIQ, this work is crucial to the theory on which social quality is founded, but also to the construction of the indicators.

ENIQ was also able to draw out the key differences between social quality and the many different quality of life measurements currently used by researchers.

ENIQ also had to spend a great deal of time and effort developing methodology to ensure that the indicators were properly linked through the domains, sub-domains and conditional factors of social quality. The network was successful in creating national reference groups of scientists and policy-makers, who helped to devise the domains, sub-domains, indicators, etc. About 250 scientists were enlisted by the project’s national participants.

Policy relevance

By doing the groundwork for the creation of a fully refined index of social quality, ENIQ can claim to have made it possible for policy-makers to expect regular surveys on the subject and a way of measuring both social and economic progress. ENIQ has also done policy-makers a good turn because it has clarified the nature of socioeconomic security, social inclusion, social cohesion and social empowerment – all key policy concepts. The network’s national surveys of trends in social quality reveal that there is a need to revise thinking relating to the EU and its
### PROJECT DETAILS

**FULL TITLE:** European Thematic Network on Indicators of Social Quality  
**ACCRONYM:** ENIQ  
**CONTRACT NUMBER:** 01-50010  
**THEMES ADDRESSED:** Societal trends and structural changes – Social cohesion, migration and welfare – Infrastructures to build the European Research Area  
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**START DATE:** 2001-10-01  
**END DATE:** 2004-12-31  
**EC FUNDING:** € 850 000

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**DISSEMINATION**  
Includes publication of newsletters, posting information on project website, holding workshops and expert meetings. Findings also written up in a double issue of the European Journal of Social Quality.

**PUBLICATIONS’ LIST**  
Published by EFSQ, March 2005:  

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The project aimed to develop new welfare models/ regimes to reflect better the complexity and variety of social policies.
Delivering an agenda for future research on quality of life

BACKGROUND
CHANGEQUAL established a network of interdisciplinary research teams from five major research institutes with established track records in comparative European research to focus on the theme of economic change, unequal life-chances and quality of life.

It said that a major research effort in this area is necessary because of a growing concern that earlier assumptions about the determinants of the quality of life were either incorrect or have become incorrect as a result of social and economic change.

WORK UNDERTAKEN
CHANGEQUAL selected five key thematic areas:
- comparative analysis of inter-generational ‘inheritance’
- income inequality, poverty and life-style deprivation
- nature and consequences of changing work patterns
- changes in family life
- social integration and social cohesion.

In each of these areas, it examined the current state of knowledge, the problems of comparative research methodologies, and the requirements for improving the data infrastructure for European social indicators. It carried out cross-national and cross-disciplinary evaluation of existing data sources.

KEY OUTCOMES / CONCLUSIONS
On comparative analysis of inter-generational inheritance, CHANGEQUAL research suggestions include:
- Linking the study of social mobility with the study of intergenerational income mobility and examining whether educational attainment or other individual resources play a similar role in shaping both of these.
- Researching the consequences of labour market regulation and worker protection for the transition from education to work. How do labour market deregulation measures affect or will affect young people’s transition from education to work and their settlement in stable work positions? What is the impact of lower standards of protection such as fixed term contracts or other non-standard employment contracts offered to new market entrants? What are the impact of education and the field of study on social stratification and mobility, and on the transition from school to work? How do employers evaluate young people’s qualifications?
- Analysing the influence of the field of study in shaping (gendered) transitions from school to work to understand better labour markets and work careers which remain strongly gendered. Information on employer strategies and the attributes they seek when recruiting (and promoting) staff.

On income inequality, poverty and life-style deprivation, its suggestions include:
- Researching into the current set of the common social exclusion indicators, which cover inadequately, if at all, factors such as housing and homelessness, and how best to assess whether things are getting better or worse overall.
- Examining the framing of targets to reduce poverty and social exclusion. For example, is it better to have an overall EU target, different targets for each Member State, or each country asked to emulate the best performing country?

Research on what amounts to a realistic target, for example, by looking at best-performing countries.

On the nature and consequences of changing work patterns, its suggestions include:
- Further research on the implications of the trend of upskilling. Researchers make two claims: upskilling has led to improvements in task quality (employees able to take more decisions at work and work tasks becoming more varied and interesting); and, given the rapid changes in technology and the continuous nature of skill change, a marked expansion of in-career training. But there is also a dark side as job security is undercut, work demands intensified, and family structures come under pressure raising the level of stress associated with both work and family life.
- Research to determine if there is a tendency for skills increase and, if so, if it has resulted in a skills mismatch.
- What is the evidence for change in task quality with respect to task discretion, job interest and work pressure? Who participates in continuing vocational education and training (CVET) and what are its effects? Has there been an increase in company training and, if so, what are the consequences for employees? What are the trends in employment security?
- Quantitative and qualitative studies of individual’s subjective experience of temporary contracts to see if they are ‘springboards’ out of unemployment or a ‘precarity trap’. Not all jobholders of atypical – or even of precarious – jobs may feel in a precarious position, and stable jobholders may feel precarious in their positions.
- Does ‘flexible’ or ‘atypical’ employment facilitate the reconciliation of paid work and family life, and at what long-term cost in terms of people’s careers? What are the costs and benefits in terms of family welfare of different family employment patterns?

On changes in family life, its suggestions include:
- Comparative research on how companies see flexible working arrangements.
- Ongoing research on the role of social policies in redefining the work-family system. EU countries differ in their institutional set up and tradition when it comes to caring for the young and elderly. How do they cope with more women entering the labour market and the increase of the elderly population?
- Comparative research on the effects of welfare state restructuring on the balance between the family, the labour market and the state for different social classes.
- Research on how state policies facilitate or hinder different family-work arrangements.
- Analysis of policies that facilitate men’s involvement in their families and contribute to a less gendered division of labour in the household.
- Cross-national research on the use of informal sources of childcare and the quality of childcare in both the formal and informal childcare sector.

On social integration and social cohesion, its suggestions include:
- Empirical research to uncover the basic mechanisms through which ethnic inequalities are reproduced.
- Research on immigrant choices when making transition to higher education, transition from education to first employment, and first marriage, all important life junctions,
and the long-term consequences of these choices.

- Research on social capital (although the project urged caution when looking at this concept), which includes the measurement of social capital, its distribution across social groups, its determinants at individual, group and societal levels, the role of bridging and bonding associations, and the implications of the move towards an e-society.

DISSEMINATION
CHANGEQUAL disseminated its results through its website, three workshops and two seminars (in 2003 and 2004) as well as numerous conference presentations.

PUBLICATIONS’ LIST
CHANGEQUAL published 178 papers (including book chapters), 13 books and 18 working papers. Information is available on their website. Five of the books are listed below.


WORKING AND MOTHERING

The Social Problem of Men
The Social Problem and Societal Problematisation of Men and Masculinities 32

GENRE ET LOCALE
Genre et gestion locale du changement dans sept pays de l’Union Européenne 34

GENDERQUAL
Gender and Qualification. Transcending gendered features of key qualifications for improving options for career choice and enhancing human resource potential 36

MSU
The challenge of mainstreaming for Trade Unions in Europe: How can Trade Unions foster gender equality in the work place and in daily life 38

EWSI
Employment and Women's Studies: The Impact of Women's Studies Training on Women's Employment in Europe 40

Work Changes Gender
Towards a new organisation of men's lives - emerging forms of work and opportunities for gender equality 42

GRINE
Gender Relationships in Europe at the turn of the Millennium: Women as subjects in Migration and Marriage 44

MOCHO
The Rationale of Motherhood Choices: Influence of Employment Conditions and of Public Policies 46
Quality of life and gender
BACKGROUND
Gender equality is at the heart of EU policies, because without it, men and women cannot participate equally in the economy and in society, and democracy cannot be fully realised.

The EU’s commitment to equality dates back to the foundation of the Union in 1957 and countries applying for membership must respect equal rights legislation. But since 1996, because inequalities still exist, the Commission has taken a gender mainstreaming approach including equal opportunities in all EU policies and activities.

Specific actions in favour of women are also required. A key area in which policy needs to be strengthened is where women are faced with reconciling working and mothering. Many women are stuck in part-time, poorly paid jobs because of their dual role.

>Project objectives:
The Working and Mothering Project set out to influence European equal opportunity policies. Its aim was to analyse how women and families combine the roles of working and parenting in different European countries. Information was needed on how mothers devise strategies to handle the conflicting demands of paid work and motherhood.

Research was also needed to describe available support and to understand the policy infrastructure.

Existing policies were evaluated and assessed against women’s actual experiences

WORK UNDERTAKEN
Researchers in Germany, the United Kingdom, Sweden, the Netherlands, Norway, France, Spain and Italy took part in the project.

They concentrated on mothers with young children living with partners and looked at:
- the role of the welfare state
- changing demographics
- social exclusion
- changing definitions of motherhood and fatherhood

Five seminars were held, which took up the following themes:
- Comparative perspectives on working and mothering;
- Theoretical perspectives on women’s work and family life;
- Research frameworks for micro studies in social policy;
- Evaluation of available provision, and policy deficits;
- Future perspectives – changes between generations and life cycles.

The research analysed gender relationships in the context of social change. It analysed social cohesion, how the generations helped each other and the impact of different welfare regimes.

KEY OUTCOMES / CONCLUSIONS
Balancing care and work is receiving more attention in EU countries, and the degree to which women participate in the labour market is converging in different Member States. But because women’s working lives are usually interrupted, it is more useful to look at the continuity of their participation.

Class, education, family size, ethnicity and migrant status all affect women’s employment patterns, but a major obstacle to their equality in the labour market remains the unequal sharing of responsibility for household work and for caring.

Cultural values are important influences on women’s working practices, and welfare policies contribute to this, because of the status given to paid employment. And while flexible employment can help women back into the workforce, the downside is that it is linked to low pay, poor protection and interrupted employment. The project found that welfare policies still fail to address this issue.

‘Active’ labour market policies, which encourage women into work, pose problems for women who do unpaid caring work, the study found. There is no policy on care that deals with this problem, and these women’s needs are poorly addressed.

The most important form of support for working women is state-backed childcare. But the impact of parental leave and of taxation policies is less clear, and depends on how these measures fit into wider policies.

When tackling care work, social policies should compensate for persistent gender inequality, the researchers suggested.

Recommendations included:
- social protection for people with precarious jobs
- universal minimum protection for people in non-standard work
- individualising social security claims
- more flexible state supported childcare.

Other recommendations were:
- More priority should be given to the needs of lower educated women, to improve social inclusion and their job prospects;
- Care policies should target fathers as well as mothers. Care work should be valued, bringing with it entitlement to social security.

There are also important messages for European harmonisation of policies. The researchers found that packages of policies are just as important as individual policies. For example:
- Parental leave and taxation systems should be combined;
- Parental leave and good quality affordable childcare should be combined.

Policy measures need to be consistent with one another so as to improve women’s participation in the labour market

DISSEMINATION
The project made information available, including the results of national case studies, and literature reviews.
**PROJECT DETAILS**

**FULL TITLE:** Working and Mothering: Social Practices and Social Policies

**ACRONYM:** WORKING AND MOTHERING

**CONTRACT NUMBER:** 98-1110

**THEMES ADDRESSED:**
- Quality of life and gender – Social cohesion
- Migration and welfare – Employment and changes in work

**KEYWORDS:** women, families, combining working and mothering, personal strategies, institutional context, welfare regimes, cultural networks, comparative

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**START DATE:** 1998-11-01

**END DATE:** 2001-10-31

**EC FUNDING:** € 234 000
SECTION 2. Men and Social Problems – A New Approach?

BACKGROUND

Men’s attitudes to home and work, to women, to children and to each other have a major impact on social cohesion in existing and new Member States of the European Union. Changing and improving gender relations and reducing gender inequality involve changing men as well as changing the position of women. The EU’s Fifth Framework Programme on European Research Network on Men in Europe (2000-2003) aimed to develop empirical, theoretical and policy outcomes on the gendering of men and masculinities in Europe.

> Project objectives

The Network on the Social Problem and Societal Problematisation of Men and Masculinities (MEN) set out to analyse the links between men’s practices and a variety of social problems, whether those created by men or those experienced by them. It also aimed to shed light on the ways in which men and masculinities have become problematised in society – for example, in the media, in politics and in policy debates.

The four major research themes were:
- home and work
- social exclusion
- violence
- health.

The research task of the network was to map the research, statistical, policy and media information that is available on these themes, as well as the gaps that exist in that material. Throughout, it aimed to work in a gender-explicit way.

Composed of women and men researchers in Estonia, Finland, Germany, Ireland, Italy, Latvia, Norway, Poland, the Russian Federation and the United Kingdom, the network was also to formulate provisional strategies to address some of the social problems examined and to identify areas for further ongoing enquiry.

More specific objectives were to anticipate some of the national and transnational social problems relating to the impact of men’s practices upon social cohesion and inclusion in existing and new Member States of the European Union, and to gain a more adequate understanding of contemporary and changing representations of men.

WORK UNDERTAKEN

The network collated and re-analysed existing data across the ten partner countries, covering academic and analytical literature, official statistics, and governmental and quasi-governmental publications and legislation. The remaining analysis drew upon original data in the form of media coverage of men’s practices in selected newspapers.

The initial work was organised in four main phases called work packages, followed by three further work packages of analysis and dissemination.

The first work package reviewed relevant academic and analytical literature on men’s practices within each country. The second reviewed relevant statistical information on men’s practices within each country. The third reviewed law and policy on men’s practices. The fourth examined newspaper representations of men and men’s practices within each country.

KEY OUTCOMES / CONCLUSIONS

The network confirmed that, in the countries examined, men consistently devote less time than women to household and caring tasks. Media coverage of men as fathers and family members is almost negligible. Achieving a greater sharing of tasks is clearly a difficult goal for all countries, including the Nordic states.

The research found that the topics of fatherhood and men’s violence tend to be treated as separate policy issues in most countries, whereas no contradiction exists between positively promoting the role of men as carers and emphasising the prime requirement of protecting children from men’s violence.

Research across many countries demonstrates a correlation between poor health, including the poor health of men, and various forms of social disadvantage associated with factors such as class or ethnicity. More generally, the theme of social exclusion/social inclusion can be seen as an important element entering into the dynamics of all the other three themes examined by the network with regard to men’s practices, again emphasising the need for particular policy attention to be devoted to social inclusion.

Analysis carried out by the network of the relationship between the dynamics of racism and some dominant forms of masculinity showed that it has been both massively under-researched and largely ignored in social policy initiatives.

The network particularly recommended that educational programmes should be put in place in schools, higher education, workplace environments, leisure settings and various forms of welfare work, with the aim of encouraging men to devote more time and priority to caring, housework, childcare, and the reconciliation of home and paid work. Other recommendations include enforcing criminal law on physical violence and assisting men who have been violent to stop. These aims should be furthered by making men’s programmes subject to accountability, high professional standards and close evaluation, but not funding them from women’s services.

As the policy review points out, the network also advocated the creation of effective policy interventions in the field of men’s practices, but again not at the expense of funding for services to women and/or children.

The findings suggest the need for a holistic approach in policy responses to the social problems created by men’s behaviour and, more especially, to the violence perpetrated by men on women and children in the home. Top-down social policy initiatives may be insufficient to change men’s behaviour. Instead, more attention may need to be devoted to fundamental issues concerning the power balance between men and women.

DISSEMINATION

Documentation centre online: www.cromenet.org

National reports, summaries, jointly authored academic articles and papers, and at least six books, Workshops/conferences were held in Cologne, Lodz and Helsinki.
The Social Problem and Societal Problematisation of Men and Masculinities

**PROJECT DETAILS**

**FULL TITLE:** The Social Problem and Societal Problematisation of Men and Masculinities

**ACRONYM:** The Social Problem of Men

**CONTRACT NUMBER:** 99-00008

**THEMES ADDRESSED:** Quality of life and gender – Social cohesion, migration and welfare – Societal trends and structural changes – Challenges from European enlargement

**KEYWORDS:** men, masculinities, practices, home, work, exclusion, violence, health, culture, media, enlargement, E. Europe, database, documentation centre, policy analysis, policy proposals

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**START DATE:** 2000-03-01
**END DATE:** 2003-02-28
**EC FUNDING:** € 475 000

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**PUBLICATIONS’ LIST**


Available at: www.uta.fi/laitokset/naistutkimus/miestutkimus/


BACKGROUND
Women's participation in local government has been growing in many EU countries.

> Project objectives
The project was designed to identify the opportunities for change resulting from women's increased presence in local decision-making. This entailed examination of the following issues:
- What is women's current place in decision-making and what are the reasons for gender inequality in political representation?
- What is the impact of the informal political sphere (NGOs etc.) on the decisions of elected representatives as well as on women's role in politics?
- What are the effects of changing forms of government on gender questions?

The policy fields covered by the project were:
- care for dependent people (children, the elderly, the sick, etc.)
- town planning
- public safety in urban areas.

In each case, the impact of the left-right political divide and of the available resources was considered, as was the relationship between these factors and the level of women's involvement in civic affairs. Emphasis was placed on women's role in the changes linked to local development and on local government innovations that are likely to promote equality.

Overall, the project's aim, through exchanges with a wide range of local protagonists, was to "stimulate cooperation at various levels in order to contribute to a modification of the existing situation".

WORK UNDERTAKEN
Case studies were made of cities in seven EU countries (Belgium, Finland, France, Greece, Italy, Portugal and Sweden). The first step was to collect demographic and political data on each of the cities, including the proportion of women in various political positions and within various institutions such as those dealing with social security, care for dependent people, violence prevention and safety. The work was carried out by a multidisciplinary team (sociologists, political scientists, historians).

Interviews were conducted in line with a common format. The emphasis was on qualitative assessment, through in-depth interviews with 'knowledgeable witnesses'. Case-by-case comparison was another priority, as this approach makes it possible to distinguish between general trends and culture-specific points, while avoiding unjustified generalisations. For this reason, it was decided to study about 80 towns and cities in just seven European countries, but with a proper balance between north and south. Each case study took particular account of the following dimensions of public policy:
- the context of the policy
- the discourse on and around the policy
- the ambivalent effects of equal representation (since gender policies tend to slip down the agenda when attention is focussed on equal representation).

National reports were issued, from which a transversal analysis was developed. In parallel, a 'Guide to the integration of gender equality in local policies' was written. Aimed at local authorities, this gives examples of best practice in the field.

KEY OUTCOMES / CONCLUSIONS
The proportion of women in elected local government positions was found to vary greatly between countries (from 42% in Sweden to 12% in Greece). However, the researchers warn against hasty generalisations: "As regards the feminisation of decision-making bodies and the attention paid to gender inequalities, the disparities are often greater between two cities in the same country than between two nations which, on the face of it, may seem totally different."

They also note some very widespread similarities: "A strong emphasis on the general interest when inequalities are being discussed, a blindness to the very concrete problems posed by discrimination against women, together with the exacerbation of differences attributed to their role as mothers and presented as 'natural' - all of these attitudes are much more prevalent than the contrary approach of recognising the existence of sexual inequalities and thinking about concrete means of overcoming them."

In such cases, "the political will of the decision-makers emerges as the prime factor in promoting change." Interest groups such as women's organisations and other NGOs may have some impact, but the report suggests that their influence at the local level tends to be less decisive than, for example, the character and views of the mayor.

Hence the emphasis placed by the researchers on stimulating change through contacts, co-operation and the dissemination of best practice.

As the report itself concludes, its findings are "anything but unequivocal. Above all, they show the scale of the transformations that still have to be brought about, in most of the countries studied, in order to alter the ratio between women and men at the local government level and to build gender issues into the debate on the functioning of local democracy."

An interim policy review judged the project findings to be potentially "of high relevance for concrete policies". As the review pointed out, the study's wider relevance will depend on how far its results can be generalised.

DISSEMINATION
Website: www.sh.se/genreetlocal

Production of the 'Guide to the integration of gender equality in local government policies', currently available in Dutch, English, Finnish, French, Italian and Portuguese on the website. Various books and articles in specialised journals.
PUBLICATIONS’ LIST


BACKGROUND
The structures of the EU’s labour markets continue to segregate women in low qualified and low paid jobs. GENDERQUAL set out to look at the impact of gender segregation on educational and vocational training systems and make recommendations for policy-makers and practitioners.

It wanted to detect how women and men could acquire key competences, normally associated with the opposite gender, through vocational education and training (VET) and throughout their working lives.

More specifically, the project aimed:
- To analyse how education and training practices contribute to gendered career patterns by looking at qualifications;
- To assess the extent to which gendered qualifications impede the modernisation of work patterns and the labour market;
- To assess the extent to which key qualifications can be considered as gender specific;
- To define conditions to develop the key qualifications of both sexes to cope with occupational change;
- To increase employability by the development of key qualifications of a less gendered kind.

WORK UNDERTAKEN
GENDERQUAL started with a literature review of national education and training systems and their structure. It compared statistical data and evaluated job advertisements, curricula, brochures and job descriptions to find out about gendered key qualifications.

It held 242 interviews with employers, employees, trainers and teachers to determine:
- The attribution of gender specific key qualifications through education and training systems;
- Personnel managers’ and employees’ self image;
- Conditions for reproducing gendered key qualifications and for their development beyond gender segregation;
- Differences in strategies for coping with occupational change.

In addition, the research team observed a number of VET centres and workplaces in each of the partner countries.

KEY OUTCOMES / CONCLUSIONS
GENDERQUAL’s research findings showed that gender is crucial in shaping an individual’s key competences and occupational choices. They also found clear evidence that education and training institutes and workplaces are ‘gender-blind’ in that they do not see or cater for gender differences in the training and work opportunities they offer. Educators and trainers tend to believe that gender is not an issue and that equal opportunities are available to all. They see no difference between male and female students, or in their performance.

The project further said that mixtures of ‘social pressure’ and ‘self-discrimination’, both of which are influenced by ‘traditional’ gender roles, largely determine the professional choices of women and men entering gender-typical occupations (women going into nursing, men into electrical engineering). In short, they often choose these occupations due to social expectations of ‘normality’.

The project argues women choose fields related to serving the community, while men generally opt for commercial and industrial careers in fields dominated by other men. These gender-typical occupations then confirm and reinforce gendered key competences – for women this means their industriousness, attentiveness and sensitivity while for men it is their rationality and technical interest.

But the interviews also showed that although individuals continue to have gendered occupational preferences for themselves, a majority said there should be no discriminatory barriers for others.

The project also discovered that women and men who work in occupations typically associated to the other gender (e.g. male nurses, female electricians) have different gender identities and show different key competences from those in typical occupations. They struggle with their gender identity and know they are ‘different’. They are much more aware of differential treatment and expectations, both during training and at work.

The project said education and training systems need to encourage students to question conventional perceptions of what is a suitable male or female occupation; dare them to make ‘atypical’ occupational choices; and challenge masculine and feminine traits. They should give students information about the gendered features of the labour market (low status, low pay); the advantages and disadvantages of non-traditional jobs; and potential earnings and effects on standards of living of particular career choices.

In addition, education and training systems should acknowledge and recognise differences in women’s and men’s experiences rather than search for sameness between the two sexes; teach students in mixed groups rather than same-sex classes; and support those in non-traditional occupations. They could also develop partnerships with business and industries which are sensitive to gender equality. Employers should formally recognise ‘female’ skills in pay and grading schemes.

The project challenged conventional concepts of ‘skill’. Education and training should not just prepare women and men for a job by teaching a narrow set of work-related skills but support interpersonal, transferable skills, critical thinking and key qualifications. It criticised government and employer focus on skills acquired in the public sphere while paying insufficient attention to skills acquired in the private and family sphere, although it said this is beginning to change.

GENDERQUAL concluded with the general recommendation that education and training systems should support ‘gender autonomy’. They should give all women and men the opportunity to shape their career path according to their individual preference. Public and private sector attempts to end gender segregation in the labour market should focus on strengthening gender autonomy and not on finding ways to equalise the number of women and men in each occupation or offering support programmes for women in male-dominated occupations and men in female-dominated occupations.

DISSEMINATION
GENDERQUAL disseminated its results through an international conference in London and work groups such as the Education and Training Cluster as well as lectures at universities.
PUBLICATIONS’ LIST


> Gender mainstreaming and Europe’s Trade Unions

**BACKGROUND**

According to the Council of Europe, gender mainstreaming is the “(re)organisation, improvement, development and assessment of decision-making process in order to incorporate the prospect of gender equality in all fields and at all levels by players who are generally involved in drawing up policy”. Mainstreaming proposes a new concept of equality between the sexes, which is integrated into decision-making processes. Equality must, therefore, be a permanent fixture from the moment policy starts to be developed. Everyone who has a decision-making role, for example public bodies, companies, unions, councilors, etc, must be aware of what is required to achieve gender mainstreaming.

> Project objectives

The main objective of the MSU research programme was to examine whether and how integrated approaches to gender mainstreaming are being taken on board by trade unions. The aim was to carry out a comparative study of the issue in six European countries - Austria, Belgium, Denmark, France, Italy and the Netherlands. In these countries unions deal with mainstreaming in different ways, depending on factors such as societal structure and the underlying economic, social, industrial and political culture. Differences also mean that countries have different employment and equality policies.

The MSU researchers attempted to answer the following questions:
- How has the issue of gender mainstreaming been introduced to these countries, or hasn’t it?
- What relationship can be observed between specific policies and actions, and the innovative methodology that has been introduced by gender mainstreaming?
- What role do unions play in processes that foster or hinder equality, and what is their position regarding gender mainstreaming?

By answering these questions, MSU hoped to develop the concept of mainstreaming within trade union structures, so as to promote equality policies for women in the workplace and daily life. This should encourage more women onto union executive bodies, and help to develop equality throughout the collective negotiation process.

**WORK UNDERTAKEN**

Work was carried out in three phases:

Firstly, MSU examined trade union confederations’ policies on gender mainstreaming, as well as the representation of women on such bodies. Secondly, sector-level unions in three areas - the metal industry, commerce and public services - were examined in detail. Thirdly, case studies were completed at enterprise level to find good practice examples in two areas of union business - equal pay and working time.

The project harnessed a variety of methods to carry out its work. At the country level, researchers examined social and economic contexts, the employment market and development of activities involving women, family structures, changes in industrial relations, etc. When looking at trade union positions on women and equality, the project used both qualitative and quantitative techniques. A questionnaire-based survey was devised to explore issues with union leaderships and researchers analysed relevant union texts and literature. Interviews were also carried out with activists and officers from different unions, and seminars were held to bring researchers and unionists together.

While carrying out the research, the project sought to identify good practice concerning the introduction, development of, and support for, gender mainstreaming as it related to trade union work. MSU also kept an eye on ways in which mainstreaming was being restrained, especially considering that unions are often male preserves and mobilisation of women in such an environment is often limited.

**KEY OUTCOMES / CONCLUSIONS**

MSU has produced two tools from its research:

1. *The MSU Manual: Gender Mainstreaming in the Unions.* Written and published in English and French, 600 copies of the manual have been sent to Europe’s key union players. Essentially, it is a guide to the entire project, and deals with the implementation of gender mainstreaming in and by trade unions in the case study countries. The manual reveals that, even though the term gender mainstreaming is not used, unions do in fact have an integrated approach to equality. It also shows that unions recognise that mainstreaming can attract new members and be used to tackle forms of inequality. The manual will help people assess forms of inequality and help them to introduce measures to foster equality in the workplace.

2. *The Belgian Charter on Gender Mainstreaming in Unions.* The MSU project has formulated proposals to help unions incorporate gender mainstreaming in their structures. One key initiative takes the form of a charter, drawn up by an MSU working group for three Belgian union confederations. The charter aims to create the conditions for introducing the principle of mainstreaming as a new instrument for union gender policy. The charter was written so that it is compatible with the different ideologies of the three confederations, which come from Christian, socialist and liberal traditions. After some tough negotiations the charter was signed in September 2004.

The MSU research has identified four ‘essential’ areas for action on gender mainstreaming issues. These areas - which can be found in the manual – concern the way unions work internally and in the way they incorporate equality in their actions and in collective bargaining. The four areas are:

- Mission statements: These provide useful ways for trade unions to formalise their commitments to gender mainstreaming. Statements can help to ensure commitments do not become ‘dead letters’ by encouraging organisations to get things done.
- Trade union structures: Some unions believe separate structures for women are the best way forward, others think equality can flourish within existing general structures. Either way, most unions need to make improvements so that women can take part in bargaining and decision-making processes on an equal basis with men.
- Trade union culture and organisation: The traditional male-orientated culture still dominates most European trade unions. However, the research shows that organisational culture is beginning to shift in a direction that is more conducive to mainstreaming. This must continue.
Trade unions and collective bargaining: Incorporating a gender mainstreaming approach to union action and collective bargaining is of great importance, and, as well as a greater representation of women, covers several important issues such as working time and work-life balance, equal pay, health and safety, etc.

**DISSEMINATION**

Production of the project manual; publication of articles in research journals and union press; participation in union training sessions/working groups; conferences and seminars; www.iseres.org/msu

**PUBLICATIONS’ LIST**

A selection:


BACKGROUND

Women generally tend to be under-represented in terms of educational and professional mobility, and not so foot-loose and fancy-free. Can they help bridge the gender gap by learning more about it? Can a course in Women’s Studies help boost female employment in Europe? This is the question asked in the EWSI project that examined how Women’s Studies training really impacts on labour market opportunities for women.

Many female students throughout Europe enrol for Women’s Studies training every year, but there is no systematic data available to analyse the impact of their training on subsequent employment and quality of life. The EWSI project sought to plug this gap by assessing how Women’s Studies courses can affect equal opportunities and success in the labour market. Since there are big differences in training from one country to another, a further objective was to examine how these differences relate to individual women’s subsequent employment achievements, including changes in the balance between family and work. The researchers sought to find out what women have done with their training and how they have put it to good use on the jobs market. The project also looked at the impact Women’s Studies students have had on real-life changes in the workplace, as well as on their professional and other duties.

In all nine countries surveyed, female employment grew from the 1950s until the 1980s/1990s. After this, the rate fell off in Eastern Germany, Hungary and Slovenia, where women had been needed to boost the workforce during post-war reconstruction and to change the labour market into a centrally planned socialist economy. While some countries soon replaced women by immigrants (West Germany, France and the United Kingdom), others exported labour (Italy, Spain, Finland).

Another trend observed is a levelling-off of female employment rates in Western Germany, Finland, France, Spain and the Netherlands in the 1990s. But Italy and the United Kingdom showed a continuing increase in women’s labour market participation. Deregulation, transition to a market economy and other major changes since then have had contrasting effects on women’s employment. Unemployment hit many countries (Hungary, Italy, Finland, France and Slovenia) and especially Spain with 23% of the female workforce out of a job in 1999.

Work patterns have changed, too. Part-time work has increased, especially in the last 20 years. Around a third of all employed women in EU countries now work part-time. It is still the dominant form of work among mothers in Western Germany. In the Netherlands, as many as 68% of all employed women work part-time. Much of the British increase in activity rates can be attributed to the rise in part-time work. In France, Eastern Germany and Slovenia, it used to be a rare phenomenon until the 1990s. Today, 31% of women in France, 17% in Finland and 9% in Slovenia work part-time. The study claims that “nowhere do equal opportunities exist in the labour market”. The pay gap is still around 20–25%.

In all countries covered by this study, motherhood affects labour market participation. During the era of socialism, this was not the case in Hungary, the GDR and Slovenia. The activity rate of Finnish mothers also used to be high, but has declined during the last decade. Unlike motherhood, fatherhood does not reduce men’s employment. Today, many mothers either stay at home when the children are small or work shorter hours.

WORK UNDERTAKEN

Women’s Studies teaching or training developed first outside universities in France, Germany, Italy, the United Kingdom and Spain, while the first steps in the Netherlands, Finland, Hungary and Slovenia were taken inside universities. It is probably the only subject in higher education that was instituted solely by women, and women battled to have the discipline institutionalised. In all countries, 95% or more of the staff are female – a remarkable achievement in the European university context where most disciplines, university decision-making and values are male-dominated, and the number of female professors is very low.

The EWSI research work was carried out by 11 partners in nine EU member states (Hungary, Finland, France, Germany, Italy, the Netherlands, Slovenia, Spain, and the United Kingdom) in 2002, drawing on questionnaires from some 50 past and 50 current Women’s Studies students in each participating country and backed up by data gleaned from semi-structured interviews with 20 past and 10 current students from each country. The project’s findings are based on over 900 questionnaire returns and 270 interviews.

The research work was divided into four phases, starting with the country-specific collection of background data on ‘Women’s Employment, Women’s Studies and Equal Opportunities 1945-2001’; followed by empirical quantitative and qualitative research giving rise to country reports; comparative analysis of data collected resulting in eight comparative reports; and the final report compiled on the basis of work in the first three phases.

The scientific findings and policy recommendations were then divided into five topics:

- Institutionalisation of Women’s Studies
- Employability of Women’s Studies graduates
- Adaptability and entrepreneurship of Women’s Studies graduates
- Women’s Studies graduates and education and employment-related migration
- Equal opportunities, Women’s Studies training and female employment

KEY OUTCOMES / CONCLUSIONS

The project found that Women’s Studies training substantially improves understanding of gender equality, with many students developing an interest in working in equal opportunities employment settings. They tend to acquire valuable knowledge and skills that are not well understood by careers advisors, employers and in the labour market generally. They develop knowledge of gender and diversity issues, equal opportunities, critical thinking skills, self-confidence and the ability to argue their own case.

This type of course clearly helps to plug the gap left by weak legislation on gender equality and even weaker sanctions where equal opportunities laws are being flouted. Women’s Studies students are well suited to the conditions of contemporary European labour markets, where jobs are increasingly reliant on initiative, flexibility and adaptability. They tend to be people who demonstrate independence of thinking, willingness to take risks, and a desire to achieve change – all qualities needed in the modern labour market. They also tend to show a willingness...
to enter into less-established, innovatory work environments where work cultures are less entrenched. They think creatively about making opportunities for themselves, develop valuable networks and skills as ‘change agents’.

All this should in theory make them more employable. Yet their diploma is still viewed with hostility in the labour market, gender issues are rarely included in school curricula and do not form part of teacher training, and careers advisors still appear to ignore the issue and encourage women into traditionally feminised occupations. Is there a way of breaking out of the mould?

The EWSI project pointed up a number of policy implications, starting with the need to extend equal opportunities legislation in EU countries beyond the reaches of government and right down to basic education at primary and secondary school levels, so that curricula include domestic and care training for both boys and girls. At the higher education level, Women’s Studies bases could serve as centres for disseminating knowledge about equal opportunities and gender research more widely. At government level, education ministries and equal opportunities bodies can help raise awareness of the skills and knowledge held by Women’s Studies graduates, passing it on to employers, who should in turn be required to carry out gender audits and draw up action plans for improving gender imbalances in their own back yards. Moving up to the national and EU level, incentives such as tax breaks and benefits should be offered to employers who make improvements in areas like promotion, parental leave and the pay gap. At supra-national level, the Bologna higher education process should be used to give full recognition to Women’s Studies as a discipline. The Bologna Process could support the establishment of careers advice services that have knowledge of the kinds of careers that require gender expertise. And, on a wider plane, the researchers conclude that policies for reducing working hours should be given more weight than policies for encouraging part-time work for women.

**DISSEMINATION**

The project was presented to a European conference on gender equality, an international forum on women’s rights and a Council of Europe Parliamentary Assembly hearing on the situation in the post-communist countries.

**PUBLICATIONS’ LIST**

The final report is available for downloading from the EWSI website.


Men, Gender and Equality in the Transition of Labour Forms

SECTION 2. 

BACKGROUND
Social change is calling for a new conception of men and work. Labour market upheavals, often discussed under the topic of ‘the vanishing of standard work’, are having a major impact on men’s working and living patterns. The drive for gender equality may have challenged most of them, but without identifying clear-cut models to adapt to.

More and more men are doing part-time and temporary work, staying in education longer and retiring earlier. Increasing numbers of men experience disrupted working lives, as a result of unemployment or other changes, and the end result is ‘patchwork careers’, something traditionally associated with women’s employment. Men’s life-courses are no longer determined entirely by work. But no matter what: careerist, breadwinner or even long-time unemployed – the predominant concepts of masculinity in society are still based on labour.

This project examines the implications of changing working conditions, particularly the decline in full-time, lifetime employment and the consequent ‘male breadwinner’ model, on male employees in Austria, Bulgaria, Germany, Israel, Norway and Spain. It looks at men’s strategies for dealing with these changes and the implications for individual men, their families and the wider social policy.

Starting from a relatively low level, the sharp rise in women’s involvement in the labour market from the 1990s onwards, their growing share of household income, and the general societal and cultural impact of feminism and equal status politics have changed many men’s views. While they may have found new forms of work themselves, with beneficial socio-economic repercussions, men have also been left to face a growing risk of social marginalisation and insecurity. The conflict between novel and traditional stereotypes is flagged up in this project. It examines how these changes in working conditions and work-life balance came about.

Starting with the hypothesis that improving gender equality, the quality of life and the individuals’ well-being during the transition will help foster socio-economic cohesion, the project sets out to convey some advanced ideas about new, constructive ways of handling work, home and reproductive choices, and new self-perceptions for men.

WORK UNDERTAKEN
An interdisciplinary team of researchers from six countries in different regions of Europe split their project into three work packages, on top of their own country-specific surveys. In the first stage, the team looked at the influence of new forms of work on gender differentiation. This part of the study was concerned with socio-economic conditions. It began with an investigation of the far-reaching changes in gender relations that have occurred in the labour market over the past decades. Data from panel surveys, and European and national labour market and household statistics on gender aspects were analysed, and used to explain trends in development and the actual situation. The goal was to show the unequal working conditions for men and women and to become aware of changes in labour markets.

The second step – under the heading organisation of time in male life – new institutional models – looked at the structural factors within companies that either foster or hinder new forms of socially secure labour. It focused especially on those companies and branches of trade that expect a high degree of flexibility and self-determined time management from their employees. Is the ‘male breadwinner’ model changing within organisations? What are the prospects of a new ‘working culture’ for men?

The project’s second work package involved interviews of one to two hours with about 200 men, including 60 expert and trial interviews, with questions on the workplace, new forms of work and reduced hours, as well as gender and family issues. Several topics were touched on: who does what at home, attitudes to gender roles and personal orientation. Brief questionnaires were also used to sound out views on company culture, gender role orientation and sense of coherence.

The results clearly pointed out the cultural demise of the breadwinner ideal. Only 10% of the men interviewed supported the notion that “a husband’s job is to earn money; a wife’s job is to look after the home and family”, and a massive 96% backed the idea that “children need a father to be as closely involved in their upbringing as the mother”. Rather surprisingly, the surveys found no strong connection between reduced wage work and more domestic work. Only 12% of those questioned did the cooking and only 8% mainly did the cleaning themselves. And many men found it genuinely hard to reduce their working hours.

In work package three – ways of a new positioning of men – the team undertook a socio-psychological study and shifted the focus to individual men coping with pervasive labour market-related changes. It examined how they deal with new forms of work, such as part-time work, and discontinuities triggered by career breaks or parental leave – situations that are increasingly frequent as more men move away from continuous full-time employment and the role of the main provider for the family. The aim here was to identify the various options enabling men to deal constructively with breaks and insecurities. By interpreting in-depth interviews, and analysing occupational biographies on an individual level, the team sought a wider understanding of how men interpret their changing role in society.

KEY OUTCOMES / CONCLUSIONS
Uncovering various motives among men for reducing their workload to adapt to changing family and relationship patterns, the project confirmed that men’s issues still need to be more fully incorporated into gender mainstreaming policies. While gender mainstreaming is still very much biased towards women and their private versus professional life balance, more men are now seeing gender equality as a benefit for themselves rather than a cost. But this is only beginning to be admitted privately, as the project’s individual interviews showed. As soon as the men’s movement turns collective, it tends to leave gender behind. The gender movement among men in organisations and companies is still very small. Occupational segregation is widespread. Even advocates of equality continue to work with traditional concepts of masculinity, which lead to ‘gender-blindness’ and the lack of organisational and public policies geared for men.

The Work Changes Gender project also concluded that not enough emphasis is put on an informal working culture in the corporate world. Companies and organisations were generally
perceived as obstacles to, rather than enablers of, changes in men’s attitudes to work. The findings suggest that the real potential for change lies in fresh leadership, i.e. when a traditional organisation gets a new-thinking role model in charge, someone who can break down traditional barriers to men taking time off to be with their family, care for children, etc. Today, men can rely on legislative or company regulations when being involved in childcare, but they experience no support at a ‘cultural’ level. Alternatives that overcome the classic models of masculinity must be made more attractive, going beyond the equity-oriented policies already in existence.

In the meantime, the researchers suggest that equality representative bodies, works councils, etc. should include both men and women, and quality standards such as ISO 9001 should be modified to include gender-equality relevant indicators on flexible forms of employment, work-family balance and gender equality policies in the organisation.

Another policy recommendation to emerge from the project is that policy-makers should foster worker security within more flexible working situations: known as flexibility (a term borrowed from German trade unions, claiming that flexibility requires social security). This might include compensation for the costs of bringing up children and cuts in overtime hours, as well as further working time reductions.

**DISSEMINATION**

Numerous conferences, lectures and panel discussions were held to present the results of the project and a dozen networks on the topic were set up. Information was also spread through counselling, and radio and newspaper interviews.

**PUBLICATIONS’ LIST**


Migrant women face increased prejudice

BACKGROUND

Attitudes to immigrants are marked by contradictions. Migrants are wanted for their labour, yet rejected as equal competitors; they are seen as useful (as care workers, builders and so on) but they are not recognised as equal citizens deserving political, social and cultural rights. Within this, women are predominantly perceived as victims of trafficking or sex workers, involved in loveless marriages in exchange for a passport, or celebrated for their submissive forms of femininity. Both the negative and positive images of migrants present Europe as a desirable place where they want to come and stay.

GRINE wanted to study women’s migration from Eastern Europe to the West to see its impact on the lives of the women themselves and on the existing ideas of Europe and European identities.

It defines migration as a contemporary form of mobility marked by complexity and contradiction. It considers migration as a dynamic set of relations between places, cultures, people and identifications. GRINE said throughout the research it wanted to hold on to this complexity of migration, of how it comes about and how it is lived.

WORK UNDERTAKEN

GRINE studied the theoretical and legal issues which touch migration and marriage. In addition, it collected 110 ‘oral history’ testimonies from its interviews with pre and post 1989 migrant women from Bulgaria and Hungary, and native women from the Netherlands and Italy.

Migrant women were asked about their decision to migrate, their networks, journeys, employment, experience of legal and other institutions, relationships, customs, and aspirations for the future.

Native women were asked about their relationships with migrant women from eastern Europe, knowledge and images of countries of Central and Eastern Europe, including travel experiences, and ideas about social and cultural practices.

KEY OUTCOMES / CONCLUSIONS

The GRINE research findings are primarily based on the collection of these life stories and interviews. It said migrants are asked to talk about migrant issues, and to perform as ‘migrants’.

The interviews with migrant women identified the themes of every day communication, love, and work as spaces and activities through which they created meaning in their lives, and narrated their histories. The researchers said relationships in particular were central to the lives of many migrant women. For some this was the reason for their migration or for staying.

Migrant women’s approach to work differed. Some refused non-professional work while others saw employment as a way to achieve broader life goals. All were conscious of discrimination in the labour market because of their nationality and their gender.

Everyday communication was also important for their self-respect. Yet relations with authorities were often fraught, and the testimonies offered numerous accounts of obstacles when trying to access public places and institutions (hospitals, schools, bureaucracy, etc.).

The interviews with Dutch and Italian women showed a persistence of Eurocentrism when looking at ‘other’ cultures. There was widespread use of stereotypes and prejudices to relate to groups perceived as different and a lack of knowledge about other cultures. The role of the national mass media in sustaining and transmitting cultural stereotypes and prejudices was strong. Italian Television, for example, was found to reinforce stereotypes concerning Eastern European women, associating them almost exclusively with sex-work and more recently with domestic service and care work in private houses.

GRINE said the openness to discover and appreciate people from Eastern and Western Europe by both migrant and native women was accompanied by increased identification of a deeper difference with Muslim people. They represented ‘the negative other’. As a result, it said one of the first priorities of a cultural policy addressing racism in Europe is to discuss and confront the spread of prejudice against Islam.

GRINE also found a relative shift of values in European states and perhaps in Europe at large. It said values of equality and freedom are yielding to or being supplemented by values of security and difference. From a legal perspective, cross-border relationships imply a conflict between the state’s interest in controlling who crosses its border (immigration law) and the individuals’ emotional desire to form relationships (family law).

GRINE concluded that matrimonial law had been reduced to an appendix of immigration law.

It said it was necessary to strike a better balance between family and immigration. The EU and governments need to establish and develop legal institutions, procedures and standards that consider and protect variety and diversity. They could set up administrative and counselling procedures that give a voice to migrant families and individuals and integrate the concerns raised in their administrative procedures and legal systems.

GRINE made a number of policy recommendations:

- Many migrant women have problems obtaining a residence and work permit. They often find themselves dependent on their partner with the consequence that if there is a problem in the relationship, they are left with no rights. GRINE suggested a more flexible procedure rooted in real life. For instance, appeals and complaints should be processed quickly and migrant women seeking advice should have access to legal guidance and consultation, including from other experienced migrants. It also suggested parents and children should be able to obtain dual citizenship and that the dependent residence permit should be changed into an individual one to ensure that women and men alike can remain independent and autonomous.
- Countries need to put equal emphasis on their immigration and emigration policies. In the last years, an increasing number of women decided to leave their country voluntarily and alone to work in another country. But this emigration also has an impact on the sending country – it speeds up the ageing of its population while the receiving country’s population becomes younger.
- Trafficking does not cause illegality; the construction of illegal citizens enables trafficking. People without papers should not face expulsion or punishment.
- Education needs to tackle issues around migration and gender. They need to be discussed with students and teachers within primary, secondary and higher education.
GRINE recommended the creation of texts and materials targeting the young.
GRINE concluded by saying all policies should be screened for their impact on different groups of people.

**DISSEMINATION**
Grine disseminated its results through its website, an oral history archive of the testimonies, a workshop and a final conference (both in 2004).

**PUBLICATIONS’ LIST**

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SECTION 2. Combining work and motherhood

BACKGROUND
Women's labour supply and employment have increased in European countries while fertility rates have decreased. MOCHO set out to discover the factors influencing motherhood choices.

Public policies regarding children and motherhood have developed in contradictory ways often combining measures encouraging women to stay at home with those encouraging mothers to take up paid employment. What is the influence of social policies on parenthood choices? Do public policies facilitate the combination of employment and motherhood? What is the impact of education on motherhood, as increasingly young women in all European countries educate themselves for a lifelong labour market career? What is the influence of maternity leave, parental breaks, and employers' attitudes towards motherhood on women's careers and earnings prospects, and, as a consequence, the decision to postpone motherhood or refrain from having children altogether?

WORK UNDERTAKEN
MOCHO started its research with an extensive literature review. It compared the availability, coverage, comparability and usefulness of European and national datasets and undertook an in-depth analysis of the effect of different public policy measures on maternity decisions.

It also looked at the role of education on the postponement of maternity using individual panel datasets, covering Germany, Italy, the Netherlands, Sweden and the United Kingdom.

KEY OUTCOMES / CONCLUSIONS
MOCHO made a number of findings:
- The presence of children reduces women's employment rates, while it tends to raise those of men. This rise does not compensate for the drop in women's employment caused by motherhood. In addition, women's employment drops with the number of children and increases as they become older. Women continue to do the bulk of childcare and domestic chores despite fathers saying they want to participate more.
- The presence of children, and especially of more than one child, has a negative effect on mothers' pay. This is because mothers interrupt their careers and their training and so damage their earning power; they are often less mobile and under pressure to accept unfavourable terms and conditions to balance family and work; and they are more likely to be employed in 'atypical' jobs (for example, part-time or self-employed) than childless women.
- Education postpones motherhood in all the countries studied.
- The gender pay gap is greater in those countries where more women work, whereas it is smaller in countries with the greatest gender differences in labour force participation rates.
- There is a high correlation between the availability of part-time jobs and the participation rates of women, particularly married women with children. In northern European countries, part-time employment is widespread and provides most of the employment opportunities available to women even if these jobs often pay lower wages and offer few career prospects. By contrast, in southern countries, where childcare services are few and flexible and part-time work is limited, married women are forced to choose between no work or full-time work, neither of which is necessarily their preferred option.
- Poor educational levels have a stronger negative effect on women's employment than the presence of children.
- Expectations of high and persistent unemployment (particularly in southern Europe) may encourage mothers to stay in the labour market to protect household income and their labour market prospects.

MOCHO analysed national policies that were likely to affect women's fertility decisions, and ranked the EU15 in three groups according to their 'generosity' in public childcare, parental leave entitlements, and cash tax and benefits. The Nordic countries, France, Belgium, Luxembourg and Austria came out top. Germany, Italy, the Netherlands and Portugal were in the second group. The United Kingdom, Ireland, Spain and Greece were in a third group united by their limited public policies towards children.

The researchers warned that without policy changes helping to combine work and motherhood, a further increase in women's labour market participation could have a negative effect on fertility, which is already low, particularly in the southern European countries.

MOCHO said its findings show that labour market policies should encourage women's participation by reducing the costs of working, while social policies should help women to reconcile work and motherhood better. Countries where women's employment rates are low need to develop more flexible labour markets (with more part-time and self-employment opportunities, and without wage penalties); more husbands sharing domestic responsibilities, especially when there are children; and public policies to increase childcare services and improve parental leave arrangements.

It also made specific recommendations:
- On childcare, each child of working parents should be guaranteed a place in outside care as soon as maternity leave ends. Opening hours need to be in tune with full-time work schedules, quality should be guaranteed with adequate staff/child ratios and the cost kept low or free.
- On cash and tax benefits, it suggests a generous system of universal non-means tested child cash benefits, which are treated as an individual right of each child, to encourage women to have a first and second child while pursuing their careers. In addition, MOCHO preferred direct cash benefits and individualised tax and social security support rather than family tax benefits.
- It said the ideal maternity leave is an 18-week period which is 100% compensated. There should be a short qualification period of previous employment during which social contributions were paid. Employment should be protected during the leave guaranteeing a return to the previous job and employment conditions. Paternity leave should be exactly the same as maternity leave to allow for a better sharing of family responsibilities. Parental leave should be short and well paid or taken up part-time to safeguard employability, and it must be compulsory for parents to share it between them.

DISSEMINATION
MOCHO disseminated its results through its website, six-monthly newsletters, and a dialogue workshop with other researchers working in this field, and a follow-up international conference organised in Pau in 2005.
PUBLICATIONS’ LIST


TELECVITYVISION
Information Society and Urban Development in European Comparison  50
ENVINNO
Towards an Integration of Environmental and Ecology-Oriented
Technology Policy. Stimulus and Response in Environment
Related Innovation Network  52
INNOFLEX
Innovative firms’ performance, internal/external workforce
flexibility and personal/social consequences  54
SUSTRA
Trade, Societies and Sustainable Development  56
3 European socio-economic models and challenges
BACKGROUND
An important goal for the European Community is the harmonious and sustainable development of different regions, and its structural policies are designed with this in mind. Experts have predicted that a key influence on how regions develop will be the expansion of information and communication technologies (ICT).

As ICT becomes more widely used, the economic impact will be felt and spatial structures will undergo important changes. For example, policy-makers should be aware that the role fulfilled by cities within regions could change as the use of ICT becomes more widespread.

How regions develop with opportunities to innovate will be strongly influenced by the strategies adopted by public institutions. It is therefore important to examine how professionals in these institutions assess the impact of the use of ICT in urban development. It is also important to establish how far they incorporate their vision into urban planning strategies.

PROJECT OBJECTIVES
The aim was to provide new insights into urban development strategies, and to understand how specific regional requirements related to the spread of the information society. Understanding the impact of ICT on urban development can help to devise policies that create sustainable futures for cities.

The project asked questions such as:
- Are processes of suburbanisation supported by the expansion of ICT?
- Does this imply social and economic problems for cities?
- What are the perceptions and policies of administrators in European cities?

WORK UNDERTAKEN
To gain an in-depth understanding of the issues, a review of the literature on urban studies was carried out. Information gathered from this review was then used to devise case studies and to draw up a survey.

The case studies were carried out in selected major cities in all the seven participating countries - Austria, France, Germany, Ireland, the Netherlands, Norway and Spain. The purpose of the case studies was to investigate perceptions of ICT and to look into the potential impact on urban development.

The case studies were followed by a survey that was sent to 1 550 urban professionals in 225 European locations. It spanned the seven countries and covered major cities and selected urban regions. Once the material was gathered, it was reviewed by multidisciplinary scientists on the research team.

KEY OUTCOMES / CONCLUSIONS
The review of literature on urban studies showed that there is an increasing sophistication in the approach to this topic. For example, it includes the study of housing, culture, safety and regional development. Despite this, the project found that there are few strategies that explicitly tackle the issue of ICT in urban development. This means that the link between urban studies and technical, social and spatial issues is weak.

The case studies and the survey showed that when urban professionals devise ICT policies, there are some common trends across Europe, but there are also national differences.

The case studies also revealed marked differences in the quality of ICT and its use, between cities and between professional groups. There were sharp differences in how different groups viewed the benefits of ICT:
- urban planners saw ICT as an additional tool among others, not as the 'future motor for urban development' - economic administrators were more positive about the impact of ICT, seeing its potential for accessing global and local markets - politicians saw ICT as the route to solving political, social and economic problems.

Because response rates to the survey were low, it was difficult to draw strong conclusions. However, it did indicate that there were few differences in the perception of ICT by urban professionals, at European or at national level.

Due to the survey highlighting the differences in approach of different professional groups, the project team were recommending a more integrated approach to urban development.

Although politicians encourage greater use of ICT, another recommendation was that this needs to be backed by financial support too.

Higher quality ICT is also needed, to highlight the value of ICT in urban planning. The team suggested that urban professionals could work with ICT experts to create specific interactive urban development tools.

The project concluded that there are many ways in which an information society can shape national and regional development. ICT cuts across traditional boundaries of expertise, which means that fully integrated urban development strategies are needed.

Since little evidence for ICT contributing to innovation in urban development emerged, the research suggested that policy-makers in urban development should be more pro-active in showing how ICT can contribute to solving urban problems. This requires a clear strategy that should be incorporated into urban development policies.

DISSEMINATION
In addition to the review of project material by the researchers, outside experts were asked to evaluate the preliminary findings.
<table>
<thead>
<tr>
<th><strong>FULL TITLE:</strong></th>
<th>Information Society and Urban Development in European Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACRONYM:</strong></td>
<td>TELECITYVISION</td>
</tr>
<tr>
<td><strong>CONTRACT NUMBER:</strong></td>
<td>98-1103</td>
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<tr>
<td><strong>THEMES ADDRESSED:</strong></td>
<td>European socio-economic models and challenges – Governance, democracy and citizenship – Social cohesion, migration and welfare – Economic development and dynamics</td>
</tr>
<tr>
<td><strong>KEYWORDS:</strong></td>
<td>ICTs, information society, cities, urban planning, technology &amp; society</td>
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<tr>
<td><strong>MAIN CONTRACTOR:</strong></td>
<td>Bis - Berliner Institut Fur Sozialforschung Gmbh Berliner Institut Fur Sozialforschung GmbH DE</td>
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<td><strong>PARTNERS:</strong></td>
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<td><strong>START DATE:</strong></td>
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BACKGROUND
ENVINNO started with a basic assumption that the quality of the environment is important for the quality of life and so needs to be used more efficiently.

It decided to focus on environmental policy (EP), which has the basic goal of improving environmental performance, and Ecology-oriented Technology Policy (ETP), which addresses the reluctance of the private sector to take action to reduce environmental pollution.

The principal research aims were:
- To determine the effectiveness of EP and ETP approaches in Europe for implementing sustainable development;
- To identify areas of success and failures;
- To formulate practical means of developing successful procedures in the future.

WORK UNDERTAKEN
ENVINNO looked at the interaction between EP and ETP in six partner countries carrying out interviews with experts on the two policies. Each national team also selected five firms that had implemented an environment-oriented technology for closer analysis.

ENVINNO set out to identify three types of actor behaviour:
- The Pioneers who are ready to act quickly and in an innovative way, frequently even before policy is set up. In these companies, new ideas are often the result of a systematic and continuous search for new technological developments, potential future market demands, likely environmental problems and policy initiatives. Their innovation activities usually set the standards for an industry. These companies are often in niche markets for their products in which they have a (partial, often only temporary) monopoly and so tend not to be fully exposed to price competition.
- The Followers who respond to incentives such as new requirements imposed by policy (or other external stimuli), or strong internal forces (such as problems with existing technical equipment or product quality deficiencies). They tend to rely on available ‘lower risk’ technologies. These companies provide the critical mass ensuring a successful environmental impact. Such companies tend to be in mature industries, in the middle ground of product cycles, usually strongly exposed to price competition within their dominant market-segment. Keeping costs low is essential for their commercial success so they have more conservative investment behaviour.
- The Later-comers only respond to strong pressure (such as a law to install a certain technique). They are often found in industries at the end of a product cycle, where the introduction of environment-related new technologies can push up production costs and so affect their competitive position.

KEY OUTCOMES / CONCLUSIONS
(Outcomes presented in a very boring way... with too many bullet points; we would need a story out of this)
ENVINNO found that environmental policy and market considerations, such as cutting costs, were the most important triggers for action.

It argued that ‘environmental pioneers’, continuously creating and implementing technologies that improve environmental performance, are crucial.

Policy needs to provide incentives to encourage such pioneers and help them disseminate the technologies they develop. This is vital to create a critical mass of companies that are ready to adopt these innovations ensuring there is a real environmental impact.

Amongst the barriers the project found within companies, were:
- Lack of environmental awareness and no organisational provision to cope with environmental problems;
- Consideration of environmental challenges as a cost factor and not as a potential opportunity for opening up new business opportunities;
- Lack of innovation within companies. This was often characterised by organisational features such as hierarchical structures, internal bureaucracy, insufficient feedback-and-learning culture, a culture of secrecy, general risk aversion and no promotion of visions for change;
- Lack of assessment procedures for risk and marketing possibilities.

Amongst the external barriers, it included:
- Lack of assistance in finding partners for innovation;
- Lack of special conditions for research consortia;
- EP and ETP focus on single technologies and individual actors;
- Lack of specific funds for SMEs for R&D and for commercialisation of innovations;
- Risk- shy and conservative financial institutions;
- Bureaucratic procedures for the provision of funding;
- Difficulties overcoming bottlenecks during some phases of innovation;
- Lack of sound market research and analysis to demonstrate a clear latent demand for an innovative environmental technology.

Their policy suggestions included:
- Environmental policies should set quality standards that are consistent, have a clear timeframe and transition rules to stimulate pioneers into fast action;
- There should be an active detection and promotion of ‘Pioneers’, including public awards, to create more interest in innovation activities in companies;
- EP should promote ‘green markets’ to galvanise company innovation and introduce ‘green’ public procurement policies to give this market greater stability;
- Governments have to design ETP in line with the present and future aims of EP, specify the technological strategy to comply with (future) standards and cover all the steps of innovation from basic research to diffusion. They should see ETP as a feedback-process that can assess future environmental and technological problems and opportunities, and incorporate them into policy. Sufficient funds and time are needed for this;
- ETP should encourage the establishment and maintenance of environment-oriented innovation networks (for knowledge diffusion and management, and for finding project partners) and involve all stakeholders;
- Applications for grants should have a commercial feasibility and costing and marketing analysis, as well as the planned organisation of the innovation project outlining the responsibilities of network partners;
The creation of a policy coordination agent who can help innovation projects running into difficulties because of policy contradictions, as it is hard to predict from the start all possible policy implications;

- Particularly for SMEs, ETP should provide aid to help them join the necessary networks;
- Better policy coordination between EP and ETP that considers the trade-off’s between different policy goals and sets clear responsibilities between the various tiers of government.

**DISSEMINATION**

ENVINNO held a national workshop in five countries and closed with an international conference in Vienna.
Work organisation critical to company innovation

BACKGROUND
INNOFLEX started with the premise that Europe’s potential advantage in world markets lay with the ability to do things differently, continually to reinvent products and services, and so always keeping one step ahead.

Work organisation is critical to this task. But despite research evidence that new forms of work organisation can lead to tangible gains in performance, companies have been reluctant to abandon traditional ways of working.

INNOFLEX said there is real cause for concern about the increasing gap between leading-edge practice and common practice in European workplaces. The project grew directly from this concern.

INNOFLEX believes that companies can enhance competitiveness through improvements in the quality of working life. Its overall objective was to identify the conditions under which convergence can be achieved between quality of life and business competitiveness through the design and implementation of new forms of work organisation, and to identify how public policy-makers, social partners and research-based institutions can reproduce these conditions.

WORK UNDERTAKEN
The wide range of INNOFLEX activities concentrated on improving inter-organisational learning and dialogue.

It organised learning visits by selecting three employers from Denmark, Sweden and the United Kingdom. Each formed an investigative team comprising three people from management and three from the workforce. Their brief was to identify workplace practices in each company that enable employees to make full use of their skills and creativity and so contribute to organisational agility and innovation. These companies visited each other’s facilities, examining job and organisational development. Each time, the visiting team presented its findings to the host company, prompting dialogue and further exchange of experiences.

INNOFLEX also tested a new method for reporting and discussing work organisation by using digital technology (the 'Digital Photo Safari').

In addition, it organised what it called case-based dialogue workshops in which a selected employer presented his or her company and participants then compared, discussed and built visions. The European Hospital Workshop, hosted by Nottingham City Hospital NHS Trust in 2001, was the first of such workshops. Two Car Network Workshops followed. Audi hosted the first one in 2002 and SEAT the second in 2003.

And, finally, each country set up learning networks to exchange knowledge and experience on organisational innovation. They launched them in specially designed national dialogue conferences. The networks brought together large companies, SMEs, business support organisations and public policy-makers.

KEY OUTCOMES / CONCLUSIONS
INNOFLEX highlighted that it is difficult for organisations to change their structure and culture and warned there are no easy recipes. It criticised the search for ‘best practice’ examples of work organisation because they largely rely on mimicking the innovative practices of others. INNOFLEX warned that companies cannot achieve workplace innovation through a series of blueprints. The traditional way to accomplish change, through the application of generalised concepts to specific problems according to a predetermined set of rules, “has emerged as a roadblock rather than a motor for change in organisations”.

INNOFLEX found that workplace innovation is intimately related to the firm’s external environment - the semi-public infrastructure of institutions, networks and other resources which provide it with opportunities to access knowledge, exchange experience and share resources.

It said the major constraints to the modernisation of work organisation included:
- Limited awareness of new ways of organising work and the potential benefits in terms of adaptability, innovation and competitiveness. Many business-support organisations lack this expertise and knowledge;
- Poor access to evidence-based approaches to change. Although there are numerous ‘products’ available such as ‘off-the-shelf cookbooks’, managers complain that it is difficult to access hard evidence of successful approaches or gain a clear analysis of the different approaches they can use.
- ‘Innovation decay’ is often the consequence of poor preparation and/or the uncritical adoption of a formula approach to change without sufficient workforce involvement, dialogue, experimentation and organisational learning;
- The distance between research and practice exacerbates the knowledge gap. Academic knowledge can offer real insight but much of this knowledge is not translated into practical and usable tools;
- Many European managers and employees have few opportunities for shared learning with their peers in other organisations. Business support organisations and consultants typically operate on a ‘casework’ basis, treating each client separately.

INNOFLEX overcomes some of these constraints by producing tools and approaches for inter-organisational learning and peer dialogue. These include:
- Change conferences that offer a methodology for dialogue at company and inter-company level. They can be used to launch learning networks;
- Photo Safaris that offer a method to ensure those taking part in workplace visits become active investigators rather than passive recipients of pre-packaged information;
- Tools for animating learning networks. The project underlined that such networks need a diversity of members and a clear focus on a shared problem;
- Change workshops designed for small and very small companies to understand the importance of investing in human resources as a means of enhancing competitiveness.

INNOFLEX concluded there is an overall failure in Europe to build an effective knowledge landscape for enterprises seeking evidence-based approaches to change. Public intervention needs to work at different levels: change in the individual workplace, inter-company learning, and the enhancement of infrastructure at EU and national level. It called on governments and the EU to build networks facilitating inter-organisational learning and provide an environment abundant in learning
resources, giving companies and their employees the knowledge base to stimulate innovation, creating collective solutions to common problems.

**DISSEMINATION**

INNOFLEX disseminated its results through its workshops and inter-company learning networks as well as its website.

**PUBLICATIONS’ LIST**

All INNOFLEX project outputs including the tools and resources are available on its website (www.innoflex.org.uk).
BACKGROUND

Recent years have seen a surge of public interest in the values of sustainable development. This is particularly true in relation to the interlinked issues of trade negotiations and social and environmental development. Increasing poverty, mounting inequities between countries, but also within countries, and depletion of natural resources are real concerns for activists who have made loud protests at a number of international summits. Those protests have certainly helped to put sustainable development at the top of the political agenda, and highlighted the value people now place on open and participatory decision-making processes.

The Sustra project was set up after the World Trade Organisation Doha Ministerial Conference, which was held in 2001. Sustra was a network of European social scientists, decision-makers and representatives from NGOs who came together to examine the governance of trade and to see if institutions, procedures and rules could be improved to reflect sustainable development objectives better.

**Project objectives**

Sustra aimed to help develop ways to analyse the interactions, linkages and trade-offs that existed between trade rules and social and environmental protection. Sustra also set out to provide an analysis that could interpret the needs of civil society, find a better understanding of the underlying motives of collective preferences, and gauge the gradual build-up of international collective action for sustainable trade.

The network also focused on the role that the European Union could play in promoting sustainability in trade.

Sustra recognised that it is not easy to develop a theoretical framework that can assess and measure progress towards sustainable development objectives, since sustainability itself is a fuzzy notion. There are competing views regarding the right legitimacy principle to use as a reference for defining sustainable development. It is therefore a policy area where traditional top-down approaches to decision-making often lack legitimacy. Deliberative processes – getting people and groups from outside the political elite involved in decisions – could counter this problem and help to improve the quality and acceptability of policy-making. Sustra therefore examined deliberative processes and their application to sustainability, before drawing up a number of recommendations to improve global governance.

**WORK UNDERTAKEN**

The network was built and nurtured through five international workshops, each of which dealt with different research issues and debates.

Workshop one set out to examine the concept of *global public good* and its usefulness for analysing global challenges and in providing guidance for developing a practical global plan for trade and sustainable development. Workshop delegates highlighted a number of issues: how does one identify global public good in relation to an international negotiation? What incentives and regulatory tools are best to manage global public goods? And, what co-operation strategies can countries use to stimulate useful collective action?

Workshop two looked at the architecture of the *global system of environmental governance*. The aim was to understand how best to build efficient, equitable and legitimate institutional structures that could work in the world economy while addressing sustainable development issues. The workshop also examined Europe’s possible contribution to that aim. Delegates looked into three key issues: the procedures that could give structure to international decision-making processes; the choice between collective and decentralised approaches for the provision and protection of global public goods; and issues surrounding the establishment of an international mechanism for conflict resolution when, for example, trade regulations are not compatible with social or environmental regulations.

The third workshop focused on methods for assessing the process of trade liberalisation from a sustainability perspective (*Sustainability Impact Assessments or SIA*). The debate covered political questions such as accountability and stakeholder participation in assessment processes. Three key subjects central to this workshop were: civil society participation; the fear that SIAs could be used to serve private interests and create unfair trade rules; and the need to create assessment procedures that allow for debate and learning between stakeholders.

Workshop four examined *vested interests and resistance to trade and sustainable development reforms*. The workshop aimed to map the strategies used by vested interest groups and measure possible reforms in key sectors (such as environment, trade and agriculture) within the EU. In this context the workshop discussed issues relating to the legitimacy of collective decision-making and the behaviour of special interest groups; the extent to which EU policy systems are subject to interest group activities; and how large multinational companies affect trade and sustainability policies.

The final workshop looked at *civil society participation in the European policy-making process*, addressing European governance of the trade negotiation process. To gain an understanding of how collective preferences on trade and sustainability manifested themselves in Europe, the workshop addressed a number of questions relating to the role of NGOs, the impact of European integration on sustainable trade, and European policy for the developing world.

**KEY OUTCOMES / CONCLUSIONS**

The Sustra network offers a number of policy recommendations and areas for future research. Sustra believes the EU plays the role of an “institutional laboratory”, in which ideas and practices about subsidiarity and the horizontal management of inter-related issues have been refined. The EU is also, according to Sustra, increasingly aware of the need to re-regulate its domestic markets to take account of sustainable development requirements. The EU could, therefore, use its influence to lead the way in negotiating accompanying measures and shared production of global public goods as key components of free trade agreements with third countries. The Union should also have a stronger presence in discussions led by international institutions, and reform its sustainability impact assessment procedures to make them genuinely participatory and interactive.
The Sustra network also believes that experiences relating to issues of global public governance need more analysis. It recommends “across-the-board surveys” for a number of topics that could inform future research and feed into institutional policy-making. The surveys could, for example, look into:

- The impact of trade liberalisation on environmental and social issues;
- The effectiveness of public-private partnerships for sustainable development;
- People’s views on the legitimacy of sustainability impact assessments.

**DISSEMINATION**

Posting information on the Sustra website; writing five policy briefing papers for EU and national policy-makers; publishing two project books; contributing to the Cancun WTO inter-ministerial forum.

**PUBLICATIONS’ LIST**

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Project Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEMINT</td>
<td>The Political Economy of Migration in an Integrating Europe</td>
<td>60</td>
</tr>
<tr>
<td>SOCOHO</td>
<td>The Importance of Housing Systems in Safeguarding Social Cohesion in Europe</td>
<td>62</td>
</tr>
<tr>
<td>SINGOCOM</td>
<td>Social Innovation, Governance and Community Building</td>
<td>64</td>
</tr>
<tr>
<td>WRAMSOC</td>
<td>Welfare Reform and the Management of Societal Change</td>
<td>66</td>
</tr>
<tr>
<td>Neighbourhood Govern</td>
<td>Neighbourhood Governance - Capacity for Social Integration</td>
<td>68</td>
</tr>
<tr>
<td>NORMEC</td>
<td>The normative dimensions of action and order- the economics of an inclusive Europe</td>
<td>70</td>
</tr>
<tr>
<td>MICRESA</td>
<td>Micro-level analysis of the European Social Agenda: combating poverty and social exclusion through changes in social and fiscal policy</td>
<td>72</td>
</tr>
<tr>
<td>WORKALO</td>
<td>The Creation of new occupational patterns for cultural minorities: The Gypsy Case</td>
<td>74</td>
</tr>
<tr>
<td>EIWSR</td>
<td>European Identity, Welfare State, Religion(s)</td>
<td>76</td>
</tr>
<tr>
<td>CASE</td>
<td>Social Exclusion as a Multidimensional Process: Subcultural and Formally Assisted Strategies of Coping With and Avoiding Social Exclusion</td>
<td>78</td>
</tr>
<tr>
<td>YOUTH UNEMPLOYMENT</td>
<td>Youth Unemployment and Social Exclusion in Europe</td>
<td>80</td>
</tr>
<tr>
<td>EXCLUSION ET DIALOGUE</td>
<td>Exclusion et Dialogue: Former au Dialogue les Professionnels de l'Insertion: Une Solution Possible au Chômage</td>
<td>82</td>
</tr>
<tr>
<td>EMPLOI ET EXCLUSION</td>
<td>Emploi et Exclusion</td>
<td>84</td>
</tr>
<tr>
<td>WORKING ON THE FRINGES</td>
<td>Working on the Fringes: Immigrant Businesses, Economic Integration and Informal Practices</td>
<td>86</td>
</tr>
<tr>
<td>ENTRANCE</td>
<td>Enterprise and its Transfer to Combat Social Exclusion (ENTRANCE)</td>
<td>88</td>
</tr>
<tr>
<td>GESTION PUBLIQUE DE LA DEVIANCE</td>
<td>Les nouvelles formes de gestion publique de la déviance en EuropE</td>
<td>90</td>
</tr>
<tr>
<td>BETWIXT</td>
<td>Between Integration and Exclusion: A Comparative Study in Local Dynamics of Precarity and Resistance to Exclusion in Urban Contexts</td>
<td>92</td>
</tr>
<tr>
<td>URBEX</td>
<td>The Spatial Dimensions of Urban Social Exclusion and Integration: A European Comparison Urbex</td>
<td>94</td>
</tr>
<tr>
<td>ECOBAZ</td>
<td>L’Economie de Bazar dans les Métropoles Euromediterraneennes</td>
<td>96</td>
</tr>
<tr>
<td>EXSPRO</td>
<td>Exspro: Social Exclusion and Social Protection- the Future Role for the EU</td>
<td>98</td>
</tr>
<tr>
<td>FARE</td>
<td>Family Reunification Evaluation Project</td>
<td>100</td>
</tr>
<tr>
<td>ENEPRI</td>
<td>European Network of Economic Policy Research Institutes</td>
<td>102</td>
</tr>
<tr>
<td>RETURN</td>
<td>Between work and welfare: Improving return to work strategies for long-term absent employees</td>
<td>104</td>
</tr>
<tr>
<td>CONSCISE</td>
<td>The contribution of social capital in the social economy to local economic development in Western Europe</td>
<td>106</td>
</tr>
<tr>
<td>PEN-REF</td>
<td>Social Exclusion and Social Solidarity: Public Participation and Welfare Reform</td>
<td>108</td>
</tr>
<tr>
<td>EUROHOME-IMPACT</td>
<td>The Housing Dimension of Welfare Reform</td>
<td>110</td>
</tr>
</tbody>
</table>
Social cohesion, migration and welfare
Harnessing the power of Europe’s migrant labour

BACKGROUND
Europe’s employment patterns are becoming more fluid as markets open up, yet despite efforts to promote the free movement of labour, people have been loath to cross borders for work. As a result, employers have to seek personnel outside the EU to cover labour shortages and statistics show that while intra-Europe migration is relatively low, labour migration into Europe is dynamic and growing rapidly.

The project’s starting point was that although regulations concerning welfare and fiscal systems had been relaxed within the EU, these still provided numerous obstacles to employers as well as migrant workers, which could be seen as a sign of the ‘incompleteness’ of European integration. It set out to discover the basis on which national and multi-national firms in the EU took decisions for recruiting staff when the domestic labour market could not fulfil their needs, and how far these decisions affected labour mobility and international recruitment.

The partners organised the research around three main economic themes: how the recruitment process influenced labour mobility; the social security and fiscal systems of recruiting migrant labour; and the political and institutional effects of Europeanisation (i.e. an integrated Europe). This framework enabled them to look at the connections and make comparisons between countries, work sectors, types of migrant workers: the construction sector, ICT (information technology) and healthcare.

> Project Objectives
The partners aimed to study four aspects of migrant labour in depth:
- Three employment sectors with a sizable number of migrant workers: the construction sector, ICT (information technology) and healthcare.
- The type of migrant workers: ‘posted workers’ (those who provide services on a temporary basis), intra-EU migrants and non-EU immigrants.
- Four major different types of migrant work available: highly qualified as opposed to ‘low skilled’, ‘temporary’ as opposed to ‘permanent’, ‘legal’ versus ‘illegal’ and ‘European’ as opposed to ‘non-European’.
- To list and analyse national regulations and to research the extent to which they influenced employers’ decisions when they recruited migrant labour.

The work sectors studied were based in countries where the chain effects of Europeanisation and the consequences of incomplete integration could be observed: Germany, Italy, the Netherlands, Portugal, Switzerland and the United Kingdom.

WORK UNDERTAKEN
The work fell into three distinct phases: a review of existing immigration literature and an analysis of country statistics and country regulations; a survey of companies and institutions based on face-to-face interviews; and a survey of those in the institutions responsible for carrying out the regulations.

> Literature review and background country research
The literature review revealed the general lack of systematic research on firms’ recruitment decisions, while at the same time it highlighted a common feature pertaining to all six countries: that all three sectors found it difficult to achieve the correct balance of skills in relation to demand and supply. The partners’ analysis of the labour migration statistics showed that while the wide difference in data available made it difficult to make complete comparisons, in all countries, except the Netherlands and the United Kingdom, the construction industry employed the most foreign labour of the three sectors. In the health sector, the UK had the highest percentage of foreign workers, while Europe-wide the ICT sector had had the steepest increase of foreign workers between 1995 and 2000, with the majority of workers coming from outside the EU.

The background research made it possible to ‘map’ the different countries’ regulatory frameworks in relation to immigration and to describe their welfare and tax systems. The partners discovered that the six countries had greatly differing social security arrangements and that the level of contributions and benefits differed greatly. Tax regimes differed between countries, although overall there had been a shift from direct to indirect taxation. The first phase of the project concluded by bringing together all the research teams to discuss the outcomes and to formulate research questions for phase two.

During the second phase, face-to-face interviews were carried out with 230 human resource managers or other staff responsible for personnel and organisational affairs in companies or institutions in each of the three sectors in all the PIMINT countries. These were designed to gain insight into the companies’ recruitment strategies and to find out under what conditions they decided to recruit labour migrants and what type of obstacles they encountered. The survey findings were presented to a meeting of the research teams and analysed in three sectoral reports for each country.

The last phase of the work focused on the institutional actors – individuals concerned with making or carrying out immigration, labour market, social security or tax policies. Over 100 officials were interviewed at national and European level. In addition, the partners collected further information through the Internet and from organisations’ and institutions’ publications. This resulted in six country specific reports and an integrative report, which were discussed during a meeting of the eight research teams.

KEY OUTCOMES / CONCLUSIONS
The major project finding was that while institutional and regulatory variables did have an impact on employers’ recruitment strategies they were rarely the decisive factors. Recruitment and international migration were more affected by the characteristics and the general structure of the different sectors themselves. In the ICT sector, which was by far the most globalised of the three, migration meant that workers moved between the country offices of large multinational companies. The construction sector was most directly affected by EU rules and regulations, with a widespread phenomenon of workers temporarily ‘posted’ in foreign countries. The third sector – health – was the least international, and its operation was usually determined by the state. This was also the only sector where migration was more individualised.

The second conclusion was that the incompleteness of European integration did not necessarily hamper international recruitment and mobility. In fact, in one sector – construction – the lack of
integration appeared to positively enhance migration, since keeping down costs was an important aim for recruiters, who were able to exploit the lack of coherent legislation in tax and social service regimes.

Thirdly, the partners discovered that those interviewed were not particularly interested in achieving the free circulation of individual workers within the EU. For recruiters, most intra-EU labour migration occurred because companies wanted to reduce costs by exploiting the differences in Member States’ social systems. In the health system, for example, the employees were disadvantaged by the lack of a coherent EU policy, as they had to compete with the native population under the same labour conditions.

> Policy implications

The researchers identified other barriers to migration such as in education, training and the recognition of professional qualifications. They argued that immigration policy for non-EU nations was often too restrictive and generated additional incentives for employers to transfer activities to low-wage economies. Finally, as much recent labour migration was temporary the researchers postulated that governments should not place too much emphasis on integrating non-nationals as this could actually deter migrant workers.

DISSEMINATION

There were public presentations in Bern (2002), Rotterdam (2003), and Brussels (2003) and a workshop at the Seventh International Metropolis Conference in Oslo, Norway (2002).

PUBLICATIONS’ LIST


Bommes, M., Der Mythos des transnationalen Raumes. Oder: Worin besteht die Herausforderung des Transnationalismus für die Migrationsforschung?, Uwe Hunger, Dietrich Thränhardt (Hg.), 2003.


Housing systems are key to social cohesion

BACKGROUND

The SOCOHO project is based on the hypothesis that current processes of economic transformation in Europe call into question traditional methods by which social cohesion is achieved and maintained. Integration into society through employment, for example, is threatened by reduced job security and higher risks of unemployment. The resulting risk of poverty is increasing while the capacity of welfare state systems to cushion this risk is diminishing. There are also demographic and social changes which undermine integration such as moves away from the extended family model and the aging of society.

The research partners worked from the assumption that housing systems are key to the promotion or undermining of social cohesion. Unlike most consumer goods, a person’s dwelling is indispensable and requires an exceptional high investment to produce. Society therefore develops mechanisms to support individual housing and, in so doing, partially overrides market mechanisms that apply to the consumption of other goods. At the household level, whether housing is bought or rented, it has serious long-term effects on the lives of individuals influencing saving behaviour, consumption, leisure time activities and mobility.

The housing system also determines the distribution of households of various social levels and ethnic origin by establishing the conditions of supply and demand of housing. Given the importance of housing systems for the reproduction of social cohesion it follows that it also has a key role in overcoming the current crisis of social integration. Against this background, the SOCHO project sought to answer four questions:

1. To what extent do the various housing systems alleviate or aggravate the risks of poverty faced by households?
2. To what extent do they take into account the current transformation of family and demographic structures?
3. To what extent do they alleviate or aggravate the dangers in many urban areas arising from increasing social and ethnic diversity?
4. What housing provision measures could lead to a reduction in the problems resulting from increasing risks of poverty, the transformation of family and demographic structures, and increasing social and ethnic inequality?

WORK UNDERTAKEN

The SOCOHO project combined a comparative analysis of the European Household Panel data with supplementary research in six countries: Austria, France, Spain, Sweden, the Netherlands and the United Kingdom. Each of the consortium partners prepared national reports on their countries providing data about housing system structures. These then formed the basis for cross-country comparisons.

The national reports looked at three focal points for the crisis of social cohesion: the increasing problem of poverty, increasing social and ethnic inequality and the transformation of family and demographic structures. They then covered housing problems connected to the crisis of social cohesion, such as the position of poor and vulnerable households, sectoral and spatial segregation, and the effects of household economic instability.

The third strand of work looked at the role of the housing system in safeguarding social cohesion.

The SOCOHO project sorted each of the countries into a typology of welfare state models: southern welfare state, social democratic, corporative and liberal welfare state.

KEY OUTCOMES / CONCLUSIONS

Housing systems are important factors in the maintenance of social cohesion. They exert a decisive influence on the level of poverty risk, the extent of social and ethnic segregation, and on how households deal with social and demographic trends.

Trends such as the deregulation of private rental dwelling markets, a reduction in housing sector budgets, a reduction of direct and indirect supply subsidies and the privatisation of public or semi-public housing stock were observable in all the countries studied.

Two main political approaches towards minimising housing expenditures for poor and vulnerable households were detected: the first one is based on continuous supply-sided interventions, for example, subsidised loans for housing construction in order to lower construction costs. The second approach applies demand-sided interventions, such as housing allowances for the poor, without direct impact on the housing costs. Another kind of housing policy – combining supply- and demand-sided measures - aims at making housing affordable by reducing quality features according to the financial capabilities. The research concludes that the consistent and long-term practice of supply-sided measures is hardly more expensive than the changeover to demand-sided subsidies, and actually moderates the general level and the trend of housing costs.

It argues that demand-sided measures often fail in stabilising private housing expenditures because the housing costs, due to the deregulation of the housing market, are increasing at a much higher rate than the given subsidies. The reduction of supply-sided subsidies, together with the privatisation of the social rented-housing sector, has led to an increase in segregation and is threatening social cohesion, particularly in urban areas. Traditional supply-sided approaches have produced better results in terms of housing cost burden and segregation.

SOCOHO argues that Member States should improve the balance of demand- and supply-sided elements in housing policies in favour of the latter. Countries that have significantly reduced their total volume of housing subsidies over recent years would have to spend more while those with comparatively high subsidy spending should not reduce any further. A decrease in public spending on housing often leads to consequential costs in other areas because of the important function of housing in maintaining social cohesion.

The SOCOHO project concludes that, since there is no desire for a European supranational housing policy, the EU should focus on securing the economical and political frame conditions necessary to operate efficiently at national level. The researchers argue that the frame conditions of the last decades, such as the monetary-political convergence criteria that enforced restrictive budgets, have limited the housing policy options of Member States. To re-establish the potential of national housing policies, the roles of the market and the state need to be redefined.
DISSEMINATION
Workshops were held in 2003 and the national reports were presented at national conferences in 2004. A project website was created at: www.srz-gmbh.com/socoho

PUBLICATIONS’ LIST
Marissing, Erik van and Kempen, Ronald van, ‘Het Nederlandse volkshuisvestingssituatie van huisholders met een laag inkomen in Europees perspectief’, Universiteit Utrecht.
Pareja Eastaway, Montserrat, and Varo, Ignacio San Martin, ‘España:sistema de vivienda y cohesión social’, Universitat de Barcelona.
BACKGROUND
Over the past 15 to 20 years, the European scientific community has led a debate on regional and local innovation. Such innovation has had a strong impact on socioeconomic geography in other continents, and especially in North America.

Today, the Territorial Innovation Models (TIM) that emerged from this debate are up for critical evaluation. They are heavily focused on economics and technology, and their relevance for balanced socioeconomic development, good governance and community building has been questioned. There is an increasing need to confront these TIM with a ‘new’ type of literature dealing with integrated area development (IAD) and social economy initiatives at the local level.

SINGOCOM set out to formulate an alternative model for local innovative development (ALMOLIN), especially stressing the role of governance dynamics. This model was to be based on a multi-dimensional concept of social innovation, combining various views of this notion. It was to allow for a proper dialogue between institutional economics and sociology, territorial innovation models and institutionalist planning. The project aimed to:
- Complete and integrate partial evaluations of the Territorial Innovation Models (TIM), against the background of the need for a multi-dimensional approach to social innovation.
- Provide a structured overview of the literature on Alternative Models of Local Innovation and combine the strong points of each of the literatures into the ALMOLIN model.
- Survey and evaluate Integrated Area Development (IAD) and social economy initiatives for each of the countries and metropolises involved in the research, especially by checking their socially innovative content. Such surveys were not previously available for most EU countries.
- Show the strategic importance of social innovation (multidimensional development agendas, satisfaction of the human needs of disintegrated or excluded communities, innovation in governance by the involvement of various sectors of civil society) to successful local development in disintegrated areas. The aim here was to provide evidence to the European Commission of the need to establish governance links between various policy-making levels and civil society.

WORK UNDERTAKEN
First, a critical survey of TIM literature was undertaken. Together with the synthesis of the literature on socially innovative development models, this furnished the main elements of the ALMOLIN model, which in turn delivered the classificatory variables for the small database of socially innovative urban development initiatives. ALMOLIN then provided the structure for the questionnaire on which 15 detailed case studies were based. These cases were selected on a number of criteria, such as their socially innovative content, especially with respect to local governance dynamics, their orientation towards neighbourhood redevelopment and co-operation with the EU. Initial case studies were selected on two grounds:
- Neighbourhood approach: what initiatives are people involved in? Which population groups are concerned?
- Agency approach: organisations, movements, development agents (not, or only partly, state-run).

Each approach, and combinations of the two, was also studied from different scale perspectives:
- Agencies at the neighbourhood level;
- Urban agencies intervening in various neighbourhoods to support and monitor socially innovative initiatives.

Another focus was one particular dimension of the ALMOLIN model, namely governance dynamics in urban innovative projects. This work was designed to link in with the discussion on policy proposals to the EU and to the user-groups.

KEY OUTCOMES / CONCLUSIONS
The project recommended:

Political initiatives
- Grant European political citizenship rights to all local area residents;
- Recognise the role of the social economy as a vital and key ingredient for social revitalisation alongside traditional top-down initiatives;
- Recognise voluntary and civil society service delivery organisations as an integral part of innovative economic development systems.

Policy initiatives
- Foster collective contracts between civil society organisations and the local, national or EU policy framework;
- Focus on active, socially innovative initiatives as pointers for support rather than traditional territorially focused policies;
- Establish cross-scale and inter-local networks of socially innovative initiatives across the European space;
- Provide points of direct access for civil society initiatives at the national and EU level.

Funding initiatives
- Establish and directly fund European networks of socially innovative initiatives;
- Streamline funding procedures with an eye to maximising access, minimising bureaucratic rules and bypassing deeply entrenched national procedures;
- Secure long-term viability of successful social projects, particularly those that generate continuous institutional, participatory and social innovation;
- Create social innovation centres;
- Create logistical support centres for local civil society initiatives.

DISSEMINATION
Reports; website.

PUBLICATIONS’ LIST
users.skynet.be/frank.moulaert/singocom/wp1report.pdf
SINGOCOM, ‘The Legacy of History in Contemporary Social Movements’,
users.skynet.be/frank.moulaert/singocom/singocom_report.pdf
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START DATE: 2001-09-01
END DATE: 2003-10-30
EC FUNDING: € 800 000
> Welfare reform and policy in a changing world

BACKGROUND

The ‘golden age’ of welfare state growth that has lasted since the second world war is coming to an end for a number of reasons. Europe's welfare states face pressure from labour market changes, an ageing population, changes to family structure and growing economic globalisation. This changing situation means that welfare states have entered a period of uncertainty which creates many challenges for policy-makers.

> Project objectives

This project examined:
- factors influencing policy direction in Europe
- reforms under way in European welfare states
- the best way to advance European welfare policy.

In this context, WRAMSOC aimed to:
- Examine changes in a range of policy areas in seven European countries – Sweden, Finland, Switzerland, France, Germany, the United Kingdom and Spain – and at European Union (EU) level by reviewing recent developments;
- Carry out more than 250 interviews with key social policy actors at EU and national level.

The seven policy areas earmarked for attention were pensions reform; long-term care; provision for unemployed people; women's labour market participation; policies for low-paid people; the impact of the EU on national policy; and the way in which welfare is financed.

The seven countries were chosen carefully as they reflect different modes of thinking on welfare and social policy. Finland and Sweden have a strong tradition of welfare provision, offering social support for women to help them go out to work and helping unemployed people to re-skill so they can re-enter the jobs market. France and, to a lesser extent, Germany and Switzerland can be described as corporatist states committed to women's participation in the labour market, with traditions of job subsidy and early retirement. This is in contrast with the United Kingdom's liberal system of private provision. Spain was chosen as an example of a Mediterranean country with a strong tradition of family support for individuals that offers less state support in relation to employment issues.

Researchers also examined the influence the EU has on welfare and social policy issues.

KEY OUTCOMES / CONCLUSIONS

WRAMSOC produced a number of conclusions, including the following:
- Internal pressures, rather than the external ones, continue to be of greatest importance in influencing the welfare state reform process across Europe. Policy responses depend mainly on regime differences, but some convergence is taking place in specific areas.
- There is a shift away from welfare state policies based on 'neo-Keynesianism' towards a modernising agenda for social policy. This approach stresses the pursuit of welfare goals through mechanisms that promote labour market flexibility, enhance human capital and expand individual opportunity.
- There are good opportunities for the EU to get involved in new policies, especially in relation to changes in labour markets and women's access to and position in paid work.

The interviews took place with what the project describes as ‘primary’ and ‘secondary’ actors. The aim was to get a clear picture of policy direction and debate.

Primary actors are those who were directly involved in policy-making including political parties, social partners, civil servants and private providers of services, such as NGOs and businesses. Where appropriate, regional government bodies were also interviewed.

Secondary actors are those who comment on, and seek to influence, the policies that are produced by the primary actors. Their relative level of importance depends on the country, but they are essentially lobby groups, voluntary organisations, journalists and think tanks.

About 40 to 50 interviews were carried out in each country and relevant actors were surveyed at EU level. The interviews covered issues such as:
- the use of policy reform to tackle different problems;
- understanding the factors behind these problems;
- what values lie behind different policies.

The policy areas studied by the project were chosen because they all attracted substantial debate over recent years and have been the subject of new policy-making initiatives in the countries under review.

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- There are good opportunities for the EU to get involved in new policies, especially in relation to changes in labour markets and women’s access to and position in paid work.

This is because activities in these areas are less developed at national level – and national policy makers have not adopted entrenched positions.

WRAMSOC’s researchers note that: “Progress in these areas is difficult to achieve since the balance of interests involved is typically complex. While it is difficult to establish whether the EU’s open method of coordination (OMC) in social policy has a strong impact, it contributes legitimatory resources to particular actors and advances issues on the political agenda. It should therefore be pursued and expanded.”

The project also makes a number of recommendations for further action, including:
- The EU should promote dialogue between social partners and other policy actors so that compromises can be negotiated relating to the future direction of social policy.
- Those who rely on social and welfare provision should be
directly involved in such dialogue so their contributions – along with those of employers, businesses, politicians and unions – can influence proposals.

- The EU should continue to pursue OMC policies and strengthen them by insisting that national governments consult social partners in relevant issues and targets.
- The EU should strengthen arrangements for dialogue and the conduct of OMC in the light of recent EU enlargement.
- The EU should find out why OMC does not receive more attention from policy actors working at national level.
- People who are employed to care for frail older people should have paid leave entitlements that are similar to those available to parents.

DISSEMINATION

Project website contains 39 working papers and conference papers, three annual reports and information from five WRAMSOC conferences. Project partners have published 14 articles in specialist journals and ten book chapters. Two project books have been published.

PUBLICATIONS’ LIST

BACKGROUND

Combating social exclusion is high on the political agenda in most European countries. The public demands action to tackle the damaging effects of marginalisation, which are bound up in issues such as deprivation, crime and unemployment. Finding lasting solutions means helping those who are socially excluded – but the issue is a complex mix of social and economic challenges that tests policy-makers’ creativity and the effectiveness of government institutions.

A lot of the research relating to social exclusion has focused on the results that stem from implementing policies. The Neighbourhood Govern project looked at what policies have been delivered, who put them into practice, and how.

Project objectives

The overall aim was to identify and assess new governance structures that could help combat social exclusion in Europe.

The project sought to develop new methods and tools for the effective use of resources, bearing in mind the inter-relationships between residents, social groups, public bodies and local businesses.

The research had a number of specific objectives:
- To identify and examine the latest developments and academic and theoretical work on the subject;
- To identify and describe existing governance structures and mechanisms in neighbourhoods that contain large numbers of residents who are at risk of social exclusion;
- To gain a deeper understanding of how local governance structures and mechanisms are regarded and used by residents and stakeholders;
- After assessment, identify and compare governance structures and mechanisms in terms of their capacity to affect and tackle social exclusion.

The researchers worked on the hypothesis that resources that are allocated to disadvantaged neighbourhoods are used ineffectively and not always in response to the needs of local people. Structural change has created a rift between the needs of residents and the formal structures that deliver services. This state of affairs required an evaluation of governance structures and processes.

WORK UNDERTAKEN

Research centred around 11 case studies of deprived neighbourhoods in nine EU countries. In-depth analysis shed light on the governance structures at work in these neighbourhoods, and the project made use of previous research into issues surrounding social exclusion and integration in Europe.

Neighbourhood Govern’s work programme covered the following areas of activity:
1. It developed a theoretical framework to understand and analyse the management and development of disadvantaged neighbourhoods. Debate centred on governance in terms of both effectiveness and democracy.
2. Researchers developed a platform to analyse issues of transferability and whether countries could learn from each other.
3. When describing existing governance structures in the selected neighbourhoods in each of the participating countries, reports were drafted within a common framework and format in order to make cross-national comparisons and to see if good-quality work could be transferred.
4. In-depth interviews with residents, professionals and other actors focused on their assessments of the strengths and weaknesses of existing policies and governance arrangements in terms of the outcomes of neighbourhood management within localised social cohesion programmes.

The final part of the work programme aimed to develop suggestions for revised policy responses in order to meet demands for improved governance arrangements in the context of improving policy effectiveness and democracy.

The project had five phases of work:
- Setting the stage: Developing the theoretical platform, examining and adapting governance theories to address democratic neighbourhood governance. Work here served as a framework to develop the focus and format of the case studies. Project partners produced draft reports about their countries’ own governance structures. These reports placed special emphasis on governance arrangements at the local level, and also set out national and local policies for renewal of disadvantaged neighbourhoods.
- Case studies: Mapping governance arrangements. Here, work centred on analysing the lessons that could be transferred between countries. Interviews were conducted with civic managers and residents and the results fed into mapping the governance structures and mechanisms, looking at what they are and how they work.
- Case studies: Assessing governance arrangements. The neighbourhood case studies were extended to assess the quality of existing governance structures. A second round of interviews was carried out, where key professions in each of the neighbourhoods were asked to assess the advantages and disadvantages of different approaches to neighbourhood governance.
- Completing the project: Drawing conclusions.
- Dissemination: see below.

KEY OUTCOMES / CONCLUSIONS

The project drew together its results in a final report and a best practice handbook that provides examples of innovative approaches that have been documented in the case studies.

A number of conclusions were developed from the project’s results, and set down under various headings. These include:
- Mobilising actors: To develop good quality, democratic neighbourhood governance, both residents and professionals from the bureaucracies that deal with social exclusion issues must get together to understand each other’s needs and roles.
- Collaboration: Residents and professionals must collaborate to ensure local people are heard when decisions are being made about service provision. Working together will also help resolve any conflicts between residents.
- Residents’ participation: In general participation is limited and takes different forms from non-committing, informal, occasional events to formal, regular meetings which ask for a great deal of residents’ commitment and time. Informal activities tend to reach more residents, but the formal work is more likely to bridge gaps between different groups of residents.
- Capacity building: The case studies indicate that more needs to be done to understand, use and value residents’ capacities.

> Assessing the best ways to combat social exclusion
Many local people lack the skills and confidence to take part in activities. Official support and resources are needed to resolve this situation.

Conclusions also cover building and maintaining networks, dealing with conflict between residents in socially deprived areas, barriers to change and a look at organising principles for new governance arrangements. For the latter, the case studies showed that local professionals and residents recognise the importance of networking, collaboration and coordination. However, the case studies reveal that organisational models for neighbourhood management and local governance do not always work as intended.

**DISSEMINATION**

The partners organised their own local conferences/seminars to present results.

The ‘Neighbourhood Governance in Action’ project booklet was produced as a means of bringing together and disseminating results. It was used by all the partners when presenting their findings to practitioners and to a wider audience of stakeholders. The book provides a comprehensive overview of the project and its results, including the case studies and an analysis of common pan-European issues. Sections cover important neighbourhood governance subjects such as crime prevention, public participation and involving young people. Link to the project book index: www.infra.kth.se/SP/sp/forskning/index.html

**PUBLICATIONS’ LIST**


Most partners are planning one or more scientific papers as an outcome of the project, but only a few are listed here.


BACKGROUND
Social exclusion is a scourge of modern society. If it is to be tackled correctly, some firmly entrenched beliefs and assumptions need to be turned on their head. In the 20th century, specific accounts of social order were developed within economics which consequently helped shape standard socially shared beliefs and, in turn, public policy. Social order thus came to be perceived as a kind of equilibrium of ‘rational’ strategies – something that fitted into an economic model. But this left no room for reality, for any kind of individual human motivations to do something different on the grounds of moral concern – nothing that strayed from pre-conceived institutional arrangements or anything other than markets that promote social order. Government systems have long been based on such assumptions, but are they right? The NORMEC project researchers wanted to look closely at these assumptions. Their work was motivated by the conviction that designing institutional settings that mobilise civic dispositions and foster collective action is a pressing issue. Based on critical social theory, this project questions the relevance of mainstream economic theory as an explanatory variable for human action and the normative dimensions of social order. Its underlying focus has been to assess the sense of civic responsibility among individuals, to contribute to the debate on constructing an inclusive Europe.

The project’s central objective was to assess the economic importance of the normative dimensions of action and order, and the development of a general framework for designing institutions and policies fit to mobilise civic dispositions and foster collective action. It organised its research along five main lines:
1. a historical analysis of the origins and evolution of the prevailing economic concepts of action and order that might shed light on widely-shared beliefs about social order and motivation;
2. collection of evidence (or lack of it) on the normative dimensions of human action;
3. a review of the concepts of agent, action and order in economics that would stress the importance of institutions in moulding official goals;
4. drawing system-level implications of the theoretical redefinition of the concept of agent, backed up by a simulation exercise;
5. setting up a broad approach for designing policies and institutions that take account of social norms, values of public debate and effectively countering the current trend towards extending market frameworks and incentives over all areas of social life.

WORK UNDERTAKEN
The NORMEC project was split into seven work packages, covering moral values in economics; modelling the normative dimension in economic behaviour; state of the art in agent simulation; experimental economics and values; designing, programming and running simulations; designing, running and interpreting experiments; conclusions and policy recommendations.

The vast majority of experimental studies on patterns of human behaviour, whether in economics or in social psychology, have tended to focus exclusively on the individual rather than assessing the role of institutions in either fostering or hindering action. So there are many unexplored possibilities such as the relation between the issue of ‘justice motives’ and activities of a voluntary disposition that may contribute to collective action.

Several experiments were carried out by the different national teams. The first two phases involved a historical analysis of prevailing concepts of action and order, a literature review of multi-agent simulation relating to social action and a survey of experimental research, focusing on the importance of normative dimensions of social order, particularly in relation to the role played by social identity in economic behaviour.

Portugal was involved in the core simulation programmes for the overall research, focusing on multi-agent systems, a method that has attracted much attention from the engineering and social science disciplines. For an engineer concerned with coordination in systems of multiple artificial intelligence, social norms that deal with conflict situations appear to improve such systems. For social scientists, multi-agent simulation sheds light upon questions of social theory, and especially those concerned with a decay of social norms. The idea was to identify which institutional contexts might promote or hinder fairness and affect the disposition of individual actors and how they contribute to the collective good.

The Italian team focused on the impact of categorisation upon individual behaviour, where the participants in the experiment were a group of heterogeneous individuals whose preferences were aggregated into a set of collective outcomes as part of the process of experimenting on social norms.

The experiments undertaken by the French team focused on creating scenarios of public good. Each participant received ten points, which they had to distribute between a private fund and a common fund. The public good was the result of total contributions to the common fund, whose strength and validity was tested by several specific experiments involving some 320 participants and 40 observations. The conclusions suggest the behaviour of individuals was more influenced by fairness of the behaviour of others than simply of the institutional context.

The research work also included a computational survey of complex socio-economic systems to analyse whether compliance with norms that prescribe contribution to collective goals can be kept up when no monitoring of individual behaviour is possible. The simulation exercise suggested that, in a population structured in groups, mobility constraints on public agents produce a polarisation into co-operative and non-co-operative groups. Co-operation, albeit unstable, was observed at all times in some groups. The survey findings show that, even when individual behaviour cannot be monitored by others, exit possibilities are important mechanisms in social life that may account for sustained co-operation.

Two field studies on labour markets and intellectual property rights were also carried out.

KEY OUTCOMES / CONCLUSIONS
Understanding the moral dimension of human behaviour (aspects such as citizenship, solidarity, respect) is essential for policy-makers deciding things like funding and investment in social programmes. Policies based on individual incentive alone could undermine the potential for collective action and the spirit of solidarity, and ultimately have negative consequences for wider policies of social inclusion.
The NORMEC project showed there is a need for critical reflection on the universal norms regarding human behaviour as being utilitarian and based upon individual self-interest alone among policy and decision-makers. Neo-classical economic theory based on empirical observations is not a good enough basis for making decisions about funding and investment in social programmes. The outcome of this project, backed up by its simulation exercises, suggests that taking ‘accepted norms’ for granted may be inappropriate for gauging the multitude of possibilities contained within human behaviour.

The predominance of the neo-classical economic paradigm in informing research and policy needs to be reassessed, since it may act against the broader policy direction of an inclusive Europe. Further research into the multiple dimensions of human behaviour would be an important way of locating the moral dimension to human action, which should serve as an important basis for furthering policy and debates about an inclusive society.

> No cheap option to civic virtues

The evidence gathered by NORMEC’s experiments confirmed that perceptions of justice play an important role in compliance behaviour, too. The researchers found that incentive-compatible mechanisms can sometimes be counter-productive and should be replaced by policy measures that enhance civic virtue. This is because they were often found to prevent people from facing the ethical imperatives of social dilemmas. If people are presented with a premeditated institutional solution and never need to make ethical deliberations, they may become less and less ethically motivated as a result. The NORMEC researchers thus concluded that ethical individual responsibility is essential to collective welfare and the proper functioning of markets, and it is equally essential that public policies try to promote civic virtues instead of economising on them.

Assumptions regarding human motivations clearly have consequences for policy tools. NORMEC argues the need to widen the policy toolbox to add institutional contexts where individual voluntary co-operative dispositions to participate in the public sphere may be encouraged.

DISSEMINATION

The project’s findings were debated within the scientific community via open interdisciplinary seminars in Lisbon, an international seminar to discuss the results with international experts and policy-makers, plus working papers and articles in national and international journals.

PUBLICATIONS’ LIST

An assessment of the relative redistributive and poverty-reducing effects of national tax-benefit systems depends on which components are included in the 'system'. Including the effect of taxes can be important, through the counting of tax concessions as quasi benefits or through accounting for the taxation of benefits. Whether public pensions are included as part of the transfer system, and contributions as part of the tax system, can have a large impact on conclusions from cross-country comparisons.

- Different paths for reform are necessary to achieve common objectives across countries. Examination of pension reform scenarios under budgetary constraints in four countries showed that the variations in the fiscal and distributive effects of a given reform can be very significant, due to different starting points in terms of inequality, poverty and previous pension arrangements.

- Labour market conditions in one country may make the adoption of a policy from another country inappropriate and even damaging. For example, in France or Germany, the application of the British Working Families Tax Credit would have a net negative impact on employment since the strong decrease in the participation of married women (with working partners) would not be offset by a positive effect on single parents.

- Replacing the minimal child-targeted social transfer systems of the countries of Southern Europe with child benefits “borrowed” from Northern European systems would reduce child poverty significantly.

- Even when the rate is low, inflation can have a significant effect on both the equalising and the revenue-generating properties of income tax and social contribution systems. More broadly, the rates of unemployment, earnings inequality and real income growth can influence the effectiveness of tax-benefit systems in reducing the risk of poverty. If relative poverty rates are to be used as generally accepted indicators of the outcomes of policy, then it is important that these differential sensitivities between countries are fully understood.

- National tax-benefit systems appear particularly efficient at inequality reduction in a country’s poorer regions but much less so in its richer ones. Since some of the new forms of poverty are associated with richer and more urban regions, this calls for further intervention at the level of the regional governments. At the same time, ‘similar’ regions in Europe, in terms of economic performance and levels of original income inequality, achieve quite different degrees of income inequality once the redistributive role of the national tax-benefit system is accounted for. This may provide an argument on equity grounds for EU intervention in the design of tax-benefit policies.

Co-operation with the OECD, UNICEF and some national governments on EUROMOD use; EUROMOD Working Papers series; academic papers and conference participation; website.
PUBLICATIONS’ LIST


BACKGROUND
The European Union (EU) is in the throws of an enlargement process that sees the Romà become its largest cultural minority. To help strengthen to Community's social cohesion it is essential that policy-makers are armed with innovative strategies that can improve the socio-economic situation of the Romà, and other cultural minorities. The Romà suffer high unemployment rates, have lower skilled jobs and face greater job insecurity than the average European. The project is based on the idea that the Romà have skills and experience that are of value to Europe's knowledge-based economy. Despite this, the Romani access to the labour market is blocked. Europe must find out what these barriers are and then overcome them if the Romà are to shake off the negative effects of social exclusion. The Workaló project has taken on this challenge. In this respect, the main objective of the project has been followed since work began: To define innovative strategies of social and economic development oriented towards social cohesion, bearing in mind that cultural groups (and the Romà in particular) have much to contribute to the strengthening of European social cohesion.

> Project objectives
The Workaló research project studied how the labour exclusion of Romà is reproduced, by identifying the barriers that prevent access to the labour market. In addition to identifying the barriers, the dimensions that can contribute to transform this situation of social exclusion have also been identified. It is necessary to point out that Workaló has been conducted through the communicative methodologies that have involved Romà organisations, or Romà representatives in a wide variety of ways throughout the entire research process. Although the research has been carried out in different countries (Spain, France, Portugal, United Kingdom and Romania) and its specificities have been taken into account, the project literature shows a transnational perspective that aims to establish global European guidelines.

WORK UNDERTAKEN
1) State of the Art. This initial phase was dedicated to reviewing literature about the Romà's place in the knowledge society and on the new trends of the labour market. The project developed an analysis of the current society based on how the Romà experienced the changes from an industrial society to an information society and its consequences.

2) Education and training policies in Europe. This stage was devoted to identifying the barriers for the inclusion of the Romà in the labour market and the impact of European educational, training and economic policies on Romani people's opportunities. The results of this phase derive from a wide literature review that consisted of the analysis of research focused on other cultural minorities and from the first phase of fieldwork that consisted of 62 in-depth interviews with non-Romani employers, trainers and workers.

3) The communicative paradigm and its methodology. The communicative methodology is one of the scientific contributions of Workaló. It is based in the principle that the group that is the focus of the research must participate in the whole development of the work, from its design to its evaluation. In order to do this, the project created an Advisory Council, integrated mainly by Romà, and also non-Romà, including people from other cultural minorities, which supervised the whole process.

4) Fieldwork with the Romà. Fieldwork with the Romà was conducted and an analysis of the information obtained was carried out. This second phase of the fieldwork consisted of producing communicative daily life stories, communicative discussion groups and communicative observations in different countries. In the data analysis, the project studied the main exclusionary and transformative dimensions that shape the labour inclusion of the Romà.

5) Skills, competencies and needs of the Romà in the knowledge society. We analysed the fieldwork carried out in the previous phase of research with a new approach focused on skills and competencies developed by the Romà.

6) Contrast analysis. This stage brought together all the information obtained in the other stages of the project. It was a very important phase because the analysis of the data collected in the previous stages were contrasted with the information obtained from the Romani people who participated in the project.

7) Guide of Political Recommendations and dissemination. One element of dissemination consisted of organising different workshops (Barcelona, Lisbon, Timișoara, London and Paris) where dialogue and knowledge exchange took place with the European Romani Community.


KEY OUTCOMES / CONCLUSIONS
Romani people are more likely to be excluded from the knowledge society, and thus suffer social inequality. Through the fieldwork conducted, it has been found that the Romà people have many of the skills required by the new knowledge society such as: teamwork and co-operative organisation; flexibility and the ability to adapt to change; intercultural competencies, and the ability to learn. Their recognition can open avenues for labour inclusion. Workaló also identified a number of barriers that prevent Romaní people from finding work in the knowledge society. These barriers are legal and institutional, and also stem from people's attitudes and behaviour. Researchers found that racism and low educational levels all played their part in prolonging Romà exclusion. Workaló’s analysis also shows that there is considerable negative stereotyping of Romani people in the workplace in terms of their trustworthiness and reliability.

These stereotypes have effects on the Romà that have also been analysed in the project. Based on these and other extensive conclusions, the Workaló project has made a number of recommendations, including the following:

- There should be more institutional recognition of the Romà. This will help tackle social exclusion and help to ensure that Romani culture is dealt with on equal terms with others.
- Ethnic discrimination must be eliminated from European educational and employment systems.
- Affirmative action policies are needed in education and the labour market. This would help to increase the presence of underprivileged groups in secondary education, at university, and in different economic sectors, and therefore will benefit the entire European society.
- Romani people must have access to high-quality education. Policy-makers could learn from successful educational programmes that have been created to help other ethnic minorities.
- Policies should be created to widen the access Romani people have to the European labour market – and which recognise their existing skills.
- Create Romani franchises. Because of the crisis in travelling sales, it is necessary to find new ways to promote the social inclusion of the Romá taking into account the skills they have developed.
- Romá people must also be included in the ICT sector; and Romá women must be given help to access the labour market.

**DISSEMINATION**
Activities included developing the project website; meetings with Romani people; holding seminars, workshops and a conference; writing articles/papers in relevant publications.

**PUBLICATIONS’ LIST**
The Welfare State, Religious Groups and Social Exclusion

BACKGROUND
A reduction in social exclusion has long been an aim of the European Community. The Lisbon meeting of the European Council in March 2000 called on Member States and the Commission to implement policies that would make a clear impact on eradicating poverty by 2010.

This involved placing such issues in the mainstream of policy-making. Sustained economic growth, better jobs and social cohesion can only be achieved if the EU is more inclusive. This also involves creating a society based on tolerance, and a European identity based on the respect of human rights and humanitarian principles.

Against expectations, religion is playing an important role in European political, cultural and social life. It is a key issue in discussions on the ‘politics of identity’. Religious groups across the EU, as well as humanitarian and not-for-profit organisations, also play a key role in helping to combat social exclusion. However, in recent years, many of these groups fear losing their identity in a common European space.

Project objectives:
The project set out to analyse how seven religious and humanitarian organisations in six European countries operated, in particular the role they played in combating social exclusion and in supporting social welfare. The aim was to show how religion can help excluded groups at local level.

The research was also aimed at assessing whether such groups helped or hindered the creation of responsible citizens.

Another objective was to look at the ways that religious institutions and religious ideas can help to foster social integration.

WORK UNDERTAKEN
The seven countries studied were Germany, France, the United Kingdom, Italy, Greece, Sweden and Belgium.

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WORK UNDERTAKEN
The seven countries studied were Germany, France, the United Kingdom, Italy, Greece, Sweden and Belgium.

The first was to analyse the different roles that religions played in the welfare state in different EU countries.

The second was to study both religious and non-religious not-for-profit groups, to see how they contributed to welfare at local level.

The project also studied how to construct a European identity that was sensitive to cultural diversity, and the contribution that religion could make to this identity.

The research was conducted under four main headings:

1. The attitude of religious institutions to work, welfare and employment
2. The response of religion to the crisis of the welfare state and to European cultural diversity
3. Services and practices offered by religious groups
4. The role of non-religious organisations in combating social exclusion

KEY OUTCOMES / CONCLUSIONS
Fears have been expressed that the decline in the number of people holding religious beliefs would make European citizens more selfish. But this study has shown that both religious and non-religious groups across Europe take on significant responsibility to help combat poverty, in response to the gaps in provision by the welfare state.

In different countries, the role of voluntary organisations is very different. In Sweden, for example, such groups are included in the government’s social policy. In other European countries that were studied, the non-profit sector is seen as autonomous. Even in these cases, a rapid transformation is underway as the relationship between the provision of services by the state and provision by the market changes.

The research also found that instead of defending local identities and traditions, religious and voluntary organisations worked to achieve social integration, based on values that are shared across Europe.

However, many members of non-profit organisations were highly critical of developments at European level. Their concern is that the greater economic integration, the more local and national issues will be subsumed.

If greater European integration does affect the role of individual Member States in reducing social exclusion, it will be important to understand how religious and voluntary groups react. These groups currently play an important role in helping to secure welfare for all citizens. In some of the countries studied, notably Germany and Sweden, the religious and non-profit sectors are sceptical about EU integration because they see it challenging their welfare services.

Policy-makers need to be more aware of the extent of social exclusion in the EU and of the role of religious and voluntary organisations in tackling it. This would make future policies more effective when it comes to solving social problems.

Half of the voluntary organisations studied do not have relationships with European partners outside their national borders. This may be because different countries need different solutions to problems. But there is a downside. Since the groups do not have a strong voice at European level, policies may not take their views sufficiently into account.

The researchers advised that structures should be created, to allow such groups to participate constructively in shaping European society. Failure to do this could result in cynicism and rejection of EU goals, they warned.

The research also found that religious and non-profit groups could contribute significantly to shaping a European identity. This identity needed to be based on collaboration, and an understanding of cultural and religious diversity. The researchers recommended a comparative study of religions, gleaning their views on these critical issues.

DISSEMINATION
The research was discussed at a European conference in Florence on 24-25 February 2001. Afterwards, the report was published in English (ed. Angeli Milan, 2002) and distributed in Germany, Greece, Israel and Italy.
PUBLICATIONS’ LIST

‘Identità europea, welfare state, religioni’, in Religioni e Società no.39, Jan-April 2001, with essays by Antes, Peter.

Konnaris, Cristis, ‘Le politiche sociali e le religioni in Europa dal dopoguerra al 1989’.

Petrou, Iohannes, ‘The Anglican Church and the Social Crisis in the UK’.

Saint-Blancat, Chantal, ‘La Chiesa ortodossa in Grecia di fronte alle attuali trasformazioni sociali’.


BACKGROUND
In Europe, social security institutions and the welfare state have the role of compensating for risks and problems of poverty and social exclusion. They can face criticism from two sides. On the one hand they can be attacked for the way they are organised and the conditions they set for assistance. On the other hand these institutions become very expensive when there is large-scale unemployment and a high proportion of old age pensioners.

The CASE project defined social exclusion as continuous and gradual deficits of full participation in the social resources produced, supplied and exploited in a society for making a living, organising a life and taking part in the development of a better future.

It aimed to develop a new understanding of welfare as the provision of resources needed in situations of social exclusion. It researched the strategies people use to cope with social exclusion to help identify the important resources required and how they should be organised for maximum usefulness. These resources could be material such as welfare provision or social including membership of associations and family support.

WORK UNDERTAKEN
The researchers gathered information on exclusion by the means of the random walk technique of selection of people for interviews. A total of 3,291 interviews were done. The qualitative approach makes the research stand out from much other research on poverty and other forms of social exclusion.

KEY OUTCOMES / CONCLUSIONS
The project results can be broken down into two main areas: the perception of episodes of social exclusion and the strategies and resources that are used to cope with them. Perceptions of social exclusion experiences vary considerably but sit on a continuum from indignation to acceptance.

The study defined two main attitudes toward welfare. In countries like Sweden and the Netherlands, people feel that they own the welfare state and are therefore entitled to its support in situations of social exclusion. The other main attitude more typical of people in the Southern Member States was one of reduced expectations of the state and a greater reliance on a mix of family and entrepreneurial income. In all cases interviewees said they would prefer to make a living by waged labour, but there appears to be a spreading belief that the labour market cannot meet this desire, even when individuals improve their qualification.

Looking at how people responded to social exclusion the research found that, as expected, for some it leads to a downward cycle of poverty, others take it for granted and have given up on higher ambitions. Society appears to define some people such as immigrants and criminals as inferior and not deserving anything better than social exclusion and the state also discriminates against them.

Alongside these responses, the project also uncovered many different coping strategies that remedy social exclusion at the individual or household level. The most successful coping strategies were found to be those that involved entrepreneurial activities where individuals put together an income mix from a variety of sources such as welfare benefits, wage labour, support from family and other networks and sometimes black market activity as well.

The CASE project concludes that social exclusion should be thought of in terms of the resources needed to overcome it, which means that welfare must be seen as a question not of security but of participation. If welfare is about making resources available to counteract social exclusion it follows that welfare providers must have a wide variety of resources in store.

The project argued that the effectiveness of welfare as a means of tackling social exclusion is limited because it is made conditional on individuals’ meeting certain criteria, such as means testing or having a past history of regular, full-time and life-long wage labour. It also argues that the welfare system is hard to manage because it has a dual function – to provide resources to support individuals and to regulate the labour market by making welfare less attractive than waged labour. The report’s authors call for a clear separation between these two functions. They also argue that providing infrastructure for networks of association could be a wise investment and that the provision of infrastructure to avoid social exclusion is a better strategy than supporting individuals.

DISSEMINATION
Local feedback events have been organised in partner countries, and national and international dissemination initiatives have taken place or been planned.

PUBLICATIONS’ LIST
An edited version of the Final Report’s Annex is to be published on the Internet and then in hard copy. The project partners have published a range of papers based on the project’s findings.

## Project Details

**Full Title:** Social Exclusion as a Multidimensional Process: Subcultural and Formally Assisted Strategies of Coping With and Avoiding Social Exclusion

**Acronym:** CASE

**Contract Number:** 98-2048

**Themes Addressed:** Social cohesion, migration and welfare, social exclusion, dimensions of social exclusion, women, youth, elderly, migrants, educationally under-qualified, welfare regimes, resources, community, civil society, policy

**Main Contractor:** Institut Für Rechts- Und Kriminalsoziologie, Wien

**Scientific Co-Ord.:** Heinz Steinert

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**Start Date:** 1999-01-01

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SOCIAL COHESION, MIGRATION AND WELFARE

SECTION 4

Preventing social exclusion among Europe’s unemployed youth

BACKGROUND

In modern society, employment is a central feature of daily life and the main source of financial independence, status, prestige, identity and social participation. So youth unemployment is a worrying concept for Europe’s policy-makers, because as well as being a waste of potential skills and energy, it could lead to the marginalisation and social exclusion of a sector of the future adult population.

When the project began in 2000, European youth unemployment stood at 18%, more than twice the figure for the general adult rate (7%). In addition, 40% of all unemployed young people were long-term unemployed. The project set out to study the position of unemployed young people in ten countries: Italy, Spain and Finland (with the highest youth unemployment); Sweden and France (with medium proportion of unemployed youth) and Scotland (UK), Denmark, Germany, Iceland and Norway (with the lowest levels). All these countries used different labour market measures and welfare policies to address youth unemployment, so a major project aim was to find out how these various welfare arrangements and labour market policies influenced unemployed youngsters, and whether these influenced the possibility of social exclusion.

Policy objectives

In particular, the project addressed the following questions:
- Are non-standard forms of work, such as part-time, temporary or informal, a step towards social exclusion or a move towards permanent work careers?
- Do unemployed young people have more mental health problems than those in work, how far does this vary between countries, and are these a sign of social exclusion?
- How do different welfare strategies that mix public (insurance) and private (family) support influence young people’s experience of financial deprivation?
- Do unemployed young people feel integrated into society, and how does this affect their participation in civil society and political life?
- What is the relationship between subjective and objective dimensions of social exclusion?
- What are the differences in work ethics or work involvement between different countries?
- What is the relationship between stigmatisation, mental health, work involvement and searching for work?
- What are young people’s experiences of welfare support measures, and have these increased their job opportunities or return to education?

WORK UNDERTAKEN

The project was based around a comprehensive survey of 17 000 young unemployed people and on an analysis of different national welfare and training policies aimed to help them to re-enter employment or training.

The partners assembled a sample of unemployed youths aged between 18 and 24 in the ten project countries. They did this through selecting young people from the national unemployment registers, (or in Italy and Scotland, via other means) who had been unemployed for at least three months continuously. This enabled them to put together a representative sample of nearly 17 000 people, who were interviewed 6 to 12 months after they had been identified as unemployed, to find out if their situation had changed and the factors that had led to this change.

This enabled the project to make comparisons between young people with unemployment experience, some of whom had managed to get full time jobs, others who had re-entered full-time education, and others who had remained unemployed, withdrawn from the labour market, or become marginalised in some other way.

The survey was carried out by a combination of postal questionnaires, telephone and face-to-face interviews. The response rates varied between 51% in Italy to 73% in Finland.

The Questionnaire

The questionnaire asked about the young people’s situation and attitudes in following areas:

- Unemployment – whether the person had been employed the previous week, and in what way.
- Unemployment – the total number of spells of unemployment.
- Job search – what strategies had been used, and if none had been attempted, why not?
- Education – levels of education (based on the Casmin Scale) and whether the education was general or vocationally oriented.
- Financial deprivation – based on items that the interviewee had given up because of lack of money.
- Work commitment – based on respondents’ attitudes to questions such as ‘I hate being unemployed’, or ‘I feel restless if I do not have a job’.
- Mental health – based on questions relating to anxiety and depression.
- Coping with unemployment – based on questions such as ‘I can use my time as I please’ or ‘I do not accomplish anything’.

Cross country comparisons

The partners also examined the active labour market policies in the project countries, in relation to the recruitment of long-term unemployed youth and estimated the probability of their being employed after they had participated in labour market training schemes, plus the possible effects on their incomes. They also evaluated the impact that training had on the employability of the long-term unemployed, and the public/private mix of youth unemployment protection.

As so many countries were covered it was possible to draw general conclusions about the effects of different approaches for dealing with youth unemployment.

KEY OUTCOMES / CONCLUSIONS

The study concluded that few young unemployed people felt excluded, even in countries with high youth unemployment and low benefit entitlements such as Italy and Spain. While the study found some vulnerable and marginalised youngsters, no one appeared marginalised in all aspects – in employment as well as politically, financially and socially.

The project found that where young people suffered more financially because they had less parental support, as in Finland and Scotland, they were more likely to be marginalised politically compared to other countries, but were not marginalised socially. In contrast, Denmark’s relatively generous unemployment benefits and high coverage enabled unemployed young people to leave home and retain better mental health and higher levels of well-being. Interestingly, these benefits did not act as a disincentive for getting work, in comparison to Finland and Scotland where the long-term unemployed showed little commitment to finding employment.
Italian and Spanish unemployed youth were financially better off than those in Finland and Scotland were, although their integration into the labour market was based on short-term contracts and informal employment, which provided little access to a career structure. Young people with lower levels of education were more likely to have periods of unemployment, particularly the younger they were when they entered the job market.

All ten countries had government-training programmes, in which a total of 40% of the unemployed youth had participated, with these programmes seen as an institutionalised pattern for moving from school to work. In some countries, such as Italy, participation was only 11%, while in Sweden a massive 60% had taken training, which had a positive effect on their finding employment. In general, the Nordic countries and Germany had elaborate training schemes, while Italy’s and Scotland’s were weak.

The survey found that in countries where men were seen as the main breadwinners, young women were more depressed when they were financially dependant, while in other countries where they were more equal, caring for children seemed to guard against this.

One of the main findings related to the difficulties faced by unemployed young people making the transition to adulthood, because unemployment was associated with financial vulnerability unless there was family support. In countries with rigid labour markets but with family support, such as Italy and Spain, employed youth were excluded from the job market, but not otherwise marginalised. In comparison, in Denmark, the flexible labour market, combined with generous benefits, promoted easy re-integration into employment.

These results suggest that guaranteeing unemployed young people access to either education or employment is a more successful means of preventing long-term unemployment, than keeping benefit levels low to encourage them to work.

**DISSEMINATION**

The project results were disseminated through many publications and on the project website. The main results published in *Youth Unemployment and social exclusion in Europe*, Policy Press, UK, 2003.

**PUBLICATIONS’ LIST**


Training professionals to better support the unemployed

BACKGROUND
Social integration policies have put professionals dealing with the unemployed in the front line. No longer just concerned with standardised bureaucratic procedures, they are responsible for actively devising individualised programmes to meet the specific needs and resources of the unemployed. Much of the success of these policies depends on the relationship between the professional and the client. In many cases, the professional constitutes the last safety net for the socially excluded.

The project looked at this dialogue with the aim to reduce social exclusion by increasing the likelihood of effective communication between the excluded and professionals involved in social rehabilitation. It believes that if professionals understand the causes of communication breakdown better, they can modify their practice. It wanted to develop an ongoing training model to help them analyse how they interact with their clients and what they can do to become better communicators.

WORK UNDERTAKEN
The project developed a methodology for assessing the quality of the communication between professionals and clients. It used the psychology of linguistics to analyse speech interactions in the five partner countries. Each research team selected additional aspects of communication to study. The Spanish team, for example, analysed the characteristics of non-verbal behaviour.

Each country selected three types of professionals (training, medical and administrative) and studied the interaction of each with three categories of unemployed people (migrants, those with mental health problems and those with illiteracy problems). The research comprised five phases: a first interview between the professional and client; a training session for the professional; a second interview with the client; a second training session; and a last interview. Video and sound recordings were made of the interviews although both professionals and their clients often opposed the filming of sessions.

After each interview, in each country, a group of psychologists specialised in psycholinguistics analysed the dialogues to assess the degree of exchange. They looked at the sequences in the dialogue and the ‘functional units’ within the sequences. To analyse the sequences, they examined the interviews’ thematic continuity and the relationship between the constitutive themes and the objective of the interview. They examined how speech sequences linked together to discover the level of interactivity. For example, if it amounted to an unconnected juxtaposed speech sequence, a string of questions and answers, or a real interaction. To see if the interview is hierarchical, they assessed who took the initiative in selecting and answering, or a real interaction. To see if the interview is unconnected juxtaposed speech sequence, a string of questions and answers, or a real interaction. To see if the interview is unconnected juxtaposed speech sequence, a string of questions and answers, or a real interaction. To see if the interview is unconnected juxtaposed speech sequence, a string of questions and answers, or a real interaction.

To analyse the ‘functional units’ within the sequences, researchers coded the speech data into two principal grids:
- A ‘communicating’ functions grid, which gives general and quantitative information on the functioning of the dialogue. It shows the broad nature of the interview (directive, semi-directive or free) and the type of communication function most used by the parties. The grid comprised six broad types: phatic (making and maintaining contact); informational,
The project disseminated its results through its publications and presentations at key conferences.

PUBLICATIONS’ LIST
Employment does not always protect against social exclusion

BACKGROUND
Traditionally labour market inactivity has been regarded as an indicator of poverty and a factor that determines social exclusion. Today, however, those living in poverty and dependent on social welfare may include workers with insufficient wages, unstable employment and precarious living conditions, the so-called working poor.

The network set out to identify this type of employment and its characteristics in terms of professional status, remuneration, working hours, career prospects, access to training and working conditions. It then sought to establish a link between these types of employment and the wider environment, encompassing new forms of work organisation in firms, national social protection systems and economic development policies.

The project aimed to collect and compare available data on labour market mechanisms that produce exclusion in employment, to search for the causes of exclusion mechanisms and study their effects on different population groups, and to assist the development of integrated policies against exclusion.

WORK UNDERTAKEN
The teams from the six partner countries – Belgium, France, the United Kingdom, Portugal, Italy and Sweden – each produced national reports on how the labour markets in their country functioned. These contained descriptions of the employment structure covering self-employment and salaried employment, the labour regulations and the social protection. The aim was to construct a hierarchy of employment statuses and forms taking into account mechanisms of social protection and social assistance benefits. The hierarchy was based on the criteria and conditions of access to social protection linked to salaried employment, and the conditions of access to social benefits in the absence of a link to employment (or when it has ended).

The teams examined whether the most degraded forms of employment in each country corresponded to a deregulation model and whether it was possible to construct an exclusion index that could be applied to all countries.

The network developed a definition of the least beneficial forms of employment – those jobs with greatest risk of social exclusion – and looked at the political, social and economic background to exclusion in work. The work of the network was organised in five workshops. The first studied labour markets and forms of employment to produce a report on the structure of employment, the hierarchy of forms of employment-raising issues linked to wages, modes of collective bargaining and social protection systems. The second workshop dealt with employment forms that lead to exclusion with the aim of identifying a common principle of degradation. The third workshop looked at available literature on exclusion in each country. The fourth examined the link between exclusion, bad jobs and changing forms of employment with particular emphasis on the impact of the growth in labour flexibility. It aimed to isolate the factors related to exclusion and constructed an index of exclusion which could be used on a sectoral basis to identify those jobs with the most serious risk of exclusion. In this light it examined the textile sector and hotels, restaurants and catering sectors. The fifth workshop looked at state policies on employment.

KEY OUTCOMES / CONCLUSIONS
The network found that current data sources are not well suited to the analysis of exclusion in work. Data is scarce and fragile on topics like new forms of employment, such as agency work or hybrid jobs at the boundary between waged work and self-employment.

In its detailed study of the hotel, restaurant and catering and the textile sectors the network found that different forms of social exclusion occurred, both between these industries and across countries. The former sector was increasingly using temporal flexibility to sustain margins while the latter used numerical flexibility to maintain competitiveness. There was considerable national variation within these patterns. In the United Kingdom and Sweden, the two most strongly tertiarised economies studied, the levels of risk of working exclusion contrasted sharply, suggesting that national institutional features such as collective bargaining coverage and social security rules significantly affect social exclusion outcomes.

The researchers established a link between the erosion of employment status and deterioration of working conditions in terms of health, psychological and physical dangers, irregular schedules and violence at work. This relationship was linked to the decline in union bargaining power especially among SMEs. To combat exclusion in work, the network recommended a revitalisation of the mediating role of collective bargaining and the sectoral, national and European levels. Rebuilding collective bargaining processes and developing them at the European level are key aspects of social cohesion and solidarity.

The current modernisation of social security systems in some Member States is creating greater polarisation of society as the state system increasingly concentrates on the poorest groups, the network argued. This leads to a widening inequality with the retired and young entrants being particularly vulnerable. Some simple measures could improve quality of work such as ensuring that workers entitled to the minimum wage actually receive it.

The network argued that the concept of lifelong learning could have a negative effect on social exclusion. Education and training throughout life could become a succession of obstacles constantly renewed that would have to be overcome to avoid the process of professional and social exclusion. To avoid this development the network argues for the development of a framework that could foster positive flexibility and make possible mobility as a choice for individuals. Lifelong learning should be institutionally designed to increase the possibilities of choice for individuals, especially the less skilled. Rights to paid educational leave should be generalised as well as norms regarding the amounts to be spent on training. Continuing vocational training should not benefit only the more educated as is currently the case.

DISSEMINATION
Papers were presented at a seminar in Bologna in 1999, at a seminar at Université d’Evry on the working poor in October 2000 and at another in Aix-en-Provence in June 2001.

SECTION 4. >


PUBLICATIONS’ LIST


BACKGROUND
In recent years, globalisation has brought a more cosmopolitan atmosphere to many urban industrialised economies, with greater intermingling of cultural experiences and goods. It has also encouraged the migration of people from less-developed to more advanced economies.

Traditionally, immigrants were viewed as a supply of cheap, low-skilled labour in industrialised economies. However it is now apparent that by using their networks, skills and hard work they are some of their host countries’ most productive entrepreneurs, stimulating the economy as well as providing jobs for other immigrant workers. In addition, with their different working patterns and supply networks they have been able to cater for changing consumer needs.

Immigrant entrepreneurs often differ from indigenous entrepreneurs through their access to sources of ‘foreign’ goods and services, which appeal to today’s more exotic cultural and consumer tastes. These entrepreneurs are prepared to put in longer hours of low-paid work than indigenous entrepreneurs do. Some are concentrated in the retail industry (‘corner shops’), while others are based in the informal economy, operating outside existing regulations, with governments turning a blind eye.

> Project objectives
While government policy encourages immigrant entrepreneurs because of all their associated benefits, more research was needed to fine-tune these measures. The ‘territory’ in which these businesses operated needed to be ‘mapped’, and the national contexts analysed in order to provide a solid foundation for future research, so that national comparisons could be made and information supplied to generate positive state measures.

The project set out to establish an international network of researchers, entitled the ‘Working on the Fringes Network’ to study the role of immigrant entrepreneurs and their involvement in informal economic activities. This network aimed to establish a clearer framework for assessing how far existing national rules, regulations and policies were supporting or hindering immigrant businesses and for identifying sets of ‘best practices’ in immigrant businesses.

As well as being useful to social researchers, the project findings were aimed at policy-makers and practitioners working with newcomers and small businesses in urban contexts.

WORK UNDERTAKEN
The ‘Working on the Fringes Network’ brought together research institutions in Austria, France, Germany, Israel, Italy, the Netherlands and the United Kingdom. It was coordinated by the University of Amsterdam’s Institute for Migration and Ethnic Studies.

The project was based on four international meetings of researchers and practitioners studying or working with immigrant entrepreneurs. These meetings generated an impressive array of research papers, making up three volumes in all.

> Four international meetings
The first – kick-off - meeting on 16-17 April 1999 in Amsterdam brought together all the participating research institutes. At the meeting the participants contributed their initial findings on the different national contexts for immigrant businesses. This helped to establish the project methodology and set the agenda for future meetings.

At the second meeting in October 1999, the participating institutes were joined by experts from Australia, Canada, South Africa and the USA. All participating organisations presented comparative national analyses of immigrant businesses and by evaluating the validity of these national definitions and concepts, participants were able to develop a common vocabulary for analysing specific terms such as ‘the informal economy’, ‘the entrepreneur’, ‘ethnic businesses’, etc. This meeting was a crucial starting point for the project’s collaborative and theoretical work.

The third meeting, on 17-20 June 2000 in Jerusalem, focused on an examination of the economic aspects of immigrant entrepreneurship in relation to a country’s national economic structure. Seventeen papers were presented and their findings constituted the basis for the policy analyses that were presented at the following meeting.

The final meeting (22-25 March 2001) was held in Liverpool, United Kingdom and addressed the issue of ‘Public Policy and the Institutional Context of Immigrant Businesses’. This meeting brought together core members of the network, plus international researchers and practitioners and policy-makers. A total of 18 papers were presented which concentrated on the political and legal aspects surrounding immigrant entrepreneurs, and identified a number of best practices for government or private intervention.

KEY OUTCOMES / CONCLUSIONS
The Network came up with three sets of results: it overcame the statistical problems of comparing entrepreneurship in different countries; it developed an analytical framework to study trends in immigrant entrepreneurship; and it applied these tools to produce research findings.

The research exposed the difficulties of making cross-border comparisons because of the lack of uniform statistical data, both in terms of what the term ‘immigrant’ means in different countries, and because definitions of ‘entrepreneurship’ differ between countries, making transnational comparisons difficult.

To overcome this, the researchers used national statistical sources to build up a picture of immigrant entrepreneurship trends in each country. The participants then created an analytical framework to look at the role of the entrepreneur and the economic context.

Members of the network realised the importance of combining ethnic and socio-cultural factors with politico-economic factors and examined the way to match potential entrepreneurs with economic opportunities. To do so they used the concept of ‘mixed embeddedness’ that took into account the supply of immigrant entrepreneurs, their opportunities and the institutions that mediated between aspiring entrepreneurs and possible business openings.

> Overview of results
The first finding was that immigrant entrepreneurship was blossoming in Europe, partly as a result of the structural change brought about by post-industrial economies, although it was concentrated at the lower-end of the market. These ‘new
immigrant entrepreneurs are highly skilled, highly educated and mobile – moving easily between business sectors. As a group they differ from indigenous entrepreneurs because they have better access to informal labour – often employing members of their extended family.

Because immigrant businesses are a feature of European advanced urban economies, the network wanted specific economic and social policies to cater for them, for example increasing their human potential through advice or training, or increasing their access to financial resources. The research found that social capital – using the resources of other members of the same social network – was often undervalued, so advocated policies to open up networks of indigenous actors to immigrant entrepreneurs.

The second recommendation was improve opportunities for immigrant businesses by reducing the rules and regulations for starting a small business and changing policies relating to urban planning and zoning. The third recommendation was to match supply with demand, by encouraging businesses to fill manufacturing gaps through lowering financial thresholds to start businesses and adopting policies to ease bankruptcies.

Finally, the network suggested that the European Union should develop new, more sophisticated regulatory frameworks to accommodate small business, for example by encouraging immigrant entrepreneurs to set up a ‘European’ silicon valley.

**DISSEMINATION**

The findings were disseminated through a website, an electronic newsletter and a virtual library of network members’ publications. The research findings were also published as collected papers.

**PUBLICATIONS’ LIST**

The project partners produced a number of special issues of journals to publicise the results:


Further details can be found at these web pages:

users.fmg.uva.nl/jrath/ImmEnt/tser.htm

users.fmg.uva.nl/jrath/ImmEnt/entrepre.htm

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**PROJECT DETAILS**

**FULL TITLE:** Working on the Fringes: Immigrant Businesses, Economic Integration and Informal Practices

**ACCRONYM:** WORKING ON THE FRINGES

**CONTRACT NUMBER:** 98-3065

**THEMES ADDRESSED:** Social cohesion, migration and welfare – Employment and changes in work

**KEYWORDS:** immigrant businesses, informal economy, enforcement of laws, institutional context, integration, migrants

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Dr Giles Barrett, Liverpool John Moores University, United Kingdom

**START DATE:** 1999-01-01

**END DATE:** 2001-12-31

**EC FUNDING:** € 420 000
Enterprise education boosts skills of at-risk youngsters

BACKGROUND
Factors such as political realignments, reducing trade barriers, ICT, lifestyle choices and international capital flows are combining to bring great opportunities but also great uncertainties and complexities for European society. Dealing with the changing world is increasingly demanding enterprising behaviour at all levels. This raises the question of how entrepreneurship and enterprise can be taught in European schools.

The overarching objective of the research was to develop a model, transferable across the EU, the rest of Europe and beyond, for developing the enterprise of 14-19 year olds in danger of social exclusion because of social and economic disadvantages. The specific objectives were:
1. to document from existing research the variables relevant to a programme transfer from one European country to another
2. to document and then publish the indicators of quality in the process of developing enterprise in the target group
3. to document and publish the indicators of quality in the development of education and training programmes for the target group
4. to document and publish the role of the social partners in the development of enterprise in the target group
5. to test models for the development of enterprise in this target group in a range of locations in each of the partner countries and refine the models in the light of these experiences
6. to make recommendations for specific actions by policy-makers and practitioners to maximise the applicability and effectiveness of the model
7. to disseminate the results of the research across the EU and beyond.

WORK UNDERTAKEN
Through desk research, the partners developed frameworks for effective practice on the following themes: the transfer of a programme from one country to another, the development of enterprise in 14-19 year olds, effective education and training programmes for 14-19 year olds in danger of exclusion, and the development of enterprise in 14-19 year olds from communities in danger of social exclusion for social and economic reasons.

The research documented the indicators of quality in the development of enterprise education generally, and for 14-19 year olds in danger of social exclusion in particular, and looked at the role of the social partners in the process.

Having developed models for enterprise development in the target group, the researchers then went on to test them in a range of locations in each of the partners’ countries and refine them in the light of these experiences.

Finally the partners aimed to make recommendations for specific actions that could be adopted by policy-makers and practitioners.

The project developed the Entrance project model from a model developed in Israel called Think Industry. It covered topics including developing an idea, carrying out a feasibility study, preparing a prototype, raising capital and advertising. It was tested in 12 pilot sites in Hungary, Israel and the United Kingdom. National implementation teams and teachers/facilitators in the pilot sites were briefed and trained in the model, and youngsters working in groups went through it. Students completed baseline and exit questionnaires before and after participating in the Entrance programme and face-to-face interviews were also conducted.

KEY OUTCOMES / CONCLUSIONS
The Entrance project demonstrated that enterprise education has a measurable impact on at-risk youngsters in particular by developing personal and interpersonal skills. It suggests that those youngsters considered most at risk at the outset benefited the most. After studying the feedback from students who had experienced the enterprise education, the researchers concluded that youngsters in Israel and the United Kingdom had:
- raised expectations of themselves in the educational system
- wanted to continue with their studies
- improved their attitudes to current studies
- were keener to indicate school encourages them to face the future optimistically
- raised their expectations of themselves in terms of future jobs and status
- were more confident working in a team, weighing up strengths and weaknesses of a situation and problem solving; felt more confident to see jobs through to the end and review how well they had done
- saw themselves more positively.

Criteria for effective enterprise education were developed, which included ensuring the programme had a width of values to allow the whole community to be involved and generated a balanced range of student outcomes. Adequate preparation, adequate support to staff and to youngsters during implementation and good teaching practice were also key.

The Entrance project showed that enterprise education helped youngsters at risk of social exclusion improve social skills such as communication skills, problem solving, developing values, negotiating and planning ahead. It also demonstrated that documented approaches to teaching and learning for at-risk youngsters could be integrated into enterprise education.

The partners concluded that an enterprise education programme that is successful in one society can be successfully transferred to another society if there is sensitivity to its history, culture and structures.

DISSEMINATION
A website was created (www.euentrance.com) and national and European dissemination seminars took place in 2001. An advice and consultancy service was launched in 2001.

PUBLICATIONS’ LIST
The research partners have published their findings widely in research and other papers.
**Project Details**

**Full Title:** Enterprise and its Transfer to Combat Social Exclusion (ENTRANCE)

**Acronym:** ENTRANCE

**Contract Number:** 98-3068

**Themes Addressed:** Social cohesion, migration and welfare – Employment and changes in work – Education, training and new forms of learning youth, social exclusion, enterprise skills, business start-ups, training

**Keywords:** youth, social exclusion, enterprise skills, business start-ups, training

**Main Contractor:** University of Warwick Centre for Education and Industry University of Warwick, Westwood, Coventry GB Coventry

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**Website:** www.euentrance.com

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- Prof. Csab Banfalvy, Barczi Gusztav Faculty of Special Education, Eotwov Lorand University, Budapest, Hungary
- Shmuel Weiss, Association for Industry Community Relations, Tel Aviv, Israel
- Dr Joan Aparisi, University of Valencia, Spain

**Start Date:** 1998-12-01

**End Date:** 2001-12-01

**EC Funding:** € 456 500
BACKGROUND
The project’s initial thesis was that “although the rise of the Penal State has been particularly spectacular and brutal in the United States, the temptation to rely on carceral institutions in order to counter the effects of the social insecurity caused by the imposition of precarious employment and the correlated shrinking of social protection is also being felt throughout Europe.” While rates of imprisonment vary considerably from one EU country to another, in most but not all cases they are rising. People of non-European background are “massively over-represented” within the prison population. Despite differences in national traditions and realities, “the penal policies of Western European societies generally became tougher, broader and more openly directed towards simply protecting the social order, at the expense of reinsertion, just at the time when these societies were reorganising their social programmes in a more restrictive way and their labour markets in a more permissive one.” The shift from social measures to penal ones “is all too evident in the recent tone of public discourse on crime” and in “the urban disorder and antisocial behaviour which are proliferating as the established order loses its legitimacy in the eyes of those who are condemned to a marginal existence by the economic and political changes currently underway.” At the European level, “the European Penal State is already being installed in practice, whereas the construction of a possible continent-wide Social State is vegetating at the stage of drafts and pious wishes.” Thus, “the directors of the prison services of Council of Europe member countries have been meeting regularly over the past two decades in order to compare their experiences and coordinate their practices. The Treaty of Maastricht institutionalised co-operation on the maintenance of order and promises to speed up penal harmonisation. The creation of Europol and the activities of the committee known as K4, charged with promoting policy convergence between Member States in the fields of the judiciary, immigration and the right of asylum, policing and customs, are steps in the same direction.” The researchers’ aim was to examine the mechanisms behind the Penal State, notably the intermeshing of social and penal policies. As a tool for the effective analysis of these issues across differing national cultures and practices, they set out to develop an extensive glossary.

WORK UNDERTAKEN
The work carried out by the various teams was at two levels. First, a series of studies was undertaken. Its aims and modalities were designed and revised jointly as the project advanced. Due to the nature of the topic, research by each of the national teams took different courses. There was to be no uniform outcome, as “the studies take into account, indeed take as their subject, ‘national’ specificities, albeit as a preliminary to comparative research.” One aim was to identify and describe these particularities, but “within a logic that construes them as ‘particular cases’ in a universe of possible ones.” For this reason, much of the work, notably the series of monographs and the related issues (selection of populations and topics, definition of theoretical aims), was under the sole responsibility of the national teams. Each team was felt to be the best qualified to define its own research operations and their results. The second stage consisted of joint comparative work. The main product of this was an extensive glossary, on a CD-ROM, which shows how the association between penal and social policy is differently expressed in each national culture. This glossary was seen as an essential tool for “comparing what is comparable”.

KEY OUTCOMES / CONCLUSIONS
The researchers concluded that a Penal State is indeed emerging in the countries studied. “Some social programmes targeted at young people favour the emergence of new surveillance-oriented professions, while new instruments aimed mainly at law enforcement, and involving actors traditionally engaged in the maintenance of order, incorporate what are generally regarded as ‘social’ objectives (or ‘health’ objectives) and formalise new professions with ‘relational’ competences but without the power to sanction or judge.” So the new agents of enforcement are, to some extent, in the caring professions rather than the penal ones. Surveillance tasks are evolving and, “by a process of increasing specialisation”, the agents charged with the maintenance of order are multiplying. Comparison of glossary items also prompted questions about the very notions of “penal” and “social”, the content of which “turned out to be malleable”. They are interpreted differently according to which agents are involved, and this opposition "sometimes structures certain institutions". For instance, the “relational” aspects of community policing have not gone down well in some parts of the French police, while in Germany, workers in legal aid centres for young people “resist the monitoring and investigative roles which police officers tend to assign them”.

The researchers see the substantial glossary generated by the project as “an effective tool for highlighting national specificities without attributing them to ‘cultural’ differences that are substantified and therefore unexplainable.” National differences and similarities are “the product of precise historical traditions which have been objectivised in institutions and stabilised in certain waves of understanding problems. The shared will to combat youth unemployment, and the apparent homogeneity of the ideological law-and-order discourse, hide multiple variations which can be grasped only if they are placed in their specific context.” At the European level, “all the indications are that the ‘downward’ alignment of ‘social’ Europe, bringing with it a new loosening of political regulation of the labour market and a continued weakening of collective protection against the risks facing wage-earners (unemployment, sickness, retirement, poverty), is ineluctably accompanied by the ‘upward’ alignment of ‘penal’ Europe, through the generalisation of the most repressive doctrines and policies on crime and punishment.” This trend also has wider social costs, the study concludes. For example, “in the short term, a rise in the prison population reduces the unemployment rate by making a sizeable group of job-seekers from the statistics. But in the medium to long term, it can only make things worse by making ex-prisoners less employable – or unemployable – in a highly overburdened market for unskilled labour.”

DISSEMINATION
Many articles in specialised journals and the mainstream press. Incorporation of the research results into books written by project participants. Theses written by young researchers engaged on the project. Glossary published on CD-ROM.
PUBLICATIONS’ LIST


BACKGROUND
The aim of the project was to describe the processes through which individuals and households in precarious situations slip downward towards poverty and social exclusion.

It sought to combine traditions within Europe and research on social exclusion and poverty. The Anglo-Saxon tradition focuses primarily on distributive issues such as income inequalities, resources and the proportion living under the poverty line, while the Continental European tradition looks more at relational issues such as social participation, social networks and lack of power. Betwixt sought to identify urban areas in deprivation using quantitative methods such as statistical mapping of poverty and social exclusion but also, through case studies and interviews with households, to analyse how urban households are coping with their conditions.

Betwixt had five particular objectives:
- to map social segregation statistically in several European cities and to trace emerging commonalities and differences
- to investigate the social and material resources available and accessible to those living in precarious situations
- to examine the social processes that lead to exclusion in urban areas by studying people on the edge of poverty and exclusion,
- to identify strategies which help prevent people falling into social exclusion
- to trace the implications for the content and delivery of policies on social exclusion at local, national and EU levels.

WORK UNDERTAKEN
The project had five stages. Firstly statistical studies of seven European cities - London, Dublin, Helsinki, Lisbon, Turin, Toulouse and Umeå - were conducted to construct city maps of poverty from available census and registration data.

In the second stage, one district of each city where it could be assumed that there were a high number of households in precarious situations was then selected and a neighbourhood within each district was studied closer. The researchers built up pictures of these neighbourhoods covering factors such as their population, employment situation and proximity to welfare agencies. Interviews were held with key local actors to gain their views on the resources and challenges of the neighbourhood.

In the third stage, adult members of households in precarious situations were interviewed and their problems, resources and coping strategies recorded. The fourth stage involved organised group discussions between households and key local actors to feed back project results and allow for a collective expression of people’s situations. The final stage was identifying what was of general importance and drawing policy recommendations for the European commission.

KEY OUTCOMES / CONCLUSIONS
The researchers discovered a wide variation in the level of spatial segregation within the Betwixt cities. Helsinki and Umeå in Scandinavian countries with histories of strongly redistributive social and spatial policies showed the least urban spatial segregation, while Dublin and London in the relatively less regulated economies of Ireland and the United Kingdom showed the most. Lisbon, Toulouse and Turin had intermediate levels.

In all of the cities there was a perceived hierarchy of status among neighbourhoods. Each of the cities studied, however egalitarian they were, had low status neighbourhoods where few people would voluntarily choose to live. The stigma a neighbourhood acquires may not always be justified but is hard to rectify and should be recognised as an independent dimension of neighbourhood disadvantage.

Spatial segregation gives rise to poverty black spots in urban areas as a consequence of social inequalities between households, and only in a secondary sense as a consequence of the spatial distribution of households. Thus reduction in inequalities between households rather than social mixing policies per se, is the best protection against neighbourhood disadvantage. The researchers argue that policies which aim to combat differentiation between prosperous and poor areas by focusing primarily on its spatial manifestations such as social mixing pursued through housing tenure mix, are likely to address symptoms rather than fundamental causes and are thus likely to have only a modest impact.

With respect to employment, the study concurred with other studies that gainful employment is the best safeguard against individuals or households falling into social exclusion but it argues that this alone is not enough. It has to be combined with social protection. For those for whom it is not possible to get an adequate income through employment, the project report says it is extremely important that the social protection system is generous and universal and that benefits are high enough to secure a stable household income.

People such as the elderly or disabled who cannot work are more dependent on social networks which may or may not include the family and statutory or voluntary agencies. The researchers found that networking was strongest where social provision was best (the Scandinavian countries), and that where public provision and resources were weaker such as in London and Lisbon, family ties, neighbourly energy and voluntary effort could be inadequate or break down completely. They concluded that good public funding and provision plays a crucial role in supporting the development and maintenance of good social networks.

Access to comprehensive and good quality services such as childcare, schools, leisure facilities and health centres are important in creating socially coherent and stable neighbourhoods, but are particularly important in precarious neighbourhoods because social networks are more vulnerable and the risk of health problems greater.

DISSEMINATION
The authors have published their findings widely and presented them at national and international conferences.

PUBLICATIONS’ LIST
Fahey, T.and Boje, T., ‘The struggle to get by: Households and Neighbourhoods on the Edge in Seven European cities’.
### PROJECT DETAILS

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<td><strong>START DATE:</strong></td>
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BACKGROUND
Understanding and reducing social exclusion and improving integration are pressing challenges for European decision-makers. A lack of integration or disintegration or fragmentation of social relations not only prevents people from participating in society but also creates the conditions for inter-group tension and anti-social behaviour. While unemployment is generally seen as the most important element of social exclusion, there are other important factors relating to the extent and quality of social networks. The URBEX project set out to:

- assess how spatial patterns of social exclusion should be determined and mapped in European cities and how different factors affect integration and exclusion
- assess the ways in which changing factors such as economic and labour markets, political participation, welfare states and housing systems, household structures and social networks determine the patterns of spatial segregation and concentration of poverty in different European cities, and determine the impacts of such concentrations on integration and exclusion
- examine ethnic minority and other social groups that are particularly affected by processes of exclusion and assess the factors most relevant to their situations.

WORK UNDERTAKEN
Research was carried out in 11 cities (Amsterdam, Rotterdam, Brussels, Antwerp, London, Birmingham, Berlin, Hamburg, Milan, Naples and Paris) in six Member States. The researchers gathered data on the types of welfare state and the economic structures of the cities and their metropolitan areas, and mapped different dimensions of social exclusion in each of the cities. The study concluded that the processes and dynamics of social exclusion were another cause of exclusion. A third type of trajectory was defined as biographical cumulative disadvantage where individuals managed to solve one kind of problem but only in a way that brought about different problems.

Almost all the individuals in the target group studied had tapped into some form of state assistance such as housing or unemployment benefits or tax reductions. The exceptions tended to be from immigrant households who lacked the citizen rights of natives. The benefits systems varied across the countries with the Netherlands being the most generous and Italy, where benefits vary by region and are group-specific, the least.

The weakening of social networks was found to be a general phenomenon across the neighbourhoods studied. Weakly developed social networks were found among immigrants, single mothers and long-term unemployed people in peripheral neighbourhoods in the Dutch cities, in Milan, Hamburg, Brussels, Antwerp and London.

One remarkable finding of the research was that at-risk individuals did not always try to develop re-integration strategies that corresponded with the available opportunity structures. Even in cities where labour market opportunities are good, the URBEX project found that people in the target groups are not always applying strategies to enter the market. It also found a correlation between the length of time an individual had been unemployed and their reliance on benefits.

The study concluded that the processes and dynamics of individual neighbourhoods are complex and interwoven. Welfare systems, the local economy, location and housing combine with issues related to demographic change and migration to determine the profile of a neighbourhood.

DISSEMINATION
The URBEX project has generated 22 papers and a website has been developed: www.frw.uva.nl/ame/urbex A conference was held in May 2001 in Amsterdam and a series of lectures were also held in Amsterdam.

PUBLICATIONS' LIST
FULL TITLE: The Spatial Dimensions of Urban Social Exclusion and Integration: A European Comparison Urbex

ACRONYM: URBEX

CONTRACT NUMBER: 98-3072

THEMES ADDRESSED: Social cohesion, migration and welfare – Societal trends and structural changes

KEYWORDS: spatial segregation, social exclusion, cities, community, policy impact, comparative, ethnic minorities

MAIN CONTRACTOR: Universiteit Van Amsterdam

SCIENTIFIC COORD.: Sako Musterd

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START DATE: 1998-12-01

END DATE: 2001-05-31

EC FUNDING: € 1 250 000
BACKGROUND
ECOBAZ studied the legal and illegal transnational commercial activities carried out by migrants around the Mediterranean basin. They called this the ‘bazaar’ economy. It covers the vast array of underground and informal commerce where every object has a price and can be traded.

The seven research teams wanted to understand this phenomenon better, which, they argued, was often underrated by the classical, formal, economy and overlooked in its social, political and moral concerns because of the assumed links with criminal activities.

WORK UNDERTAKEN
The project brought together sociologists, anthropologists, and criminologists. It carried out theoretical research on migrants’ commercial activities and their impact on the contemporary urban world. It also undertook a number of case studies looking at:
- The forms of informal commercial exchanges in strategic EU urban areas - Barcelona, Marseilles, Genoa, Milan, Antwerp and Alicante;
- The way migrant, nomadic and sedentary populations have become rooted in exchanges;
- The relational and social frameworks that make it possible to cross moral, political and institutional borders;
- The link between commercial zones with major informal market places (Abidjan and Istanbul in particular) and other ‘production areas’.

ECOBAZ examined the mobility of these entrepreneurs, how they build up contacts with other migrants and develop their rules, and how they interact with local society.

KEY OUTCOMES / CONCLUSIONS
ECOBAZ found the ‘bazaar’ economy spread with the new wave of migration. The first wave came at the invitation of European governments and with the agreement of the sending state. As a result, these migrants were given minimal institutional support by the receiving countries.

The researchers noted that migrants, who arrived in the second wave which followed this mobilisation by the Fordist economy, had to find their own place in European economies. The state did not assign a specific economic role for them and allowed these migrants to occupy the lowest segments of the labour market. Not always entering the EU legally, many had to learn to survive at the margins of society.

As a result, ECOBAZ concluded that they developed a new economic layer that largely falls outside State control and taxation and the limits fixed by the regular economy. They have survived by relying on individual strength and the solidarity that is born from the common experience of travelling and working in an informal economy.

The project criticised government policy, or rather the absence of government policy, which forces the marginalisation and further polarisation of migrants. Europe cannot close its borders, and there will always be migratory flows. It deduced that the absence of a policy that takes account of these flows and puts them within a clear institutional framework is without doubt the main factor pushing migrants without a status towards the most unregulated and least protected sectors of the economy such as agriculture, clothing manufacture, construction, and hotel and catering.

The researchers said many of the migrants involved in commerce have two key characteristics: they are transnationally mobile, and are able to connect well with others, transforming solidarity and the links made in exile into economically efficient relationships. Through personal links, they create a commercial environment which gives them access to credit, to confidence, and even to exclusive rights over certain products. The result is an informal economy that needs few technical skills, little hierarchical organisation and small capital and where the price can vary according to who is buying. They identify the social status of a potential client and fix the price accordingly: the wealthier pay more, the unskilled less.

Unlike criminal networks, these entrepreneurs do not resort to violence. If anything, they are the victims of it. ECOBAZ pointed out that public opinion often confuses informality with criminality. “They may work ‘outside’ the law but not ‘against’ it.”

In short, this new wave of migrants “never travels with empty luggage”. For many, their migration routes are commercial routes where people, capital and products join forces. The experience of exile, family reunification and so on, is combined with the commercial motive linked to the bazaar economy.

ECOBAZ found that social promotion is the main motivator of these commercial activities and not economic success and power. Often, it is also an individual endeavour. It does not lead to an inheritance of wealth. Instead, the networks accumulate knowledge and experience. Trading ‘secrets’ are transmitted but not wealth. One explanation is that these entrepreneurs are mainly seeking sufficient funds to feed their families in Europe and in their country of origin. Their turnover is often proportional to the amount of cash they need to care for those close to them. Researchers noted that because they take on the ‘political role of distributing resources’, they rarely break out of the limits of a small-scale economy of markets.

ECOBAZ concluded that the commercial activities are informal because they take place outside the rules of the formal economy, they involve little capital and infrastructure, and they put value on personal contacts and community links rather than organisations.

This economic universe is outside the control and intervention of states (although not acting against the state). This can be partly explained because state laws and regulations often make it impossible for these entrepreneurs to practise their trade within the formal economy and because this trade often ignores state frontiers. They flourish not because states turn a blind eye but because, by combining mobility, informality and transnationality, these entrepreneurs can function outside state territorial control. Their trade takes place on roads, on borders, in ports and in the coffee bars and hairdressers of high migrant areas of towns and cities. Their trading rules are fixed face-to-face and through personal links instead of organisational frameworks or formal laws.

DISSEMINATION
ECOBAZ disseminated its results through two seminars, in 1999 and 2000.
PUBLICATIONS’ LIST


BACKGROUND
Europe's social model is facing a crisis of confidence. It is under threat from budgetary pressures and international competitiveness issues. Many are questioning whether or not it works in today's globalised marketplace. At the same time social exclusion is a widespread, growing problem. Member States have to re-think their social protection systems.

The fundamental qualities at the heart of the European social model are too often forgotten or denied the recognition they deserve. Yet the desire of so many candidates for EU membership to adopt the main features of the model makes its attractiveness clear.

The determinants of social exclusion include family break-up and the evolving social function of the family (especially for women), immigration, technological advances and the changing nature of work. The relationship between employment policies and social exclusion has become a key aspect of EU policy-making ever since the European Employment Strategy was launched in 1997.

The move to a single currency was expected to bring about significant change in Europe's fiscal environment, particularly with restrictions on national fiscal policies. At the same time, the single currency was expected to enable more rapid economic growth. Such a monumental change raised questions about whether current policies were adequate for reducing existing social exclusion and how best to transform principles into policies at EU level.

With the advent of monetary union, the time was ripe to take a fresh look at what the EU does in the social policy field and how it does it. It was not taken for granted that the positive impact of the single currency on the economy would have equally positive effects on social exclusion. Monetary union was expected to shake up the policy framework by changing the mix of instruments available to different levels of government.

The EXSPRO project considered two key questions:
- Should there be more emphasis on ‘social’ in ‘European’ policy?
- Should ‘Europe’ be more prominent in the ‘social’ policies of Member States and sub-tiers of governance?

Research under the EXSPRO project concluded that both questions should be answered in the affirmative.

Participants undertook a comprehensive analysis of these issues, with a view to contributing to policy development. Proposed policies promote social inclusion in a broader understanding of the links between welfare and work. It also examined the roles of Member States, EU level institutions and other actors.

WORK UNDERTAKEN
EXSPRO brought together researchers from seven Member States from a range of social science disciplines to investigate the future role of the EU in social exclusion and social protection, but also to understand the influences underlying social exclusion and link them to the policy process.

The starting point was a fresh look at the concept of social exclusion: how European integration has affected it and is likely to do so in future. A coherent framework was defined to deal with social exclusion in terms of the capabilities of individuals.

This was used to underpin the policy proposals advanced in the latter stages of the project. Linked modules of work were designed around three broad themes:
- Concepts and values. This entailed developing concepts for analysing social exclusion in the EU, as well as identifying the value systems, ideologies and popular beliefs behind the processes and policies towards social exclusion.
- Processes. This module built on existing work on the processes behind exclusion with a view to obtaining an improved understanding of the links between European integration and social exclusion. It included comparative research but also clarified how European integration influences and causes the spread of social exclusion and the capacity of governments to deal with it.
- Policies. Social policy formation and implementation are the outcome of complex bargaining between disparate groups of stakeholders. In this process, the EU has been unable to develop its role. This module drew on experience of past policies aimed at combating social exclusion to identify lines for the development of EU policy.

Empirical work included investigation of the macroeconomic issues using extensive analyses of data, principally the European Community Household Panel (ECHP) and the Luxembourg Income Survey (LIS). Using ECHP and LIS, comprehensive tabulations were used to identify key characteristics of social exclusion and how they differed between Member States. Analytical work made use of regression and other statistical techniques to explain the characteristics of the socially excluded. They also examined the National Action Plans for employment produced by each EU Member State.

A priority was to investigate the policy process itself and to shed light on how trends in social exclusion bear on the reform of social protection systems, with particular emphasis on the prospective role of the EU. The policy research had three innovative elements:
- It brought together very different perspectives, ranging from macroeconomics to expertise in the detailed analysis of social policy.
- It sought to build on the common ground of the capabilities approach and analyses of regimes to drive pragmatic policy propositions.
- The research involved extensive engagement with policymakers.

KEY OUTCOMES / CONCLUSIONS
Participants concluded there was a compelling case for EU level action in combating social exclusion in so far as it could generate a powerful impetus among European political leaders on the inclusion of all within society. A European initiative in this field would demonstrate that the call for a European social model was not wishful thinking and that the EU’s aim was not to dismantle social protection systems.

The way forward was to build on the Social Agenda agreed at the Nice European Council in December 2000. This implied soft rather than hard law, but needed to be complemented by the political will to agree that EU-level involvement was both desirable and timely. The EU needed to establish legitimacy in the social policy area. In addition, the 1992 Council Recommendation that defined the European social model needed to be revised and strengthened to widen the scope...
Beyond an income guarantee to include health, housing and lifelong learning guarantees.

The EU’s commitment could also be shown in other ways, including:
- Accelerating work on social indicators that could be used to identify the extent of social exclusion and to monitor social policy performance.
- Promoting a consensus among Member States on setting anti-poverty targets, recognising that there was a commitment in all Member States to combat child poverty.
- Supporting pilot projects involving innovative schemes aimed at promoting social inclusion.
- Examining the merits of introducing a small, but distinct EU cash benefit to help raise public awareness and demonstrate that the EU level had a positive role to play.

Case studies revealed that EU governments had been trying to adapt their social welfare systems to give greater weight to activating measures. The rationale was partly that where there were transition labour markets and a more flexible labour market was sought, a more flexible social security system was needed. Researchers determined that an active welfare state amounted to more than an active employment policy. The excluded, facing multiple barriers, were unlikely to benefit from such policies. For this reason, employment strategies needed to be integrated with social programmes. Simultaneous planning of both was likely to increase the effectiveness of social programmes and enhance the political legitimacy of employment policies.

The encouragement of part time and other atypical work was an opportunity for many women and young people who positively welcomed ‘flexibility’ as it fitted better into their lives. The aims needed to increase the number of people in employment without being constrained by the number of hours worked. This would contribute to new forms of two-earner or one-and-half income households.

EXSPRO drew up guidelines for an EU pact to combat social exclusion based on participative measures, enabling citizens enabling them to participate in economic or social activity; productive social protection; mobilising economic and social actors in the fight against exclusion; and equality of treatment.

**DISSEMINATION**

Participants wrote books, reports and articles and made numerous conference presentations.

**PUBLICATIONS’ LIST**

Extensive publications – books and articles - are listed in the report. The principle academic output is two collective volumes and a special issue of the *Journal of European Social Policy*:


**BACKGROUND**

Many types of migrants flee their homeland and face differing receptions depending on their destination. They include political and economic refugees, the victims of traffickers who have paid dearly to be smuggled across a border, people with tourist visas who hope to get by when it expires, plus the many arranged and never-to-be-consummated marriages and attempts at family reunification.

There are many challenges associated with the process of family reunification and integration of immigrant families; however, the problems and influencing factors are poorly understood. The FARE project aimed to provide a European perspective of the issues and existing policies with a view to ensuring the well-being of reunified families and reducing the possibility of their marginalisation or maladjustment.

A recurring policy theme is the issue of national sovereignty and the right of nation states to decide who they allow to enter their country, set against the universal right of individuals to live with their families. References to the family principle as well as the reunification of refugee families were first endorsed by the United Nations Geneva Convention in the context of large refugee fluxes in post-war Europe. For the next two decades, labour migration was the main avenue for the movement of people. When this ceased in the 1970s, family reunification and asylum became the primary way of legally entering.

This led to the politicisation of the issue. Critics called for a more closed-door policy, arguing that many economic immigrants used it as a false pretext. In 1993, Europe took a first step towards a unified policy with the EU’s Resolution on the Harmonisation of National Policies on Family Reunification. It was limited in scope, but was followed in May 2002 by a European Commission proposal for a Council Directive on the Right to Family Reunification, which is still pending.

Family reunification has an impact on a wide range of policy fields, including housing, labour markets, social assistance and the urban environment. FARE evaluated these issues from both a sociological and an economic perspective in Sweden, the United Kingdom, Italy, France and Germany.

**WORK UNDERTAKEN**

The FARE team, which included specialists in social sciences, economics, psychology and sociology framed their work within the following objectives:

- To evaluate the process of granting family reunification from both qualitative and quantitative perspectives;
- To evaluate the consequences, with particular attention given to the kind of changes that occur in the family structure and families’ adjustment to their new environment;
- To evaluate the reunified family from both sociological and economic perspectives;
- To delineate existing support policy in immigrant reunification policies to gain a better understanding of the areas in which these families need additional assistance;
- To develop a standard criteria for family reunification policy ranging from the process of granting family reunification to support policies for reunified families.

The first step involved examining and comparing national legislations and their adherence for the 1993 Resolution. An important finding was that there was a tendency to assume a certain coherence in family reunification policy in principle, but in practice the procedures differ. For example, the type of family that is entitled to reunification. For example, Italy gives greater recognition to extended family, whereas other European countries recognise same-sex couples. Another debatable point concerns the application of international conventions to national legislation, for example, in dealing with applications in a “positive, humane and expeditious manner”.

Next, field research was carried out to understand and evaluate the impact of the legal and bureaucratic procedures. Forty reunified families in each country were interviewed. The sample was intended to be representative of the larger immigrant community in each partner country. To understand the impact better, it was decided that reunification had to have take place at least three years prior to the interview.

FARE partners drew up a questionnaire that included 50 yes/no and several multiple choice questions concerning the social impact of reunification, together with its economic and psychological effects. The purpose was to examine reunified families’ experience in the receiving countries. Informal interviews focused on social and economic impacts, training aspects and psychological and educational issues; others involved a psychoanalytic approach whereby the interviews took place in a professional, formal and appropriate setting.

**KEY OUTCOMES / CONCLUSIONS**

The project team was particularly interested in the socio-economic outcomes of family reunification. The analysis revealed a fundamental difference between the motivation behind the original migration and family reunification, with economic motives playing only a minor role in the latter. However, family reunification was found to improve not only the welfare of families but also labour market productivity due to the increase in the volume of work performed by households.

Where reunified families lack family and community support networks within the ethnic group of origin, family well-being was more difficult to achieve. The country of origin was also an important factor in determining socioeconomic and occupational outcomes. Research revealed a number of problem areas:

- How to protect the best interests of family members, particularly children, in view of the trauma associated with relocation and the difficult social and economic circumstances in which migrant parents often find themselves;
- How to avoid marginalisation and maladjustment, which are common outcomes of family reunification;
- How to deal with conflicts that emerge after the second generation between parents and children, resulting in the disintegration of the family unit;
- How to resolve gender issues that may arise as a result of the clash of different socio-cultural and religious traditions, with their associated values and expectations.

The team concluded that it is insufficient to make provision for equal rights. Specific measures are needed for groups at risk. They recommended that support policies be implemented to redress the imbalance between the host population and reunified families by identifying families with specific difficulties and creating tools to prevent or counteract the problems they were experiencing.

However, team members noted that programmes specifically

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**SOCIAL COHESION, MIGRATION AND WELFARE**

**SECTION 4.** Towards better understanding family reunification
designed for ethnic minorities do little to change the overall situation of ethnic minority groups in society. They may even be counterproductive if they slow down the social integration process. Examples of effective support policies targeted at reunified families would be parental guidance services for the education of children in the new country or family counselling. Support policies appear to be more likely to achieve their objectives when social workers are themselves immigrants or from ethnic minorities. The most useful and efficient services are those provided by NGOs working on wider issues of social integration.

The team made a number of specific recommendations as regards entitlement and process in the amended proposal for the 2002 Council Directive on the right to family reunification. The recommendations cover entitlement and process. They propose a general standardisation of the application process across Europe. They do not support the creation of national offices specifically to deal with family reunification, but advocate special treatment for reunified families, with privileged access to welfare benefits and services.

DISSEMINATION
A handbook was produced for practitioners, which distinguishes between indirect and direct policies, as well as a policy recommendations document.

PUBLICATIONS' LIST
‘Europeanising’ research on social welfare systems

BACKGROUND
Social welfare systems remain a national responsibility, but in all Member States they face similar challenges and pressures, including the ageing of the European population, the fiscal constraints of the European Monetary Union (EMU), changing patterns of work and increasing fiscal policy competition. Traditionally, research in these areas is done in national institutes that often function as a conduit between the academic community and national policy-makers. Despite the similarity of the problems and their obvious European dimension, research and policy advice starts from a national point of view. When the European perspective is taken into consideration, it is usually diluted, diffused by national issues. At the same time, similar studies are being produced in many countries, such as ageing and the future of the welfare system, and the impact of EMU on labour markets.

ENEPIRI was created to bring together leading national institutes from seven EU Member States and the-then accession countries: Germany, France, Poland, the Netherlands, Spain, Sweden and Italy. The research network’s objective was to ‘Europeanise’ the work on labour markets and social security systems. Greater collaboration was expected to enhance ongoing research work and lay a foundation for analysing European issues as they arise.

WORK UNDERTAKEN
The work programme was divided into 13 main packages, including 12 research workshops and two conferences. Annual meetings were held at the Centre for European Policy Studies in Brussels (CEPS) and involved a steering committee comprised of research directors of the participating institutions. CEPS managed and coordinated the network through both a senior and junior research fellow.

These meetings addressed the following issues:
- The impact of ageing;
- Can the EU save for its ageing population in the rest of the world?
- What are the different roles of private and public pensions?
- How to evaluate welfare systems (generational accounting);
- The threat to national welfare systems in an integrating Europe within which tax bases become more mobile;
- The links between welfare systems and employment that determine the financing potential;
- The consequences of welfare systems for (international) mobility of labour;
- Can the principle of mutual recognition be extended to labour markets?

An ENEPIRI-specific library was created and a website designed and maintained by CEPS: www.enepri.org.

KEY OUTCOMES / CONCLUSIONS
The project has resulted in long-term collaboration among the partners and the network has grown to include 22 leading national economic policy research institutes. Its goals are to foster the international diffusion of existing research, coordinate research plans, conduct joint research and increase public awareness of the European dimension of national economic policy issues. The activities are coordinated and managed by CEPS.

At the conclusion of the three-year project, participants grouped their findings into three main categories: labour market asymmetries, policy rules and ageing.

Labour market asymmetries
Within the ‘old’ EU-15, such asymmetries will continue to exist. Substantial obstacles remain to the ‘Europeanisation’ of wages. The mobility of labour into the EU from third countries and new Member States will be considerably higher than mobility between the EU-15, but it will still be limited.

Policy rules
Simulations with large-scale macroeconomic models do not provide conclusive evidence concerning the nature of the cross-border spill over of fiscal policies in the EMU. When it comes to stabilising the economy or absorbing adverse shocks, relatively simple policy rules could potentially be more efficient than discretionary policy measures.

Ageing
Policy evaluation needs to be based on the consequences for income maintenance of different cohorts and socio-economic groups. A new methodology could show variations in the fiscal burden according to differences in the number of dependants, the difference between net taxes paid by families of a certain type and those paid by the same type of family with one child less, the so-called marginal net subsidy, or MNS.

DISSEMINATION
ENEPRI held 12 research workshops, two conferences and three annual meetings. Working Papers, Occasional Papers and conference volumes have been published and are also available on the website.

PUBLICATIONS’ LIST


# Project Details

**Full Title:** European Network of Economic Policy Research Institutes  
**Acronym:** ENEPRI  
**Contract Number:** 99-00004  
**Themes Addressed:** Social cohesion, migration and welfare – Societal trends and structural changes  
**Keywords:** welfare systems, employment, impact of ageing, financing of welfare, financing of pensions, labour mobility, general equilibrium analysis, generational accounting, quantitative analysis, policy proposals  
**Main Contractor:** Centre for European Policy Studies  
**Scientific Coord.:** Daniel Gros  
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- Stefania Gabriete, Istituto di Studi e Analisi Economica (ISAE), Italy  
**Start Date:** 2000-03-01  
**End Date:** 2003-11-30  
**EC Funding:** € 465 875
BACKGROUND
The RETURN Project was concerned with how employers ‘handle’ employees who become ill or injured, and especially those who move into the ‘long-term absence’ (LTA) category. This is defined differently in various countries, but is often used to mean an absence of over six weeks. RETURN sought to analyse current practice in the six participating countries (Austria, Finland, Germany, Ireland, Italy and the Netherlands), to produce relevant materials targeted at various audiences, and to draw up policy recommendations for the EU and national governments. LTA is an issue of concern to at least three parties: the state, employers and individual employees. In 1993, income maintenance for disabled people constituted the third-largest item of social protection expenditure in the European Union. At 10%, it came in behind healthcare and old age pensions, but ahead of unemployment. Direct costs to the employer include obligations under sick pay arrangements, overtime for existing staff and higher insurance premiums. Indirect costs include replacement costs and loss of expertise. The ill/injured employee remaining at home on LTA also pays a price through reduced income, reduced social status and the stigma/isolation caused by exclusion from paid working life.

WORK UNDERTAKEN
RETURN’s Work Programme comprised four phases:

> Phase I – System perspective
The system descriptions were based on documentary research. Researchers in each participating Member State produced a matrix of all legislation, policies, financing and delivery systems relevant to LTA. The resulting country matrices were indicative of the complexity and diversity of approaches to LTA throughout Europe. In addition to documenting each national system from a macro perspective, a map of the system from the perspective of an employee who became ill or injured was constructed.

> Phase II – Expert perspective
An expert survey workshop verified what was already known about return to work strategies, investigated areas of uncertainty and made extensive use of the experts’ knowledge. It included 18 participants from rehabilitation, social insurance, occupational health, research, social partners and policy-making backgrounds in eight countries. The survey was organised into three broad areas: service provision and organisation; company-level issues; and policy and practice issues.

> Phase III – Employer Perspective
The RETURN Protocol was developed by the research team through a number of team meetings and consultations with stakeholders. The company case studies were carried out in order to evaluate its effectiveness in characterising company-based procedures to examine current policy and practice in relation to LTA employees – and more broadly on occupational DM – and to generate recommendations to companies about good practice.

> Phase IV – Project Deliverables
See Key outcomes below.

KEY OUTCOMES / CONCLUSIONS
The RETURN deliverables were designed to provide a multi-level, comprehensive response to the issue of long-term absence. Each deliverable was targeted at a different audience.
- An Easy Access Guide, for those recently experiencing illness and injury which might jeopardise their employment, was prepared for each participating country.
- In parallel, a Good Practice Guide for employers and worker representatives was developed, which outlines the policies and management issues in relation to reducing long-term absence.
- The RETURN Protocol (see Phase III, above) was revised to ensure that it was relevant across all Member States participating in the project, with a view to creating a learning tool for employing organisations wishing to improve their response to long-term absence.
- A Training Programme Specification was also developed, targeted at human resource managers and worker representatives. It draws attention to the issue of long-term absence and promotes more effective responses.
- Finally, a policy document for the European Union, outlining how a more integrated policy approach can be achieved at European level, was developed.

> EU-level Recommendations:
DG Employment
- Integrate return to work concerns into the Employment Strategy and National Action Plans.

DG Public Health
- Integrate return to work concerns into quality of work and quality of life policies.
- Integrate return to work concerns into public health policy.
- Integrate return to work concerns into health and safety policy.

DG Research
- Integrate return to work concerns into research policy and programmes.

> Cross-cutting policies
- Establish a definition of long-term absence.
- Establish a policy in relation to early intervention.
- Develop an information and awareness programme.
- Include job loss and job retention data in current statistical initiatives.

> National-level Recommendations:
The recommendations target five main areas for development:
- Leadership and coordination
- Service provision
- Attitudes and awareness
- Research and information
- Financing of rehabilitation and reintegration.
The project achieved consensus on many issues. For example, there was general agreement amongst all stakeholders, experts and user group participants that long-term absence should be defined as more than six weeks’ absence. National user groups confirmed the content validity of the RETURN deliverables from their perspectives as national stakeholders. In all countries, the lack of clear responsibility for responding actively to long-term absence was identified as a major challenge.

**DISSEMINATION**

The participants in most of the user groups agreed to engage in a dissemination process, and some of the deliverables were considered worthy of being adapted by certain statutory stakeholders. For example, social security systems consider that the Easy Access Guide could be distributed to all people on long-term absences after six weeks.

**PUBLICATIONS’ LIST**

| RETURN, ‘Summary Results of First Phase of Research’, University College Dublin, 2000. |

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**PROJECT DETAILS**

**FULL TITLE:** Between work and welfare: Improving return to work strategies for long-term absent employees

**ACRONYM:** RETURN

**CONTRACT NUMBER:** 99-00011

**THEMES ADDRESSED:** Social cohesion, migration and welfare – Quality of life and gender

**KEYWORDS:** long-term absence, return to work, disability, impact of social policy, impact of company policies, good practice, tools, audit tool, policy analysis, policy proposals

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**START DATE:** 2000-03-01

**END DATE:** 2002-02-28

**EC FUNDING:** € 419 861
SECTION 4.

Social capital builds communities

BACKGROUND

The concept of social capital is increasingly being used in debates globally (OECD, World Bank) and across Europe in the context of local economic and social development, social exclusion and the emerging social economy.

The EU’s Local Social Capital programme describes it as “features of social organisation such as networks, norms and social trust that facilitate coordination and co-operation for mutual benefits”. It gives it the role of “restoring social cohesion, reinforcing local networks and formal and informal groups which seek to facilitate integration of excluded persons into work and start-up businesses and co-operatives”. The “main drivers of the creation of social capital are people and non-profit organisations that develop initiatives”, contributing to the creation of employment and strengthening of social cohesion.

The CONSCISE project set out to delve deeper into these claims and find out more about the exact role social capital has played. The project’s overall objective was to examine the extent to which social enterprises in the social economy both use and generate social capital and thereby facilitate local economic development, social cohesion and inclusion.

Its specific objectives were:
- To model the range of ways in which different social enterprises in the social economy in the four countries of Spain, Germany, Sweden and the United Kingdom can produce and reproduce social capital;
- To identify the ways and extent to which social capital produced and reproduced in family and community networks influences the development of social enterprises in the social economy;
- To generate indicators and measures of the social capital produced by social enterprises;
- To generate a new model of local economic profiling which incorporates a concept of social capital and develop measures and indicators of this;
- To generate an augmented model of social auditing which incorporates a concept of social capital and develop measures and indicators of this;
- To produce an assessment of the role of social capital in the social economy in developing local social cohesion and social inclusion.

WORK UNDERTAKEN

CONSCISE started with a literature and research review to establish definitions, indicators and measures of social enterprise, social economy and social capital, and developed appropriate methodologies for local social and economic profiling and social audits.

It developed a working definition of social capital comprising six elements – trust, reciprocity and mutuality, shared norms, sense of belonging and commitment, social networks and information channels.

It then started the fieldwork in two carefully selected localities in each of the four countries. It constructed social and economic profiles of each locality to explore whether local social capital had an impact on the emergence of social enterprises. It also carried out, over a two-year period, a social audit of one social enterprise in each locality to examine how they use and build social capital.

KEY OUTCOMES / CONCLUSIONS

The key research findings included:
- Social enterprises use and build social capital. Such capital was especially important at specific junctures of their development, for example, at the start-up or at a time of crisis when other forms of capital were lacking. A social enterprise which is in crisis and has failed to maintain its social capital is less likely to survive;
- Social enterprises run the danger of becoming too concerned with bonding social capital at the expense of developing bridging links with other groups. Another danger was to become complacent about their social capital and therefore run the risk of losing it;
- Increased awareness within social enterprises of what social capital is and does, brings an understanding of how the social enterprise can use and build it;
- In most cases, it was values such as those of a social movement (e.g. green movement, co-operative movement) that brought together a group and led to the initiation of social enterprise;
- Social enterprises network with other local social enterprises but they are also often in competition, mostly for public sector support and funding;
- Local social capital was in evidence in small, isolated rural localities. In large, dense and socially diverse urban areas, social capital was more associated with interest groups and organisations;
- Of the eight social enterprises in the fieldwork, almost all were found to be rooted in social capital that had emerged from people joining together in a social movement to address a local problem/need;
- While key individuals mobilised social capital to develop the social economy, CONSCISE described this as collective entrepreneurship and not social entrepreneurship. It said: “The notion of social entrepreneur perpetuates connotations of influential and charismatic individuals who ignite and ‘lead’ benighted communities. No individual can operate in the collective realm without winning or being given the consent of others to do so, and this requires a relationship of some reciprocity.”

CONSCISE urged building awareness of social capital. It said generating networks and supporting community groups were just two ways to build up the social networks and the contacts through which social capital can be built. The public sector had a clear role in this, for example, by providing community meeting places, enabling interaction between diverse groups and supporting social enterprises with high potential for generating social capital (credit unions, Time Banks, LET schemes).

But it also warned that the public sector, in particular, must reduce the wasteful competition between social enterprises for the support of their local authority and promote more strategic approaches and collaboration.

Despite the preoccupation with “measurement” of social capital, CONSCISE believed that more focus should be placed on understanding the dynamics of how social capital works and its impact. It said: “An appreciation of the local and wider context in which resources of social capital emerge and are employed is central.”
CONSCISE disseminated its results through its website and its partner networks. It organised five project workshops and a major closing conference.

PUBLICATIONS’ LIST


SECTION 4.

Opening pension reform to the public

BACKGROUND

The social, political and demographic realities of the past decades are challenging existing welfare systems including pensions, a top policy priority of most EU countries. Policymakers are looking for new models and approaches that can withstand these challenges.

PEN-REF’s overall aim was to explore if citizen participation could contribute to pension policy-making. Could it provide new ideas and policy solutions for pension problems? Would it generate useful information about citizens' beliefs and views? Could involving citizens potentially overcome divisive and persistent policy conflicts over pension reform?

It set out to:

- Understand, compare and analyse recent pension reforms in the seven countries of Austria, France, Germany, Italy, Norway, Poland and the United Kingdom;
- Organise focus groups in Austria, France, Germany, Italy and Poland as a way of involving citizens of different backgrounds in the pension reform debate and obtaining information about their views;
- Test the desirability and feasibility of using focus groups to involve the public in the pension reform process.

WORK UNDERTAKEN

PEN-REF followed two lines of inquiry. First, it collated information on pension reform in the seven countries, analysing scientific literature, media reports and policy documents and interviewing pension reform experts and policy-makers. This information provided the input for the focus group discussions.

It then ran two series of focus group sessions in five countries to collect information on people’s attitudes towards pension reform and different pension reform options as well as to test focus groups as a tool for deliberative policy-making.

In addition, PEN-REF organised two workshops to present and discuss the results of the project with the pension reform policy community.

KEY OUTCOMES / CONCLUSIONS

PEN-REF said pension reform in the past decade had considerably changed European pension policy-making. In the seven countries that it studied, pension policy communities had become less integrated and more populous. New policy actors, such as the banking and insurance sector and even the media, had made inroads into established pension policy communities.

But, it added, that although these new policy actors had introduced competition and plurality into pension policy-making, this had not necessarily resulted in increased democratic accountability. The competition remains a contest between policy elites and pensions experts. PEN-REF found that pension policy-making continued to take place largely outside the scrutiny of parliaments and citizens.

Governments in all PEN-REF countries have cut back on public pension provision, pulling all available policy-levers to reduce expenditure (such as upping the retirement age) and increase revenues (such as raising contribution rates).

In addition, reforms in all countries have expanded private sector pension provisions. PEN-REF found that the private sector had reacted enthusiastically to government’s decreasing willingness to shoulder all the responsibility for old age income. Lower expectations on the level of future public pensions also boosted private sector provision.

PEN-REF said pension policy-making had become more divisive. It outlined three ‘pension policy stories’ which it said had provided the ideological basis for the conflict. These are:

- Policy actors who argued that the financial burden of demographic ageing should not cripple the younger generation of workers and, by extension, the economy. They suggested that the retired should increasingly rely on the private sector.
- Policy actors who argued that reforms need to strengthen, not weaken, existing institutional pension arrangements to guarantee social stability and social peace.
- Policy actors in many (if not all) PEN-REF countries who argued for a more equal and just pension system levelling the differences between citizens (rich and poor, men and women, etc.).

The second part of the PEN-REF project demonstrated that focus groups are a desirable and feasible means of involving citizens of different backgrounds in European pension reform processes.

It set out to:

- Involving citizens potentially overcome divisive and persistent policy conflicts over pension reform?
- Generating useful information about citizens' beliefs and views?
- Testing the desirability and feasibility of using focus groups to involve the public in the pension reform process.

PEN-REF said focus groups encouraged citizens to express their views, preferences and fears about pension reform. They produced sound analyses of pension issues as well as "creative policy solutions".

But it also said that, overall, it was rare for participants in any country to completely transcend self-interest. Often they found synergies with self-interest and public interest (participants made sure that the common good at least did not harm them) or identified a particular personal plight as a problem of public relevance. As a result, PEN-REF said the outcomes in all countries did not reflect a 'rationally motivated consensus'.

It explained: the focus groups were guided and structured by a conflict of fundamental values and beliefs. The discussions were unable to bring about a non-coercive transformation of these value positions. For this reason, many focus groups ended with a compromise based on unresolved disputes rather than a consensus. Participants in all countries, however, accepted compromise as a legitimate outcome of a democratic process.

PEN-REF concluded that while the focus group format is a reliable process for creating insights into views and policy solutions, they do not necessarily produce a robust procedure for democratic decision-making.

But it also warned that effective citizen participation, producing both strong insight and strong agreement, can never rely on a single process or procedure. Increasing democratic legitimacy will always require several different types of public participation processes operating in conjunction with each other as well as with existing policy processes and democratic institutions.

It recommended the use of focus groups especially at the early stages of the policy process as they provide valuable insights into citizen demands and grievances and an effective way of involving them in problem definition, agenda setting and policy formulation.

PEN-REF had the following final recommendations for ‘would-be deliberative democrats’:
- Be careful about the design of citizen participation processes, don’t get caught out by poor design choices;
- Be patient, don’t expect (or announce) miracles. There is no reason to believe that conflicts over facts and values will be any less divisive in citizen participation processes than in general policy-making, or that these processes can resolve long-lasting policy conflicts;
- Be active, don’t expect the citizens to do your work. Deliberative democracy and citizen participation need to be constructed and carefully nurtured by moderation teams;
- See the big picture, don’t rely on single processes. Effective citizen participation can only take place as part of a sustained and comprehensive process of democratisation. Citizen participation processes alone cannot confer political legitimacy on otherwise elitist, exclusionary or technocratic policy processes. Democratic legitimacy emerges from the interplay of different democratic institutions (representative and deliberative).

DISSEMINATION
PEN-REF disseminated its results through two workshops and its website. A synthesis report is also available on the World Bank website.
BACKGROUND

The creation of more and better jobs and equal opportunities is at the heart of European employment and social policy. The European Union seeks to ensure that no one is left behind in the push to become the world's most competitive and dynamic knowledge-based economy. With this in mind, a social policy agenda links economic, employment and social policies.

Housing, education and health are important elements supporting the provision of jobs, and creating an inclusive labour market. Since different countries take different approaches to these issues, it is important to compare the outcomes. Such analysis can also help to assess the importance of the role of the welfare state in EU economies.

An understanding of these relationships requires analysis of the similarities and differences between housing policies in EU countries. It also calls for research on the impact of housing policies on individuals. This can help in assessing the dynamics of social exclusion and the relationship between low incomes and housing stress. The role of social services and housing programmes can then be evaluated.

Project objectives

There were three main aims for this project:
- To use survey data to explore the issue of housing integration and stress;
- To evaluate social services programmes and social integration programmes that contained housing elements or targeted homeless people;
- To make policy recommendation and to make a policy impact analysis.

WORK UNDERTAKEN

Social programmes and policies in Austria, Germany, Italy, Belgium, Denmark, Ireland and Switzerland were assessed to see how they fitted into the EU social policy agenda.

Data from the European Community Household panel (ECHP) covering other Member States, particularly the United Kingdom and France, extended the geographical scope of the study.

- Target areas were identified and specified
- Historical and institutional analysis was undertaken
- Outcomes were aggregated using socio-economic indicators
- The dynamics of exclusion were explored using micro level analysis

Research included:
- Analysis of existing literature and reviews of documents that provided an overview of housing policies in different European countries;
- Analysis of the ECHP data covering the periods 1993-94 to 1997-98, with reference to the Eurostat guidelines for using the ECHP to define key variables;
- An evaluation framework defining nine related criteria was devised and applied to case studies of social services, programmes related to housing or targeting homeless people.

Researchers carried out interviews to gather information on the social services and on information about attitudes of front line workers to providing these services.

The case studies also sought to involve users in the evaluation of policies. Social service clients were interviewed individually or in groups.

Researchers used the concept of housing integration – where there are not problems of affordability the housing standard is high and there is no overcrowding – to assess the differences between countries.

KEY OUTCOMES / CONCLUSIONS

The project found significant differences between countries in income inequality and housing integration, but it concluded that social policy must continue to invest in basic infrastructure like housing, education and health in order to create an inclusive labour market.

Four groups of state housing policy were identified:
- Those favouring universal coverage and placing a high value on private ownership (Belgium, Germany);
- Those favouring universal coverage but with a strong commitment to social housing (Austria, Denmark);
- Those favouring partial coverage and placing a high value on private ownership (Italy, Ireland);
- Those favouring partial coverage, with a commitment to support social housing as one policy measure.

Investment in social housing is particularly important in countries with low quality housing stock, because this leads to large numbers facing housing stress. The project also recommended support for homeowners and tenants, as important for social inclusion.

Most European countries support home ownership and the social housing sector is declining, the researchers found. Home ownership is highest in Ireland (81%) and lowest in Germany (47%) against a European average of 69%. Only 2% of people in Europe live in seriously sub-standard housing, but a more serious problem is badly located dwellings.

Lower income households are more likely to occupy social housing and to live in sub-standard accommodation. There are significant differences between countries: in Portugal, for example, only 5% of low-income people live in good standard housing, against 54% for the EU as a whole.

The level of housing integration in a country tends to correspond to poverty levels. On average, the project found that almost every second person in a household where someone was not employed was not integrated. The housing situation for migrants was even worse than for the unemployed.

While housing integration protects people from poverty, integration in the labour market and educational levels have more influence on income levels, the research found. But they added that the importance of providing housing for homeless people should not be underestimated.

The more attention welfare regimes pay to social rights, the higher the standards of living and the lower the risk of exclusion, the project found. In policy terms, this means that high quality public services are needed as well as income transfers to the poorest.

EU policy-makers should continue to promote investment in housing as a public service, the researchers concluded. This is particularly true in countries where the quality of the housing stock is poor. Social policies targeting those facing social exclusion are also an important element of welfare provision.
DISSEMINATION
A brochure and book were produced. A website set up at www.iccr-international.org/impact, project results were presented at conferences. The case studies provided a model for future research.

PUBLICATIONS' LIST
The following project reports are available on the website www.iccr-international.org/impact
‘Evaluation Studies of Social Services’ (Switzerland, Austria, Denmark),
‘Does Re-Housing Lead to Re-integration?’,
‘Follow-up Studies of Re-housed Homeless Persons’ (Germany, Ireland, Italy) & Synthesis Report, August 2002.
IMPRESS
The Impact of Clean Production on Employment in Europe - An Analysis Using Surveys and Case Studies 114

SERVEMPLOI
Innovations in Information Society Sectors - Implications for Women's Work, Expertise and Opportunities in European Workplaces 116

REFIPAR
Réduction du Temps de Travail, Efficacité de l'Hôpital et Participation des Salaries 118

LOCLEVCONC
Local Level Concertation: The Possible Role of Social Partners and Local-Level Institutions in Regulating the New Forms of Employment 120

NESY
New Forms of Employment and Working Time in the Service Economy 122

Growth and EU Labour Markets
Growth and European Labour Markets 124

NUEWO
New Understanding of European Work Organisation 126

LoWER
Can Improving Low-Skilled Consumer Services Jobs Help European Job Growth? 128

HWF
Households, Work and Flexibility 130

PIEP
Pay Inequalities and Economic Performance 132

FAME
Vocational Identity, Flexibility and Mobility in the European Labour Market 134

Marginalisation
Overcoming marginalisation: structural obstacles and openings to integration in strongly segregated sectors 136

ESOPE
Precarious Employment in Europe: A Comparative Study of Labour Market-related Risks in Flexible Economies 138

DEMPATEM
Demand Patterns And Employment Growth: Consumption And Services In France, Germany, Ireland, the Netherlands, the United Kingdom and the United States 140

Flex.Com
Flexibility and Competitiveness: Labour Market Flexibility, Innovation and Organisational Performance 142
> Employment and changes in work
Green innovation proves good for jobs

BACKGROUND
In Europe, both politicians and scientists are actively looking for ways to increase employment rates and at the same time safeguard the environment. These are two of the top priorities of the European Union's ten-year Lisbon Strategy for growth. As eco-innovation is widely seen as an important and growing contributor to the economy, understanding the impact of cleaner production on employment is therefore both topical and significant.

In its White Paper on 'Growth, Competitiveness and Employment', the European Commission noted the importance of understanding how 'economic growth can be promoted in a sustainable way, which contributes to higher intensity of employment and lower intensity of energy and natural resource consumption'.

In the political debate, conflicting hypotheses claimed on the one hand that reducing the use of resources should lead to higher labour input ('Make kilowatt-hours redundant, not people!'), and on the other that greater eco-efficiency increases productivity, encouraging cuts in the workforce. While many argued that eco-innovation makes individual companies more competitive, which could be a key factor in improving Europe's international trading performance, others still regarded environmental measures as an added cost for industry that put the EU at a disadvantage.

Because few studies examined this specific area, (although those that did concluded that the impact was very small but positive), understanding of the issue was not well developed. In particular, the role of cleaner production in achieving the triple goals of economic growth, higher employment and reduced environmental damage was unknown.

Project objectives
The aim of the IMPRESS project was to address this knowledge-gap, improving understanding of the relationship between integrated green technologies and jobs.

Among IMPRESS' specific objectives were:
- To establish a Europe-wide framework for analysing the impact of clean production on employment;
- To use existing data and supplement it with in-depth case studies;
- To understand the synergies and conflicts between clean production, employment and competitiveness;
- To give policy-makers the country-specific data on which to base decisions.

WORK UNDERTAKEN
IM PRESS was based on five case studies and an international telephone survey. The case studies were important in examining the qualitative relationship between innovation, environment and employment, and also helped in the design of the telephone questionnaire.

The survey, on the other hand, provided quantitative results, based on data from 1,594 firms in five European countries, which had recently introduced environmental innovations. The selection comprised 401 companies in Germany, 400 in the United Kingdom, 384 in Italy, 208 in the Netherlands and 201 in Switzerland.

The researchers carried out identical telephone interviews in the different countries between March and July 2000. Companies were selected to achieve a balance between small firms (50-199 employees) and large ones (over 200 employers), from the industry, manufacturing and services sectors.

The first question identified whether the company had introduced at least one eco-innovation within the previous three years. Thus, the data only covered enterprises that saw themselves as environmentally innovative, and analysed developments in the firm’s employment record over the three-year period, plus anticipated effects.

The case studies
The aim of the case studies was to formulate a methodology for understanding the relationship between employment and cleaner production in specific situations. This is important in making certain policy decisions, such as whether public support should be available to promote cleaner production – taking account of the impact on jobs – or whether certain technologies are more successful than others in boosting employment.

They examined:
- Production of energy-saving windows
The construction industry is one of the most labour-intensive sectors in the European economy, and therefore important for governments' employment policies. The study examined firms offering a choice of energy-efficient windows, requiring labour for transport, installation and customisation.
- Recycling of refrigerators
The research focused on a German company, comparing the introduction of a mechanical process for the recycling itself, with jobs created in collecting and dismantling the units.
- Production of energy from biomass
The study looked at a new heat-generating plant in northern Italy fuelled by sawmill residues, assessing the employment impact over a ten-year timescale.
- Applications of biotechnology
Based on four 'mini-cases', researchers looked at the immediate impact on employment and highlighted potential job creation in companies that adopt such R&D innovations.

Focused on two financial institutions: the Co-operative Bank and the Triodos Bank, the study examined the employment impact on loan beneficiaries and on the banks themselves.

KEY OUTCOMES / CONCLUSIONS
The research confirmed existing hypotheses that environmental innovations have a small but positive effect on employment. Product and service innovations create more jobs than process ones. Overall, 88% of the firms stated that eco-innovations were neutral, 9% observed a positive and only 3% a negative impact. But environmental product and service innovations alone brought positive results in 18 to 20% of the companies. Employment changes only occur in the wake of major initiatives.

Figure: Effect of innovation on employment
The most common reasons for companies to introduce eco-innovations were to improve their public image, to comply with environmental legislation, and to reduce costs. Companies investing in technologies to save money tended, logically, not to
increase their labour force, whereas those under less financial pressure could afford to prioritise ‘soft’ factors like environmental protection. Increasing market share played only a minor role, but was important in the introduction of integrated product, service and process technologies. On the other hand, price and quality were crucial competition factors for innovating firms, which were unlikely voluntarily to introduce measures that might have a damaging impact on ‘hard’ competition performance. The researchers concluded that in making changes, businesses put economic and regulatory motives above environmental ones.

Small firms reported more employment growth from eco-innovation than large ones. Companies with higher-skilled workforces are also more likely to increase jobs. Furthermore, increased sales expectations have a big influence on whether firms take on more workers, and this varies from country to country, possibly reflecting consumers’ environmental awareness in different parts of the EU.

Surprisingly, perhaps, findings showed that recycling innovations are significantly more likely to bring job growth than pollution control (‘end-of-pipe’) measures. Furthermore, the project found that subsidies for innovation had no impact on employment, and therefore environmental support programmes do not distort labour market policy.

In conclusion, while green innovation does favour employment, it should not be expected that the ecological modernisation of firms can substantially help to overcome mass unemployment. A further shift from end-of-pipe technologies to cleaner production, especially towards product and service innovations, would be beneficial for the environment and create jobs, and some potential exists for shifting subsidies in this direction. This synergy should be considered in political programmes whether in the environmental, labour market or innovation sectors.

DISSEMINATION
The project gave rise to an internet discussion group and two workshops in Mannheim and Brussels.

PUBLICATIONS’ LIST


BACKGROUND
The retailing and financial services sectors employ a large proportion of women, particularly in customer interfacing roles. Significant organisational and technological change within these sectors is affecting women working in junior positions.

Both sectors are consolidating and competition between companies is fierce. Customer service has become the mainstay of competitive strategies. In the retail sector the deregulation of opening hours and the growth of superstores has been another significant change. Product knowledge is declining and the principal skills required are relational – being nice to the customer. Changes in the management of supply chains with increased centralisation have also contributed to the deskilling of retail workers.

The financial services sector is becoming more concentrated but new types of providers are entering the market. A major programme of branch closures has arisen from acquisitions and economies, and providers are increasingly offering services through a mixture of branch, telephone and internet. In both sectors, ICT is used as a process tool and a medium of service delivery.

The study set out to examine the implications of these structural, regulatory and technological changes on women’s jobs and assess whether they promoted the development of knowledge and skills, which could enable women to progress to better jobs. It looked at how work processes in the retail and retail financial services sectors are affected by computerisation and what skill sets are needed. It also investigated the significance of innovations in these two sectors for the formation of a European Knowledge Society, and compared and contrasted experiences across countries.

WORK UNDERTAKEN
SERVEMPL01 studied seven crosscutting themes: developments in retail; developments in financial services; restructuring and organisational innovation; technological innovation; employment and employment relations; knowledge and skills formation and gender relations.

It used three different approaches. Desktop research established a knowledge base then case studies of workplaces were undertaken in the retail and financial services sectors in Denmark, France, Germany, Ireland, Italy, Spain, Sweden and the United Kingdom. These looked at the overall characteristics and dynamics of employment in the selected sectors and the ways in which female employees were disadvantaged.

Finally, qualitative panel studies were set up involving women workers to look at the skills acquisition of female employees and how the transferable skills are developed. This enabled the women’s employment trajectories to be tracked during the study.

KEY OUTCOMES / CONCLUSIONS
The study found a wide variation in the types of vocational educational training available in the countries studied and in their welfare provisions. Two broad types of national systems were identified. The first comprised countries that strongly endorse woman-friendly welfare systems and employment policies, have high female labour market participation and support democratic, participative work cultures. Countries falling into this group included Denmark, Sweden and, to a lesser extent, France and Germany. In the second group, the male breadwinner model is still promoted by public policy and the structure of welfare systems, the employment equality policies are poorly developed and organisational structures tend to be hierarchical. The countries in this group were Italy, Spain, Ireland and the United Kingdom.

The study found that for women in junior positions, skills development related mainly to customer serving skills rather than substantive knowledge. Long and unpredictable working hours were also found to form major barriers to career progression. Overall it concluded that women in retail and financial services remain restricted to low status work and that the potential of many is being wasted.

The study concluded that company managements need to find ways of designing work both to meet their own service delivery requirements and to improve the quality of working life for female employees. It called on companies to make regular training and lifelong learning opportunities routinely available to junior employees and to develop clear progression paths. Working time flexibility must be made two-way with family-friendly working arrangements available to all grades of employees and not only to senior or managerial staff.

The report recommended that trade unions should be involved in the design of women’s jobs where possible. They should take the lead in developing new skill labels to recognise competencies which women use routinely in their jobs, and collaborate with companies and public authorities to provide training and lifelong learning opportunities for junior employees. It argued that trade unions have a particularly important role to play in ensuring that women in front line positions are properly protected from bullying, harassment and violence by customers. It recommends that unions should ensure local officials are trained in equal opportunities issues.

The report recommends that national authorities should support the establishment of sectoral and industry training schools such as those operating in Denmark. It recommended that active labour market policy for the ‘e-society’ should not be restricted to IT skills but should also cover wider skills that are important for employability. Public authorities should serve as examples of good practice in two-way flexibility and have an important role to play in promoting the take-up of equal opportunities policies and practices among service sector companies.

DISSEMINATION
A wide range of dissemination activities have been undertaken by the project partners including presentations at seminars and conferences and media appearances.
**PUBLICATIONS’ LIST**

**PROJECT DETAILS**
- **FULL TITLE:** Innovations in Information Society Sectors – Implications for Women’s Work, Expertise and Opportunities in European Workplaces
- **ACRONYM:** SERVEMPLOI
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- **EC FUNDING:** €531 080
Call for greater staff participation in hospital reforms

BACKGROUND
Since the 1990s, most European governments introduced huge structural reforms to make their public healthcare systems more cost efficient. These changes are still going on. At the same time, they came under increasing pressure to improve quality. With the reforms came new management structures inspired by the private sector, changes in the way care was delivered, and the way hospitals were run and financed. Hierarchical structures gave way to more co-decision with greater demands on hospital staff at all levels to participate in decision-making.

REFIPAR saw this period of change as an opportunity. It studied the French and Italian reforms to see their impact on industrial relations, testing the hypothesis that there is a direct link between greater staff involvement and efficiency.

WORK UNDERTAKEN
REFIPAR selected three hospitals in France and three in Italy for its comparative case study research, which it carried out with close trade union involvement. It surveyed staff in the six hospitals, carried out interviews and organised focus groups.

The research revealed four key areas that were particularly affected by the current hospital restructuring:
- Working conditions and hours;
- Staff organisation and the division of labour;
- Opening of hospitals to local competition and more involvement in their communities;
- Staff and trade union involvement in the management of hospitals and in care delivery.

KEY OUTCOMES / CONCLUSIONS
REFIPAR found a mixed picture. Hospitals have become more flexible, decentralised and autonomous to decide their future, and cost- and quality-aware. The work burden has increased in all hospitals. Certain jobs have become repetitive alongside pressure for staff to become more polyvalent. Staff is better involved in decision-making although trade unions have been marginalised in the process.

One of the biggest changes has been the reduction of the average time patients stay in hospital so as to free up beds. This has resulted in increased admissions and a higher turnover of patients adding to the staff's already heavy workload. Work has become more intense (often it means longer hours and no breaks) and stressful. To achieve efficiency targets, all hospitals have made job cuts and contracted out a number of functions such as catering, laundry, cleaning and maintenance. In addition, hospitals are resorting to more temporary staff to deal with the extra workload, which can also cause problems with permanent staff.

Nursing has also changed. In France, nurses spend less time with patients as their jobs become more technical (and skilled) and they have to fulfil a greater number of administrative procedures as part of the drive to improve quality. They leave much of the patient care to health assistants. In Italy, there is a shortage of health assistants and so nurses are ending up doing a lot of the looking after, spending a disproportionate time on the less skilled aspects of their work. The project said this could be a potential waste of hospital resources. At the same time, their jobs are becoming more polyvalent encompassing caring but also some managerial tasks.

The research showed that often the aim to reduce costs put a heavy burden on staff – for example, the speeding up of bed rotation increased work but an equivalent number of staff were not taken on – and this, at times, undermined the quality of the service, the other main reform goal.

In addition, the rise in quality controls has led to an array of bureaucratic and time-consuming procedures that involve all staff, including doctors. REFIPAR found that staff sees this as a constraint rather than as a way of improving care quality. It also found large differences in the two countries concerning trade union involvement. REFIPAR said the French trade union strategy, in the face of change, was one of opposition with a focus on what the reform will mean for their hospital staff members. The Italian trade unions, however, concentrated on the whole reform package to see how they can improve it. As such, they take the role of change facilitators and almost strategic partners of management. The project found an explanation for this in the two countries' history of trade unionism and their industrial relations structures.

In France, trade union consultation at the level of individual hospitals is largely absent as the system does not make room for this. As such, they can react against an unpopular decision only after it has been taken. This often leads to conflict and strike action. In Italy, trade unions are involved in the shaping of decisions at the level of individual hospitals. They can negotiate working conditions while a decision is being formulated and so largely avoid conflict. The project said at worst, in Italy, disagreement meant decision-making paralysis but not conflict.

REFIPAR concluded that despite the pace of change, reforms are still taking place sufficiently slowly in both countries, leaving space for trade unions to give their input and adapt to the new reality. Trade unions need to reassess how they can best continue to enlist and represent their members and build new work and industrial relations. The project illustrates the role trade unions have played and can play in the reform process.

It made a number of policy recommendations:
- Hospitals need to strengthen their formal consultation procedures to better involve both staff and patients in the reform process. Staff participation is not just a question of justice but an efficient way of implementing the necessary reforms and avoiding conflict;
- Hospitals must improve work security, work organisation and the quality of work. At the same time, this will improve quality of service. The project warned that changes to work organisation and the division of labour within hospitals should not compromise the quality and quantity of time that medical professionals spend in direct contact with patients;
- Hospital changes are making new demands on staff and sometimes even modifying their profession and the content of their jobs. Governments need to look again at the professional profiles of medical staff. All staff needs training before, during and after the introduction of reforms about the new organisational needs but also the technical ones. Nurses should have access to continuous training, which should include staff management, quality control procedures, and more skilled medical training to take over some of the
functions previously done by doctors. Alongside nurses, more healthcare staff should be trained to support the nursing profession.

- Hospital management should strive to maintain a good balance between the different professions involved in healthcare - the doctors, the nurses, health assistants and the administrative and technical staff.
- Hospitals are trying to balance the medium-term plan with short-term needs. They should widely disseminate and share their strategic goals with their staff to bring them on board.

DISSEMINATION

REFIPAR disseminated its results through its trade union partners and a seminar held in 2001 to discuss its findings.
BACKGROUND
The development of new forms of employment and work (NFEW) is one of the most important changes in external and internal labour markets in the last 15 years. The project defined NFEW as forms of work which deviate from the characteristics of standard working arrangements based on full-time, waged employment with a single employer. The term covers part-time work, fixed term contracts, agency work, self-employment and outsourcing.

Today NFEW are widely used by firms and public organisations and, typically for the workers involved, this entails a lower level of job security without corresponding compensations like greater autonomy or work quality. The LocLevConc partners worked on the assumption that questions of equity, social exclusion and representation will increasingly be asked and that innovative responses aimed at developing economically efficient and socially sustainable forms of NFEW would emerge.

The aim of LocLevConc was to examine how of NFEW are currently being regulated and the possibility of developing concerted regulatory efforts at the local level. Through observation, the partners aimed to identify the possible role of social dialogue and local efforts to devise new rules to regulate the new forms of employment, and to make suggestions on policy development that balance the wish of companies to have flexibility with measures to avert the undesirable effects of employment precariousness.

WORK UNDERTAKEN
The project began with each partner reviewing the data available in their own countries to establish a picture of the prevalence and forms of NFEW in that country and to see how it was regulated.

A survey was then undertaken in a key region in each of the five partner countries: the West Midlands in the United Kingdom, Rhône-Alpes in France, Saarland and Southern Upper Rhine in Germany, Lombardy in Italy and Catalunya in Spain. It covered companies with at least 20 employees in the manufacturing and service sectors and useable responses were obtained from 950 workplaces.

Around 60 case studies of NFEW regulation in these regions were undertaken to explore the potential for concerted regulation at the local level. These varied in complexity and included bilateral arrangements or contracts between local institutions and agencies, self-organisation of workers and collective agreements.

KEY OUTCOMES / CONCLUSIONS
The project found that the use of non-standard forms of employment is widespread in the five countries studied. Its prevalence, though, is substantially independent of a firm’s structural characteristics, the features of its market or its competitive strategies. The company survey revealed that nearly all firms are trying to increase their flexibility through NFEW. They reported benefits such as reduced costs and numerical flexibility but did mention negatives such as lack of commitment among workers.

The use of NFEW does raise problems for employees that fall into three main categories: the risks of future unemployment and job insecurity, the risks of limitations on human capital development and the risks of reduced rights and entitlements.

The survey revealed evidence of many different concerted actions but the process is still in its early stages and the prospects of success are by no means clear. The objectives of the initiatives fell into five main categories:

1. to promote employment growth and foster entry into employment for those who find it most difficult
2. to promote the use of non-standard employment for disadvantaged categories of workers and the unemployed residents of depressed areas
3. to reduce the insecurity and disadvantages of non-standard forms of employment by organising transition from more unstable types to more stable ones
4. to offer prospects of stable employment to workers of whom firms have only intermittent need
5. to redefine the rules on use and protection, and overhaul services providing support for workers who remain external to firms.

The survey found that more than 705 respondents said they wished to see new regulations for NFEW, particularly to address issues relating to the commitment of the labour force.

The LocLevConc concludes that NFEW should be regulated and that the local level is the appropriate level to act. The nature of possible interventions depends on whether NFEW is seen as being the erosion of standard employment relationships or a transitional phase along the way towards entry into standard employment. The latter case implies temporary interventions to increase the employability of individuals and/or supporting female workers by means of social policy measures in the case of part-time employment. In the former case, the focus of measures should be on redefining the employment framework to cover the terms and conditions of workers who do not belong to the organisations for which they work, and whose prospects of employment security must be uncoupled from membership of an organisation.

The researchers argue that NFEW workers generally lack labour representation. It proposes reinventing the rules to provide more extensive inclusive ‘light’ protection for everyone rather than more exclusive ‘heavy’ protection for only a few.

DISSEMINATION
Two European seminars were held in 1999 and 2001 and the partners presented papers at a number of international seminars. A website was set up at www.IRESlombardia.it.

PUBLICATIONS’ LIST
A book based on the research results is being developed.
FULL TITLE: Local Level Concertation: The Possible Role of Social Partners and Local-Level Institutions in Regulating the New Forms of Employment

ACRONYM: LOCLEVCONC

CONTRACT NUMBER: 98-3066

THEMES ADDRESSED: Employment and changes in work – Social cohesion, migration and welfare – Governance, democracy and citizenship

KEYWORDS: employment regulation, new forms of employment, institutional context, local level dialogue, social partners, observatory

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START DATE: 1999-01-01
END DATE: 2000-12-31
EC FUNDING: € 700 000
5. Work organisation in services sector is socially unsustainable

BACKGROUND
By the year 2010, the EU has set itself the target of raising employment rates in the Member States from 62.1% in 1999 to 70% for men, and from 52.6% in 1999 to 60% for women. This ambitious goal is unlikely to be attained unless there is an expansion of employment in the service sector. European countries with employment rates of 70% or over all have a greater proportion of people working in the service sector than those currently below the 70% mark.

While the employment rate is generally measured in per capita terms, the researchers argue that ‘volume of work’ (the number of hours worked) needs to be brought into the equation because of the growing trend towards part-time work especially in the service sector and the widening divergence between countries as regards working-time arrangements.

The Nesy project set out to investigate the change in the organisation of work and conditions of work (with particular emphasis on working time) in the service sector in ten Member States. It considered the driving forces for the emergence and diffusion of new employment and working time forms, which are attributable to particular features of the service sector and service activities.

It also looked at supply side factors linked to female labour market participation including working time preferences and constraints.

Thirdly the project analysed country-specific features of the labour and product markets on the employment and forms of working time.

WORK UNDERTAKEN
The project covered ten EU countries: Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Sweden and the United Kingdom. It combined quantitative and qualitative research methods. The qualitative element of the project involved 50 case studies, which were selected to help identify basic industry and activity-specific reasons for the changes in forms of employment and working time in selected service industries. The researchers looked at the customer interface in the following areas:

- information technology (IT) services where there is a blurring of the boundaries between dependent employment, relationships and self-employment, including very long working hours for knowledge workers
- the retail trade, which has standardised working practices and is particularly exposed to the pressures of working time flexibility
- the healthcare business, which is an example of the impact of budget-related structural reforms in public services on employment and working practices
- the home-care business for the elderly, a fast-growing service sector, atypical workers are filling most newly created jobs. But what was the value of services? To date the organisation of social services, for example, has become increasingly input-oriented and obsessed with cost reductions in labour intensive activities. An output orientation that focuses on the quality required to deliver the service demanded by customers would, they argue, be more appropriate. The development of reliable and consistent models to guide the organisation of service work is vital, says the report.

- the banking trade where the impact of structural changes in international financial markets on working conditions and working-time organisation in local branches and call centres could be examined.

KEY OUTCOMES / CONCLUSIONS
The most noticeable side effect of having more women in employment is an increase in demand for social and community services. Tasks previously performed unpaid within the home are now purchased in the form of externally delivered services (outsourcing).

In the retail, health and social services sectors, female atypical workers are filling most newly created jobs. But what was the value of services? To date the organisation of social services, for example, has become increasingly input-oriented and obsessed with cost reductions in labour intensive activities. An output orientation that focuses on the quality required to deliver the service demanded by customers would, they argue, be more appropriate. The development of reliable and consistent models to guide the organisation of service work is vital, says the report.
DISSEMINATION
The findings of NESY have been reported at conferences in Germany, France, the United Kingdom, the Netherlands and Belgium. There are also two websites: http://iat-info.iatge.de/Themen/Arbeitszeit/Projekte/NESY and iat-info.iatge.de/projekt/am/nesy-engl.html

PUBLICATIONS’ LIST
SECTION 5.

> Solving Europe’s unemployment puzzle

BACKGROUND

Europe’s perennial high level of unemployment remains one of the puzzles of macroeconomics. The labour market picture across the EU is dissatisfactory compared to developments across the Atlantic in the United States. This is surprising considering the substantial policy efforts that have been made to redress the adverse supply conditions that are often blamed for high unemployment rates.

Against this backdrop, the Growth and European Labour Markets project aimed at exploring the relationship between employment and growth to contribute to a better understanding of the problem, with a view to developing appropriate political strategies to reduce unemployment. To this end, project participants investigated the linkages from different perspectives in a co-operative effort. The employment intensity of growth was measured and compared both within the EU and with other industrial countries. Participants examined labour supply changes and carried out a theoretical and empirical analysis of the main determinants of labour demand, for example, labour productivity increases.

The study focused on the institutional arrangements in the labour market and its relationship to both the employment intensity of growth and the ‘equilibrium’, or natural, rate of unemployment. They also calculated equilibrium rate of unemployment estimates for EU countries. The objective was to use this concept to discuss policy measures to reduce unemployment as outlined in the EU White Paper on employment, competitiveness and growth, and the employment guidelines set out by the European Commission.

An overall objective was to consider growth and European labour markets in the context of a globalised world economy and in light of the economic effects of enlargement.

The work programme of the project was structured into six work packages.

WORK UNDERTAKEN

> The empirical link between employment and growth

This included an examination of empirical evidence on the employment intensity of growth in Europe and, for comparison, in other industrial countries as the relative poor employment performance in Europe is partly due to a low employment intensity of growth. In the analysis, different definitions of the labour market variables (employment in persons and hours, unemployment) were considered. Labour markets were categorised according to their institutional features. Researchers also delivered an assessment of the importance of unemployment in the process of convergence to US per capita income levels.

> Sources of labour supply

The main determinants of labour supply were analysed and projections made for its development. The analysis took into account the probable evolution of demographic factors, participation and migration. To this end, a Labour Market Balance for the EU was developed and empirical panel estimations carried out on total labour supply, defined as the sum of employment, open unemployment and hidden unemployment.

> Labour productivity increase and other factors behind labour demand

The determinants of changes in labour demand were investigated. One critical question raised was whether labour productivity primarily reflects the variation of relative prices of capital and labour, or whether it must be seen as the result of an independent technical progress. The results would give some hints on the importance of wage policy in determining labour demand and productivity growth.

> Estimations of equilibrium rate of unemployment for six OECD countries

Politicians generally believe that growth is the key to improving Europe’s difficult unemployment situation. However, this contrasts with the basic approach used by economists to explain the persistent high unemployment, which is the hypothesis of the ‘natural’ rate of the ‘equilibrium’ rate of unemployment (ERU). The ERU was estimated for France, Germany, the Netherlands, Spain, the United Kingdom and the United States. The ERU gives an indication of the share of actual unemployment, which is structural in nature and should be tackled by supply side measures.

> Country specific analyses

Researchers focused on the institutional background of unemployment in the EU and undertook country studies in the Netherlands and Finland. A comparative analysis of the labour market institutions was integrated, as well as data from the other work packages.

> EU labour markets and immigration connected to enlargement

EU economies and labour markets were expected to change with enlargement, particularly with free mobility of labour across the region. Immigration brings with it large-scale economic and social impacts, both on the EU-15 and new members. The impact of globalisation was also analysed.

Researchers developed policy implications for the role of wage policy, working time policy, demand sides policies and those aiming at changing the institutional environment, based on previous project work.

KEY OUTCOMES / CONCLUSIONS

Each of the six work packages led to policy implications. An overview of some of the broader policy implications outlined in the project’s final report follows.

Stronger wage moderation, a higher share of the service sector and more labour market flexibility all lead to an increase in the employment intensity of growth. However, researchers concluded that increasing the employment intensity of growth should not be a political aim per se. Rather that economic policy should consider aiming directly at increasing employment.
Reducing unemployment is likely to be a critical factor in any strategy that targets convergence within Europe or towards US income levels. If the EU on average could eliminate the gap in unemployment vis-à-vis the US, it would result in a substantial catching up of more than ten percentage points over a decade. However, success in convergence by EU Member States would be limited if they are not able to simultaneously alleviate their unemployment problem while trying to boost productivity.

Despite a considerable increase in immigration, labour supply growth was expected to decline until 2015 and shrink sharply thereafter. Continued growth is only feasible when female and part-time labour participation rises and the average retirement age increased. Policy measures should reduce the conflict between child raising and work, as would economic incentives to join the labour force. A higher retirement age could be achieved by scaling back early retirement programmes and/or raising the statutory retirement age.

Ultimately, the growth of labour supply is the driving force behind employment growth. As a result, government policy is key in bringing down structural unemployment. Project partners recommended further research into this rather controversial area, particularly the issue of wage moderation in the European context.

To understand growth and European labour markets in a globalised economy better, the economic effects of enlargement were evaluated. The benchmark estimate was that about 3 000 000 people would migrate to the EU-15 within 10 to 15 years. This brings a number of positive expectations, primarily on the part of companies, and concerns, on the part of the workforce. Analyses showed that the polarising effect of enlargement would be insignificant over the long term. The depressing effect on average real wages should be small.

Researchers identified a paradox in that the more adjustment problems are created by immigration in the form of real wage pressure, the bigger the total net welfare gain to the EU. Will immigration from new Member States be sufficient to meet the demand for labour by the EU-15 or will more far-reaching immigration policies be needed? The answer is ‘yes’ if the EU economies return to and remain on a stable growth path. For example, the effect on the social security system would likely consist of a gain, not loss to the EU-15 population.

Further research is recommended on these points.

PUBLICATIONS’ LIST

Final report
“Growth and European Labour Markets”, Kiel Institute of World Economics, Germany, 2002.
BACKGROUND

"Contingent employment" (in particular, limited duration contracts and temporary agency work) has provoked fierce debate in Europe over the past decade. A European-level framework agreement between the social partners on fixed-term contracts was signed in 1999, and in March 2002 the European Commission brought forward a proposal for a European Parliament and Council directive on the regulation of temporary agency work.

> Project objectives

The NUEWO project sought to gain, based on international comparative research, a better understanding of the driving forces behind the changing use of contingent labour, and of its consequences for workers, employers, trade unions and the organisation of work in various industries.

For the purposes of the project, the term "contingent employment" means "all types of employment relationships that may be terminated with minimal costs from the point of view of the employer". This includes employees on limited duration contracts (LDCs), labour supplied by Temporary Work Agencies (TWAs), and the self-employed.

The following research questions were identified:
- What are the driving forces for the use of contingent labour?
- What are the consequences of contingent employment for workers, trade unions and the organisation of work?
- What roles do temporary work agencies play in labour markets?
- To what extent does the changing use of contingent labour have long-term effects on European labour markets?

WORK UNDERTAKEN

The project made a comparative study of four European countries (Sweden, the Netherlands, the United Kingdom and Spain). A comparison was also made with the situation in the United States, both to provide a contrast to Europe's heterogeneous labour markets and to draw on the experience of contingent employment in a labour market operating under conditions that differ, in part, from those in most European countries.

The study also compared the use of contingent labour in four industries - healthcare, food manufacturing, financial services and information and communication technology (ICT). This was done by conducting sector overviews and case studies in each country.

By studying the different industries, it was assumed that it would be possible to illustrate variations in the driving forces behind the use of contingent labour, as well as in the consequences for the actors in the employment relationship (workers, users and trade unions). The project also examined the temporary work agency industry and its development in the five different countries. In total, 41 case studies of organisations in the selected sectors were made.

KEY OUTCOMES / CONCLUSIONS

Temporary agency work can provide both security and flexibility, the project concluded. Security can be achieved through an employment contract at the agency, and flexibility through assignments at various user firms. The regulation of the assignment itself does not serve the job security interests of the agency worker. Rather, it is the regulation of the contract at the temporary work agency that should be the focus of attention. The presumption should be that employment is on an open-ended contract unless there are objective grounds for contracting otherwise.

Governments could take a more active role in recognising the temporary work agency (TWA) industry as contributing to labour market policy goals. They should also consider how to strike a balance between the private TWA industry and the public employment services. The first step would be to consider revisions of the governance structure of temporary agency work.

There are three principal regulatory issues concerning TWAs:
- to allow temporary work agencies to pursue profitable business activities
- to ensure the integrity of the collective bargaining process at the user firm
- to ensure some degree of job security for agency workers.

The corresponding regulatory aims should be:
- equal treatment for the temporary agency sector
- equal treatment as regards pay and working conditions for agency workers at the user firm
- equal treatment for agency workers in terms of employment status in labour law.

The three aims are interlinked and cannot be implemented piecemeal. Differences in labour market structures and regulations mean that implementation would have to vary from country to country.

However, employment protection for agency workers cannot be achieved by statutory law alone. Trade unions should abandon any remaining reluctance to organise at agencies and to act in favour of employment protection there.

Despite the various efforts to regulate the use of limited duration contracts, problems for workers still exist. The characteristics of contingent employment make it difficult for the regulatory framework to limit its undesirable effects.

More generally, the report suggests the creation of a forum for the discussion of comparative research methodology in European research efforts. Such a forum should address the differences between national and international comparative research.

DISSEMINATION


PUBLICATIONS' LIST


### PROJECT DETAILS

**FULL TITLE:** New Understanding of European Work Organisation

**ACRONYM:** NUEWO

**CONTRACT NUMBER:** 99-00009

**THEMES ADDRESSED:** Employment and changes in work – Quality of life and gender – Societal trends and structural changes – Education, training and new forms of learning

**KEYWORDS:** contingent employment, atypical employment, evolution, causes, consequences/implications, temporary employment agencies, institutions, labour market regulation, trade unions, employment relations, quality of life, attitudes to work, lifelong learning, comparative, sectors, policy

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**START DATE:** 2000-02-01

**END DATE:** 2004-06-30

**EC FUNDING:** € 848 102

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BACKGROUND
A lack of economic growth does not seem to be the EU’s most pressing problem. Labour productivity even less so. Where the European Union does lag behind the United States is in the growth of employment. This gap is often said to have arisen because economic activity in the US is more geared towards labour-intensive services than in Europe. Americans are thought to buy far more financial and personal care services, as well as more domestic support and gardening. But is this perception entirely correct? How much does the greater service orientation of the US economy really contribute to its higher employment rate? And would such service jobs be desirable jobs? Many service workers in the United States are said to be ‘working poor’. The concern in much of Europe is that the opening up of low-paid service jobs could undermine Europe’s social model, while doing little to enhance social inclusion and gender equality.

These are some of the core issues examined by members of the network. The LoWER research portfolio includes: low pay and low skills, minimum wages and employment, wage inequality and earnings mobility, gender equality in low-pay and part-time labour markets, service-sector demand patterns and employment, poverty and social protection, training and employer behaviour.

WORK UNDERTAKEN
The network concentrated on four work packages:

- The role of demand for low-skilled consumer services:
  What is its role in explaining the (un)employment situation, and what could its level and/or its pattern potentially contribute to job growth? What explains the evolution and patterns of consumption? How do they relate to household expenditure, and to policies including those of wage moderation? In other words, to what extent does economic growth relate to job growth via consumer behaviour?

- The perspectives for low-skilled workers:
  What perspectives would professionalising personal services offer employees, particularly the low-skilled category of workers? Is extending their training feasible and desirable? What is their interest in better quality – job satisfaction? Would this fit the arrangement of activities outside the labour market as, for example, permitted by temporary and part-time working? Could it also help to improve low pay?

- The adaptation of education and training:
  How can the system of education and vocational training assist in the professionalisation of personal services and thus contribute to improving the human potential and employability of the low skilled? What kind of training is presently in operation in different industries, and what changes are already being made or considered? How can the training be improved and how should lifelong learning be perceived in this context? What can one country learn from another, especially with regard to vocational training?

- The effect of the quality of services and the role of employer behaviour:
  How far can demand for services be increased by improving their quality? How does such a strategy relate to employer behaviour in the low-skilled service sector?

KEY OUTCOMES / CONCLUSIONS
The project’s single most important finding was “the very skewed nature of the employment gap between the USA and Europe.” This disparity is entirely concentrated within consumer services, “high-paid (healthcare, education) as well as low-paid (retail, hotels, catering etc.).” The gap has grown in recent years “not because US services grew so much more but because a steady gap in services became exposed as a consequence of rapidly declining manufacturing and agriculture in Europe”. The prime explanation is a higher level of demand for consumer services in the United States as a result of higher incomes. These higher incomes in turn result from higher participation rates and working longer hours, but “no longer from higher productivity”. The level of demand is much more important in this respect than the pattern of demand. Consequently, it is not yet possible to give a simple affirmative answer to the question “Can improving low-skilled consumer-services jobs help European job growth?”

Europe has areas of strong performance compared to the United States: the level of employment in manufacturing and business services, as well as at intermediate levels of pay. The growth of part-time employment is another example. Where Europe is at a clear disadvantage is in high-paid jobs and female employment. These two problems appear to be linked. Europe is doing better than the US with respect to the earnings mobility of the low-paid, though not necessarily in all member states. The project report therefore rejects the hypothesis of a trade-off between wage and unemployment levels for the low skilled. “The role of demand does not do away with the importance of job quality.”

Analysis of job satisfaction “indicates that promotion prospects and career progression tend to be more important than pay levels in promoting job satisfaction, and that the extent of training provided makes a further positive contribution”. With the rapid growth of part-time work, “the poor quality of part-time jobs emerges as a significant threat to women’s labour market progress”.

The major policy recommendation is that Europe should focus less on “institutions and regulations that are thought to affect the lower end of the wage distribution” and more on “the demand side”. The researchers argue that there is no particular need for longer working hours in Europe, if the shorter hours achieved over recent decades are found to have resulted in greater well-being. Also, it is important to “consider the links between female employment, part-time employment, low-wage and low-quality employment and no longer advocate the stimulus of part-time jobs regardless of their characteristics and effects.”

“The deficit in high-wage jobs, that would seem to lie more with the limited demand for skills by firms in the European economies than with shortfalls in their supply, should receive more attention also in relation to female employment growth. There is, however, no easy recipe for stimulating high-wage jobs growth in terms of the type of industry.”

DISSEMINATION
Website; working papers; newsletters; dissemination conference; written publications; LoWER conferences in Bordeaux (1997), London (1997), Groningen (1998), Aberdeen (2000), Braga...

**PUBLICATIONS’ LIST**


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**FULL TITLE:** Can Improving Low-Skilled Consumer Services Jobs Help European Job Growth?

**ACRONYMN:** LoWER

**CONTRACT NUMBER:** 99-00021

**THEMES ADDRESSED:** Employment and changes in work – Economic development and dynamics – Education, training and new forms of learning – Quality of life and gender – Societal trends and structural changes – European socio-economic models and challenges – Dynamics of knowledge, generation and use

**KEYWORDS:** low-skilled services, consumer services, professionalisation, quality of service, demand, private consumption, employment, job quality, pay, quality of life, training, life-long learning, database, quantitative analysis, policy proposals

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**START DATE:** 2000-03-01

**END DATE:** 2004-05-31

**EC FUNDING:** € 516 988
Using flexibility to balance work and family life

BACKGROUND
An important factor in the quality of life in Europe has always been the individual's ability to balance work and family life. However, recently, European countries have been forced to rethink their social attitudes and policies in order to remain economically competitive, and workers have had to accept more flexible forms of employment. Flexible working can take many forms: 30% of workers are now time-flexible, 15% place-flexible, 29% contract-flexible, 11% have more than one source of income and 47% are flexible in more than one of these ways.

While some European countries, such as the Netherlands, Sweden and the United Kingdom have successfully managed to shift to flexible working, it has been unclear whether flexibility that was good for the economy automatically suited individual workers and their families. The project looked at nine EU Member States and (then) Accession Countries: Austria, Bulgaria, the Czech Republic, Hungary, the Netherlands, Romania, Slovenia, Sweden and the United Kingdom to discover more about workers’ attitudes and experiences of flexibility and to see whether it could help individuals to balance work and family life.

> Project objectives
The main objective was to understand the impact that flexible working patterns had on households in different European contexts: particularly part-time or short-term work, place flexibility (where the individual lived and worked) and flexible contractual conditions. It compared flexibility strategies in the long-term EU Member States with those of the Accession States which had a post-communist perspective.

A particular focus was on the variations of flexible working according to gender, generation, socioeconomic status, work culture and values to see how this had affected social cohesion and family life. This research studied family roles and the gender division of labour and work-family conflict in households to learn in what way flexibility hindered or helped individuals to integrate their home and work.

The research described and analysed the kinds of national regulations and policies governing flexible work in different countries to see the extent that current regulations either encouraged or harmed good or bad flexibility, and whether they could be used to support positive flexibility or merely created a large underclass of people with precarious jobs.

WORK UNDERTAKEN
There were three research phases: collecting national statistics and carrying out a survey of current literature, conducting a survey of individuals in eight countries, and documenting and comparing flexibility and family policies.

> Carrying out the background research
The survey of national literature and statistics showed that the idea of flexible work, i.e. part time, precarious or self-employed, varied according to the national and individual context. For example, in some countries flexibility benefited professional workers – in the Netherlands this was a positive option for women; however, in other countries flexibility was a poor option for temporary low-earning workers. The survey also showed that state or social partners’ intervention made a big difference as to how flexibility was applied, as it could determine the level of control the employee had over his/her hours and conditions.

There were some expected trends: women (particularly those with young children although not exclusively); young people; older people, immigrants and members of ethnic minorities were more likely to be working flexibly than prime-age male workers were. The background research also revealed that where the formal economy was particularly rigid it was more likely to be replaced by an informal economy and flexible employment.

> The national surveys
Following the literature review, the partners carried out a massive survey of 11644 working people aged between 18 and 65 in eight of the project countries. The survey questionnaire was divided into five sections: 1) information of individual respondents, 2) information on household members, 3) work values, 4) potential for flexibility, 5) the household’s economic resources.

The numbers, techniques and response rate are given below.

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of people</th>
<th>Response Rate</th>
<th>Interview Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>1806</td>
<td>87%</td>
<td>Face to face</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1556</td>
<td>50%</td>
<td>Face to face</td>
</tr>
<tr>
<td>Hungary</td>
<td>1666</td>
<td>5%</td>
<td>Face to face</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>1007</td>
<td>22%</td>
<td>Telephone</td>
</tr>
<tr>
<td>Romania</td>
<td>1864</td>
<td>85%</td>
<td>Face to face</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1008</td>
<td>65%</td>
<td>Face to face</td>
</tr>
<tr>
<td>Sweden</td>
<td>2292</td>
<td>69%</td>
<td>Postal and telephone</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>945</td>
<td>48%</td>
<td>Face to face</td>
</tr>
</tbody>
</table>

This research was designed to find out how different household members managed to combine all their activities including domestic work, childcare, work in the informal economy, self-provisioning, additional casual and occasional jobs, and various kinds of regular employment. The interviews also enquired about people’s attitudes towards flexibility, their actual behaviour, the ways they arranged their work and their preparedness to be flexible.

> Comparing flexibility and family policies in different national contexts
The third stage of the research compared flexibility and family policies in different national contexts. This was done through drawing up tables comparing labour and family policies between countries.

KEY OUTCOMES / CONCLUSIONS
The study showed that there were many types of flexibility – it existed in regular, secure jobs as well as in irregular or atypical ones. One in ten people had multiple income sources, one in three was time-flexible, one in three was contract-flexible, one in seven was place-flexible and nearly half combined different kinds of flexibility. Flexibility is not just about labour market deregulation or part-time or temporary work, but also about combining all these different elements.
The results also highlighted differences between ‘good’ and ‘bad’ flexibility. ‘Good flexibility’ was controlled by the employee and was most common among middle-class professionals in North West Europe, where it was often regulated and adapted to the needs of those involved. ‘Bad flexibility’ exploited the employee, who was often a manual worker or a young worker, and was most often found in Central and Eastern Europe where there was little regulation. Workers who were the victims of bad flexibility had little control over the hours, place of work or conditions and had low job satisfaction, and in Western Europe women were its main victims.

When the survey turned to home life, the results revealed that 28% of interviewees would like to reduce their working hours or work flexibly in order to spend more time at home.

> Policy implications for flexibility

The research resulted in the following recommendations:
- Flexibility should be regulated in such a way as to give both the employer and employee the maximum chance to manage flexible working.
- There are different routes to flexibility, depending on national employment and care structures. As a result policies should avoid defining flexibility too narrowly and should use the term to cover a variety of working arrangements.
- Ideally, flexibility should be employee-led as this is likely to generate greater job satisfaction and a more motivated workforce.

> Policy implications for the family

- The research showed that the family-work balance depends on the individual’s perception of stress through overwork and managing the work-life balance rather than the actual situation. Many people would like fewer hours and spend more time with their families. As women already worked flexibly to be with their families, a positive move for men would be to increase the flexibility option and back this up with regulations.
- In most countries the division of labour between men and women in the home is very uneven, so there should be more affordable childcare to raise women’s participation in the labour force and men should be encouraged to share domestic tasks.
- In countries where there is little or inadequate public care provision, and no possibility of other family members taking over childcare, there is a danger that children are inadequately supervised while their parents are working. To prevent this there should be better public childcare.

DISSEMINATION

The results were disseminated nationally and internationally through meetings, seminars, policy workshops and through the media. There was a website, and ‘online’ and printed newsletters.

PUBLICATIONS’ LIST

Series of HWF Project Research Reports
ISSN: 1682-9331
The European Union aims to boost growth and employment while reducing inequalities within Member States and between citizens in Member States. It is therefore important to establish what generates good business performance and what encourages good employee performance, for policies to be effective.

Economic theory predicts that large pay inequalities are sufficient to encourage good business and economic performance. If this is the case, then it throws into question the need for intervention, in the context of the EU.

The Lisbon strategy stresses the importance of social protection. It is seen as a key factor contributing to economic growth and therefore to the prosperity of EU citizens.

Within the Lisbon strategy, the European Social Model plays a central role in EU policy. The Model, which is designed to tackle inequality, is based on the following principles:

- Europe's success must not exclude anyone
- Social cohesion is related to economic success
- Economic and social progress are not contradictory goals
- The welfare state is not a luxury, and is not a result of economic development. Instead, it is a factor of production.

**Project objectives**

The project had two main aims:

- To establish whether large inequalities in pay on their own can stimulate productivity and boost employees' performance;
- To find out if exceptions to this relationship can be explained by different performance and industrial relation systems.

**Work undertaken**

Employment performance in eight Member States – Belgium, Germany, Denmark, Spain, France, Ireland, Italy and the United Kingdom – was analysed at industry and company level.

Researchers needed to secure remote access to the 1995 European Structure of Earnings Survey, in order to answer the questions that they had posed. This meant they had to work with Eurostat to establish rules under which they could use confidential information and keep the data secure. Much of the early part of the project was spent establishing the ground rules, and devising the technical procedure and software to access the data

**Key outcomes / Conclusions**

In answer to the questions that were posed, there were five key findings:

- Greater pay inequalities within firms do appear to be related to better business performance. But as levels of inequality increase, this becomes less true.
- There are greater overall pay inequalities in some countries – Ireland, Spain and the United Kingdom – compared with Belgium, Denmark and Italy. But this does not correlate with employment rates: lower pay does not necessarily lead to higher levels of employment. In 1995, Denmark and the United Kingdom had the highest employment ratios, and Spain and Italy the lowest. The greater pay inequality in the first three countries seems to be associated with the nature of the labour market, in terms of factors like low pay, age and gender. This suggests that policies are needed to address the inequalities in the labour market that result from discrimination on the grounds of age and gender.
- National and sectoral pay agreements do not restrict employers’ policies across countries more than single-employer agreements.
- Pay inequalities at company level have to be considered in the context of wider human resources and work organisation policies. Variations in pay only improve productivity when the working environment is right. Differences in pay can also be accounted for as a result of factors like length of service.
- Differences in the composition of employment as well as differences in bargaining structures affect pay levels.

The researchers also noted that secure remote access to Eurostat data could encourage fuller use of that data by EU research and policy communities.

Although inequalities in incomes do have an important incentive effect within firms, the project concluded that this was not the whole story. Beyond a certain point, increases in inequality do not increase performance proportionately. Also, newer systems of flexible working and team working could improve productivity and make room for more egalitarian pay structures.

In countries where pay inequalities were largest, there was a higher degree of job segregation, with many workers confined to low paid establishments. This means there is a case for promoting equal opportunities in European labour markets.

**Dissemination**

Findings have been disseminated in papers and presented at conferences. A book has been published, based on the studies and the final report.
# PROJECT DETAILS

**FULL TITLE:** Pay inequalities and Economic Performance  
**ACRONYM:** PIEP  
**CONTRACT NUMBER:** 99-00040  
**THEMES ADDRESSED:** Employment and changes in work – Economic development and dynamics – Education, training and new forms of learning – European socio-economic models and challenges  
**KEYWORDS:** pay inequalities, employment, economic performance, company policy, training, industrial relations, job incentives, access to jobs, quantitative analysis, policy  
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**START DATE:** 2000-04-01  
**END DATE:** 2004-07-31  
**EC FUNDING:** € 1 090 320
BACKGROUND
Employees in Europe are increasingly facing the challenge of coping with flexibility, changing work situations, new skill requirements and new demands for mobility. Adjusting to these changes requires specific learning and work attitudes. Work-related identities can play a decisive role in this process as they help employees to define a professional orientation and develop work attachment and commitment. They influence an individual’s concept of work, and how he or she relates to his or her job, the work environment and their employer. Personal characteristics, attitudes and values, work processes and contexts combine to form work identities.

FAME wanted:
- To assess the impact of flexibility and mobility on traditional European concepts of work and the development of vocational identity;
- Analyse how employees deal with flexibility, mobility and the resulting uncertainty in work and in the labour market, and how learning and skills development can better equip individuals to handle instabilities and uncertain working conditions.

WORK UNDERTAKEN
The FAME team looked at the labour markets, work concepts and vocational educational systems in the seven partner countries. It interviewed over 500 employees at intermediate skills level and over 100 managers and representatives of human resources departments about how employees cope with changes at work and how this might affect their work identity, work attitude and professional development.

It focused on the following sectors per country:
- Healthcare, IT and timber and furniture (Estonia)
- Healthcare, metal working and telecommunications (France, Germany and the United Kingdom)
- Healthcare, metal working and tourism (Spain)
- Tourism (Greece)
- IT sector and Tourism (Czech Republic)

For each sector, it looked at structures and working conditions, such as employment contracts, working hours, salary levels and demands on flexibility; the working environment, such as organisational structures, recruitment and employers’ attitudes; individual attitudes and their adaptation and problem solving strategies for dealing with change.

KEY OUTCOMES / CONCLUSIONS
The project found that a new employee identity was emerging. He or she is seen as a ‘self-employed entrepreneur’ who is selling his or her services, skills and competencies as the employer-employee model of work increasingly becomes one of a ‘user provider’. This assumes employees can deal with a high level of flexibility and continuous learning and are able to manage risk and actively shape and construct their own professional development and identity independently from the employer.

It said individuals are increasingly required and expected to develop a pro-active and ‘entrepreneurial’ work attitude that is multi-skilled and flexible and can be continuously adjusted to the requirements of change. It also means more and more employees have to actively construct their own job stability and continuity, which was formerly generated through, for example, permanent employment contracts and a stable company attachment. In addition, employers are transferring to the individual the risk of managing job insecurities and the responsibility for acquiring the relevant skills for the job.

FAME argued these developments have significant implications for the professional orientation, work identity and attachment of employees. The ‘entrepreneurial’ model assumes a highly dynamic and flexible work identity. However, the FAME research clearly shows that this kind of work identity is rather exceptional among employees. It said the majority of interviewees at the intermediate skills level considered more ‘classical’ forms of identification with work largely resisting employers’ high flexibility and mobility demands. A considerable number of these employees did not possess the personal resources to cope with the requirements of a fast-changing work environment. This often led to stress, lack of control over work performance, high levels of staff turnover, lack of commitment of employees and, in some cases, poor work performance.

FAME warned that the individualisation of work identities is in danger of excluding an increasing number of people who cannot or do not have the means to develop highly flexible work attachments. This may be because they lack the right qualification or skills, come from disadvantaged socio-economic backgrounds, may not be very flexible in general, or may prefer to hold on to more classical forms of work concepts. It added, “since the majority of employees in Europe have undergone a work-related socialisation that did not yet anticipate the requirements for increased flexibility, mobility and lifelong learning, the number of disadvantaged workers in Europe who are not of an ‘entrepreneurial’ type could be potentially high”.

The project also found that the delivery of vocational training is also changing. Employers are putting more importance on the acquisition of generic or core skills, such as communication, instead of specific technical skills. They are also prioritising learning while working, self-directed learning or informal training against more formalised vocational training. FAME said this trend may create new opportunities for employees but, to the extent that it transfers responsibilities of skills acquisition from the company to the individual, it may also cause a high level of stress.

FAME emphasised that employees need to be supported and guided to cope with changing work environments and the demands to be flexible and mobile. It said in all sectors and occupational groups this kind of support was insufficient or not given at all. It strongly recommends some form of guidance, be it institutional, employer or more individualised, to avoid the exclusion of a large number of skilled workers in Europe.

DISSEMINATION
FAME disseminated its results through its website, national dissemination workshops, a review and evaluation workshop and a final dissemination conference in 2003.
PUBLICATIONS’ LIST


Towards inclusion in Europe's labour markets

BACKGROUND
Female and ethnic minority participation in European labour markets is on the rise. The integration of both groups is a critical political issue, particularly as the nature of employment is significantly changing, for example, through increasing part-time work. The overall objective of the project was to identify structural and institutional mechanisms that marginalise these groups and to investigate ways to integrate them.

A main objective was to determine the differences between the sectors and between women and ethnic minorities. Three strongly white male-dominated sectors (construction, ICT and print) and one female and ethnic-dominated sector (health) were examined in the United Kingdom, Denmark, Germany, Italy, the Netherlands and Spain. Researchers worked in five areas, based on hypotheses that clearly define the issues.

> Education and training
Vulnerable groups are more dependent than men on formal qualifications to prove their ability, but experience greater difficulty in acquiring education and training.

> Wage setting
The more the wage structure is graded and related to the potential (skills) of the workforce, rather than craft-based and related to output, the more inclusive it becomes; the less, the more exclusive it becomes.

> Recruitment, contracting and employment protection
The more formalised the form of recruitment, the higher the job access for women and ethnic minorities. The more informal, the more social networks come into play as powerful forces for exclusion, supporting gender bias in gender segregated jobs and ethnic bias in ethnically segregated labour markets.

If temporary and flexible contracts are available, employers tend to use them. As a result, new entrants will predominantly work in the flexible segments of the labour market and face difficulties getting the experience and training needed for promotion.

The more extended formal employment protection, the more difficult it is for new entrants. The less formal the protection, the greater their chances.

> Social benefits and opportunity policies
Women and ethnic minorities covered by comprehensive, social benefits provided by the state, social partners or enterprises have more extended labour market opportunities than those without.

> Active labour market policies
Employability and staffing policies will improve the position of vulnerable groups relative to incumbent workers when these policies are supported by numerous enterprises and are perceived as enlightened self-interest.

WORK UNDERTAKEN
The project focused on the processes of exclusion and inclusion of ethnic minorities and women in terms of both access and entry into each sector and in employment, including progression within a firm through promotion. To uncover the structural mechanisms at play at micro and macro levels in exclusion, work was centred on the areas of education and training, wage setting, recruitment, contracting and employment protection, social benefits and equal opportunities policies, as well as active labour market policies.

Project partners developed a theoretical and methodological framework valid at European level, encompassing definitions and classifications of excluded groups and segregated labour markets in industry and services. It also included entry and exclusion mechanisms, including education and training, wage relations and employment and working conditions (whether for ethnic minority groups, women or the long-term unemployed). At macro level, it included a literature review and a quantitative analysis of high quality statistical data.

At micro level, an empirical qualitative analysis of firms and about 30 organisations investigated the means of entry to the labour market and mechanisms of exclusion, as well as success in achieving integration. The results were evaluated and synthesised at European level to discern differences and similarities between countries, and whether Europe-wide processes were observed.

Project partners also evaluated the reasons for and results of successful integration as a result of detailed investigations into good practice.

This work was complemented by interviews with relevant organisations – employers, trade unions, government officers, training, equal opportunity and employment organisations – to identify gaps, incompatibilities, good practices, the interfaces and gatekeepers between the long-term employed and non-active participants, and the changing role of different institutions and regulations.

One key aspect of such an investigation is its emphasis on social policies as a productive factor, including equal opportunities. In their examination of the roles played by social benefits, equal opportunity policies and active labour market policies in enforcing or alleviating segregation, project partners were able to distinguish the impact of particular policies in the various countries and identify the exclusionary mechanisms in the construction, ICT and printing sectors that persist in both regulated and deregulated models.

Separate working papers on the framework and the current 'state of the art' and the statistical analysis were prepared. National reports based on the micro and macro level analyses were disseminated and discussed at national seminars. The national reports paint an interesting picture of inclusion in various sectors and make recommendation of how to overcome obstacles to women and ethnic minorities.

KEY OUTCOMES / CONCLUSIONS
The main conclusions suggest that the obstacles for women to integrate into the sectors are different from ethnic minorities, although there are similarities between the two groups. While 'working time' is one of the main obstacles women face, for ethnic minorities, 'education and qualification' was often viewed as problematic. There are also considerable differences between the countries regarding women's participation in technical education and the concept of 'ethnic minority', which in several countries had to be translated as 'immigrant' or 'non-national', which gave a different focus.

Project partners made numerous policy recommendations at national, sectoral and enterprise level, but point out that there were only a few issues where consistently found strong evidence to support action across all countries and sectors or across Europe. The most outstanding relate to employment conditions and to recruitment and promotion. They strongly recommend:

- Flexible working time arrangements that enable women and men to assume both household responsibilities and more gender-equal work roles. This includes controls on the working day and the working week.
- Companies and institutions need to be convinced of the need to reconsider and formalise recruitment procedures, including job advertisements, the targeting of applicants and the selection process through interviews.

Up to 100 potential good practice cases were identified that allowed researchers to highlight five essential conditions. Policy cultivating good practice should be designed with:

- Knowledge and understanding of the problem to be resolved;
- Tools and data for evaluation;
- Partnership between actors;
- The ‘business case’ for good practice being understood;
- Political and policy commitment is critical if employers are to initiate good practice.

They also pointed to a number of areas requiring further research, including:
- More detailed work on the different situations of ethnic minority men and women and their respective positions in the labour market;
- An evaluation of how national and EU anti-discrimination laws and practices have been translated into practice;
- The historical origins and development of gender and ethnic discrimination and segregation;
- The impact of rules and regulations for recruitment and dismissal on the changes of women and ethnic minorities;
- Preferences in school choices, the study trajectory of women and ethnic minorities and their performance in higher education;
- Develop a further analysis of the combined characteristics of gender and ethnicity in labour supply;
- More detailed research on why the affects of work/life balance appear limited;
- ‘Integration’ instead of ‘exclusion’ should be the focus of future labour market research projects.

DISSEMINATION
Various working papers and conference papers were presented at meetings across Europe and beyond in 2003 to 2005.

PUBLICATIONS’ LIST
Colclough, Christina, Michielsens, Elisabeth and van der Meer, Marc, ‘Educational and Labour market segregation. The case of IT in Denmark, the Netherlands and the UK’, paper to International Labour Process Conference, University of Amsterdam, April 2004.
Széll, György and Wiking, E.Hert, ‘Overcoming marginalisation: Structural obstacles and openings to integration in strongly segregated sectors – The Case of Germany’, lecture at Hitotsubashi University, Tokyo, Faculty of Social Studies, 7 October 2002.

Full publications’ list available on SSH website.
Section 5: Towards better understanding precarious employment

**BACKGROUND**
Notions of insecure, poor quality or bad employment vary across Europe. The aim of the ESOPE project was to contribute to a better understanding and evaluation of the relationship between such ‘precarious’ employment and social and socioeconomic insecurity. The results were expected to contribute to policy debates over modernising social protection systems, activating employment policies and the quality of employment in Europe.

The definition of precarious employment varies across the countries studied – France, Germany, Italy, Spain and the United Kingdom – where debates about employment also varied. Project partners developed a working definition that incorporated exposure to types of risk: employment insecurity, low pay, poor working conditions and weak social protection. Whatever the definition, precarious employment (PE), has increased over the past two decades in most countries. The standard employment relationship, although still the most dominant form of employment, has been eroded by the combined effects of weakened employment protection legislation and institutions, regular layoffs, the increase of PE and dual employment. A critical is the blurring of boundaries between employment and self-employment, which creates hybrid forms that are difficult to capture through standard statistical and survey methods. The main research questions addressed included:
- How is PE understood and appraised in both scientific and policy terms in the five countries of the study, as well as at European and international level?
- What are the main factors accounting for the actual incidence and forms of PE, and what is the relative importance of sectoral factors and state-based regulatory frameworks?
- What notion of PE could be more appropriate in scientific as well as operational terms for understanding, measurement and policy-making?

Three dynamic and expanding service sectors were the object of in-depth case study research:
- Call centres in Spain, Italy and Germany;
- The performing arts, studied in France and the United Kingdom, and through existing surveys at the EU-15 level;
- Domiciliary care for the elderly in Spain, France, Italy and the United Kingdom;

The multimedia industry in Germany was researched, primarily for cross-sectoral contrasting purposes.

**WORK UNDERTAKEN**
The selection of the service sectors was based on broad criteria:
- High employment growth in comparison to other sectors, which leads to service sectors;
- High incidence of precarious employment in comparison with other sectors, as was known to be the situation in call centres, the performing arts and domiciliary care for the elderly;
- Differential sector dynamics among the sectors in terms of novelty of the services. Call centres provide relatively new services that did not exist some years ago. Performing arts is a traditional activity, but increasingly more dynamic; care for the elderly is rapidly shifting from the family to professionals.

Ten case studies were completed. At sector level, about five to seven interviews were conducted for each case study with policy-makers from central, regional or local administration, union and employer representatives, labour inspectors, provider networks, client/user organisations, and expert consultants.

Relevant literature, legislation and surveys were reviewed together with collective agreements.

At site level, 15 to 25 interviews for each case study were conducted with managers, local authorities, employees, and union delegates or members of workers councils or committees. Interviews with employees took place either individually or in groups. Relevant literature, including documents from companies and staff delegates, was reviewed, including several court rulings. Seven case studies of locally based innovative initiatives were carried out with interviews at local level. The work plan was divided into three phases. The first phase was dedicated to unravelling models of managing labour market related risks. This involved comparing the underpinning assumptions and arrangements of national social protection systems, labour law, collective labour regulations, and employment policies. Researchers also worked towards a better understanding of the interdependencies and interactions among these various regulatory and policy spheres. Finally, the risks of these models were identified through the critical review of existing surveys and studies dealing with precarious employment at European and national levels.

The second phase was empirical research through in-depth case studies. The first task involved the study of the scope and forms of precarious employment in contrasted sectors and the way in which they are affected by sector and company level flexibility/security balances or imbalances. The second task was to analyse innovative arrangements for local management of labour market risks.

The third phase integrated the results and informed key scientific and policy debates taking place in Europe. In particular, the research aimed to contribute to the scientific debate about social risk. Managing social risk is what concerns policy-makers at European and national level, as is clear from the current debates on the modernisation of social protection systems and of the activation of employment policies.

**KEY OUTCOMES / CONCLUSIONS**
The blurring of boundaries between employment and self-employment was deemed crucial to the causes of PE. Its growth appears linked to labour market deregulation, the encroachment of commercial law onto labour law and the spread of practices, such as outsourcing and contracting-out. Empirical research provided ample evidence to show that PE in the sectors is directly linked to the emergence of new modes of business and work organisation, based on a redefinition of what their economic activity consists of. This leads to a redefinition of employment itself as a set of circumscribed work tasks, projects or assignments.

Precarious employment in the sectors studied is directly related to weak trade unionisation. In most cases, especially in the homecare sector and call centres, these characteristics are related to their emergent nature: new activities with new enterprises and new workers, usually with a large proportion of disadvantaged groups (women, young people, immigrants, etc.) who are traditionally less involved with unionism. This is increasingly incompatible with the notion of the ‘European social model’ and is producing a two-tiered Europe in social and employment terms.

The research points to the need for the adoption of sectoral policies in the areas where PE has been spreading and a greater emphasis upon compliance within these sectors. Such policies
should develop participatory procedures at all levels of decision-making. Extending the quality-based European Employment Strategy across Europe will probably require specific policies with complementary measures adapted to these countries, regions or activity branches based on low productivity, low quality and low wage patterns, to break this vicious circle.

A special focus is needed on 'low quality' jobs or precarious employment within the European Employment Strategy if the social and economic problems of this phenomenon are going to be faced. Specific complementary measures should be introduced in several sectors and regions to ensure that the quality strategy can have a positive impact all over Europe.

In reforming social policies, the impact in terms of precarious employment (positive or negative) should be taken into account because of the significant role social protection plays in preventing it. The efforts already made in monitoring and assessing all these aspects through a system of employment indicators should be reinforced, focusing specifically on a wider range of job characteristics which identify 'low quality' jobs, analyzing more extensively the concept of 'employment quality' and improving the data quality – particularly indicators for temporary employment, constrained part-time employment, and quasi-self-employment.

The involvement of social actors, notably employers, unions, local and regional administrations, could be reinforced by developing participatory procedures when the reforms are introduced at European, national, sector, local and firm level.

DISSEMINATION
ESOPE held two workshops and a European scientific seminar. A bulletin was jointly published and a dedicated website set up. Partners also participated in diverse seminars and conferences.

PUBLICATIONS’ LIST

FULL TITLE: Precarious Employment in Europe: A Comparative Study of Labour Market-related Risks in Flexible Economies
ACRONYM: ESOPE
CONTRACT NUMBER: 01-00075
THEMES ADDRESSED: Employment and changes in work – Social cohesion, migration and welfare – Societal trends and structural changes – Quality of life and gender
KEYWORDS: employment, precarious employment, social risk, insecurity, labour market flexibility, regulation, social protection, labour market activation policy, quality of employment, case studies, sectors, firms, policy proposals
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Coventry
START DATE: 2001-09-01
END DATE: 2003-11-30
EC FUNDING: € 529 741
BACKGROUND
In the 1960s, employment rates were higher in Europe than they were in the USA. However, by the 1990s the USA had turned the tables and had a higher rate of employment than most of its European competitors. DEMPATEM aimed to find out why such a considerable employment gap has opened up between the USA and Europe over recent years.

According to DEMPATEM’s research team, differences in overall rates of economic growth cannot explain diverging employment trends. Instead, the answer may lie in differences in the structure of the US and European economies. The project’s key objective was thus to examine the extent to which employment growth over the last two decades has been driven by a change in the demand for services. The researchers thought it logical to focus on the service sector, bearing in mind the limited prospects for growth in manufacturing employment.

For its analysis, DEMPATEM studied five EU countries – France, Germany, the Netherlands, Spain, and the United Kingdom – and the United States. Researchers looked at statistics/information from these countries from the mid-1970s to the end of the last century.

> Project objectives

Examining demand-side issues, the project set itself a number of questions to answer:
- Is consumer demand higher and growing more rapidly in the US, and what is its impact on the production of services?
- What is the role of the pattern of consumption?
- What determines patterns of consumption? What part do household characteristics, income inequality and consumer attitudes play?
- How does consumer spending on services translate into the structure of production?
- What is the role of productivity and wages on employment?

WORK UNDERTAKEN

DEMPATEM intended to contribute to a better understanding of the mechanisms that created the American-European employment gap, thus giving impetus to the general debate on employment policies in Europe. DEMPATEM looked simultaneously at the product market and the labour market in a systematic and comparative fashion, using different data sources. The research team believe that DEMPATEM was the first project to develop such an integrated approach, spanning product and labour markets in an international comparison of employment trends and their causes.

DEMPATEM broke down the major factors causing changes or inter-country differences in relative service-sector employment – shifts in the final demand patterns, inter-industry productivity differentials, inter-industry division of labour – and addressed the questions set out above.

To carry out its work, DEMPATEM concentrated on combining four strands of research:
- An analysis of aggregate demand components using data from input-output and national account statistics, with a special focus on private consumption;
- Examining household consumption behaviour; relating budget patterns to household characteristics including information about demographics, employment participation and income. The project made use of information from consumer budget surveys;
- An analysis of the employment effects of demand patterns for the whole production chain in vertically integrated sectors;
- An analysis of the employment structure of services in relation to productivity and wages focusing on employment in private-sector services.

KEY OUTCOMES / CONCLUSIONS

The general consensus among politicians and economists was that European product demand structure had a negative impact on employment, and that the continent might be able to improve employment levels if it had the American product demand structure. However, DEMPATEM concludes that this is not the case. Its analysis shows that demand patterns have some effect on employment levels, but compared to the level of demand the effects are small. Higher employment in America reflects higher income and demand.

The most important results of the DEMPATEM research show that:
- differences and changes in household composition, such as the presence of a second wage earner, are of minor importance;
- employment intensities of the service and manufacturing sector are about equal, in a vertically integrated perspective. The effects of structural changes on job creation and loss are generally small;
- growth in service sector employment reflects real demand growth: in the USA, recent demand growth has a strong effect on job creation, while productivity gains are “less strongly job-destroying”;
- the employment gap is largely absent outside of community, personal and distribution services – within the private sector the gap is largest in retailing, hotels and catering.

> Policy relevance

The project results have a great significance in relation to the EU’s Lisbon Strategy, which, as part of its goal to make Europe the world’s most dynamic economy, wants to see the employment gap close in relation to the USA. The project results suggest that to achieve this objective, Europe needs higher demand and higher incomes. But much of the remaining income gap with the USA is now down to labour factors rather than a productivity gap. Thus paying close attention to increasing labour-market flexibility, as called for by Lisbon, may not be as important as concentrating on exploring the origins of the different patterns of work-leisure trade-offs that exist in Europe and the USA.

The results may also be relevant to the future direction of the European Social Model. European manufacturing and agriculture have changed rapidly, while in sectors in which employment is supposed to be most sensitive to wage regulations – such as the hotel and catering trades – wage differentials are similar to those in the USA.

In summary, DEMPATEM found no evidence that the inflexibility of European economies was the reason behind the continuing employment gap with America.
DISSEMINATION
Project details posted on website of the European Low-Wage Employment Research Network; various conferences; publication of working papers; production of project books.

PUBLICATIONS’ LIST
Project books
A selection of project working papers.
Gardes, Francois and Starzec, Christophe, ‘Income Effects on Services Expenditures’.
Blow, Laura, Kalwij, Adriaan and Ruiz-Castillo, Javier, ‘Methodological issues on the analysis of consumer demand patterns over time and across countries’.
Gregory, Mary and Russo, Giovanni, ‘The Employment Impact of Differences in Demand and Production Structures’.
Glyn, Andrew, Salverda, Wiemer, M öller, Joachim, Schmitt, J ohn and Sollogoub, Michel, ‘Employment differences in services: the role of wages, productivity and demand’.

FULL TITLE:
Demand Patterns And Employment Growth: Consumption And Services In France, Germany, Ireland, the Netherlands, the United Kingdom and the United States
ACCRONYM:
DEMPATEM
CONTRACT NUMBER:
01-00089
THEMES ADDRESSED:
Employment and changes in work – Economic development and dynamics - Societal trends and structural changes
KEYWORDS:
aggregate demand patterns, private and public consumption, employment, employment rates, private household consumption, services, income inequality, product market, labour market
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START DATE:
2001-07-01
END DATE:
2003-12-31
EC FUNDING:
€ 670 049
BACKGROUND

During the 1990s, European productivity began to decelerate and the European economy slowed down, so that the region appeared to be in danger of losing its competitive edge, particularly in relation to economies like that of the United States. To halt this decline and to stop Europe's national economies from becoming inflexible, the European Union began to take measures such as adopting the 'Lisbon Agenda', to set in place a set of structural reforms to introduce liberalisation and flexibility into Europe's labour market and cut away barriers to competition.

However, this emphasis on competitiveness above all else has led to concerns that if flexibility is seen as the key to improving competitiveness and a main pillar of labour market policy, it could endanger the 'European Social Model' (ESM) that provides for an improved quality of life for European citizens and is a plank of the European Union. At the same time, recent research on flexibility suggests that reducing a workforce's job security, and thus their commitment to the company, could adversely affect productivity and creativity.

The project Flex-Com, standing for 'Flexibility and Competitiveness' set out to evaluate whether it was possible to improve national competitiveness, while also adhering to the European Social Model and protecting Europe's workforce. The partners studied the relationship between competitiveness, innovation and labour market flexibility in five, small, 'open', dynamic European economies: Finland, Greece, Ireland, the Netherlands and Switzerland to see whether the lessons learnt about how these countries had achieved growth, while retaining the support of the workforce, could be applied to other European countries.

>Policy Objective

The main aim was to see to what extent a flexible labour market in Europe contributes to long-term competitiveness, as well as to socially and economically sustainable development. An important element within this was to open a detailed debate on how exactly 'flexibility' should be defined and how it could be put into effect in different economic environments.

This objective can be broken down into three tighter areas:
- Identifying different national behaviours, through studying countries with different structures, different legislation and different labour market flexibility in five, small, 'open', dynamic European economies: Finland, Greece, Ireland, the Netherlands and Switzerland to see whether the lessons learnt about how these countries had achieved growth, while retaining the support of the workforce, could be applied to other European countries.
- Identifying the links (or not) between flexibility and competitiveness;
- Interpreting flexibility and its role in a European context.

WORK UNDERTAKEN

The work had four different phases:

> A review of the current literature on flexibility

The project began by reviewing the recent literature on flexibility, and concluded that there were two main forms: 'numerical' and 'functional' flexibility. Numerical flexibility is used in firms with a tiny core of stable personnel and a large group of precariousely employed and subcontracted workers. This structure enables these firms to be very financially competitive in the short term. Functionally flexible firms are orientated towards quality competition and innovation, and make long-term investments in their workforce, which is trained, skilled and secure. The partners concluded from the literature survey that successful flexibility came through striking the right balance between these two approaches.

> Five country studies

For the next phase, the partners studied legislation and measures taken to implement flexibility in Finland, Greece, Ireland, the Netherlands and Switzerland to identify the role played by each state, and to evaluate how the country's firms operated numerical and functional flexibility. They discovered that each of these countries had introduced major – but differing - legislative initiatives to increase ‘numerical’ flexibility, as well as to promote ‘functional’ flexibility, through training opportunities. However they had been less active in encouraging firms to make organisational changes or to encourage innovation. Overall, the Netherlands and Switzerland were the most flexible economies, Ireland the fastest growing and Finland the most competitive. Greece was formally the least flexible country but practically, very flexible because of its large informal sector.

>Firm Case Studies

During the third phase, the partners studied 30 firms in six different industrial sectors to compare corporate strategies and cultures. There were six science-based firms (that concentrated on R&D), five supplier-dominated firms where change was brought about by suppliers of machinery and other inputs, seven scale-intensive firms that mass-produced goods, five firms that provided specialised machinery or other goods to their clients, five firms that concentrated on IT and two hospitals (representing ‘semi-public’ organisations). The studies used a questionnaire on the firms' innovations and R&D activities, labour flexibility, human resources management and the impact of labour flexibility on working conditions, industrial relations and overall performance. This was followed up with interviews with personnel.

>Econometric evidence

In the final research phase the partners carried out three studies: two based on existing country-specific micro-economic databases and one on macro-variables. A Swiss study investigated micro-evidence on numerical and functional labour flexibility at firm level, a Dutch study of micro-data evaluated the country's long-term flexible economy and the third study looked at labour market flexibility, productivity and national economic performance.

KEY OUTCOMES / CONCLUSIONS

The project came to a number of individual conclusions:
- Flexibility is far too complex to be covered by a single term, since the policy mix, discretionary powers of various actors and the potential effects of effective intervention differ greatly.
- In the medium to long term, numerical and financial flexibility may lead to a downturn in a firm's economic performance and reduce its capacity to innovate.
- It is not enough to rely on formal rules alone to make markets more flexible, as economic agents do not necessarily adopt new legislation. If it is not acceptable to the workforce and
there are no labour trade-offs, it could be counter-productive.
- Policy-makers need to develop more sophisticated models to
cater to fundamental changes in world production and trade.
- Current discussions about competition and flexibility are
more relevant to Europe’s larger Member States, with their
higher public expenditure on social welfare, than to smaller
economies. The project found that policy intervention alone
was unlikely to trigger consensus and job satisfaction – two
elements in a firm’s success.

Taken together, these showed that a more diversified approach
is needed to improve flexibility in Europe. Because the nature of
European and world trade is changing so rapidly, instead of
looking for a ‘one size fits all’ approach to improving
competition, policy-makers need to identify key issues of
impending change in Europe in the coming decades. Only in
this way can they develop relevant policies and flexibility
suitable for each situation and each country.

One of the project’s significant contributions was to introduce
the importance of ‘innovation’ as a bridge between flexibility
and competitiveness into the discussion – in order to be
competitive, firms must innovate, so any new policy models
must explore ways of combining flexibility with innovation. It
stressed that linking flexibility with skill enhancement could
help avoid high costs and need not damage productivity,
provided firms negotiate with their workforce in order to
夫妻flexibility with security (for example in the Nordic ‘flexicurity’
model). The partners accepted that reaching this level of
reciprocity would involve considerable effort, policy intervention
and imaginative experimentation.

Policy Implications

These conclusions have important policy implications related to:
- The need to adopt benchmarks on ‘total flexibility’;
- The need to encourage national authorities to include impact
assessments in the design and implementation of their
flexibility legislation;
- Drawing from the case of Greece, where there is a large,
flexible workforce involved in the informal sector, national
authorities need to study possible interaction between the
informal sector and flexibility;
- There should be more experimentation with new forms of
employment.

DISSEMINATION

The results were disseminated through a dedicated website,
meetings with user groups, media coverage and publicity,
participation in conferences, academic and general publications,
a special meeting and an international conference in Greece,
both in October 2003.

PUBLICATIONS’ LIST

Oksanen, J., ‘Knowledge and learning in the determination of the optimal
form of firm organization’, Discussion paper in ETLA’s series, no. 873,

Arvanitis, Hollenstein and Marmet, ‘Numerical labour flexibility and
economic performance: what can we learn from the experience of firms in
small European economies’, paper delivered in PAEP’s international
conference Modelling the Labour Market: Realities and Prospects,
Athens, 31 October 2003.

Full publications’ list available on SSH website.
INNOCULT
Internationalisation of Research, Institutional Innovation, Culture and Agency in the Framework of Competition and Co-Operation 146

IDEA-INNOVATION CHAINS
National Systems of Innovation and Networks in the Idea-Innovation Chain in Science-Based Industries 148

SEIN
Simulating Self-Organising Innovation Networks (SEIN) 150

KNOW FOR INNOVATION
Innovation-Related Knowledge Flows in European Industry: Extent, Mechanisms, Implications 152

SOCROBUST
Management Tools and a Management Framework for Assessing the Potential of European Long Term S&T Options to Become Embedded in Society 154

CoCKEAS
Coordinating Competencies and Knowledge in the European Automobile System 156

ORGLEARN
Ways of Organisational Learning in the Chemical Industry and their Impact on Vocational Education and Training 158

TELL
Technological Knowledge and Localised Learning: What Perspectives for a European policy? 160

ENMOB
European Network on Human Mobility - ENMOB 162
Dynamics of knowledge, generation and use
> Internationalisation of research

BACKGROUND
International research programmes are an important route to enhancing understanding of science and technology. The EU has implemented a series of framework programmes to facilitate such research, because of the significant social and economic benefits that flow from it.

Certain fields of research relating to ‘basic science’ such as geology, botany or physics have been conducted across national borders for a long time. But once commercial interests come into play, ‘applied’ science and technology research is often seen as a tool for economic growth, and national interest is emphasised.

National science and technology systems need to be understood, to encourage cross border co-operation. If there is to be greater international co-operation, the factors that influence research in publicly funded institutions must also be taken into account, along with the role of the political culture in any society.

The Fourth and Fifth EU Framework were an example of successful international co-operation in science and technology. It has helped to disseminate advanced technology in situations where everyone involved in a project accepts their interdependence, rather than promoting national interest. Some warnings were addressed with respect to the new Framework Programme (later called the Sixth Framework Programme).

This could be taken further, if less advanced Member States also become involved, even though this may result in additional costs. Science policy at EU level should also tackle wider issues. For example, R&D may improve economic growth, but authorities have a responsibility to alert society to the potential risks attached to projects. Possible obstacles should also be openly discussed.

> Project objectives
The project addressed three important policy issues: the extent to which convergence could be expected in RTD systems and policies in Europe, how a common European research area can be created, and the role can be played by the European agenda. In particular, the Fourth EU Framework Programme (FP4) was studied to assess its influence on national research (and vice versa). The FP4 was adopted in 1994, to establish a common science and technology policy in Europe and to encourage the implementation of innovative ideas.

WORK UNDERTAKEN
There were three main strands to the project. The first was an assessment of national science and technology potential. The second was analysis of innovation in public institutions and the assessment of national science and technology potential. The third was an investigation into the socio-cultural challenge.

The study gathered information from Austria, Sweden, Finland, France, Germany, the Netherlands, Portugal and the United Kingdom. The research was undertaken by reviewing literature and policy documents, by interviewing national policymakers, and European research consortia and networks. Standardised questionnaires were designed for the surveys, and electronic means, mail and telephone interviewing were all used.

The research into national science and technology potential included:

- assessing the efficiency of policy and policy-making in science, taking the internationalisation of research into account
- identifying points in common and differences between national public science and technology systems
- outlining the role of international research and considering the potential for a cross-border European innovation system

The research into innovation in public institutions was to:
- identify the influences on institutional innovation
- assess the importance on international and external factors on changes in institutions.

The research into the socio-cultural challenge tackled:
- the relationship between public political culture and the evolution of science and technology systems
- how cultural differences affect regulation
- different responses to internationalisation of RTD.

The study included a wide-ranging historical review of national research systems and of RTD collaboration. It also drew on different theoretical models. It used ‘government and governance’ literature from political science, ‘cultural theory’ and ‘grid group analysis’ from sociology and anthropology and ‘national innovation systems’, ‘national research systems’ and ‘Mode 1 and Mode 2 knowledge production’ from science and technology studies.

KEY OUTCOMES / CONCLUSIONS
Internationalisation of RTD is happening, but the process seems to lack support from most national governments. Because of this, it is important to boost bilateral and multilateral research programmes. This should be in addition to the European Framework Programme, not an alternative to it.

The quality of research, and its potential for internationalisation, is also affected by how research is evaluated and by how priorities are set. Since the individual strategies of researchers are a key to the success or failure of any research, how staff is treated is important. Attention must be paid to employment strategies, qualification processes and to incentives.

The project also found that core funding is important to ensuring institutional stability.

The assessment of networks showed that they are a very effective means of international collaboration. The European Framework Programmes have been important here, but their role has been to boost existing research networks rather than creating new ones.

Different people participate in transnational research from those involved in national research, while some countries are more prepared to co-operate cross-border than others. In the case of FP4, participants tended to be the larger Member States (such as the United Kingdom, France and Germany) along with the Nordic countries. (NB Insert diagram p24)

In order to develop a European research area, researchers across the continent need a greater awareness of the European policy agenda, for example relating to mobility, subsidiarity, social policy and sustainability.

In terms of the EU Framework Programmes, this means that National Centres of Excellence do not automatically become cross-border Networks of Excellence. The European
Commission will need to intervene to nurture the networks that have proved successful.

**DISSEMINATION**

The study resulted in a database of participants in international research and the production of a strategic policy paper to improve competitiveness and co-operation. Several international seminars (for example in Paris, Lund, Vienna, Warsaw, Berlin and Speyer) were held to submit the findings to the international research communities and the decision-takers. A final conference with more than 100 participants from the old and new Member States was held in Brussels.

**PUBLICATIONS’ LIST**


BACKGROUND
Experts have noted for some time that there is a huge divergence between the degree to which both sectors and countries are able to innovate successfully. It is important to explain why some countries can repeatedly create new products and industries, while others rarely do either. It is also important to understand why some countries are good at innovating but then fail to market the products, whereas others may be slower off the mark, but may have greater commercial success.

In 1995, the EU published a Green Paper on Innovation. It looked at the problem of Europe’s limited capacity to convert scientific breakthroughs and technological achievements into commercial success. This problem became known as the ‘innovation paradox.’

It has been difficult to come up with solutions to this problem, because there is limited understanding of the role that organisations and institutions play in the innovation process.

>Project objectives
The aim of the project was to find out why some countries and some sectors are more innovative than others. This meant that the role that organisations and institutions play needed to be analysed.

Because of the lack of focus on this issue, participants in the project came up with a new concept in innovation research. They called their concept the innovation chain. This describes the links between scientific research and industrial innovation.

The chain is made up of networks of organisations that are involved in different stages of innovation. They are:
- basic research
- applied research
- product development
- production
- quality control
- market scanning

One objective was a better understanding of how institutions give rise to different types of organisations and to different products, ultimately affecting the competitiveness of specific countries.

WORK UNDERTAKEN
The biotechnology and telecoms sectors in four countries, Austria, Germany, Finland and the Netherlands were studied. The time frame for the assessment of the two sectors in the four countries was 1990 until the present.

Some of the questions posed were:
- What have been the consequences of major changes in telecommunications and biotechnology?
- Have countries used the ‘windows of opportunity’ that were provided?
- Did this allow countries to escape from a path of dependency on certain economic sectors?

Several methods were used to collect and analyse data. National research statistics, patent statistics and company reports were used to analyse how nations and sectors performed, when it came to innovation. Documents, visits to organisations and interviews with key personnel were used to assess the impact of organisational and institutional changes. In total, there were more than 150 interviews with firms, trade associations, research organisations, universities and public institutes in the four countries.

The following issues were addressed:
- the patterns of differentiation and coordination within the idea-innovation chain
- the nature of institutions in each country relevant for innovation such as training, finance, corporate governance, law and state intervention
- cultural values.

In order to understand how the larger institutional context influences the capacity to innovate, the project looked at literature on the economics of innovation, organisational analysis, economics and political science, sociology of law and history of technology.

The team wrote extensive reports tracing the changes in telecommunications and biotechnology in the four countries over the last 50 years.

KEY OUTCOMES / CONCLUSIONS
Several common trends emerged in all the countries that were studied. Under the heading of the nature of knowledge involved in innovation, some of the findings were:
- the science-base of the industries investigated has increased
- knowledge from an increasing range of sciences needs to be combined
- single organisations do not have the required diversity of knowledge so they have become dependent on co-operation
- there has been a strong trend towards the privatisation of knowledge
- as markets for knowledge develop, codification is required, which makes them less local
- privatisation of knowledge has some disadvantages such as lengthy negotiations over licensing, exploitation of patents, which could eventually frustrate further innovation.

Looking into the organisational architecture of the idea-innovation chain, the project found that:
- differentiation of stages and tasks means that the chain has become a web of chains
- although many organisations are involved and there are many stages in these webs, the large firms that previously dominated these industries still occupy a strong position
- the major players tend to outsource, so that satellites have sprung up, making coordination even more important
- the division of labour within webs covers large international distances, so networks of regional clusters evolve, each specialising in certain phases of the chain.

There were differences as well as similarities in the way that the countries studied reacted to changes.

For example, Germany took advantage of a window of opportunity in telecoms, but the Netherlands and Austria did not. But the greatest success story in the sector was Finland, which managed to develop Nokia as a world leader. Among other factors, it was galvanised by a sense of vulnerability through dependence on pulp and paper and the loss of the Russian market, by experience in the sector and by
understanding the importance of radio communications. A flexible education system and close relationship between universities research institutes also helped, boosted by the government.

In the biotech sector, the differences between each country were wider than in the telecoms sector. Germany managed to exploit a well-developed pharmaceutical industry. The Netherlands had some success with innovations in agro-foods, but neither Austria nor Finland had strong sectors, and did not make much headway.

The research found that issues like finance, educational resources, the legal climate and government attitudes to entrepreneurship all have an important role to play in encouraging or hampering innovation. At EU level, there are also key messages:
- Privatisation of knowledge means private business is not engaging in basic research. This could threaten innovation long term.
- Organisations in the idea-innovation chain need to cooperate more, but strict competition policies could hamper this.

European firms are increasingly specialising in phases at the beginning and at the end of the idea-innovation chain, such as research, product development, design and after sales service, whilst manufacturing is being outsourced beyond Europe. In these circumstances, European specialisation in producing knowledge may come in useful.

**DISSEMINATION**

A report on performance indicators in the countries and sectors studied, and an overview of relevant literature was prepared. Policy options arising from another report on the idea-innovation chains were discussed at a conference in spring 2001.
SECTION 6.

Understanding innovation networks

BACKGROUND
Turbulent markets and the complex dynamics of science and technology create an uncertain environment for the development of innovations necessary for company competitiveness. Go-it-alone strategies are becoming more and more risky in the current climate.

Innovation networks aim to reduce this uncertainty by bringing together actors from different fields. They are a new and increasingly important model for generating new ideas. They bring together, in a formal partnership, the multidisciplinary knowledge that is needed for the creation and development of new products. A computer industry innovation, for example, may involve solid-state physics to mathematics, language theory to management science.

Economic success depends on this new form of co-operation. Yet little is known about innovation networks. Open questions include: What are the different types of innovation networks and their characteristics compared to classical forms of organisation? What is their structure, coordination mechanisms and the dynamics of how they work? How do they react to changes in their environment? What are the implications of these findings for policy-makers and managers of innovation?

The SEIN project set out to answer these questions. It combined a number of disciplines – science policy studies, evolutionary economics, sociology and computer science.

Its specific objectives were:
- To establish guidelines for the construction of successful innovation networks;
- To develop a dynamic simulation model of innovation networks;
- To provide policy-makers, businesses and the research community with a better appreciation of the likely impacts of their activities in stimulating innovation;
- To provide new evaluation policy tools.

WORK UNDERTAKEN
SEIN started with an analysis of existing innovation networks in four fields – biotechnology, mobile communication, energy technology and e-commerce.

Using the case study findings, it developed a comparative model to identify common patterns in innovation networks. It then went on to develop a computer simulation model – the General Simulation Model (GenSEIN) – to analyse the possible impact of each actor’s behaviour and the influence of changes in the networks’ environment on performance.

Each actor is represented by an ‘intelligent agent’ whose attributes include autonomy, ability to interact with others, reactivity to signals from the environment, and an ability to engage proactively in goal-directed behaviour. Each actor is given a ‘kene’, a structured collection of technological, political, social and economic capabilities. Kenes change as actors acquire knowledge from other actors and as they refine their knowledge through research and development.

Using the knowledge represented in their kenes, actors produce artefacts, such as a new design or drug, amounting to potential innovations. An ‘innovation oracle’ then identifies the artefacts that will become innovations, i.e. successful new products and processes, and rewards the actors. The oracle maps the artefacts on an ‘innovation landscape’. Successful innovations deform the landscape so that the reward for a second identical artefact is reduced reflecting the real world.

The project also used GenSEIN to develop a new evaluation tool, which concentrates on the comparison of innovation networks and their performance instead of their output.

KEY OUTCOMES / CONCLUSIONS
SEIN made a number of policy relevant conclusions:

- Communication difficulties exist across the wide range of partners and disciplines. Partners had problems with setting a common research vision and ensuring everyone’s sustained co-operation. The removal of barriers to mutual understanding and a thorough consideration of potential interests and incentives for co-operation are key policy design elements to stimulate innovation networks;
- A leap in communication, co-operation, coordination and inter-disciplinary skills is required from individuals and even more so from organisations to participate effectively in innovation networks. RTD programmes need to consider this more;
- Innovation requires creativity, diversity and learning, which implies that the final outcomes cannot be predefined in detail from the start. Policy has to take account of this;
- While innovation networks need to remain open to new outside sources of ideas, they also need stability to remain on a targeted path. A lead organisation and a clear mission and identity can help keep them on track, with a high degree of trust being a critical pre-condition for co-operation;
- Actors who in earlier models of innovation only started to matter in the dissemination phase now enter the scene much earlier. SEIN said the role of innovation networks in the market phase is unclear. In fact, many disappear soon after market introduction. For policy, the blurring of the boundaries between innovation and dissemination implies that it is becoming increasingly difficult to distinguish between pre-competitive and competitive research;
- As it is difficult to anticipate the final knowledge outcome of innovation networks, evaluation should be seen as a support for those conducting the research and not an output control comparing what was originally planned with the final result;
- As innovation networks depend on many different policy fields, a better coordination of RTD policy with other domains is becoming more important, both in terms of substance and timing of support measures;
- Finally, new forms of governance are needed, based on the involvement of a broader range of actors and stakeholders in policy design, departing from an experts-only culture.

SEIN shows that the network model may be appropriate for describing innovation processes in many different fields. But it urged caution in adopting a single model. It recommends a differentiated approach to innovation networks in European RTD. Centres of scientific excellence, for example, will require a different model than networks of applied industrial research or networks of knowledge production with a high degree of public involvement.
DISSEMINATION
SEIN set up a website (www.uni-bielefeld.de/iwt/sein/), published a newsletter and 15 project papers, produced a literature list on innovation research and networks, and organised four workshops and a closing conference.

PUBLICATIONS’ LIST


BACKGROUND

In the European Union, a complex nexus of science and technology (S&T) policies exist at EU, Member State and local or regional level. Policies address issues such as raising the competitiveness of European industry, developing a European research area and narrowing the technology gap between Member States. A lack of empirical evidence, though, raises questions about current theories on the process of technological innovation, the needs of the innovation system and the efficacy of different policy instruments. This problem is particularly acute in service industries. The overall goal, therefore, of the KNOW programme was to appraise empirically the diffusion of knowledge of relevance to the innovation activities of European industry in both the manufacturing and service sectors.

The Know project had the following research objectives:
- to examine the extent, magnitude and type of innovation-related knowledge flows affecting European industry
- to evaluate the effectiveness of these transmission mechanisms in improving European industry’s ability to innovate and create economic value
- to evaluate the effect on the mechanisms and frequency of knowledge flows of economic agents, market competition and technology
- to determine the spatial dimension of national, regional and trans-national innovation-related knowledge flows, and whether these flows are largely limited to national or regional systems of innovation or becoming increasingly pan-European or global
- to appraise the degree of convergence of national innovation systems in Europe, to the extent that such convergence may be indicated by knowledge flows between economic agents
- to make recommendations for future policy on facilitating knowledge transmission
- to examine the extent, magnitude and type of innovation-related knowledge dissemination in European industry
- to make recommendations for future policy on facilitating knowledge transmission.

Finally the results of the analyses were linked to the innovation policies of the EU and Member States to assess the success of S&T policies, progress in National Innovation System convergence and policy options to ensure the long-term viability of a European Innovation System.

The KNOW programme was heavily empirical and drew on a number of large databases including EU-RJ V, EUREK-RJ V, PACE, RJ V-EPO, and the Community Innovation Survey.

KEY OUTCOMES / CONCLUSIONS

The Know for Innovation consortium found that European research networks show ‘small world’ properties with high levels of local clustering and high speeds of knowledge transmission. It concluded that the European research networks studied are relatively efficient means of knowledge transfer and international channels are developing fast.

It found a close correlation between the distribution of government-financed R&D and higher education institutions in ICT and the regional distribution of private employment. Engineers and computer scientists typically choose jobs close to these institutions.

The benefits from co-operative R&D was found to be positively related to a firm’s in-house technical capability, particularly its ability to undertake R&D. Co-operation seems to complement, rather than be a substitute for, internal technical capabilities.

Despite the current emphasis on intellectual property rights protection, the Consortium found that European SMEs do not enthusiastically. Policy should, therefore, seek to broaden access and methods of utilisation.

The Internet has not replaced traditional channels of knowledge flow nor is it expected to in the foreseeable future, but rather it has become an important additional channel for communication and knowledge exchange and has been embraced enthusiastically. Policy should, therefore, seek to broaden access and methods of utilisation.

Recent policies to promote co-operative R&D have led to the creation of formidable knowledge communication networks across Europe and the Consortium argues this thrust should be maintained. A relatively small number of organisations including large companies, universities and a few public research institutes (PRIs) have emerged as core players in these co-operative activities and play a disproportionately important role in maintaining channels of communication. It is likely the same organisations will emerge as key players in the new networks of excellence currently being mooted in the context of the Sixth Framework Programme.

Co-operative R&D programmes can have differential effects across industries and technology fields depending on the degree of maturity of the industry so attention should be paid to the sector dynamics during programme design and evaluation. For industries in the early stages of technological development and competition, innovation policy should focus on creating networks of excellence and opening up existing networks to potential innovators by promoting strongly technology-oriented R&D-intensive programmes. For industries that are more technologically mature and have well-established networks of leading actors, policy should be targeted at the broad diffusion
of knowledge, linking peripheral actors to existing networks, and discouraging firms from collaborating to create unreasonable barriers to market entry.

The Consortium concluded that to be effective in leading a country or region into the new knowledge-intensive, learning era, science, technology and innovation policy must build bridges and blend with broader economic and social policies.

**DISSEMINATION**

Consortium members have participated in a range of conferences and workshops and published their findings widely. A long list of working papers is available on the website: www-liee.chemeng.ntua.gr

**PUBLICATIONS’ LIST**

R&D projects - how to choose the right ones

BACKGROUND

Public and private sector managers of research and development projects have ready access to a range of techniques for deciding about the relative merits of competing projects and proposals. However, conventional management methods assume the stability of technological, regulatory and market environments. As a result, they are of limited value when these dimensions are uncertain. The core problem is what managers can do to enhance societal robustness (and hence the chances of social and political success) when dealing with "architectural" innovation.

The researchers’ initial aim was to conduct a feasibility study on existing tools for taking such decisions. Subsequently, the project developed and tested a new toolkit which should help managers to understand the history and present positioning of a project better and be able to determine the next appropriate steps to promote and enhance its social viability.

More specifically, the SOCROBUST methodology is designed to assess the potential for socio-economic success of a particular set of projects - defined as radical or "architectural" innovations - involving technological discontinuities and breakthrough products/services. The argument is that this type of innovation (which often represents around a tenth of the R&D portfolio in a large established firm) cannot be managed in the same way as continuous innovations, which gradually build up a series of useful variations. Risks taken in the latter can be "calculated". Thus, comparisons between, and a selection of, projects can be based upon calculations. By contrast, the former entails such great "uncertainty" (while also often having far greater potential) that applying traditional calculations is at best a formal game and at worst a proof of the distance between "funders" and "project promoters". This class of projects requires specific management practices, which SOCROBUST set out to promote.

WORK UNDERTAKEN

At first, the researchers thought that SOCROBUST’s central task would be to determine which existing tools should be used. However, while an initial review of the literature revealed an overwhelming number of potentially relevant concepts, it also showed that relatively few either were derived from empirical studies or had been tested in practice. So the project embarked on an unanticipated form of exploration which led the researchers to make two important simplifications:

- They limited their selection of concepts to those that had already been used in practice (at least for the analysis of past cases), with preference going to those that were used partly in routine within given organisations. This selection was tried out and further hardened through an extensive “thought experiment” based upon one in-depth case study of the deployment of large-scale windmills and on the emergence of the market for wind energy in most European countries. There were, however, a number of aspects not covered by existing tools (especially relating to the assessment per se) and in dealing with these, the project constructed a handful of new techniques (at present still at the stage of “laboratory pilots”).
- They organised their main trial as a form of consultancy interaction between the SOCROBUST team and project managers responsible for five ongoing cases. The projects selected corresponded to EU-supported projects in three areas: new energy sources; telematics applications in health; and telematics for public administrations. The selection was arrived at through discussion with European Commission programme managers, who were asked to select projects that they considered to be of the "breakthrough" variety.

The next step was to test both the technical feasibility of the proposed scheme (Would it be possible to produce an assessment report along the lines envisaged?) and the strategic capability of the method (Would the SOCROBUST assessment report provide the project manager with a relevant description of his/her project? Did the process and the "robustness" assessment generate new insights for the project manager? Did it change his/her way of thinking about the next steps to take?)

To carry out these tests, a consulting team of two people was formed for each project. This team was responsible for obtaining the existing literature on the project and for conducting two interviews designed to map out the ‘innovation journey’ and to probe critical aspects of the project, while always remaining within the logic of the project manager. The consulting team was also in charge of making the external check (a web search conducted with the assistance of a specialist team), and of drafting the assessment report. In order to monitor difficulties encountered along the way, for example in explaining the approach and working with it, and in order to learn from the process of interaction, the two interviews were followed by an observer. A third meeting was held between the project manager and another member of the SOCROBUST team after the assessment report had been completed and sent out. The purpose of this final meeting was to consider the relevance of the method and the process. In practice, much also turned into "strategy-making" discussions involving consideration of the results of the consultation and their meaning for the future course of the project concerned.

KEY OUTCOMES / CONCLUSIONS

Still in the early stages of development, the SOCROBUST toolkit has been prepared for use in a consultancy-style interaction involving two parties: a SOCROBUST assessor and the project manager. It consists of four steps and ten tools, many of which have been designed from scratch. The basic sequence is as follows:

- The initial step is to describe the project from different angles: first, a narrative of events to date; second, a mapping of the cast of actors currently implicated in the project; and thirdly, the detailing of key events or turning points along the way. Then a future world is imagined and described, in which the project has succeeded and its goals have been achieved. This future working world includes a revised mapping of the actors who will be involved and a more precise specification of anticipated relations between them.
- The second step is to look back over this descriptive material and identify the key changes which will have to take place if the gap between the present and the future working world is to be closed.
- The third step homes in on these key changes but from a new perspective. The purpose here is to put the key changes in context, to check on their viability given events in the world beyond the project, and to assess the project’s present positioning and the key assumptions upon which it depends.
- Finally, plausible and relevant next steps are identified and those upon which the project manager can act are selected.
In all five cases on which the toolkit was tested, it proved to be of practical value for the project managers involved, leading some to revise their views of the project in question and inspiring others to take different actions as a result. Further work is required to explore the possibility of producing a self-administered version - that is, of designing a SOCROBUST process which project managers could follow on their own - and of testing the method on a complete portfolio of current projects.
Europe’s car producers develop own model for change

BACKGROUND
The car industry in Europe, like in the rest of the world, is undergoing a profound reorganisation. This involves a deep-seated restructuring of the relationship between car manufacturers and their suppliers, marked by an increasing delegation of design, production and module assembly functions to first tier suppliers and global sourcing in the search for improved value for money.

To see the real impact of these structural changes, the CoCKEAS consortium focused not only on carmakers but also on components makers, who produce about 60% of a car’s value, and the retail and services side of the industry including new car sales financing.

CoCKEAS comprised 13 research teams from seven countries. All are members of the international GERPISA network dedicated to the study of the car industry and its employees (www.gerpisa.univ-evry.fr).

WORK UNDERTAKEN
CoCKEAS undertook the following work to come up with its findings:
- It studied the changing relationships between carmakers (Original Equipment Manufacturers - OEM) and First Tier Suppliers (FTS) that are playing an ever-greater role in designing and manufacturing motor vehicle components;
- It looked at other actors (lower tier suppliers, engineering companies, distribution networks, etc.) important for the industry’s economic performance;
- It analysed the industry’s services and notably the relationship between the world of finance and car manufacturing;
- It studied how structural changes are affecting the geography of car production in Europe including the expansion towards Central Europe;
- It compared current changes in Europe with car industry developments in other parts of the world to identify the distinctiveness of the European system as well as the competitive advantages and handicaps that are associated with it.

KEY OUTCOMES / CONCLUSIONS
The car industry’s transformation is driven by three main factors:
- Technological developments, especially information and communication technologies (ICTs);
- Reinforced competition, characterised by internationalisation and new alliances, on the one hand, and a regionalisation of the car systems on the other;
- Changes in the institutional context, notably the growing influence of shareholder power and institutional investors on corporate strategies.

CoCKEAS found an increasing outsourcing of work formerly done ‘in house’ and a greater concentration in the component supply industry, with fewer larger supply firms, making SMEs more vulnerable. ICTs have reinforced this process although this varies across the industry.

SMEs, in particular, had the hardest time to keep pace with the ongoing changes including the broadening of their product range; investment in innovation; the willingness to enter into co-operative arrangements; demands for price cuts; and their ability to cope with cash flow problems because of delays in launching new car models. Many capital equipment and materials suppliers also confronted similar problems.

New opportunities resulted for specialised service suppliers (e.g. design, engineering, niche vehicle assembly, etc.) as well as for global logistics service firms.

Complementary car sales services (finance, insurance, after sales, maintenance, etc.) forced manufacturers to compete with other general service supply companies. At the same time, they had to dissuade new competitors from entering their established lines of activities in car sales and maintenance. A key strategy was to offer a menu of services difficult to match by competitors.

CoCKEAS said that the fear of a major relocation of car production to central and eastern Europe seems to be overestimated. But they warned that SMEs were particularly threatened by delocalisation trends. Especially with enlargement, this territorial competition may lead to local crises. These could be avoided if efforts are made to consolidate car regions, develop SMEs’ co-operative capabilities to keep up with the pace of change and innovation in the industry, and their internationalisation, so that they can benefit from global market opportunities.

They concluded that a distinct European car system has emerged. This covers the products and services offered but also work organisation, and the management of the supply relationship based on inter-firm co-operation.

They called for a more visible and well-resourced European technology policy for the car industry giving particular support to Europe’s engineering services and design companies which drive the industry’s competitiveness.

CoCKEAS argued that a full adoption of the principles of shareholder value to the detriment of stakeholders could compromise the longer-term competitiveness of Europe’s car industry. Its research has shown that having stable reference shareholders (like the state, a family or a bank) guaranteed long-term strategic decision-making and the continuation of incentive-based co-operation with all stakeholders.

The result of globalisation and increased outsourcing is greater specialisation and clustering of car production in Europe. CoCKEAS was optimistic that this allows different European regions to benefit by attracting varied cluster types, from high value-added design to low value-added assembly. It warned, however, that SMEs remained vulnerable and should be kept in mind when developing such policies.

DISSEMINATION
CoCKEAS disseminated its results largely through the GERPISA international network using its website (in addition to the project’s website), its annual conference and its regular newsletter.
PUBLICATIONS’ LIST


FULL TITLE: Coordinating Competencies and Knowledge in the European Automobile System

ACRONYM: CoCKEAS

CONTRACT NUMBER: 99-00022

THEMES ADDRESSED: Dynamics of knowledge, generation and use - Economic development and dynamics - European socio-economic models and challenges

KEYWORDS: sectoral SI, competencies, capabilities, knowledge, value chain, coordination, suppliers, design, production, case studies, finance, distribution, recycling, location

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**Ways of learning at work**

**BACKGROUND**

Key goals in the European Union are sustainable economic development, more and better jobs and greater social cohesion. One way to help achieve this is to improve the skills of the workforce by providing training in the workplace.

The European Commission recognises that lifelong learning can help the Community become a more advanced knowledge society. In 1995, the EU launched the Leonardo da Vinci vocational training programme, to help companies create the skilled workforce to cope with rapid scientific and technological change.

In addition to this programme, research into vocational training has been conducted under the Fifth Framework Programme. One important issue is that learning initiatives need to be evaluated at individual company level within Member States. This will help to assess the quality of learning within companies. Such research can also be used to see how workplace learning policies help achieve national and EU-wide economic and social aims.

**> Project objectives**

The project set out to identify different ways in which companies organised work-related training within the chemical industry. The aim was to establish what companies actually do when they describe themselves as ‘learning organisations’ and to assess how effective they were at improving the skills of their workforce.

There are implications for national and EU-wide policies on work-related education and training.

**WORK UNDERTAKEN**

The project examined ways in which organisational learning was undertaken in firms in the chemical sector in four countries: Belgium, Germany, Italy and the United Kingdom.

A conceptual framework was devised by assessing major theories about ‘the learning company’ that mainly derive from American management theory. The project then established the following criteria to define a learning company:

- **Criterion 1:** Work routines are being evaluated and improved
- **Criterion 2:** Formal and informal learning is being evaluated and improved
- **Criterion 3:** The culture of the organisation is being transformed
- **Criterion 4:** Knowledge is being created at different levels within the organisation, and is being shared
- **Criterion 5:** Learning is encouraged and evaluated.

Armed with these criteria, researchers carried out more than 120 in-depth interviews in companies in the chemical industry in the four EU countries participating in the project. The results of this research were presented as case studies.

Project partners found that not all the firms studied met all the criteria, and noted that there was scope for further assessment.

A questionnaire was devised and distributed to firms in all the participating countries. It related questions to the criteria that the team had established so as to define a learning organisation.

Another thread of the research was a series of workshops help in companies, to try to establish which groups of employees actually benefit from in-house learning.

An international workshop was also arranged, where representatives from all the companies that participated in the project presented their approaches to company learning, and discussed the implications for vocational training.

**KEY OUTCOMES / CONCLUSIONS**

The project identified several key points:

- There were some impressive examples of organisational learning. But this was not always a result of company policy. It also came about at a decentralised level, or as a result of restructuring work.
- Knowledge specific to each worker was being used to improve company performance as well as health and safety at work. Workers at all levels were being asked to share their knowledge about production processes, technical installations and co-workers, to improve production. The team described this as ‘work process knowledge’.
- This merging of theoretical knowledge with practical expertise operated on a wider level than the single workplace.
- Within a company, work process knowledge needed to be documented and distributed. This had implications for vocational education and training when it is not linked with the acquisition of this type of knowledge.
- Learning in a ‘learning company’ was geared to running the plant and improving performance. It did not focus on the range of vocational competences defined like the German “Beruf” concept.
- Vocational education and training to prepare somebody for work routines was losing its importance.
- Companies did benefit from organisational learning by achieving greater flexibility.
- Individuals gained from work becoming more interesting, and perhaps more lucrative.
- Organisational learning was appreciated by many employees. But they only benefited as long as they remained with their company
- An unsolved problem was the accreditation on the wider labour market, of skills acquired through organisational learning.

The project made recommendations for policymakers:

1. Programmes and qualifications should be related to work. The concept of ‘work process knowledge’ could be a framework for this.
2. Workers should be involved in devising organisational learning programmes, as results improve.
3. Skills acquired through organisational learning should be accredited in a way that benefits the individual in the wider labour market.
DISSEMINATION
Publications were produced and presentations made at conferences. The final report was also published

PUBLICATIONS’ LIST
SECTION 6.

Generating technological knowledge needs public support

BACKGROUND

TELL wanted to understand the mechanisms that best facilitate the accumulation of technological knowledge and its distribution, both essential for company growth and efficiency. It looked at the coordination and governance of the interplay amongst firms, universities, research organisations and learning agents to see how they generate new technological knowledge and introduce it more widely.

WORK UNDERTAKEN

For its analysis, TELL looked at industries in which knowledge was highly tacit and sticky (clothing, footwear); industries in which knowledge was highly complex and codified (automobile, telecommunications); and industries in which some bits of knowledge were partly tacit and partly codified (life sciences, plastics).

Its case studies included:
- Telecoms in Scotland (UK) and France
- Info-communications in Sophia Antipolis, France
- Plastic components and automotive industries
- Life sciences in France and Belgium
- The aeronautics industry
- The fashion industries: leather footwear in Portugal and Southern Italy

KEY OUTCOMES / CONCLUSIONS

The TELL case studies show important knowledge coordination failures. The project said knowledge could not be created, produced and diffused immediately and spontaneously. It required specific policy measures to decrease the costs of finding out where relevant knowledge is located and to coordinate its production and use.

It said the current institutional context and existing governance mechanisms are unable to sufficiently coordinate the different agents that participate in new knowledge generation. The basic trade-off between appropriation and dissemination, concentration and distribution, incentives to produce and incentives to use, remains problematic.

TELL said its research proved that the knowledge problem can be analysed as a problem of knowledge coordination and use. But it also emphasised that this is only a partial solution “as knowledge is constantly evolving, is constantly becoming other that what it has been and human beings will always be cursed (or blessed) with possessing far less knowledge than the total sum in existence”.

TELL suggested a number of public policy interventions, including:
- Public funding to help secure knowledge stocks. Universities and public research centres play a central role in providing minimum levels of accumulation, generation and dissemination of general knowledge. A drop in competence and expertise in a few knowledge areas can have dramatic consequences across the system. Minimum levels of efficiency have to be identified. TELL recommends scientific presidia across scientific fields and regions. It also suggests a prize system as a possible alternative to patents. Prizes, reward innovators, provide the informational advantages of patents by signalling the new knowledge and, at the same time, do not impede the circulation of new knowledge.
- Credible announcements by the state about long-term research projects to act as a guide. These should be combined with announcements of the state’s intention to invest sufficient resources in the identified areas of knowledge. This recommendation follows the successful model of military expenses which combines clearly selected goals, announcements of long-term commitments in the chosen areas, and huge procurement programmes.
- Long-term standardisation committees with some enforcement capabilities can improve the interfaces between owners of single pieces of knowledge. These committees can provide additional information for the parties involved and those willing to join the process and encourage the creation of interfaces and interactions within the business community and between the business community and the academic world.
- When price is the single vector of all relevant information, communication among agents in the market place is easy. But when technological knowledge matters and scientific and technological information is not conveyed by the price system, more sophisticated communication systems are required. TELL found that spontaneous knowledge communication is far below the required levels. It said knowledge communication takes place at appropriate levels accidentally and occasionally in a few regional and institutional settings. Knowledge communication between the academic and the business community seems especially poor. The creation of public interface agencies to increase knowledge communication flows and reduce the gaps between demand and supply can increase the efficiency of the knowledge governance systems. Public interface agencies can go through the stocks of knowledge and agitate the demand for their application. They can push the academic community towards the market place and selected segments of the business community towards the academic one.
- TELL favoured a reduction of the exclusivity provided by intellectual property rights regimes. It found that patents have an increasingly important information role. Patents can help transactions as they make it easier for demand and supply to meet but do not necessarily increase the incentive to generate new knowledge. It supported changes in the IPR regime which would separate ownership from exclusive right of access to knowledge. TELL found that patent regimes following the first-to-invent procedure are more useful than those following the first-to-file approach.

DISSEMINATION

TELL disseminated its results through its website, numerous publications and conference presentations.
PUBLICATIONS’ LIST


Antonelli, C., ‘Shifting heuristics in the economics of innovation: Manna trajectories and networks’, Geographicae, Portugal


PROJECT DETAILS

FULL TITLE: Technological Knowledge and Localised Learning: What Perspectives for a European policy?

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CONTRACT NUMBER: 01-00051

THEMES ADDRESSED: Dynamics of knowledge, generation and use – Economic development and dynamics

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Network explores human mobility in the European economy

BACKGROUND

Human mobility has an important role to play in creating a strong economy because it is such an important method of spreading knowledge. Too little mobility can hamper the diffusion of new ideas and knowledge; but very high levels of mobility can disrupt knowledge accumulation and teamwork, and increase training costs as businesses have to replace staff. However, it is not easy to gauge the optimum levels of mobility in an economy, or to quantify its positive and negative effects. To tackle these issues, new data and analytical tools are needed.

Better quality information will certainly help Europe’s policy-makers produce clear strategies for mobility. The common assumption is that mobility in Europe is too low at the moment, and is a reason why the continent lags behind the USA in terms of labour market flexibility and in the adoption of knowledge generating activities. To find out what the true situation is, Europe needs a better way to monitor human mobility.

> Project objectives

The main objectives of the ENMOB network were to develop new indicators and improve the analysis of human mobility issues. To make this possible the project sought to:
- map existing databases for both domestic and international mobility;
- critically analyse these databases and recommend improvements;
- look for new and emerging databases, such as electronic CVs and register data;
- create a network of mobility researchers and institutions.

WORK UNDERTAKEN

ENMOB aimed to build on research previously carried out by the network members, for example there have been projects based on: register data carried out in Nordic countries and Belgium; labour force survey data; work and trade permits; and graduate surveys relating to domestic mobility. Researchers also examined studies on inter-Nordic and international mobility.

ENMOB’s work was split into a number of areas including:
- Producing the inventory of existing databases for domestic mobility followed by analysis and proposals for improvement;
- An overview of databases that can be used to analyse international mobility;
- Developing recommendations to improve the statistical treatment of international mobility;
- Analysing mobility issues relating to businesses;
- Reporting on potential and emerging data sources that are owned by public and private institutions;
- Examining the use of human resource information available on the Internet, such as electronic CVs.

Researchers’ activities were reported to four ENMOB workshops, held at various times during the project’s two-year lifespan.

ENMOB focused on looking at different sources of data, notably information that can be gleaned from public registers and the Labour Force Survey. Researchers found that only register data can map mobility in sufficient detail. The value of Labour Force Survey data is limited because it does not carry enough information on the mobility of certain employment groups, and cannot shed any light on international mobility.

The ENMOB team looked closely at electronic CVs. These are a potentially rich source of information relating to mobility of labour. Their use is widespread and they can be found on websites run by individuals, companies and institutions. ENMOB also examined databases used for job-matching.

KEY OUTCOMES / CONCLUSIONS

The ENMOB network has come to a number of conclusions in relation to measuring optimum mobility and data collection issues.

The availability and quality of mobility data is, at the moment, quite patchy and this affects the study of both domestic and international mobility rates.

> Data collection and domestic mobility

Getting valuable register data for most European countries is several years away. For now it would be useful, according to ENMOB, to make some improvements to the Labour Force Survey – and to draw out synergies from the survey and register data whenever possible.

ENMOB has suggested a number of recommendations to improve data collection for the study of domestic mobility:

> Labour force survey
- Standardise questions in the Labour Force Survey as they relate to people’s previous and current jobs to make it possible to get details about when a job started.
- Analyse the relationship between Labour Force Survey and register data in countries that have both these statistical tools.

> Electronic CVs
- eCVs should be structured so that they can be machine searchable and readable. This work will need to harness XML or similar structured language systems – standard ‘Word’ templates will not suffice.

> Register data
- Discussions must start on making register data a key part of the European Statistical System.
- Use must be made of unique person and company identifiers in all public, semi-public and private databases.

> Data issues for international mobility
- Registration of migration must include the educational details and occupation of the migrant. In Europe, people do not need work permits and visas so other administrative changes (such as change of residence) will have to be used to check regional and cross-border migration.
- Standardised and machine-readable eCVs will help researchers study international mobility. Academic and public research institutions should be the first find to ways to record international contacts such as short and long-term stays, guest lectures, etc.

Without these improvements, ENMOB believes that there will be no real headway in mobility studies. The discipline needs better quality data to identify levels of mobility, to examine its net benefits, and to come to policy decisions about what kind of increases in mobility are needed. Better quality information is also required for the general design of policies that aim to move mobility rates in the required direction.
ENMOB was a thematic network, so there are no results as such. Information about activities on the ENMOB website; project partners wrote articles, reports and made presentations to the policy-making community.

PUBLICATIONS’ LIST
A selection of presentations made at ENMOB meetings
Hansen, Wendy, ‘International mobility - report from ongoing research’.
Stimpson, Alex, ‘LFS and Eurostat’.
Ekeland, Anders, ‘Register data - an introduction’.
Ekeland, Anders, ‘Researcher mobility in Norway’.
Pearson, Richard, ‘Why mobility is important’.
vander Hallen, Peter, ‘Why mobility is important’.
Ekeland, Anders, ‘Mobility as an optimum problem – consequences for research and policy formulation’.
Hansen, Wendy, ‘What do we know - Experiences from trying to collect data’.
Nerdrum, Lars, ‘The international mobility of researchers - why and how’.
vander Hallen, Peter, ‘Belgian LFS study’.
Gottvald, Jaromir and Simék, Milan, ‘Czech LFS and work permits’.
Cañibano, Carolina and Martín, Mónica, ‘Spanish LFS and other data sources’.
Ekeland, Anders, ‘The fundamental unit in mobility research - establishment or enterprise?’
Cañibano, Carolina and Martín, Mónica, ‘Measuring the Mobility of Researchers in Spain’.

FULL TITLE: European Network on Human Mobility - ENMOB
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Annamaria Inzelt, IKU, Hungary
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Olaf Tvede, Norwegian Institute for Studies in Research and Higher Education, Norway
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<table>
<thead>
<tr>
<th>Project</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MERITUM</td>
<td>Measuring Intangibles to Understand and Improve Innovation Management</td>
<td>166</td>
</tr>
<tr>
<td>UNIREG</td>
<td>Universities in Regional Development</td>
<td>168</td>
</tr>
<tr>
<td>PRECEPT</td>
<td>Process Re-Engineering in Europe: Choice, People and Technology</td>
<td>170</td>
</tr>
<tr>
<td>COPI</td>
<td>Corporate Governance, Performance Pressure and Product Innovation in the European-Based Companies: A Comparative Study</td>
<td>172</td>
</tr>
<tr>
<td>CGEP</td>
<td>Corporate Governance, Innovation and Economic Performance in the EU</td>
<td>174</td>
</tr>
<tr>
<td>RISE</td>
<td>RTOs in the Service Economy- Knowledge Infrastructures, Innovation Intermediaries and Institutional Change</td>
<td>176</td>
</tr>
<tr>
<td>ESSY</td>
<td>Sectoral Systems in Europe: Innovation, Competitiveness and Growth</td>
<td>178</td>
</tr>
<tr>
<td>EBIS</td>
<td>European Biotechnology Innovation System</td>
<td>180</td>
</tr>
<tr>
<td>CONVERGE</td>
<td>Strategies and Policies for Systemic Interactions and Convergence in Europe</td>
<td>182</td>
</tr>
<tr>
<td>PFM</td>
<td>Privatisation and Financial Market Development</td>
<td>184</td>
</tr>
<tr>
<td>FERP</td>
<td>The future of Europe's rural periphery, the role of Entrepreneurship in responding to employment problems and social marginalisation</td>
<td>186</td>
</tr>
<tr>
<td>MACROTEC</td>
<td>Integration of Macroeconomic and S&amp;T Policies for Growth, Employment and Technology</td>
<td>188</td>
</tr>
<tr>
<td>LABIFS</td>
<td>Labour Market Effects of European Foreign Investments</td>
<td>190</td>
</tr>
<tr>
<td>EMEP</td>
<td>European mergers and employee's participation: Industrial economic and anthropological study of Franco-German cases</td>
<td>192</td>
</tr>
<tr>
<td>INNOVALOC</td>
<td>Innovation in the small firms and dynamics of local development</td>
<td>194</td>
</tr>
<tr>
<td>INTERNATIONAL OF EUROPEAN SME</td>
<td>National corporate cultures and international competitiveness strategies - the challenge of globalisation for European SMEs</td>
<td>196</td>
</tr>
<tr>
<td>RASTEI</td>
<td>Regional Adjustment Strategies to Technological Change in the Context of European Integration</td>
<td>198</td>
</tr>
<tr>
<td>EIFC</td>
<td>European integration, Financial systems and corporate performance</td>
<td>200</td>
</tr>
<tr>
<td>AITEG</td>
<td>Assessing the impact of technological innovation and globalisation: the effects on growth and employment</td>
<td>202</td>
</tr>
<tr>
<td>EPKE</td>
<td>Employment prospects in the knowledge economy</td>
<td>204</td>
</tr>
<tr>
<td>SETI</td>
<td>Sustainable growth, Employment creation and Technological Integration in the European knowledge-based economies</td>
<td>206</td>
</tr>
<tr>
<td>TENIA</td>
<td>The Emergence of New Industrial Activities: Fusing Services and Manufacture</td>
<td>208</td>
</tr>
</tbody>
</table>
> Economic development and dynamics
BACKGROUND
MERITUM wanted to improve the EU's policy-making capabilities in science and technology, particularly with respect to innovation, by providing a method for the reliable measurement of intangible investments.

In an increasingly knowledge-based economy, intangibles can be more important than tangibles for productivity gains, profitability and wealth creation within companies. Firms' competitive advantage depends on their ability to create value, and intangible investments play a crucial role in this process. Yet intangibles are badly measured and so key decisions (resource allocation, investment, science and technology policy, etc.) are based on uneasy and feeble grounds.

The project's specific objectives were to:
- Produce a classification of intangibles;
- Analyse Management Control systems to identify best practices within European companies in measuring intangible investments;
- Assess the relevance of intangibles for the purposes of equity valuation in capital markets;
- Produce guidelines for the measurement and disclosure of intangibles.

WORKUNDERTAKEN
MERITUM divided its work into four activities:
- The classification of intangibles. It examined existing classifications and came up with its own alternative system and tested it;
- A management control study. Through over 70 case studies, interviews and analysis of existing documents, it examined how companies manage and control intangibles;
- Capital markets. Here, the project looked for evidence on whether intangibles are relevant for equity valuation. It used literature reviews, econometric analysis and case studies;
- Guidelines. Based on the results of the above three activities, it drafted and tested guidelines for the measurement and disclosure of intangibles. It used the Delphi methodology to test the guidelines, backed up by a questionnaire sent to a sample of European companies and institutions.

KEY OUTCOMES / CONCLUSIONS
MERITUM grouped its results by activity.

> Classification of intangibles
It said the definition of intangibles and their classification is still open. It defined intangible resources as assets in the broad sense such as intellectual property rights, trademarks, databases, networks and company staff 'skills'. A company can measure these resources at any given moment and they are likely to increase the future value of the company in general, and its innovation capacity in particular.

Intangible resources can also be analysed in a dynamic way covering company activity, for example, to acquire or internally produce intangible resources, to sustain and improve existing ones, and to measure and monitor them.

In the absence of a unique classification of intangibles, most practitioners distinguish between human capital, structural capital and relational capital. Human capital is the knowledge, skills, experiences and abilities that employees take with them when they leave the firm. Structural capital is the pool of knowledge that stays with the firm at the end of the working day. It comprises the organisational routines, procedures, systems, cultures, databases and so on. Relational capital is all the resources linked to the external relationships of the firm such as customers, suppliers or R&D partners, plus the perceptions that they hold about the company.

> Management Control Study
MERITUM drew several lessons from its analysis of firms. It said different firms require different approaches. For non-experienced firms, the support of government bodies as well as sectoral organisations is crucial. Education on the relevance of intangibles is also essential for these firms. MERITUM emphasised that firms need a vision of the results. They need to be motivated, anchored and enabled to manage and measure intangibles and this demands time and effort.

Sector organisations are best placed to motivate firms, develop relevant educational material and, equally important, create experience-sharing networks between firms – they argue that firms are best suited to educate other firms.

Three steps are necessary to implement a model for the management of intangibles: identification of critical intangibles, measurement and action. MERITUM found that the size of a company is irrelevant to the successful implementation of a system for managing and reporting on intangibles. But, it warned, measurement without action is worse than no measurement at all. For example, there is no point in evaluating customer satisfaction if no action is taken to improve the unsatisfactory aspects.

Most of the firms use the measures of intangibles for internal decision-making although they do not hesitate to disclose this information. The project found that companies identify, measure and manage primarily those intangibles they assess as the most important for their long-term value creation. However, they make this choice according to their perception of their company and not on 'proven facts'.

> Capital Markets:
MERITUM's analysis shows that intangibles are relevant for financial markets. The value of a company includes its R&D and qualitative human resources. Analysts monitoring high-tech industries pay much more attention to intangibles and value creation than do analysts of mature industries. Crucial aspects are the management, customer capital and company brand.

> Guidelines:
The Guidelines for Managing and Reporting on Intangibles were the most important outcome of the MERITUM project. They provide a conceptual framework (which defines and classifies intangibles), and describe the process firms must follow to manage their intangibles and report externally (vision of the firm, summary of intangible resources and activities, and a system of indicators).

The guidelines, based on the above findings, have become an international reference.

MERITUM gave an additional warning: EU countries need to increase the number of specialists in this area and promote their mobility. For example, there are too few teaching opportunities in Europe on accounting for intangibles, managing knowledge as a resource at organisational level, and developing learning and design mechanisms for creating truly knowledge-intensive firms.
DISSEMINATION

MERITUM disseminated its results through papers, publications in international journals, national networks and an international workshop it organised in 2001.

PUBLICATIONS’ LIST


SECTION 7. Universities in regional development

BACKGROUND
The revised Lisbon strategy for growth has identified boosting productivity and employment as key targets. Particularly in an enlarged EU, regional policy is an important lever for growth. An improvement in local and regional competitiveness reduces social and economic disparities. It also assists with:
- restructuring needed in the wake of globalisation
- the implementation of new technologies
- creating a knowledge-based society
- tackling problems associated with an ageing population
- handling increased immigration

The EU provides structural funds to boost regional competitiveness and to encourage sustainable economic development. But to have the most impact, the funds need to be coupled with appropriate policies.

Universities play an important role in the labour market in any region. As the economy and society become more 'knowledge intensive' their role is likely to become even more important.

Universities support innovation in business that can boost productivity by improving a region's competitive advantage. They also help to build regional networks.

For all these reasons, it is therefore important to understand the role of universities in regional development.

> Project objectives
The main aim of UNIREG was to look into the role that universities play in regional economic and social development. This included their role in:
- assisting employment creation, including knowledge workers in key professions
- encouraging individuals to achieve their potential
- developing a culture of flexibility and learning
- contributing to business innovation
- developing a regional information society
- enhancing regional culture

WORK UNDERTAKEN
There were four main strands of work: national comparison, regional case studies, thematic reviews and an overall synthesis.

The national comparison studied national policy frameworks to see how they affected universities' regional role. It also looked at external socio economic influences, and the impact of these on the university.

Regional case studies explored interactions between universities and a range of local groups.

Thematic reviews identified common themes in the seven countries studied – Denmark, Germany, Switzerland, the United Kingdom, Spain, Slovenia and Norway, in order to produce cross-cutting reports. The reviews looked at:
- student migratory flows and local labour market dynamics
- virtual university and information society initiatives
- the role of universities in regional innovation strategies
- universities and globalisation
- the shaping of knowledge workers
- management education and training
- universities and the governance of regions

The research was all designed to analyse how universities are changing in response to different financial, technological, managerial and political demands. The implications for universities of the interaction between national and regional policy and European policy for science, technology, innovation and structural development were also considered.

The comparison of European experiences was intended to help policy-makers and university managers disseminate good practice.

KEY OUTCOMES / CONCLUSIONS
The project found that there is a much deeper relationship between universities and the regions that they operate in, than has previously been realised. There are barriers to interaction, for example the educational structure in different countries, but these do not appear to prevent exchanges taking place.

The research confirmed that universities benefit regional economies in many ways. These include:
- supplying the local labour market: A key issue within regions is the degree to which university teaching is geared to regional labour market needs. This affects the extent to which graduates remain in the region;
- helping to develop a regional information society. This can include providing services such as training civil servants, supporting companies with e-commerce facilities, supporting networks of smaller companies;
- producing spin-off companies and assisting with regional innovation. Universities are widely known for helping businesses to innovate. Both public investment and regulation is designed to encourage such collaboration;
- building social networks that link key players in the local community. This includes feeding knowledge and expertise into these networks;
- enhancing regional culture. Culture is important to attract and retain skilled labour by improving the quality of life. It can also help attract investment, and boost regional cohesion; participating in regional governance. Although there are differences in the extent to which universities are involved in regional governance in different countries, there is the potential for building stronger links. This is increasingly important, as new regional government structures emerge all over Europe.

There are important lessons for universities and for policymakers in these findings:
- universities could analyse their role in supporting and developing the local labour markets;
- they could also ensure that their curricula meet local needs in the light of their understanding of regional industrial trends, universities could devise a strategy for providing local business support;
- universities could play an important role in regional government, and in developing regional information.

In addition to making specific recommendations, the project came up with a set of general suggestions:
- good practice in regional engagement should be benchmarked;
- good practice initiatives should be monitored and recorded;
- regional engagement should be embedded into the mainstream;
- universities should work through regional consortia.
Across Europe, there is the potential for significant and speedy progress in enhancing the role of universities in regional development. The universities themselves and the regions in which they operate would both benefit from stronger links.

**DISSEMINATION**

The project produced reports and academic papers for each module of work. It also held seminars for regional, national and EU policy-makers, to help disseminate good practice and to formulate policy proposals.

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**UNIREG**

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**DISSEMINATION**

The project produced reports and academic papers for each module of work. It also held seminars for regional, national and EU policy-makers, to help disseminate good practice and to formulate policy proposals.

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**FULL TITLE:**
Universities in Regional Development

**ACRONYM:**
UNIREG

**CONTRACT NUMBER:**
98-1108

**THEMES ADDRESSED:**
Economic development and dynamics – Dynamics of knowledge, generation and use – Education, training and new forms of learning

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SECTION 7. Re-engineering business which choices for Europe?

BACKGROUND

In Europe, the mechanisms for disseminating and applying technological knowledge vary from country to country and from region to region. This has implications for the development of a knowledge-based economy. The overall aim of the project was to investigate the choices surrounding the concepts of Business Process Re-engineering (BPR) and their appropriateness in different national and sectoral contexts. It was also to explore the opportunities for developing socially feasible and acceptable BPR-oriented concepts, in order to contribute to the formulation of a European model for long-term sustainable economic development. By focusing on the choice of methods and concepts for business process redesign, the project directly addressed new models of work organisation and the use of IT, as well as their implications for organisational performance and competitiveness. It also analysed the means by which ideas about good practice for the business use of technologies and techniques are generated and disseminated.

WORK UNDERTAKEN

The project examined the various approaches to BPR that have been espoused, and how they have been taken up differently according to national, regional and sectoral contexts. This involved a cross-national and multi-disciplinary investigation by a consortium of research centres with special expertise in studying the social shaping of business strategies, IT and organisational change. To analyse the different approaches, a study was made of BPR-oriented change programmes that appeared in different national settings and management cultures, as they moved from one setting to the next and over time. This investigation was conducted with particular reference to:

- the transfer of BPR approaches from the US originators to European firms
- specific patterns in national and/or regional uptake of BPR, including the transfer of BPR concepts to Southern and Eastern Europe
- the implementation of BPR in different organisational cultures and settings across Europe.

Comparative analysis was made across seven European countries, including detailed uptake studies in each country and 20 in-depth cases studies. The comparative approach highlighted the differing outcomes (employment and working conditions, participation, learning processes, cohesion, competitiveness and flexibility) of the various BPR initiatives. It also examined how far these can be related to the particular approaches and BPR strategies pursued by the players involved (policy bodies, professional associations and players within the company), and the contextual conditions for their operation.

The crosscutting analysis of BPR uptake in Europe was based on studies in various countries and linguistic regions. They included analysis of the literature and a series of detailed interviews with consultants, policy-makers and members of organisations involved in the early implementation of BPR in corporate contexts. The researchers exchanged ideas, preliminary findings and concerns with managements, IT specialists, employees and trade unions.

KEY OUTCOMES / CONCLUSIONS

Complex interactions among many different players create “a space for social shaping of BPR and organisational outcome”. BPR concepts were taken up differently in various national and sectoral contexts. However, there was no evidence of distinct national styles of BPR. Rather, “the pattern that emerged could best be accounted for by differences in the relative size and orientation of various appropriating constituencies”. Also, the implementation of BPR changed over time, moving rapidly from “a small community of early adopters (in the main, internationally focused firms in manufacturing and in the finance sector)” to “a wider currency across a range of players”.

The study argues that BPR was “a technique strong in rhetoric but weak in methodology”. This was “crucial in that it could be ‘colonised’ by consultancies and others”. Over time, the consultants normalised BPR and broadened it out “to meet other imperatives of competition and technology in ‘new’ areas such as electronic commerce and knowledge management”. Although BPR is now seldom mentioned as such in consultants’ proposals and industrial forums, it has nonetheless become “a central component of any change management programme”. Yet “to talk about BPR is to risk invoking the negative connotations that accompany this term, such as downsizing and head count reduction – indeed, for many, BPR is synonymous with these terms”.

But in fact, the results of European BPR projects “were not as spectacular as those promised by the early radical rhetoric”. There was no massive downsizing. Significant workforce reductions were noted in only one-third of the cases, and in half of these, “redundant personnel were relocated in other units of the firm and in general the effects on personnel were negotiated with affected employees”. Most of the firms studied obtained “moderate positive economic results” and there were also benefits in terms of quality, ISO certification and alignment with sectoral standards. European-style BPR was found to be “less radical and more ‘social’ than the early orthodox US model”. This fact, which is “related to smaller scope of projects, longer implementation lengths, and negotiation with affected workers”, may “prevent some short-term economic gains”, but “reduces social cost and may well help strengthen the firms’ long-term capabilities”.

On the policy implications for a European knowledge society, the report notes that interaction between consultants and academics on BPR has been very limited. This may be because most R&D resources are devoted to goods rather than immaterial services. So there is “a potential paradox that knowledge services, assumed to be at the backbone of the knowledge society, are inadequately catered for by R&D policies across Europe”. In the case of BPR, “public policy in the single national states has to a large extent been replaced by the strategies of private business players and especially multinational consultants”. Key areas where “social shaping takes place” and which “should be a concern for public policy as well as union and business players” are:

- the transfer of business concepts and new organisational practices from the US to Europe
- synergies between regional, national, sectoral and EU players in addressing the new spaces created by sectoral, industrial or IT networking
- the dynamics of companies’ interaction with their consultants.
DISSEMINATION

Discussions with user companies and IT suppliers, BPR consultancies, trade unions, industrialists, business communities, professional associations and technology policy bodies. Development of a website. Presentation of the project results in various business, trade union and policy forums.

PUBLICATIONS’ LIST

The authors of the final report are continuing the development of the text with the aim of turning it into a publishable book.
Background

COPI wanted to improve the scientific understanding of the relationships between corporate governance and product innovation. This would enable managers, investors and other stakeholders, as well as policy-makers, to take steps to improve national and European performance in product innovation in high and medium-technology industries, which are crucial to competitiveness and job creation.

The project aimed to:
- Explore which corporate governance regimes are highly conducive to successful product innovation in the specific circumstances of each firm, sector and country;
- Understand which legal and other measures at national and EU level are appropriate to encourage the development – or continuation – of such regimes, and which should be avoided;
- Show company management, shareholders and other stakeholders, for example trade unions and banks, what they can do to help develop a suitable corporate governance regime.

Work Undertaken

COPI carried out interview-based case studies and questionnaire surveys to look at the corporate governance system in six countries (the United Kingdom, France, Germany, Italy, the Netherlands and Sweden) and at the character of the innovation process in six sectors (motor vehicles, machinery and machine tools, pharmaceuticals and biotechnology, fine chemicals, banking and software).

The selected countries are all insider-dominated except the United Kingdom which is outsider-dominated, that is shareholders are overwhelmingly ‘outsiders’ without any ongoing commitment to the firm.

COPI wanted to test the conventional assumption that ‘outsider-domination’ is an excellent system for high technology but inferior for medium technology sectors.

Key Outcomes / Conclusions

The high technology sectors, in which Europe as a whole is notoriously weak, have a high need for industry-specific expertise and for reconfiguration pressure. It is clear that the ‘old insider’ shareholders which, sometimes jointly with the state, have dominated continental countries (except the Netherlands), have generally been unable to provide such expertise and pressure. Outsider-shareholders, characteristic of the US and UK systems, can more easily gain the global, worldwide view which is required and push for change.

But COPI warned that high-technology sectors need (at a minimum) major shareholders who ‘engage’ with the firm to the point where they can tell the difference between a fall in profit due to poor performance and one due to an expensive but well-conceived and executed strategy of innovation and new product development. As the United Kingdom shows, this is not an automatic corollary of outsider-domination. On the contrary, it has been largely absent from the British system.

COPI said this primarily accounts for the serious under-spend on R&D and other elements of innovation in most high-technology sectors in the United Kingdom over the last twenty-five years.

Continental Europe (Germany and Sweden in particular) has been successful in international competition in the medium-high and the medium-low technology sectors. COPI said the key reasons for this is that such sectors have low visibility, high spillovers and demand a high degree of firm-specific perceptiveness and stakeholder inclusion (both employees and related firms). At their best, companies in these countries continue to provide this mix. But family or quasi-family succession of suitable quality is not guaranteed, least of all in large firms, nor is the maintenance of the standard of institutional engagement where the shareholder is (for example) a bank, as is often the case of large German firms.

COPI observed that all five countries are shifting at various speeds towards the outsider model for two main reasons: privatisation and a lot of selling by insiders because of, for example, the unwinding of stakes by banks and the natural attrition of family firms; and the search for diversified, largely equity, portfolios by today’s main capital accumulators, which are ‘outsider’ institutions such as pension funds. The question increasingly becomes how is the ‘outsider capital’ to be managed.

The project illustrated three alternative modes of portfolio investment:
- Mode 1 is ‘passive’. Investors buy and sell shares of listed firms in proportions dictated solely by their stock market weighting.
- Mode 2 is ‘active trading’. Skilled professionals (mostly ‘external’ asset management firms investing funds owned by others) seek to do better than the market by buying shares before they go up and selling them before they go down. In both modes 1 and 2, there is no intention to engage with the firm.
- Mode 3 involves ‘engagement’ with the firm. Such investors operate in two ways. In the first, they select a small number of sectors in which they invest heavily, build up industry-specific expertise, select promising firms, get a substantial shareholding in them, engage in a dialogue with management in order to assess their competence and strategy, and, if they like what they see (or think they can improve it), buy more. They are trusted by other shareholders and can give stability. The second way of implementing Mode 3 is to invest heavily in private equity institutions, which take substantial equity stakes in non-listed firms and engage with them, notably through putting their own non-executive directors on the board.

COPI advocates mode 3 as the ‘rosy scenario’. To encourage this shift it suggests two ways:
- A permissive approach: No regulations (such as is proposed by some countries for pension funds), which any way prevents financial institutions putting a substantial proportion of their assets into private equity;
- A dissuasive approach: Discouraging Mode 2 investing by, for example, giving more favourable tax treatment for long-term holdings.

COPI concludes that the presence of shareholders with a certain degree of firm-specific perceptiveness is important, both in the high-technology and in the medium-technology sectors.

It observed that some of the ‘new’ institutional shareholders associated with the move to outsider-domination have shown the ability to develop a high degree of industry-specific
expertise and firm-specific perceptiveness, although this depended on their degree of ‘engagement’ with the firms in which they hold a major stake.

This last finding holds the key to COPI’s main policy recommendation: Governments should encourage engagement by ‘new’ institutional shareholders, partly by discouraging the alternatives. But governments should not act ‘aggressively’ to accelerate the loss of influence of the old insider shareholders, at least until these shareholders become more engaged in the firms they are investing. “We need new and more expert shareholders to engage with management, and while they are building up their shareholdings and their expertise we should not pull down existing structures of engagement.”

**DISSEMINATION**

COPI disseminated its results through its website and working papers. It held dissemination workshops in Italy, Sweden and the United Kingdom. Journal articles have followed, with a major research monograph in 2006.

**PUBLICATIONS’ LIST**


SECTION 7. Corporate governance and innovation

BACKGROUND
Innovation has long been seen as a key to increasing productivity and boosting economic growth. The EU has made growth a priority, and has tended to look to the US for examples of how industry and commerce should innovate. However, the recent collapse of giant corporations such as Enron has demanded a rethink.

The stock market plays a major role in generating funds for expansion and innovation, and EU policy seeks to structure and regulate the stock market so that it assists economic growth. But there is little in current policy discussions in the EU that relates to the ways in which corporate governance affects the allocation of resources to innovative enterprise. Policy adopts the perspective of ‘shareholder value’, even though that perspective comes from an economic theory that ignores the innovation process.

The Commission bases policies on the assumption that the prime role of the stock market is as a source of cash to fund corporate growth. But the stock market may also perform control, combination and compensation functions. Furthermore, there is little understanding of the complex relationships among the four functions of the stock market, let alone the impacts of these various functions on the conditions of innovative enterprise.

Research on corporate governance requires a theory of innovative enterprise to begin to comprehend how companies allocate resources in ways that foster stable and equitable economic growth.

> Project objectives
There were several strands to this project. It aimed to:
- Analyse how different systems of corporate governance within the EU influence investment and the distribution of revenue;
- Compare corporate governance systems and their effect on investment in the EU, US and Japan;
- Identify influences on international competition, and the ability of corporations to invest in innovation;
- Study the implications of reform of corporate governance for growth, employment and income in the EU.

WORK UNDERTAKEN
The research dealt with four interrelated issues:
1. National systems of corporate governance:
   Studies were undertaken in the UK, Germany, France, Italy, Sweden, the US and Japan.
2. International competition and European responses:
   Different industries were examined in the selected countries, including automobiles, aerospace, computers, machine tools and telecommunications.
3. Intergenerational dependence in the EU nations:
   Case studies were undertaken in the European countries listed above to understand the tendency of savings systems to seek higher returns from the corporate sector to help fund retirement.
4. Implications for corporate governance of reform in the EU:
   A report was produced, summarising the new information generated by the project. It contained proposals designed to encourage companies to innovate by investing in skills. It also looked at which institutions of corporate governance would improve economic performance in an integrated Europe.

KEY OUTCOMES / CONCLUSIONS
The project concluded that there is no theory of innovative enterprise feeding into European policy. As a result, the EU does not have a set of principles of corporate governance that can guide public policy on how to support innovative enterprise.

High profile corporate scandals have led the public to demand better disclosure from companies, but this is receiving more attention than support for innovation.

Although the Commission has based policy on the role of the stock market as a source for business expansion, there is a lack of research on this topic. It means there is no measure of the extent to which the stock market actually does fund economic growth. If the EU wants to regulate the stock market to support innovation and growth, research is needed into the various roles - control, cash, combination and compensation - that corporate stock can play in industrial corporations.

The stock market performs many functions, all of which may influence the innovation process positively or negatively, the researchers conclude. But they argue that the EU needs to understand the mechanisms more clearly, before it can formulate effective policies for economic growth.

DISSEMINATION
Many articles are in the process of publication. A complete list will be posted on www.insead.edu/projects/cgep/

PUBLICATIONS’ LIST
The research from the project has been published in many journals and books. Among the most notable publications are:


**FULL TITLE:** Corporate Governance, Innovation and Economic Performance in the EU  
**ACRONYM:** CGEP  
**CONTRACT NUMBER:** 98-1114  
**THEMES ADDRESSED:**  
- Economic development and dynamics – Dynamics of knowledge, generation and use – European socio-economic models and challenges – Social cohesion, migration and welfare  
- Corporate governance, innovation, competitiveness, skill bases, national SI, institutional context, sectors, finance, pensions, intergenerational dependence, income distribution, sectoral SI  
**KEYWORDS:** corporate governance, innovation, competitiveness, skill bases, national SI, institutional context, sectors, finance, pensions, intergenerational dependence, income distribution, sectoral SI  
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**START DATE:** 1999-01-01  
**END DATE:** 2002-03-31  
**EC FUNDING:** € 830,000
WORK UNDERTAKEN

The research programme was based on conceptual work and empirical studies in Germany, Italy, the Netherlands, Norway, Portugal, Sweden and the United Kingdom, and focused on the supply and use of innovation-related services in industry. A key aspect was the focus on ‘clusters’ of firms and organisations that carry out similar work or offer services in the same field, and so could be defined as reduced-scale innovation systems for a specific part of the economy. This abolishes the traditional approach of treating manufacturing and service activities as separate sectors. Within these clusters the partners examined the importance of the organisations’ research and development functions, and evaluated the competences in innovation and business strategies each of them possessed.

ECONOMIC DEVELOPMENT AND DYNAMICS

SECTION 7.

Information technology: Research institutes rise to the challenge

BACKGROUND

Throughout Europe there is a network of national research and technology organisations (RTOs), set up to support small firms by providing them with innovative ideas and carrying out scientific research on their behalf. Currently, between 20% and 100% of their funding comes from government sources.

A trend has been observed for RTOs to move from public to private sources of finance. This implies an increase in competitive pressure from consultancy firms. As a consequence, academic output and services to the general public have decreased. Partly this was a response to claims for more relevance in the economy, and partly it is owing to a need to reduce public financing of RTOs. Most RTOs are still technology-oriented, and are very slow in opening up towards the needs of the service economy.

Research revealed that RTOs play a role in providing basic research services and applied research services, but also more market-oriented services in the implementation of technology and in realising different steps in the innovation process, such as prototyping or training services.

To a large extent, the efficiency of flows of knowledge from RTOs to service-adopting firms depends on the mode of service delivery.

The RISE partnership set out to study the more innovative RTOs, to show how they could play a useful role in helping governments to improve their national firms’ innovation and competitiveness. The partners believed that RTOs’ functions needed to be ‘mapped’ in order to identify weaknesses in their structure and content, and to help the more innovative RTOs to make structural and institutional improvements.

> Project objectives

The specific aim of the RISE project was to strengthen RTOs to support policy-making in knowledge management in advanced and intermediate economies. The project emphasised the synergy between public and private infrastructures and set out to reinforce the interaction between suppliers and users in service delivery.

It had four specific components:
- To map the changing nature of innovation systems in the service economy, including the different national and sectoral arrangements;
- To monitor changes in the function of RTOs in innovation;
- To define the specific role of RTOs in innovation clusters;
- To study the co-operation of actors in processes of innovation using a service economy perspective on innovation theory;
- To study the difference between RTOs and knowledge-intensive business service firms (KIBS), which deliver knowledge-based services for business firms.

> Synthesising the results

During the final stage of the project, the results were synthesised and geared towards developing policies on steering RTOs’ ‘knowledge infrastructures’ so they could play a useful role in supporting private firms.

An innovative element of the work programme was to carry out a practical exercise. For this the partners prepared a policy-briefing document for a fictitious ‘Minister of Innovation’, which emphasised the distinction between classic ‘market’ failure and ‘institutional’ or ‘system’ failure.

KEY OUTCOMES / CONCLUSIONS

> RTOs and clusters - complementary roles

The most important outcome of the research related to the role that RTOs could play in transferring their specific ‘knowledge products’ to private firms or organisations so they could complement and support their work. The research concluded that RTOs should work in a ‘service economy’ framework of innovation-service producers and provide knowledge-intensive services to private firms. Within this context they should concentrate on topics like continuous improvement and action-learning models which would help organisations to improve non-scientific aspects such as their organisation and market innovation. It was recommended that RTOs learn to co-operate...
more with firms or organisations with less highly developed technological capabilities, and develop services that have a greater “asset transfer” content.

> Governments must play a role

The partners emphasised that if RTOs are going to concentrate on these areas of work then the government has to offer practical or financial support to firms to develop complementary skills, so that they and RTOs can work symbiotically together. These firms or organisations would then be in a position to make use of RTO services or products to complement their own activities, by purchasing or negotiating these through payment, internships, joint work, etc. Governments should play an active role in setting up a range of channels to facilitate the transfer of science and technology results.

> Forming clusters

The partners concluded that firms should be encouraged to form clusters, as this would allow industries to make structural changes to improve their management and innovation policy. Working in clusters also emphasises that, in today’s world, providing particular goods and services is more important than making the traditional distinction between public and private forms of production, ownership and control. RTOs should be part of these innovation clusters, as this allows them to see current needs so that they can gear their work to what is needed.

> Policy Recommendations

- Governments should determine that RTOs adopt a service economy perspective, since service innovations are significant across the entire innovation chain and in all sectors.
- Governments should facilitate and fund collaborative R&D in supply chains, since system and market failures occur in many clusters.
- Governments should adopt a perspective of technology and research services supplied by public, hybrid and private organisations.
- Services should be matched to cluster requirements, and the contribution of RTOs should be properly assessed. Following on from a cluster-based analysis, customised innovation programmes would then be developed.

**DISSEMINATION**

**PUBLICATIONS’ LIST**

BACKGROUND
The major goals of the European Union are to promote growth and employment. In a rapidly changing world, the factors that influence these goals need to be constantly monitored.

A major influence on growth and employment is successful innovation. Traditionally, this has been viewed from the standpoint of the contribution that different industries can make. But today, the view needs to be broadened to take a wider perspective. Government, universities, financial organisations, labour markets and intellectual property rights can all have an effect on the ability to innovate. Networks of firms and their relationships to technology, suppliers and customers can also play an important role.

Research is needed into the interplay between all these influences on innovation. Through analysis and case studies, a fresh understanding of the issues can assist policy-makers, as they seek to improve EU economic performance.

Project objectives
The project examined six major European sectors:
- services
- telecommunications
- pharmaceuticals
- chemicals
- software
- machine tools

The aim was to understand the following:
- differences and similarities
- dynamics and co-evolution
- links to European growth and competitiveness
- the role of non firm organisations
- the specific character of European demand
- factors conducive to European international leadership
- European catching up
- persistent lack of European success at international level.

The project also analysed the role of public policy in sectoral systems. The aim was to shed new light on the debate between experts who advocate government support for strategic industries, and those who support a less interventionist, laissez-faire approach.

Benefits to policy-makers were intended to include:
- A deeper understanding of how sustained innovation can be achieved;
- How new technologies and disseminating knowledge at sectoral level can improve competitive advantage and international leadership;
- The role of sectors in European economic development;
- Sector specific interaction between businesses and non-firm organisations;
- A comparison with the United States and Japan.

Armed with this information, policy-makers can decide whether intervention needs to be at regional, national or European level. They can also decide what tools are most appropriate to encourage sustainable innovation in different sectors.

WORK UNDERTAKEN
The project involved ten research groups in seven European countries. Work on this project was divided into four separate packages.

1. Literature review and conceptual framework This included:
   - basic definition, a review of literature and an explanation of the conceptual background to the research.
2. Sectoral systems in Europe Six case studies were devised to analyse specific sectors:
   - services (retailing, airports, medical services)
   - software
   - telecommunication hardware and services
   - pharmaceuticals and biotechnology
   - machine tools
   - chemicals.
3. National institutional frameworks and sectoral systems The role of national institutions in how sectoral systems developed, was examined by research under the following headings:
   - Patterns of national institutional framework
   - Organisation of research and development
   - Corporate governance
   - Financing of innovation.
4. The implications for European international performance and public policy This drew together the results of the research in three categories:
   - Sectoral systems in Europe
   - A comparison of the performance of sectoral systems in Europe, Japan and the United States
   - Policy implications.

KEY OUTCOMES / CONCLUSIONS
The research was designed to assess common patterns and similarities in sectors across Europe, so that the routes to sustainable innovation and economic growth could be identified.

The findings were collected in three research projects:

Sectoral systems in Europe: synthesis and implications for European international performance

This outlines some of the influences on performance and competitiveness in the six sectors. It concluded that sectors rather than individual industries should become a major area of study for the EU and a major focus for policy-makers. The project team proposed an analytical framework for organising industrial economic research along sectoral lines.

A comparison of performance of sectoral systems in Europe, the US and Japan

This examined the sources of industrial leadership in several high-technology industries, and highlighted policies that may have led to success or failure in different sectors.

Policy implications
A major goal of the project was to formulate new policy options. In order to cope with the diversity in sectors, the researchers advised policy-makers to establish the different impact of ‘horizontal policies’.
Policy-makers also need to decide whether policies should be sector specific or industry specific.

An assessment needs to be made of the lessons to be learned from policies that have been targeted at supporting strategic industries.

Further research into the track record of industrial and innovation policies in Europe will help guide policy-makers in future.

**DISSEMINATION**

Working papers and publications were produced, workshops were held, an Internet site was set up and a final newsletter and CD Rom was produced. More information can be found at www.cespri.uni-bocconi/essy.
EUROPEAN BIOTECHNOLOGY

INNOVATION SYSTEM

BACKGROUND

In 2002, the European Commission adopted a Strategy for Europe on Life Sciences and Biotechnology, which set out a vision until the year 2010. The idea was to take an integrated approach to work toward the Lisbon goal of promoting this high-tech sector, because of the potential to create economic growth and new jobs. The sector can also provide benefits to other areas of the economy, and can contribute to sustainable development.

Promoting biotechnology must go hand in hand with responsible governance because many emotive issues are involved, such as GM crops entering the food chain. A regulatory framework has been devised, along with the Sixth Framework Programme to underpin scientific research and to help build a European research system.

Despite these initiatives, European biotechnology lags behind the United States in areas like patents and collaborative R&D. Europe has also fallen behind the US in research into genetically modified crops. Decisive action is needed, if the Lisbon objectives are to be met.

> Project objectives

The study had three main objectives:

To assess how far the development of biotechnology in Europe happens at sectoral level, or how far it takes place at national level;

To add to the understanding of ‘national systems of innovation’ by examining this applies in three different areas of biotechnology;

To assess the implications for national and EU policy aimed at promoting biotechnology, industrial innovation and the harmonisation of European markets.

The aim was to improve understanding of the processes through which new technologies develop, and to understand how biotechnology evolves. The results were intended to provide policy advice for the Commission and for Member States, to stimulate an internationally competitive biotechnology sector in Europe, and to highlight best practice.

WORK UNDERTAKEN

The project studied the development of biotechnology in the context of scientific, industrial, technical, economic and regulatory changes. It also attempted to predict future patterns.

Eight national case studies were prepared on developments in three sectors:

1. biopharmaceuticals
2. agro-food
3. research equipment and supplies.

The case studies were conducted in Austria, France, Germany, Greece, Ireland, the Netherlands, Spain and the United Kingdom. Some of these countries represent the core of the biotechnology industry while others have less well-developed sectors.

The design of the framework for the case studies draws on the following:

1. national systems of innovation
2. technological systems
3. socio-technical systems.

Additional background was from the controversies literature, which provides a basis for mapping the public acceptability of new technology.

The framework for the national case studies consists of four networks and the links between them:

1. knowledge and skills
2. industry and supply
3. demand and social acceptability
4. finance and industrial development.

Eight national reports describe the characteristics of these networks in each country. The science base, industrial structure, nature of the market, consumer attitudes, and prospects for the sector were all investigated. Results for different countries were then compared.

Data on companies in each country was consolidated and, with the national case studies, fed into cross-sectoral overviews. European competitiveness in relation to the USA was also assessed in the three sectors and in terms of EU and US policy for the science base, patenting and SMEs.

KEY OUTCOMES / CONCLUSIONS

France, Germany and the United Kingdom have the highest number of biotechnology firms, followed by the Netherlands. There are multinational chemical or pharmaceutical companies in all these countries.

Of the 723 firms on which data was collected, 337 were biopharmaceutical firms, 224 were equipment and supply firms and 162 were in the agro food sectors.

1. Factors affecting biopharmaceutical innovation

Public attitudes to biopharmaceuticals are positive in all countries, which aid innovation. There is also a common regulatory regime, which mainly follows EU regulations.

Innovation is affected by factors like the size of the domestic market and the opportunities to access adjacent markets.

2. Factors affecting agro food biotechnology innovation

The main barriers to the development of this sector – weakness of industrial R&D and lack of venture capital for new firm formation – are provoked by public resistance to GM crops and food.

Multinationals have been at the forefront of commercialising agro food biotechnology. They tend to locate their R&D in the US, and concentrate on a few crops. The EU provides a regulatory framework, but some Member States have taken a more stringent approach.

3. Factors affecting equipment and supplies innovation

Germany, the Netherlands and the United Kingdom all have well-developed research equipment and supplies sectors, supported by strong demand from numerous public institutions, multinational companies and small biotechnology firms involved in biotechnology research.
Conclusions
Sectoral characteristics are more significant than national factors in explaining patterns of innovation.

There is little evidence of integration of European markets and, compared to the US market, they are very fragmented. Common EU regulation and patents may contribute to creating a single European market, but cannot overcome many other barriers. To support policy, more comparative data on the biotechnology sector is needed.

Despite public hostility to agro food biotechnology, national and EC funding of public sector research is needed to encourage multinationals to keep their research facilities in Europe. Public confidence also needs to be built through information about safe and beneficial applications of biotechnology to crops.

The project concluded that a new policy agenda that accepts diversity in the biotechnology sector within Member States may be more effective than attempts to create a single market.

**DISSEMINATION**
Eight different papers were presented to conferences and workshops in Spain, Denmark, Austria, Germany, Italy and Sweden in 2000, 2001 and 2002 by members of the team.

**PUBLICATIONS’ LIST**


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**FULL TITLE:** European Biotechnology Innovation System

**ACCRONYM:** EBIS

**CONTRACT NUMBER:** 98-1117

**THEMES ADDRESSED:** Economic development and dynamics - Dynamics of knowledge, generation and use – European socio-economic models and challenges

**KEYWORDS:** SI, national SI, sectoral SI, institutional context, regulation, competitiveness, biotechnology, public acceptability, social shaping, socio-technical systems, technology and society

**MAIN CONTRACTOR:** University of Sussex

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**START DATE:** 1999-01-01

**END DATE:** 2001-06-29

**EC FUNDING:** € 540 000
Public policy must support innovation in less favoured regions

BACKGROUND
The harmonious growth of standards of living and social well-being among its Member States and regions is an explicit goal of the EU and, since the mid 1980s, active policies have been pursued to reduce inter-regional disparities. It has been assumed that integration would bring about increased economic efficiency. But it has also been recognised that an increase in overall growth within the EU does not necessarily lead to a decrease in inter-regional disparities; on the contrary it can be associated with widening the gap.

The Converge project sought to identify the main factors and barriers which shape the convergence/divergence process for the EU’s less favoured regions (LFRs) and analyse possible future developments.

The project had five specific objectives. Firstly, it set out to assess whether economic and technological convergence is occurring between LFRs and the most advanced regions of the EU and, if so, at what rate, and to identify factors slowing down or stimulating the convergence process.

Secondly it looked at the intensity, quality and sustainability of the interactions between firms, universities, government laboratories, interface agencies, financial institutions and other relevant agents to see if systems of innovation are emerging within the LFRs.

The third aim was to analyse the science and technology and innovation policies in the LFRs to determine best practice.

Fourthly, the study looked at the strategies of other agents such as private firms, research and technology organisations, universities, etc for acquiring and developing capabilities which could further the competitiveness of their regions and contribute to the narrowing of the gap with the most advanced regions.

The fifth goal was to involve end-users with the implementation of practical measures and initiatives to disseminate the results of the research.

WORK UNDERTAKEN
The project had a dual approach. On the one hand it sought to provide new insights into the mechanisms affecting the conditions for catching up in the LFRs, while on the other hand, the project placed a strong emphasis on involving end-users and disseminating the project results among relevant parties so that they can improve their own policies. There were three stages to the project. Firstly, available literature and data on convergence was reviewed and analysed, then statistical analysis was undertaken and, finally, there was fieldwork. End-user interaction and dissemination activity occurred throughout these three stages. To assess the internal and external factors influencing convergence, the study also undertook a comparative study of the Portuguese and Irish experiences of growth.

KEY OUTCOMES / CONCLUSIONS
While at national level the economic performance of EU Member States has been converging since the mid 1980s, the same has not been true at the regional level. Rather the performance of regions has been diverging over recent years with the EU’s richest regions growing faster than the less favoured regions.

The Converge project found that the less favoured regions lacked the factors for an innovation system, such as a critical mass of innovative firms and institutions, and a significant range of interactions among the different actors involved in the innovation process. Because of these and other weaknesses, LFS may need to rely on exogenous development strategies attracting the inward movement of investment and firms.

The project called on policy-makers to concentrate resources on providing access to sources of information and expertise rather than subsidising the purchase of equipment, and to focus a significant share of resources on supporting the development of new firms rather than concentrating on supporting existing ones. The project authors argued that moving away from family-owned, individualistic firms to new firms with professional well-trained management seemed to be key to success.

Strengthening the business services market covering knowledge intensive services, such as design, R&D, marketing and managerial systems, was found to be a necessary condition for upgrading firms in a region. Targeting particular needs by strengthening the R&D capabilities of SMEs or helping SMEs find suitable partners to develop new products may be more relevant than investing in large-scale infrastructure projects.

The study called for outward-looking public policies that fostered clusters, encouraged contacts with external actors, and created the right conditions to attract high quality investment in the region. Policies should strike a balance between creating general and advanced competencies, encouraging the development of existing technologies and the acquisition of new technologies, and supporting applied and fundamental knowledge. The authors called for structural funds to be used to improve the mechanisms of policy design, implementation and evaluation, and to develop the competencies of the national and regional bureaucracies responsible for implementing these policies.

The promotion of efficient regulation in areas like competition, quality standards, labour markets, transparency and effectiveness of fiscal policy were also highlighted as important.

DISSEMINATION
Three seminars have been organised in Strasbourg, Madrid and Lisbon. Two project newsletters were produced in 2000 and 2001 and a project site (pascal.iseg.utl.pt/~converge/) was established.

PUBLICATIONS’ LIST
Around 50 papers and reports have been developed from the Converge project, many of which have been presented at international or national meetings.
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Analysing the effects of privatisation

BACKGROUND

The concepts of privatisation and stabilisation have gone hand in hand over the past two decades as governments around the world have engaged in often-controversial privatisation programmes. Such programmes were aimed at several objectives, but first and foremost to develop financial markets. Theoretically, privatisation has demonstrated important welfare and financial implications. It increases risk-sharing opportunities, which encourages an increase in the supply of private assets. In addition, financial market development and privatisation may also facilitate and motivate consumer choices, such as savings and investments.

Privatisation implies either distribution of vouchers or the sale of firms. To address the issue of financial market development, it is necessary to define objective measures of financial development and establish a methodology to evaluate empirically the impact of sales of privatised firms in this respect. Privatisation increases market capitalisation; however, the point is whether it increases market liquidity and its efficiency, with significant effects on other listed companies.

But what has happened in Europe in the wake of government efforts to realise the benefits of privatisation? Has widespread privatisation in Europe helped to create and integrate European financial markets, particularly stock markets, and has it stabilised economies? The PFM project analysed this two-pronged question, particularly in the context of transition countries and financially stressed Western economies. It examined the effects of privatisation on:
- Financial market development
- Financial market integration
- Stabilisation of financial systems.

Analysing these objectives required both a theoretical component, primarily microeconomic or micro-founded, as well as an empirical analysis, consisting of case studies and econometric analysis, depending on the aspects at stake. The definition of a common methodology itself was a critical step in the research undertaken.

WORK UNDERTAKEN

The work was divided into six core work packages, plus two others of policy conclusions and dissemination of results. Theory and empirical analysis were closely related along the three main themes identified above. The sequence went from the analysis of national markets to the analysis of the interaction (integration, competition coordination) between financial markets, and finally to the macro consequences of the process.

The empirical component consisted both of developing a common methodology and of the parallel analyses of several cases using this same methodology. This allowed researchers to have highly comparable results and to carry out a complete research, both of the main European financial markets and of some particularly significant case studies of transition economy in the Accession Countries.

The basic result of the theoretical analysis is that privatisation increases risk-sharing opportunities for risk-averse agents. This new possibility to diversify in turn encourages an increase in the supply of private assets. The model also helps to understand secondary market activity after voucher privatisation, and, more generally, portfolio reallocations due to privatisation. It also showed how different privatisation methods have an impact on the supply and demands for assets, market capitalisation and international asset allocation strategies.

Empirical results confirmed the positive role of privatisation in developing domestic markets. A sustained privatisation programme implemented through share issues on public equity markets was shown to be key in boosting liquidity. A higher free float of privatised companies as a percentage of total market capitalisation is associated with improvement in home market liquidity. A higher number of privatisation IPOs is also strongly associated with improving the value of shares traded relative to total market capitalisation.

Some features of privatisation appear particularly relevant. Privatisation in energy, telecom and utility industries have a strong impact, as well as privatisation associated with foreign listings.

Governments maximising privatisation revenues will select an international market for a listing. To the extent that international markets informationally linked to those governments will even prefer double listings in their national market as well as in the international market. A national listing will help to aggregate some local factors that can be credibly communicated to global investors in informationally linked markets.

However stabilisation-oriented a government, (that is, those interested in minimising the price volatility of privatised stocks), they generally do just the opposite. They prefer single listings to double listings and national listings to international ones. This partially explains the statistically significant differences in listing choices between private and privatised firms and to show that governments’ objectives when floating companies are different to those of private companies.

KEY OUTCOMES / CONCLUSIONS

Results of the research collaboration provide new theories and empirical evidence, filling a gap in existing literature in economics and finance. In the theoretical analysis, privatisation has important welfare and financial implications. The empirical analyses of both European and transition countries point out that privatisation has helped the development of financial markets.

An important finding is that share issue privatisation (privatisation in public equity markets), improves agents’ diversification opportunities, allowing public and private investors to structure better diversified portfolios. Improved diversification opportunities have important consequences in terms of deepening financial markets and improving their efficiency.

As a result, larger and more liquid domestic stock markets stem from a sustained privatisation programme based on the floating of shares of state-owned enterprises in the domestic market. They concluded privatisation is indeed a sensible tool to foster domestic financial market development: a privatisation programme finds full legitimacy in this perspective.

A government interested in pursuing social welfare and economic growth should privatise its stakes in state-owned enterprise. The privatisation method is critical because only share issue privatisation realises the benefits from improved diversification opportunities and risk sharing.
The global process of integration of the financial systems worldwide does not seem to generate large measurable gains in terms of per capita consumption and improved risk sharing. According to these findings, integration of global financial markets still has a long way to go. There is considerable potential for further privatisation and reducing ownership.

At the same time, pension reform and the liberalisation of formerly nationally organised pension systems are also crucial for consumers to be ultimately able to enjoy the gains from improved risk sharing in international capital markets.

The answer to the first part of the two-pronged question posed at the beginning of the project is: Yes, privatisation helps develop financial markets. Has privatisation stabilised economies? In addressing the second part of the question, the answer is less clear in that privatisation represents an important element of financial stabilisation. However, steady privatisation sale programmes should be undertaken gradually.

Finally, despite the potential positive benefits privatisation can bring to developing national and integrating European financial markets, project partners issued a word of caution on the timing of privatisation efforts. They added that the feasibility of ‘shock therapies’ to mitigate its effects seemed fully justified.

**DISSEMINATION**

A public conference presented final results and policy recommendations. Several databases were created as well as a website.

**PUBLICATIONS’ LIST**


BACKGROUND

Recent technological advances, together with changes in the global institutional framework, are having profound effects upon the development paths of Europe's rural areas. Given the rapidly changing international division of labour, the European countryside has to re-invent itself. In the absence of an active policy response, there is a danger that continued productivity growth in agriculture, possible changes in the Common Agricultural Policy and in the global trade environment, and increased outsourcing could all combine to cause a loss of jobs in peripheral rural areas. This could provoke a spiral of decline, as the most able, skilled and entrepreneurial people leave the countryside in search of better economic opportunities. On the other hand, many of these developments, such as increased global outsourcing of work, could actually create opportunities for rural areas to re-invent themselves as centres of excellence.

> Project objectives

The project set out to examine the extent to which economic agents (namely entrepreneurs, knowledge-based institutions and policy-makers) in Europe's rural areas are demonstrating an ability to rise to the challenges at hand.

WORK UNDERTAKEN

The study of rural entrepreneurship deployed a multitude of research methodologies, such as desktop research, key informant interviews, a survey of rural inhabitants, and a survey of a stratified random sample of innovative entrepreneurs. The fieldwork was carried out in ten rural areas in five countries (Germany, Greece, Poland, Portugal and the United Kingdom), deliberately chosen to represent various levels of economic development within rural Europe. In each country, peripheral areas were selected.

The desktop research involved a comprehensive review of national and international literature, as well as the collection and processing of secondary data. Specific datasets used in each country included annual agricultural surveys, annual population change data, population censuses, the annual employment survey and censuses of employment.

Key informant interviews were conducted to examine how far the existing institutional and social environment encourages and facilitates entrepreneurship. Key informants were people with considerable knowledge of the areas under investigation as well as providers of education, training and support. A semi-structured questionnaire was used. A total of 10-20 key informant interviews were conducted in the summer of 2000 in each sample area.

Drawing upon the findings of the entrepreneur survey, ten case studies were conducted in each area. These analysed in great detail the particular characteristics of the historical trajectory of each enterprise. Each case study included interviews with the entrepreneurs and with one or two employees.

The subject of the survey was the entrepreneur. However, since entrepreneurs are difficult to trace outside their businesses, the unit of analysis was the enterprise. The entrepreneurs were visited by one member of the research team and the interviews were conducted over a period of two to three hours. In advance of the fieldwork, the whole project and the interviews with entrepreneurs and the general population were announced in local and regional publications.

The survey was conducted during the winter, spring and summer of 2001. This choice of timing made it possible to identify the various seasonal economic units related to the tourist sector, whilst still conducting some interviews outside the high season in order to ensure the participation of entrepreneurs in the survey.

KEY OUTCOMES / CONCLUSIONS

The final report suggests a number of points for the development of entrepreneurship in rural areas, in conjunction with policies for the development of rural areas:

- **The importance of human capital in fostering entrepreneurship**

In a global economy, European rural peripheral areas have to compete on the basis of quality and value added rather than just price. Investment in human capital (education, training etc.) in rural areas is therefore essential for expansion, but also because rural Europeans have become 'multi-active' (for example, they may be both farmers and hotel owners at the same time). Young and educated human resources are crucial for the development of entrepreneurship in European rural areas. However, most of these areas still suffer from ageing and depopulation. Hence policies must be developed that not only halt outward migration but also bring in new populations (counter-urbanisation). This trend already exists in certain European countries.

- **Policies directly enhancing entrepreneurship**

Policies are needed which encourage potential sources of entrepreneurship i.e. young people, inward migrants, leading figures/animators. Other policies should develop appropriate regional infrastructures in rural areas, such as education and training, and business incubation centres. Finally, there should be policies to enhance the knowledge infrastructure of the local economy and to encourage entrepreneurial thinking in rural areas.

- **Policies indirectly enhancing rural entrepreneurship**

The level of education in certain rural areas of Europe should be enhanced. Also, the physical and social infrastructure needs to be improved. Urban and rural policy perspectives should be integrated.

- **European policies according to groups of countries, type of area and type of enterprise**

Public support is crucial for development in European rural areas, since they are most in need and usually there is an additional cost involved in delivering support to them (the 'rural premium'). There are already a large number of policies aimed at encouraging entrepreneurship in various rural areas of Europe. However, these policies are often fragmented, and information on issues concerning rural enterprise development is not always efficiently disseminated. Furthermore, some policies miss their target because they are based on a poor understanding of the local context in which enterprises operate. A more strategic and coordinated approach is needed.
As the policy review points out, the report advocates European policies to foster entrepreneurship in rural peripheral areas. It also argues that the development of rural peripheral areas should be based on groups of countries (southern/northern/transition), as well as by types of rural area and types of enterprise.

**DISSEMINATION**

A website and database were developed. Seminars and workshops held in various participating countries. Books in various languages and articles in international and national journals. An international conference was held (Lisbon, 2003). National lectures and direct communications with ministries.

**PUBLICATIONS’ LIST**


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| | Bogdan PIASECKI (University of Lodz, Department of Entrepreneurship and Industrial Policy, Poland) |
| START DATE: | 2000-03-01 |
| END DATE: | 2000-09-30 |
| EC FUNDING: | € 708 296 |
ECONOMIC DEVELOPMENT AND DYNAMICS

SECTION 7.

> Economy and technology - joining up the policies

BACKGROUND
In Europe, at both the national and the supranational levels, a rigid distinction is maintained between macroeconomic policy and technology policy and science and technology (S&T) policy within the EU. The European Commission, for example, has had two main policy-making areas in recent years: on the one hand, EU economic policy, couched in terms of the Growth and Stability Pact and on the other, S&T policy, spearheaded by the Framework Programmes. The key issue considered in the MACROTEC project is the lack of interconnection between macroeconomic policy and science and technology policy within the EU, its Member States and the great majority of countries today.

> Project objectives
The original aims of the project were:
- To investigate how far macroeconomic and S&T policies are mutually compatible in several European countries;
- To assess the compatibilities and incompatibilities between macroeconomic and S&T policies affect employment, growth and technical change in selected European countries;
- To suggest new policy approaches and policy mixes, which should integrate macroeconomic and S&T policy in order to promote structural change.

The project continued to be guided by these objectives, but the outcomes were more radical than originally expected. So the detailing of individual policy mixes ultimately took second place to the larger issue of integrating macroeconomic and S&T policy as a whole. Moreover, EU policy developments, particularly the setting of the ‘Barcelona target’ for intensifying research and development, made new demands on the advice emerging from the project. Its outputs and dissemination had to be remodelled accordingly.

WORK UNDERTAKEN
The project’s five work packages were:
- Survey and analysis of the existing literature, in order to establish the theoretical framework. The amount of relevant existing work, both theoretical and empirical, was in fact substantially larger than originally allowed for. This part of the project therefore accounted for most of its written output during the first year. However, the literature surveyed contained few attempts at ‘joined-up thinking’.
- Investigation of the effects of macroeconomic performance on technology. One of the main by-products of the research was the creation of extensive, consistent cross-country datasets. Although this task was not completed during the two years of the project, the substantial collation of data available on the MACROTEC website provides a more accessible source than existed previously.
- Skills, employment and technology. To date, most theoretical work on the relationship between skills and employment had focused on the growth of inequality due to rising premiums for skills in the latter part of the 20th century. The project developed various alternative models, including one derived from new growth theory to account for the persistence of skill-based inequality. Several of the partners in MACROTEC undertook studies of skill premiums in Central and Eastern European countries in transition. These reports yield an interesting (and at times unexpected) picture of the evolving division of labour in an enlarged EU.
- Macroeconomic policy and technology policy. The project investigated a range of macroeconomic policies in terms of their impact on S&T, with the aim of reaching consensus about which policies or policy mixes were most suitable for supporting S&T.
- The impact of supranational macroeconomic policies. The project examined whether policies aimed at supranational macroeconomic stability and emphasising the supply side — for example, the EU’s Maastricht criteria — could have unintended negative consequences, on the demand side, for technological progress and hence growth.

KEY OUTCOMES / CONCLUSIONS
The project found that increases in output frequently precede increases in measured technology effort, especially in the longer term. This reverses the conventional view that technology drives growth. The forces at work here appear to be demand-pull effects on restructuring and firm creation in individual markets, and complementarities between public and private sector R&D and between technology transfer and domestic technology creation. Cost-based supply factors (e.g. wages and interest rates) were found to have only a limited impact on growth and capital formation. The maximum favourable impact on technology was observed at a level of inflation substantially higher than the inflation rate targets currently adopted in the EU.

All of this led the project team to advocate a new ‘Schumpeterian macroeconomics’. This would take some ingredients from old Keynesian viewpoints of the key role of supporting aggregate demand, but would mesh them with the need to ensure that any such expansion was funnelled into raising technological and organisational levels. It implies that complementarities would need to be developed, not just between demand-oriented and supply-oriented macro policies, but also between public and private sector action, and between foreign-based and domestic-based activities. The project concludes that “an attempt to re-integrate macroeconomic policies with technology policies at the national and supranational levels is long overdue”.

This could have major implications for European policy-making. As a policy review of the project points out, “The current macroeconomic policies of the EU are predominantly supply-oriented, though with price stability adopted as the prime objective. This orthodoxy is challenged by the results from this project’s theoretical and empirical analyses, which suggest that current inflation rate targets may be incompatible with the objective of promoting the competitiveness of the EU economy. In addition, undue concentration on lowering unit labour costs may deter labour-saving technical change and prevent necessary industrial ‘upgrading’. Overall, if the Barcelona R&D [research and development] targets are to be met there is a need, especially in the lower per capita income Member States, to improve the coordination of macro and science/technology policies within the context of a more expansionary macroeconomic policy stance. For transition countries in particular, there is a need to ensure that the technology transferred through inward FDI [foreign direct investment] complements indigenous technologies and skills.”
**PROJECT DETAILS**

**FULL TITLE:** Integration of Macroeconomic and S&T Policies for Growth, Employment and Technology

**ACRONYM:** MACROTEC

**CONTRACT NUMBER:** 99-00014

**THEMES ADDRESSED:**
- Economic development and dynamics –
- Employment and changes in work –
- Challenges from European enlargement

**KEYWORDS:** macroeconomic policy, S&T policy, macroeconomic performance, technological performance, growth, skills, employment, technological change, demand, quantitative analysis, policy impact, Eastern Europe

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**DISSEMINATION**

Books and journals. Numerous conferences and meetings. Dialogue with DG Research. Intensive contacts with policymakers and industrial decision-makers via a User Panel. Website: www.sussex.ac.uk/spru/macrotec

**PUBLICATIONS’ LIST**


von Tunzelmann, N., ‘Comments from the MACROTEC project on the “Barcelona target” to raise R&D intensity in the EU to around 3% of GDP’, for European Commission, DG Research, 19 pp, July 2002.

ECONOMIC DEVELOPMENT AND DYNAMICS

SECTION 7.

> How foreign direct investment and MNEs support welfare systems

BACKGROUND

In a globalised world, multinational enterprises (MNEs) and Foreign Direct Investment (FDI) have grown dramatically. European-based MNEs are investing in companies outside Europe, while firms outside Europe have also increased their investment in European companies. Although trade is the crux of European economic development, the strength of European firms and the welfare of Europe's workforce are also important, so the partners wanted to learn how FDI and the growing presence of MNEs affected European firms, their workforce and the labour market in general.

Focusing on five countries: Ireland, Italy, Spain, Sweden and the United Kingdom, the project partners set out to discover what effect FDI has on domestic employment, and to learn to what extent foreign (i.e. from outside Europe) investments affect domestic economies, and whether or not they strengthen national firms' activities. They also wanted to know more about MNEs' activities in general, and whether they operate differently from national firms in labour markets. Finally, since countries provide large subsidies to attract FDI, the partners aimed to find out about the welfare implications of these policies and, conversely, whether national fiscal policies have any impact on FDI flows.

> Policy objectives

The project also had more detailed policy objectives concerning the role played by outward and inward FDI on Europe's economic development:
- To develop a comprehensive conceptual framework to analyse the labour market impact of inward and outward FDI, including comparing existing patterns with what might happen without FDI;
- To construct harmonised cross-country firm-level panel data sets, based on information provided by the firms;
- To analyse the geographical distribution of European FDI flows (through an aggregate empirical analysis);
- To analyse the impact of outward FDI on European countries using firm-level panel data and to see whether it was a substitute or a complement to parent-firms home country employment;
- To analyse the impact of inward FDI on European countries using firm-level panel data;
- To analyse the policy implications of all these.

WORK UNDERTAKEN

The partners began by developing an analytical framework to examine all direct and indirect links between FDI and labour markets. Policy papers and a conceptual framework were produced.

The team developed cross-country databases for outward and inward FDI, using information from five countries: Ireland, Italy, Spain, Sweden and the United Kingdom. This made an important contribution to improving data collection and harmonising information on FDI flows and the activity of MNEs, and is now being used by political and corporate decision-makers and researchers.

The partners then studied the FDI flows within and outside Europe, looking at where multinational firms locate their activities and the effect this has on labour demand. They also examined the impact outward FDI has on the domestic labour market.

Following this, an analysis of the impact of inward FDI on the labour market in the host country was carried out by studying whether foreign investments generate spillovers to domestic firms, thus indirectly affecting labour demand and supply. The partners also examined how the presence of foreign firms affects labour demand in host countries, whether foreign-owned firms perform differently from domestic ones and what role inward FDI plays in peripheral regions.

During the final stage, the partners drew out policy implications, focusing on two main issues. First, were the large incentives countries provide to attract inward FDI or to promote outward FDI justified in terms of positive effects on a country's workforce? Secondly, did a country's fiscal and labour market policies influence a firm's decision to invest in that country? The end product was a guide for policy-makers.

KEY OUTCOMES / CONCLUSIONS

One of the project's first outcomes was the development of a new set of firm-level and sectoral-level databases on FDI and MNEs. The second was the discovery that MNEs' foreign activities complement and enhance the productivity of the domestic plants.

Generally, multinational firms were found to be more productive than domestic ones in the same field, either because they are more productive per worker, or because they only acquire the most productive domestic firms. Multinationals are able to contain shocks affecting labour demands better than domestic firms.

The project found that in the five countries studies, inward FDI had spillover effects – it strengthened the domestic economy, particularly in R&D intensive industries, or where there was only a relatively small technological difference between domestic and foreign firms. FDI made the competitive environment tighter, and as MNEs operate at the higher end of the labour market, there was no evidence they crowded out firms carrying out low-skill activities.

In terms of where MNEs operate or buy out domestic firms, the project found that FDI normally took place when firms wanted to reduce costs by relocating in countries where labour costs are lower, or because they hoped for access to new markets.

> Policy implications

There were two main policy implications – the first concerned the welfare implications of policies aimed at attracting FDI, and the second the specific policies on FDI flows.

Because FDI was shown to benefit the labour force's economic and social prospects, the project recommended that there should be strong national policies to encourage it. The research showed that a firm's investment outside the home country stimulates its domestic output.

The second policy implication concerned whether national policies affected MNEs' decisions on investment. It found that higher trade barriers discourage foreign investments, and that countries with a flexible labour market attract them. The project found that a flexible labour market is more important to MNEs than direct subsidies or other forms of initial support.

Finally, the research indicated that MNEs' foreign affiliates responded to labour demand shocks in a uniform way and were unaffected by national regulations, including those relating to...
Despite this, because all regulation is likely to discourage investment, it recommended that measures should be taken to make labour market regulations more flexible.

**DISSEMINATION**

There was a project website and the Discussion Paper Series. Weekly notifications were e-mailed to academics, and a newsletter *European Economic Perspectives* distributed to over 10,000 members.

**PUBLICATIONS’ LIST**


Girma, Sourafel and Wakelin, Katharine, ‘Are there regional spillovers from FDI in the UK?’, GEP Research Paper 2000/16.


BACKGROUND
As Europe is moving towards a single market, companies are developing Europe-wide ambitions. In recent years this has led to an increasing number of transnational European mergers and takeovers. These mergers have been viewed from the point of view of profitability and shareholder value, and the relationship between the management and the shareholders. Generally, those working in the company have been left out of the picture, or considered as a ‘cost’ to be reduced through restructuring and layoffs. This project's starting point was that a company’s employees were important in determining a merger’s success or failure, so it looked in depth at the role they played in the run-up to, and during, the cross-border mergers.

Transnational mergers have an impact on employee participation as they unify two different national models of employee-participation in a single system and the resulting restructuring and other changes can have significant effects on staff behaviour and morale. This project focused on the companies’ internal operations and how mergers affected employees’ participation in the company. Most previous comparative research on company operations had focused on the difference between the Anglo-Saxon and the ‘Continental European’ models. By studying mergers of French and German companies, the project focused on the two countries’ systems of employee participation. A major project objective was to see which method of employee participation the two merging companies would adopt when they negotiated with the workforce – the French system of ‘worker participation’ or the German method of ‘co-determination’.

The project began its research with the assumption that a ‘merger’ actually meant that a completely new company would be created, so the way in which employees participated in the new company's economic model. The partners based their research on detailed case studies, empirical studies; and a full discussion of the results at an interdisciplinary conference.

The background review, which covered all the available research material in the field of industrial relations, labour economics and labour sociology, revealed how little research had been carried out on the role of employees’ participation within Franco-German mergers. Indeed, it appeared that the merger process itself had not been the subject for substantial research at all, except to study the impact of mergers on companies’ IT systems. Since the review highlighted the dearth of relevant material, the partners realised that they would have to develop an entirely new analytical framework. This they did, borrowing concepts and insights from a number of various disciplines.

Secondly, through reviewing business records in France and Germany, the partners built up a database of 70 mergers since 1990 from which to select suitable cases. After a thorough investigation they selected four mergers to study in greater depth: VM Tubes, Europipe, Quante Pouyet and Aventis.

For the second stage of the project, the partners carried out detailed case studies of these four mergers. They decided to focus on the moment that the transnational company was recreated. The details of the mergers were as follows:

<table>
<thead>
<tr>
<th>Merged</th>
<th>Company Created</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aventis</td>
<td>Rhône-Poulenc, Hoechst</td>
<td>1998</td>
</tr>
<tr>
<td>Europipe gmbH</td>
<td>Mannesmannrohren-Werke, Bergrohr, GTI Industries, Usinor</td>
<td>1991</td>
</tr>
<tr>
<td>Quante Pouyet</td>
<td>Quante AG, Pouyet SA</td>
<td>1998</td>
</tr>
<tr>
<td>V&amp;M Tubes</td>
<td>Mannesmannrohren-Werke AG</td>
<td>1997</td>
</tr>
</tbody>
</table>

The two main dimensions of each merger they set out to assess were:
- How the merger transformed the formerly separate institutional patterns of employee participation.
- The direct negotiations set up with the employees to implement the merger.

The partners based their research on detailed case studies, meetings with management and employee representatives, and in-depth interviews about the process and consequences of the mergers with managers, workers and the social partners. The overall impression that emerged from these interviews was the important role that national issues played within transnational companies.

The final results were presented and discussed at a meeting in Paris in March 2001 and conclusions drawn up on the role that employee participation plays in mergers.

KEY OUTCOMES / CONCLUSIONS
The results were examined under four separate headings: the emergence of the ‘fair balance’ rule in the merger, the persistent national dimension of social issues, the role of the employees during the merger and the role of the unions.

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> The emergence of the national fair balance rule
The partners found a ‘national fair balance rule’ whereby the workload was distributed between the plants and units based on national criteria, in order to avoid costly employee tensions. As a result there was an implied agreement that the number of production sites in each country should not
change, and that new orders should be shared equally between the countries.

The ‘social issue’: partition and differentiation

‘Social’ topics were divided between countries and determined at the national level, reflecting national priorities. There was no company discussion on those topics, since companies believed social issues should be decided by national laws and social practices.

> The employee factor in the merger outcome

There was little cross-country coordination on production systems or wage coordination, although companies did make organisational changes in some departments, such as sales, marketing, research and development, finance and computer systems. These were sectors where employees’ support for making changes was crucial.

As it was impossible to unify the two firms under these circumstances, the merged company either adopted one of the national systems or created an entirely new company. In many cases, production sites in each country retained their own practices and values until a technological innovation or a generational change took place.

Unions and the national issue

Unions operated nationally in relation to mergers so there were few exchanges and discussions between employee representatives from the different countries in which the firm operated. The supra-national representation structures, such as European Works Councils (EWCs), and European-wide union structures, such as the European Trade Union Congress (ETUC), did not play a role, nor did the different national unions cooperate with each other.

> Can there be real European companies and employment policies?

The project showed the strength of national issues in transnational companies, and the partners suggested four reasons for this:

- The involvement of national industrial shareholders linked with the trans-national firm;
- The threat of employee mass protest in the face of a substantial reduction of the workforce, especially in countries such as Germany with strong unions;
- The agreement by company management not to reduce staff in order to get employee support for the merger;
- Companies regarded social and union issues as persistent national issues that had to be taken into account.

The project partners concluded that neither system of employee participation predominated during the merger, since workforce representation was still firmly embedded in the state framework.

DISSEMINATION

The results were disseminated at seminars at the School of Mines and the LSE (London), at two large conferences in Oslo and in Paris and at a final conference.

PUBLICATIONS’ LIST

Supplier and client needs drive small firm innovation

BACKGROUND
In the era of flexibility, the world economy is seen as a mosaic of specialised production regions. The globalisation of economic processes and market competitiveness are resulting in profound reorganisation of production and trade, which can give new vitality to local/regional systems.

INNOVALOC wanted to study innovation in low-tech, small and very small enterprises in Europe’s lagging areas by looking at their role in local development and the effect of the local environment on their innovative potential. It sees innovation as a tool to upgrade economic development in rural areas and enhance the competitiveness of small firms located there.

It selected small food firms for its detailed analysis. Is innovation of minor importance to small food firms or does it compose a key element in the firms’ strategic behaviour? What are the characteristics of innovative firms? Are innovative firms very small or small? What is the importance of R&D? Do small food firms co-operate with external parties or do they innovate in isolation? What environment do these firms need to innovate?

WORK UNDERTAKEN
INNOVALOC looked at four aspects of regional innovation: regional strategies for development, entrepreneurial strategies, coordination systems and technological learning. It believed the complex dynamics between these four aspects contributes to the technological learning capability of the region and its individual firms. It made cross-regional and cross-national comparisons.

The researchers found that statistics on regional performance were in short supply despite policy-makers’ increasing focus on small food firms. Policy-makers need to be aware of overlapping and even competing measures. For example, many firms were forced to adapt their production processes and market competitiveness are resulting in profound reorganisation of production and trade, which can give new vitality to local/regional systems.

The researchers found that the project’s finding that innovation in small food firms is not primarily R&D based. The contrary, small food firms innovate mainly as a response to market demand. In this sense, consumers are a key source of innovation. This means that apart from R&D policies other measures may be necessary to enhance innovation. Policy-makers can, for example, play a role in establishing networks between manufacturing firms and customers.

Continuous education and learning of the workforce to safeguard the innovation potential of small food firms. Over the past decades, governments have made strong efforts to reinforce training, for example on food safety and hygiene, which directly contributes to the knowledge base of the firm and enhance its efficiency in the long run. But INNOVALOC also warned that when developing training programmes, governments should be aware that small firms cannot function when part of their staff is absent for significant periods of time. Loan schemes or individual subsidies can overcome the financial burden but time constraints will remain a problem.

The development of comparable databases containing information on the economic performance of regions, the structure of regional economies, and the regional socio-economic situation so that policy-makers can learn from past regional policy measures. Reliable statistics on the evaluation of regional economic development are lacking. Such statistics are also crucial for cross-regional and cross-country analyses.

Improved reporting of regional policies to ensure adaptations or radical changes built on past experiences. Regions within the EU have different regional policies yet there is little information on the successes and failures of each one.

General business policy impacts on the strategic behaviour of small food firms. Policy-makers need to be aware of overlapping and even competing measures. For example, SME policy works towards simplifying the administrative burden. Food legislation, however, requires additional administrative efforts from small food firms and in some countries, there is even a risk that over-regulation can threaten the viability of such companies.

KEY OUTCOMES / CONCLUSIONS
INNOVALOC defined innovation as an ongoing process of searching and exploring, which results in new products, new techniques, new forms of organisation and new markets. It said its results indicate that small food firms innovate continuously. Product innovation was the most common type as small food firms seek to improve existing products and introduce new tastes within existing production lines.

The researchers found that many innovations in the selected firms resulted from a strengthening of regulations in the sector. For example, many firms were forced to adapt their production to comply with national food safety standards. In other firms, food quality systems were implemented because of retailer demands.

The characteristics of a firm also impact on innovation behaviour. INNOVALOC observed two main tendencies: small food firms were more likely to innovate compared to very small firms with less than ten employees who are often over-stretched by the administrative burden; young firms are more innovative compared to established firms.

However, it said the firm’s characteristics are no longer the main factor determining innovative behaviour. Its knowledge base is becoming just as important. Internal factors of knowledge include technological resources, workforce skills and the entrepreneur’s education. External factors of knowledge refer to interaction with external bodies, firms in the region and the public sector.

INNOVALOC confirmed that networking, particularly between firms in a specific region, strengthens their knowledge base. Although the selected firms generally had limited R&D expenditures, the project found a clear link between R&D and innovation. It said R&D performing firms were more innovative as compared to firms that had no R&D activities. Technological networks and inter-firm co-operation in R&D were particularly important for small food firms who often lack the means and know how to carry out their own R&D activities.

The project also discovered that good economic performance was not an innovation indicator amongst small food firms. Innovation in small food firms was strongly interwoven with the dynamics of the local and institutional environment in which they operate – good regulations, strong institutions of justice, education, administration and professional representation. The industrial structure also plays a determining role in the creation of an innovative environment as does government support.

INNOVALOC’s policy recommendations include:
- A fresh look at government support to take account of the project’s finding that innovation in small food firms is not primarily R&D based. On the contrary, small food firms innovate mainly as a response to market demand. In this sense, consumers are a key source of innovation. This means that apart from R&D policies other measures may be necessary to enhance innovation. Policy-makers can, for example, play a role in establishing networks between manufacturing firms and customers.
- Continuous education and learning of the workforce to safeguard the innovation potential of small food firms. Over the past decades, governments have made strong efforts to reinforce training, for example on food safety and hygiene, which directly contributes to the knowledge base of the firm and enhance its efficiency in the long run. But INNOVALOC also warned that when developing training programmes, governments should be aware that small firms cannot function when part of their staff is absent for significant periods of time. Loan schemes or individual subsidies can overcome the financial burden but time constraints will remain a problem.
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- Improved reporting of regional policies to ensure adaptations or radical changes built on past experiences. Regions within the EU have different regional policies yet there is little information on the successes and failures of each one.
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PUBLICATIONS’ LIST


Vaz, M.T.N. and Neto, P., ‘Contributos Para Definição De Uma Tipologia De Inovação Em Zonas De Fronteira’, Economia De Las Comunidades Autónomas no.21, FUNCAS Madrid, Spain, 2005.
SECTION 7. Internationalisation of European SMEs

BACKGROUND
One key goal of the European Union is to increase employment and growth in Member States, in a world where increased globalisation is leading to rapid changes in corporate cultures. There is much talk about the need for firms to be ‘global players’ in order for economies to prosper.

Up until now, this has led to a focus on the larger firms as engines for growth. For example, big companies tend to be the centre of attention when institutional changes are underway. When financial systems or corporate governance changes are made across Europe, again it is the impact on larger companies rather than small and medium-sized enterprises (SMEs) that tends to be considered.

However, in most European countries, SMEs make a more significant contribution to production and to employment than larger firms. But there has been little research into how they are affected by globalisation. A greater understanding of their expansion strategies is needed.

Many large companies grow by acquisition, which is why globalisation has led to a flurry of national and international merger activity. But SMEs do not usually have budgets that enable them to go this way. The issues of how SMEs can become internationally competitive, and what conditions would help them need to be addressed.

Research on SMEs so far has generally been nationally based. To establish how best to help them grow internationally, regional and cross-national comparisons are useful.

> Project objectives
The project set out to look at how SMEs can best respond to globalisation, and how they can co-operate internationally. It started from the hypothesis that in sectors where ‘competence’ levels are high and language and technical terms are already internationalised, firms would find things easier.

Other challenges posed by globalisation were also studied. Its effects on national corporate cultures and management strategies, and changes in corporate governance and finance systems, were assessed.

A major aim was to see how far EU policies to assist SMEs were effective, and what policy changes may be needed to help SMEs cope with globalisation.

WORK UNDERTAKEN
Two industrial sectors, mechanical engineering and software production, were studied in six European regions. These regions were Rhone-Alps in France, Piedmont in Italy, Thuringia and Bavaria in Germany, North East Austria and the northern part of the Netherlands.

Two major strategies for internationalisation were identified: an ‘autonomous’ strategy and a ‘co-operative’ strategy. An autonomous strategy means that a company mainly prefers to respond to globalisation on its own. A co-operative strategy involves a company building relationships with other firms and institutions using personal ties to respond to global challenges. Based on this concept of strategy, the research was organised into five questions:

Considering the lack of resources of SMEs and growing pressure from globalisation, is co-operation the main strategy for SMEs to speed up internationalisation?

Do SMEs in Information Technology (IT) have an industry-specific advantage in expanding abroad (due to highly internationalised technical standards, uniform technical and professional language, new forms of finance and new corporate cultures)?

What kind of external support is important for facilitating international activities?

What impact does internationalisation have on the organisation of SMEs?

The researchers split up into teams to look at each of these questions and produced a report on their findings.

KEY OUTCOMES / CONCLUSIONS
On the issue of whether firms took a ‘co-operative’ approach to internationalisation or an autonomous one, the findings were as follows:

Out of the firms studied, 23% took a ‘co-operative’ approach, 56% had an ‘autonomous’ strategy and 81% were a mixture of the two.

Out of the firms that chose an autonomous strategy, 53% were from the software sector and 47% from the mechanical engineering sector.

There was no difference between software and mechanical engineering firms in terms of the ‘co-operative’ strategy. In each sector, 50% of the firms chose this route.

These results do not support the initial hypothesis that SMEs mainly use a co-operative strategy when internationalising. Instead, supportive networks were found to play a crucial role. This included linkages with firms and institutions, personal ties, and strategic alliances outside contractual agreements. In both sectors, most of the supportive networks that firms used had regional or national roots.

Entrepreneurs expressed little satisfaction with the services provided by public agencies when they sought assistance for international expansion. This means that there is a structural misfit between demand for advisory services, which need to be tailor made to fit a firm’s specific circumstances, and their supply.

Regional and national institutions that promote internationalisation were of most help with technical standards, regulations and country specific information. They were less helpful when firms wanted to find a trustworthy foreign partner, or a customer based abroad. The research found that there is scope to develop policy that can enable these institutions to be more effective. Thus, policy should give more attention to the role of the regions, in helping SMEs internationalise.

Many software firms were involved in EU funded research and development. But they had harsh criticism for the projects, complaining of high levels of bureaucracy and slow procedures that failed to take the high speed of innovation in IT into account. This means that where software companies have other sources of finance, they show little interest in European funded collaboration. A review of the way these EU policies are operating is needed.
The project concluded that public policies to help SMEs with internationalisation were not effective. Links with larger firms and interpersonal contact were more important. The EU should improve the institutional and policy environment and use EU regional policies to encourage networking by SMEs.

**DISSEMINATION**

Altogether, 14 national and regional conferences and workshops were organised. Teaching films and a handbook were produced and further research avenues highlighted.

**PUBLICATIONS’ LIST**

At the end of September 2002, the English version of the handbook *How to go international? Risks and chances for European SMEs* was submitted to the Commission. The book is translated into German, French and Italian.

In addition to the handbook and individual publishing plans of the national teams, there are plans to extend the results published in the research report and to compile an international publication about the internationalisation of European SMEs.
BACKGROUND
Key goals in the European Union are to encourage economic growth and to improve employment prospects. Since the majority of citizens in Member States work in small or medium sized enterprises (SMEs), this sector needs to adapt to fast-changing technology and to a globalised world economy.

The ability to adapt varies not only between countries, but also between regions. The EU has long recognised the importance of helping lagging regions to catch up, and devotes more than a third of its entire budget to policies to reduce the disparities between regions.

The Union tries to use regional policy to help lagging regions to catch up, to restructure declining industrial regions, to diversify rural economies where necessary and to revitalise declining neighbourhoods in the cities. Job creation is top of the agenda, as is the social and territorial ‘cohesion’ of the Union.

Regional research on the performance of SMEs has largely focused on how changes in technology affect different parts of the EU. But there has been less scrutiny of regions where industries are still labour-intensive and vulnerable to low-wage competition from inside and outside the EU.

Project objectives
The project compared the performance of SMEs in Greece, Italy, Spain, Ireland and the United Kingdom. It investigated the impact of changes in technology on labour intensive industries, to see how SMEs in vulnerable regions of these countries were coping, and to predict how these effect future employment.

The aim was to assess the potential for employment in areas where unemployment was already high, or where jobs were under threat. Understanding the performance of vulnerable regions and industries can help to devise the most appropriate policies to assist them.

Four aims were identified:

To analyse different patterns of competitiveness of industry, at national and regional level;

To study patterns of employment potential in four labour interview industries that were not part of the ‘new economy’ or closely affected by industrial change. The industries studied were automobile parts, clothing and apparel, footwear and electronics assembly.

WORK UNDERTAKEN
The research found that new production technologies do increase the range of skills required, and decrease the labour needed, to produce a given amount of goods. The effects on firms, countries and industries were consistent across Europe.

The effect of new technology on the changes in skills needed in SMEs has not yet been quantified, and this is important in order to devise appropriate policies.

SMEs often respond to the challenge posed by competition from within Europe and globally by becoming less labour intensive.

There is a positive side to this but it also puts further stress on vulnerable regions where rates of unemployment are high, and incomes are relatively low. As firms adapt to the new environment, they may move away from poorer regions, exacerbating the problems.

One strategy to deal with this could be to give people in vulnerable regions new skills, to help them adapt to demands of new production techniques. This could help retain firms and boost new start-ups, and perhaps attract new firms to the area.

Government policies do make a difference, the project found. SMEs do not often have the resources to deal with competition in European or global markets on their own, so they need help to adjust to changes. But policies that rely exclusively on creating regional clusters are unlikely to be sufficient to help poorer regions. Industrial and national, as well as regional, factors need to be taken into account, and there needs to be consistency between different strands of policy.

Conclusions were drawn for each of the countries studied:

Irland: it is difficult to generalise from the rapid growth experienced in the 1990s, to develop regional policies to suit other EU countries

United Kingdom: training and access to finance needs to be improved

Greece: more capacity to cope with technological change is needed

Italy: changes in institutional structures are needed, to boost learning and innovation and to help find new ways to mobilise local resources

Spain: the interaction between government, companies, universities, technology centres and venture capital firms needs to be strengthened

Because the needs of regions are very different, EU policy needs to take this into account. Strategies should also be coordinated at EU and Member State level, and take into account the national, industrial factors, and the influences on individual firms, that all contribute to regional economic performance.
**RASTEI**

**FULL TITLE:**
Regional Adjustment Strategies to Technological Change in the Context of European Integration

**ACRONYM:**
RASTEI

**CONTRACT NUMBER:**
99-00035

**THEMES ADDRESSED:**
- Economic development and dynamics
- Social cohesion, migration and welfare
- Employment and changes in work

**KEYWORDS:**
- peripheral regions
- labour-intensive industries
- impact of competition, sectoral analysis, innovation, productivity, employment, unemployment, institutional context, policy proposals

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The contribution that the finance markets make to investment is an important element in economic growth. In the EU, member governments are encouraged to run their economies along the same management principles, to help deliver growth. All EU Member States are part of the economic and monetary union (EMU). The aim is to integrate the economies of Member States more effectively as one way of promoting growth and prosperity. It requires closely coordinated economic policy. According to the Commission, the keys to successful integration are close policy coordination, peer pressure and consensus. The single currency, the euro, is part of this process.

There are four strands to EU integration:
- Monetary union
- Enlargement
- Single market programme
- Impact of IT

All of these have implications for financial integration, and are happening in an era where banks have moved away from their traditional role of supplying capital for production.

As EU integration proceeds, an assessment is needed on how far financial markets are integrated – or need to be integrated – to boost growth and job prospects. Research is also needed to establish how financial integration affects corporate investment, and how production, productivity and employment are affected. Differences between industries and patterns of ownership and innovation in national systems complicate the picture.

In Europe, around three quarters of all jobs and half of all output is provided by small and medium-sized enterprises (SMEs) which complicate the picture. At EU policy-making level, the effect of financial structures and EU integration on this sector should be a central issue.

> Project objectives
The project was designed to encourage research into what determines corporate performance.

European economies are becoming more integrated in an era where capital markets are also becoming more integrated, and while governments and policy-makers investigate how they can increase the breadth of their capital markets.

Aware of the influence of financial markets on the corporate sector, the project set out to assess the evidence on this relationship, to develop comparative data in European countries. Areas of research were:
- Comparative analysis of European financial systems
- Financial market integration and regulation
- Effect of financial markets on growth and labour markets
- Venture capital and Europe
- The impact of finance on innovation

> Work undertaken
The project surveyed a large body of literature and policy studies on European financial markets. It looked at:
- The relationship to economic growth
- Structural trends
- Influences on investment and employment
- Access to venture capital

Key outcomes / conclusions
The project found that there is a positive relationship between the development of financial systems and economic growth. However, most of the existing literature leaves key questions unanswered.

There is no compelling evidence, for example, that one financial model is superior to another – the UK model, which is a market-based system, for example, against the German model which is a bank-based system.

There is also no clear evidence on whether real growth influences financial development or vice versa.

Within countries, specialisation in sectors may change the demands on external finance. This many be particularly true, as the EU benefits from technology driven growth.

National inertia may slow progress toward a common benchmark model for the EU financial system.

Because the demand for finance will change as areas of specialisation change, it is difficult to single out one model for financial integration. Policy-makers should accept that a number of models may co-exist for the foreseeable future.

If different models are in place in different countries, different sectors and different time periods, studying these could add to the knowledge about growth and finance, and the nature of EU integration.

Dissemination
Working papers were presented at workshops and conferences. 42 studies and a book were published.
PROJECT DETAILS

FULL TITLE:
European integration, Financial systems and corporate performance

ACRONYM:
EIFC

CONTRACT NUMBER:
99-00039

THEMES ADDRESSED:
Economic development and dynamics, financial systems, financial markets, banking, venture capital, comparative, institutional context, product markets, company performance, sectoral analysis, investment, technology diffusion, innovation, microeconomic models, policy proposals, fusion, institutional models.

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Making globalisation and innovation work for Europe’s economy

BACKGROUND
Researchers and policy-makers have largely blamed the twin processes of innovation and globalisation for Europe’s disappointing economic performance. The AITEG project studied how these processes impact on employment and growth.

Its overall objectives were:
- To investigate to what extent the different forms of globalisation of production and technological change have affected the aggregate growth rate of the economy, job creation and job destruction patterns, and the main sectoral developments;
- To compare European Union economies with those of the United States, Japan and other advanced countries.

WORK UNDERTAKEN
AITEG grouped its research around the two themes of ‘globalisation’ and ‘innovation’. Its research ranged from studies addressing the macroeconomic performances of advanced countries to firm level analysis focusing on skill bias and technological change.

It used a wide range of data sources at both country and firm level, including the Community Innovation Surveys, enabling it to explore a new set of research questions and set up a database for the project using international indicators of globalisation and innovation.

It identified specific models of innovation and the internationalisation of production, which it used to predict the consequences for the economy.

KEY OUTCOMES / CONCLUSIONS
AITEG said Europe’s unemployment was not the result of a simple process of new technology replacing workers, or of jobs being lost to developing countries because of globalisation. It blamed corporate restructuring for most job losses and said this cannot be divorced from either innovation or global economic processes.

Its findings showed:
- There was no automatic mechanism ensuring that a national economy was able to fully compensate for innovation-related job losses;
- There was little evidence that either wage levels or ‘rigidities’ on their own could be the reason for so much of the employment change that has occurred in Europe. Structural factors remained crucial;
- The sources of job creation and destruction were specific for individual manufacturing and service industries;
- Product innovation generally had a positive employment impact, while process innovation a negative one. Overall, the technological change in European manufacturing industry in the 1990s had been a labour-saving one;
- New services and ICT-based activities had a positive impact on growth and jobs, while in other services labour-saving new processes dominated;
- Blue collar and low-skilled jobs had fallen rapidly, while higher-skilled jobs had been created, although with an uneven pattern across countries, industries and firms;
- International production was linked with innovation and faster productivity growth.

AITEG said policy in Europe has given priority to the wrong issues. Macroeconomic policy has been deflationary, industrial policies forsaken for competition ones and innovation policies have failed to connect with new technological developments and address skill mismatches.

AITEG recommended a new macroeconomic policy providing a coherent context for industrial and innovation policy. It said governments should combine this with:
- A targeted industrial policy that focuses on the activities (often ICT related) that have the highest growth and manages the contraction of declining industries;
- A targeted innovation policy which focuses on employment-friendly innovations. Supply-side incentives and funds should prioritise new products, rather than labour-displacing new processes and there should be emphasis on the ‘demand pull’, looking at users’ requirements and potential markets for new goods and services;
- A new learning policy which promotes a broad view of learning and avoids the simplistic request for an educational system that is closer to the short-term needs of firms;
- A new distribution policy of the productivity gains resulting from technological change. AITEG said innovation has benefited firms and consumers through higher profits and lower prices. The cost has been paid by workers who have seen job losses, frequent reductions in real wages, increased insecurity and work intensification;
- A policy that does not follow the simplistic goal of just attracting as much inward investment as possible, away from other ‘competitor’ economies. The benefits of such investment will depend on the extent to which productive co-operation is forged with other firms and institutions, domestically and internationally. It will also depend on governments’ ability to upgrade their domestic economies. Stronger national economies will maximise the chance of domestic firms to develop beneficial international links and attract the right sort of inward investment which will seek to link-up with them;
- A policy that increases the transnational power of actors such as labour, consumers and uni-national companies, particularly SMEs. This is because transnational institutions that plan, organise and control resources and activities across different nation-states, face actors which, for historical reasons or by their own nature, are not (or not yet) able to operate across countries to the same extent;
- Internationalisation policies that are seen in the context of industrial policies.

Globalisation represents the current configuration of economic relations that have resulted from past policy action. The project warned that the form of globalisation in the future will depend on public policy action now. To avoid a global free-for-all where governments compete against each other for investment and jobs to obtain temporary relative economic success, policies are required, which promote productive co-operation, high international standards, asset-augmenting FDI and dynamic and innovative regional and national economies. AITEG said Europe needs to strengthen policies that can achieve such outcomes.

Globalisation needs to strengthen policies that can achieve such outcomes.
DISSEMINATION
AITEG held national dissemination workshops and a closing European conference in London in 2002.

PUBLICATIONS’ LIST
7. Investment in new information technology boosts skilled jobs

BACKGROUND
The media and academic research have emphasised the rising importance of the ‘new’ or ‘knowledge’ economy covering information and communication technology (ICT), knowledge generating activities such as research and development, and the increasing use of skilled labour (scientists and engineers, and in particular information technology or IT specialists). Many see the knowledge economy as a possible third industrial revolution, of similar magnitude and significance as the first (steam) and the second (electricity) revolutions.

The EPKE team said hard evidence on the importance of the ‘new economy’ is in short supply. It attempts to fill this gap by looking at the influence of new technology on employment generation in Europe and especially at the demand for skilled labour and productivity change. It will check the hypothesis that new technology represents a fundamental change in the way the economy operates.

WORK UNDERTAKEN
EPKE combined data on relevant indicators from a wide range of sources (macroeconomic, industry and firm levels) to analyse the impact of ICT on economic activity, always contrasting EU and US performances. It looked at the type of employment created, at the skill mix of the new jobs, and the extent to which the use of new technologies is complementary with skilled labour. It also examined whether the institutional environment in Europe, in particular product and labour market regulations, hampers a full embrace of the knowledge economy and dampens employment-generating prospects.

Two industry data sets were developed and are available on the project website:
- The first, the Industry Labour Productivity Database, provides internationally comparable data on the industrial performance of 56 industries in the EU-15 countries and the United States;
- The second, the Industry Growth Accounting Database, gives more details on capital input and labour growth for 26 industries in France, Germany, the Netherlands and United Kingdom, as well as the United States.

KEY OUTCOMES / CONCLUSIONS
EPKE showed that EU countries are now investing rapidly in ICT but that the payoffs in terms of productivity growth are below those experienced in the US, notwithstanding a strong EU performance in certain sectors (communications and computer services).

The researchers also confirmed that all countries increased their demand for skilled labour as they adopted and used ICT, and reduced their demand for unskilled labour. They also found evidence that investment in ICT has increased demand for younger workers.

The US showed the greatest job growth in the 1980s and EU countries in the 1990s. The researchers said this is consistent with the later adoption of ICT in Europe compared to the US. Most of the EU’s new jobs are located in more traditional manufacturing industries, although EPKE also found evidence of intensive ICT job creation in service sectors. But there is considerable variation across EU countries. The UK performance most resembles that of the US, with productivity gains in the same service sectors that underlie the US growth spurt. The other large EU countries, particularly France, Germany and Italy, appear to be gaining less from information technology, with little evidence of productivity gains in the service sectors.

A case study of the retail sector suggested that greater regulation might partly explain the failure of EU retail stores to match the rewards from ICT enjoyed in the US. A lack of quality data precluded EPKE from carrying out a fuller study of the impact of the regulatory environment. But it said its research in this sector showed that the marriage of technology and organisational change was at the core of the US productivity acceleration and its superior performance relative to European countries.

To conclude, EPKE said the US’ head start in adopting information technology explains some of its lead in reaping productivity benefits from ICT. The relatively poor EU performance may merely reflect its late start in using ICT. However, the researchers also said that it is possible that the competitive and regulatory environment in which European firms operate delays productivity gains, even though these are difficult to measure given current data.

If the sole reason that Europe is lagging behind the US is its late adoption of ICT, then it needs to introduce policies which develop the knowledge-generating infrastructure, such as encouraging R&D collaboration with universities and other enterprises, and providing information on ICT developments targeted at particular sectors and/or categories of enterprise.

Alternatively, if structural rigidities are the main reason for lower EU growth rates, then it needs policies which reform the competitive and regulatory environment, targeting in particular the service sectors where US gains have been most pronounced. These policies could include deregulation of both product and labour markets. However, EPKE emphasised that deregulation must be selective to avoid undermining the long-term relationship between firms and their employees and so, for example, harming the incentives for firms and workers to invest in initial and continuing training.

Both explanations for the delayed productivity gains in Europe are valid and EPKE recommends that policy incorporates both types of change: developing infrastructure and selective deregulation. It warned neither is likely to be sufficient on its own to drive the European productivity agenda forward.

In addition, the research team said regardless of the source of the EU lag, policy needs to address the skill needs of the modern information technology-based economy. Improving the educational attainment of schoolchildren and promoting on-the-job training and lifelong learning will assist the development of the knowledge economy and promote social inclusion and job stability.

DISSEMINATION
EPKE disseminated its results through its website, its databases, four conferences and 30 working papers including two technical notes.
PUBLICATIONS’ LIST


BACKGROUND
The SETI project investigated the impact of the globalisation of technology and the development and diffusion of Information and Communication Technologies (ICTs). Particular emphasis was given to the rise of business services, its effect on economic growth and its links with the production and diffusion of ICTs, as well as to the inter-dependence between business services and the manufacturing sector. Until this project, little research had focused on the tertiary sector as a driver of technology accumulation. Applied economic models have tended to focus almost exclusively on the interaction between technology accumulation and growth of the manufacturing sector.

The SETI project assessed three broad issues:
- the interaction between new technologies and economic growth in Europe given the concern that the EU is losing competitiveness in those sectors in which innovation and demand growth rates have been faster;
- the impact of the process of internationalisation of R&D, which appears to be more marked in Europe than in Japan and the United States, on European technological capability and national systems of innovation;
- whether, given the importance of ICTs in internationalisation processes and the rise of business services, Europe’s poor performance in the new technologies has contributed to slowing down the catching-up process and causing the high rates of unemployment in the last decade.

WORK UNDERTAKEN
The project involved a statistical analysis of the countries’ trade, production and technology specialisations in various categories of producer services. The internationalisation of technology and the impact on national technological performance was examined. An econometric investigation of the determinants of a country specialisation in producer service industries and the impact of the import of services on economic growth was undertaken.

In the second part of the project, an econometric disequilibrium model was developed. The basic idea behind it was that output, producer services and technology co-evolve, thus creating virtuous and or vicious circles of growth.

KEY OUTCOMES / CONCLUSIONS
The estimation of the structural disequilibrium model of technology accumulation and diffusion, business services and economic growth revealed the strategic role played by innovation and, in particular, by both human capital and ICT expenditures for economic growth. Business services, both domestically produced and imported, were also shown to be important for economic growth. A two-way interaction between the rise of business services and technology accumulation was found, as was a link between the structure of the manufacturing service and a country’s capability to produce and import business services.

One result with important policy implications that emerged from the business services’ equations was that production and trade in services are enhanced by European countries having similar (and low) levels of regulation.

The researchers argue that policy interventions focusing exclusively on favouring the development of business services without recognising their strong interdependence with some manufacturing activities would be bound to be unsuccessful.

Human capital accumulation in any country was found to affect technology accumulation because it increases the domestic ability to use imported technology and increases the domestic stock of technology that can be diffused towards other countries.

Policy simulations showed that EU output can be significantly increased if the availability of business services and the accumulation of knowledge are enhanced. These results can, in turn, be obtained by both improving the regulatory environment and increasing technology diffusion. Higher ICT investment and especially higher availability of human capital are instrumental to such a strategy. The researchers suggest a three-pronged strategy is needed – deregulation, deeper integration and more effective technology diffusion – to generate a virtuous circle of output growth, provision of services and knowledge accumulation in Europe in line with the objectives of the Lisbon strategy.

DISSEMINATION
All deliverables from the project have been placed on the project website: www.seti.coleurop.be and the research work has been presented at scientific conferences. Results have been presented to meetings in Nottingham, Madrid, Rome, Brighton and Bruges.
| **FULL TITLE:** | Sustainable growth, Employment creation and Technological Integration in the European knowledge-based economies |
| **ACRONYMN:** | SETI |
| **CONTRACT NUMBER:** | 01-00057 |
| **THEMES ADDRESSED:** | Economic development and dynamics – Employment and changes in work – European socio-economic models and challenges |
| **KEYWORDS:** | growth model, specialisation, innovation, employment, growth, skills, business services, EU integration, regions, quantitative analysis, qualitative analysis, policy simulation |
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Assessing the emergence of new hi-tech industrial activities

BACKGROUND
As technology and innovation moves on, there are opportunities to create new products and services for the marketplace. Often, these new developments come about through the merging, or fusion, of different technologies. For example, the prevalence of mobile phones can be linked to advances in Internet technologies that provide mobile e-commerce facilities. Businesses and entrepreneurs are aware of the opportunity to turn a tidy profit from these new technologies, and they are engaged in innovative thinking to come up with the killer product or application needed to succeed. This means bringing skills and talent from different business sectors to develop ‘hybrid’ activities or services. The TENIA project examined the structural changes that are taking place in European industry that result from such rapid innovation. The project focused on the emergence of new hybrid activities at the cutting edge of technology-based and knowledge-based services and technology-intensive manufacturing.

> Project objectives
TENIA aimed to:
- Improve our understanding of the processes that are at the root of emerging hybrid activities;
- Discuss potential policy-making implications and suggest appropriate government action that could assist useful innovative process.

The project consortium’s objective was to study six emerging hybrid activity areas in three key sectors: mobile e-commerce; telecommunications networks for business data; and multimedia. External technology and industry experts helped to select the six hybrid areas for study, which were:
- M-commerce: concentrating on e-commerce applications for existing mobile phones and those under development;
- Mobile data communications;
- Dedicated Network Services, such as ASPs and data warehousing services;
- Electronic book and cross-media production;
- Educational software;
- Multimedia services on digital television platforms.

A key objective was to analyse how firms enter, survive and grow in the three key sectors and look at the technological and business diversification, along with the strategic mechanisms they use in the early stages of their work. TENIA also examined differences in the pattern of new hybrid industry emergence across Europe and in different technological areas – closely appraising the factors responsible for any differences.

The TENIA team placed great emphasis on analysing the process of technology fusion and the factors affecting it.

WORK UNDERTAKEN
To develop its analysis, TENIA carried out 44 firm-level case studies covering the six hybrid activity areas. The studies took place in the five project consortium countries – Denmark, Germany, Greece, Italy and the United Kingdom. Companies examined were either working on hybrid activities or had relevant experience in these new industrial areas.

The case studies provided important observations on firms’ technology development and business strategies. Patent data and information about research partnerships were also analysed in a bid to create early-warning indicators of hybrid activity. The case studies for the m-commerce sector focused on the way companies and other actors interacted, and sought to gather information about three particular issues:
- The way in which actors establish relationships with technology providers, co-developers and users;
- Strategies adopted by those actors;
- The problems faced when companies interact, such as bottlenecks and inefficiencies.

Case studies in the telecommunications networks for business data sector focused mainly on the way firms and other actors interact with each other, along with the processes that have helped telecom networking activities emerge. These case studies covered the following issues:
- The way interactions develop between actors, technology partners, co-developers and users;
- The factors that helped to nurture business activities;
- Strategies used to develop hybrid activities;
- The problems faced by this emerging industry when its actors try to work together.

For the multimedia case studies, special attention was paid to three fast-developing hybrid business sectors that rely on multimedia technologies: e-learning technologies, e-books, and digital TV and broadband services on the Internet. The case studies did not concentrate on individual organisations, but instead looked at the interaction between firms at different stages of technological development.

KEY OUTCOMES / CONCLUSIONS
The project presented a number of key findings and policy implications for each of the three case study sectors, and also offered a set of crosscutting policy considerations. A number, but by no means all, of the conclusions are set out below.

For M-commerce, key themes and policy implications included the following:
- Mobile telecom operators are key players in the m-commerce sector. Because of their size and the fact that they control contact with end-users, they have a great deal of negotiating power. Mobile operators provide the critical links that tie the sector together; therefore public policies relating to m-commerce must focus on these types of business.
- The sector’s development could be hampered in the future if a viable m-payment system cannot be established. According to TENIA, this is the most pressing issue facing m-commerce and a lack of progress could hinder companies’ abilities to produce sound business models.
- Companies and organisations must work closely together to ensure that innovative activity remains strong in the m-commerce sector. Policies to improve networking are vital, but they must also be wary of anti-competitive behaviour and make it possible for new businesses to enter this fast-growing industry.

Major findings from the telecom networks and business data case studies include the following:
- After a growth period between 1998 and 2001, this sector continues to experience a slowdown. Consolidation is likely to occur, as many of the companies do not have enough customers to continue operating on their own.
- TENIA noted that two factors may play a vital role in the fusion and development of the market for hybrid telecommunications and IT services: the influence that demand will play in what kind of opportunities and services can be developed, and whether public administrations will act as key users in the development and diffusion of broadband services.

Telecoms providers must improve their commercial skills to help the customer understand what is on offer. For the same reason, users must find out what is available and link the use of new technologies to their business strategies. Public policy could help to bring the supply and demand sides together by offering training for SMEs and financial incentives.

The multimedia industry relies on a number of actors to come together to create product for the consumer – these are technology providers, content specialists such as writers and artists, and service providers. The case studies show that key players in the multimedia industry must work more closely together to move the sector forward. Closer communications help the industry's innovating networks understand customer needs and tackle potential problems. It also builds up reputation and trust which benefit clients and partners.

However, TENIA found that the multimedia sector is “an example of incomplete fusion”, where a way has yet to be found that can bring together the knowledge of relevant actors. Thus, a number of issues could benefit from policy consideration such as networking, technology standards, public procurement, market de-regulation, and educating users of multimedia services and products.

TENIA also provided a number of areas for policy consideration that are relevant to all six hybrid activity areas. These are networking, relationships within networks, technology standards, public procurement, technology diffusion and user familiarity, market regulation and technological bottlenecks.

DISSEMINATION

Project results will be disseminated via publications in various academic journals. The research team will also publish a book that will highlight TENIA’s activities.

PUBLICATIONS’ LIST

A number of TENIA papers and reports have been published including:


‘Hybrid Industrial Activities: Services in the Knowledge-based Economy, a Fusion with Manufacturing’, National Technical University of Athens, 2002.

<table>
<thead>
<tr>
<th>Project</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAPASIS</td>
<td>Does Implementation Matter? Informal Administration Practices and Shifting Immigrant Strategies in four Member States</td>
<td>212</td>
</tr>
<tr>
<td>BORDER DISCOURSE</td>
<td>Border Discourse: Changing Identities, Changing Nations, Changing Stories in European Border Communities</td>
<td>214</td>
</tr>
<tr>
<td>EU-COMMITTEES</td>
<td>Governance by Committee: The role of committees in European policy-making and policy implementation</td>
<td>216</td>
</tr>
<tr>
<td>GOVERN PARTICIPATORY</td>
<td>Achieving Sustainable and Innovative Policies through Participatory Governance in a Multi-Level Context</td>
<td>218</td>
</tr>
<tr>
<td>DEMPARTY</td>
<td>Democratic Participation and Political Communication in Systems of Multi-level Governance</td>
<td>220</td>
</tr>
<tr>
<td>IDNET</td>
<td>Europeanisation, Collective Identities, and Public Discourses</td>
<td>222</td>
</tr>
<tr>
<td>GOVECOR</td>
<td>EU Governance by self coordination? Towards a collective gouvernement économique</td>
<td>224</td>
</tr>
<tr>
<td>EUROPUB.COM</td>
<td>The Transformation of Political Mobilisation and Communication in European Public Spheres</td>
<td>226</td>
</tr>
<tr>
<td>PARADYS</td>
<td>Participation and the Dynamics of Social Positioning - The Case of Biotechnology. Images of Self and Others in Decision-Making Procedures</td>
<td>228</td>
</tr>
<tr>
<td>CEI</td>
<td>Churches and European Integration</td>
<td>230</td>
</tr>
<tr>
<td>EUROPUB</td>
<td>A European Public Space Observatory: Assembling Information that Allows the Monitoring of European Democracy</td>
<td>232</td>
</tr>
<tr>
<td>PubAcc</td>
<td>Analysing Public Accountability Procedures in Contemporary European Contexts</td>
<td>234</td>
</tr>
<tr>
<td>Youth and European Identity</td>
<td>Orientations of Young Men and Women to Citizenship and European Identity</td>
<td>236</td>
</tr>
<tr>
<td>STAGE</td>
<td>Science, Technology and Governance in Europe</td>
<td>238</td>
</tr>
</tbody>
</table>
Governance, democracy and citizenship
8. Understanding the dynamics of prejudice

BACKGROUND
In all the four countries studied (Germany, Greece, Italy and the United Kingdom) immigrants find it hard to cope with public administration services and are often faced with a hostile social environment. In Greece, such practices are openly discriminatory and xenophobic. In Italy, discrimination is disguised with a politically correct discourse of solidarity and humanism. In Germany, immigrants are faced with a strong ideology of labour market protection that justifies formal discrimination. In the United Kingdom, the environment is friendlier to the skilled worker who comes to fill a specific labour shortage. Everywhere, however, many immigrants find themselves trapped in illegal residence and work situations partly due to the complex and bureaucratic nature of administrative practices.

Legal policy provisions are mediated by less formal, administrative routines structuring a bureaucratic organisation and guiding public officials in their work. The particular nature of such practices influences the implementation of a policy measure and, to a certain extent, determines its outcomes. It was expected that identity processes involved in the interaction between public officials and immigrants may influence these informal practices. It was also hypothesised that the national self-understanding of public officials would determine the ways in which they perceive immigrants and their attitudes and behaviours.

Project partners aimed to demonstrate the importance of organisational culture and professional identity in the implementation of immigration control. As a result, they focused on the impact of individuals on the quality of governance and developed specific recommendations with regard to improving daily administrative routines and practices through which immigration policy is implemented. The project fulfilled the following objectives:
- To assess the impact of the organisational culture of public services on the implementation of policy measures;
- To investigate the role played by identity processes in the interaction between public officials and immigrants;
- To assess the similarities and differences among the states under examination with regard to the above two elements;
- To study the ways immigrants make sense of the institutional environment of the host country and how they adapt their plans and ‘survival’ strategies in relation to the policy measures and implementation practices.

All four teams studied Polish immigrants as a target population. Each team also selected one nationally significant immigrant population to study. The Italian and Greek teams analysed the case of Albanian workers, the United Kingdom that of Indian immigrants, and the German team considered Poles as both their comparative and nationally important immigrant group. The results of the country studies paint a very different portrait of the institutional environment and the challenges immigrants face in the four EU Member States.

- Germany: Employees of labour offices display a legalistic and professional attitude. Illegal immigrants in Germany do not strive for legalisation, as they do not expect this to be a possible solution.
- Greece: Living in fear, impersonality and caught in a stigmatisation process, immigrants construct spaces of isolation and individuality.
- Italy: Foreigners’ Offices use a high level of discretion. Such discretionary practices reflect a combination of a formal, hierarchical and clientele-oriented culture with new demands for efficiency and a user-friendly service. The analysis of immigrants’ strategies showed that immigrants are a dynamic element of Italian society both because of their flexibility and adaptability, and because they actively seek to improve their position.
- United Kingdom: Following the government’s programme for modernising public services, ‘Work Permits UK’ was founded – a small, dynamic agency that served as a model for the government’s principles of user-friendliness, efficiency, and adaptability. Its customers are businesses, not migrants. The Home Office Immigration Service Enforcement Directorate, on the other hand, struggles to keep up with new priorities and methods and is still trying to deal with the backlog of asylum over-stayers and the aftermath of administrative chaos created by computerisation.

Finally, the teams made recommendations on how the findings of the research could be taken into account in policy design and implementation.

KEY OUTCOMES / CONCLUSIONS
Results and policy lessons are relevant for an assessment of national governance of immigration issues. Very few research studies deal with the situation of people caught in illegal situations. Project partners determined it is “high time” this issue is tackled in a scientific manner instead of grounding policies on everyday prejudices.

The study clearly demonstrates the importance of organisational culture and administrative routines in the implementation of immigration control. It focused on the impact of individual agents on the quality of governance and developed specific recommendations with regard to improving daily administrative practices. Research demonstrated that practices of officials depend on a number of factors, including:
- to whom they are accountable
- who the clients are
- how exceptions from the rules are justified
- how formalised are the exceptions.
In Southern European countries, foreigners are mainly perceived as either threats to public order or objects of pity. Three major changes would be necessary to improve this situation:

- The reorientation of official practices towards the recognition of the rights of foreigners to fair and impartial treatment, under rules that are transparent and standards that are published to which officials can be held accountable;
- More realistic and long-term design of immigration policies;
- Better training of officers.

In Northern European countries, most of these features are already present, but training should focus on the nature, and uses and misuses of discretion, with special reference to racial and other forms of stereotyping and discrimination. Selective amnesties for people working or living illegally in these countries could help to avoid getting these people trapped in the informal economy, and open to exploitation and criminalisation.

In the United Kingdom, the work permit system lacks proper enforcement mechanisms for the rules for payment, conditions, equality of opportunity, accommodation standards, etc. for foreign recruits. In the Foreign Office and Home Office schemes for work permissions and visas, no adequate standards of efficiency, consistency or respect for rights are set.

In analysing immigrant ‘survival’ strategies, project partners showed how they take advantage of or react to the windows of opportunity opened by immigration policy design and implementation practices. They highlighted how immigrants prepare and execute their migration plans, find employment and adapt to the institutional and social environment of the host country. IAPASIS emphasised the micro level of the migration phenomenon and the dynamic relationship between policy design, implementation and immigrant strategies.

DISSEMINATION

Workshops at national and European level brought together policy actors, NGOs and national, regional, local, and European authorities working on immigration policy and politics.

PUBLICATIONS’ LIST


BACKGROUND
In the 20th century, the borders in many European countries have been drawn and re-drawn several times, resulting in dramatic social and political upheavals. This occurred both before and after World War II, as well as in the wake of the collapse of the Soviet Union. New borders have divided territories previously unified and old borders have collapsed, reuniting territory previously divided.

As a result, the political and ideological landscape of many nation states has changed. The project was launched in 2000, just before the accession of ten new Members States, which was expected to bring new major alignments in Eastern and South-Eastern Europe under the umbrella of the EU. Further major changes were pending. A heavily guarded and divisive border was to be turned into an open border between neighbouring friendly states and become an internal border within EU territory. As before, families were once again facing seismic shifts in the political landscape, which were expected to have a direct effect on daily life in their communities.

Three-generation families in border communities between what was then the EU’s eastern and south-eastern frontier and those of the previous border between East and West Germany have experienced several dramatic socio-political changes during the lifetime of all but their youngest children. Painful experiences within and between the generations of the same and neighbouring countries have often set the beliefs and attitudes of one generation against another, as well as reinforced long-term national stereotypes, despite living literally next door to the other.

Research focused on three-generation families in corresponding sets of geographically contiguous border communities between Germany and Poland; Germany and the Czech Republic; Austria and Hungary; Austria and Slovenia; Italy and Slovenia; and the former border between East and West Germany.

Researchers compared how family members perceive and construct their identities in relation to socio-political upheavals. Because cross-community, cross-region, transnational and European projects intend to strengthen and support better social co-operation and socioeconomic and political infrastructures, the research also investigated the uptake or rejection of such policies among citizens.

WORK UNDERTAKEN
The research aimed to identify the nature of potentially conflicting identities that the families constructed and to identify and advise about effective policies for the integration and social cohesion at regional, national, transnational and European level. The ultimate goal was to add to the long-term prospect of bringing together the people of Europe in a socially inclusive, diverse, tolerant, cohesive and economically prosperous community.

The project consortium, an international and interdisciplinary team of social scientists from European universities, drew on an understanding that language interacts with social structure in a dialogic, mutually interdependent and reinforcing manner. They answered the following questions:

- In which ways did historical and present day experiences of socio-political change shape the attitudes of European citizens about the demarcated or overlapping cultural and administrative spaces of the EU right along the line of the most debated area of expansion?
- In which ways did political change affect the ways in which people think of themselves and their neighbours?
- How are these processes interlinked with people’s identities, and how do they manifest, construct and confirm themselves in everyday narratives and conversation?

Data was gathered in semi-structured interviews with participants from each generation, using symbolically charged photographic images as triggers. These photographs represented recognisable social events/locations in the changing socio-political realities of the communities, spanning the different historical periods of the families’ lives. They included photographs of buildings, bridges, border crossings, landscapes, events and symbols. In this way, researchers avoided the linguistic minefields of 20th century Europe.

Participants related to the images, which signified historical phases, but were also symbols of the processes of division, unification and co-operation at regional, national and European level. Across a span of 60 to 80 minute recordings with each individual, researchers uncovered valuable information through this novel approach. The project clearly identified some of the important challenges for developing EU citizenship within an expanded Europe, showing the need for working towards economic and social solidarity.

KEY OUTCOMES / CONCLUSIONS
The project mapped historical changes in perceived conflicts, as well as variations across ages, genders and nationhood. Results shed light on the role of evaluations about the ‘other’ people as friends or enemies in forming a group identity. It is particularly helpful in pointing out prospects for developing a ‘European’ identity and whether that identity will be regarded as an opportunity or a source of conflict. The attitudes towards attempts at creating co-operation were typically met with negative reactions.

The research found that even though interviewees often expressed liberal views or indifference, they also expressed prejudiced opinions directed against those on the other side. Enlargement did not affect people’s expectations or emotions. The youngest generations were often more prejudiced.

Researchers discovered that language barriers could result in dividing people along borders – which provides yet another warning.

For example, the historical trauma of Italian fascism was forgotten among Italian participants, while Slovenians addressed their victim hood. Parallel sentiments were recorded along the German-Czech border. There exist geo-political dimensions of borders, where historical conflicts and violence feed into present-day socio-economic asymmetry and economic inequality. These inequalities and their consequences were constant elements in conversation, contributing to negative stereotyping. Europe and European identity did not figure in the participants’ perspectives: they had no sense of belonging to Europe. Narratives of Europe were more likely to express old east-west identities than a new Europeanisation.

Divisions were reproduced by the young, who often lacked knowledge regarding the EU. A further problem identified was that EU projects can create hostility rather than reducing tensions – often because they are insensitive to local needs. EU
enlargement was perceived as likely to lead to more open expression of tensions. Researchers concluded that EU initiatives should be targeted to local projects with local involvement, enabling citizens to experience the benefits of unity and possibly overriding sentiments of being separated.

This research addressed potential tensions between richer, though often peripheral communities within the EU, and their neighbours in poorer non-EU countries. This is important for choosing effective policies for integration and social cohesion at regional, national, transnational and European levels, such as measures against xenophobia. A better understanding of the distribution, nature and causes of these negative attitudes could help adjust existing public policies.

The finding of deep hostility is also important for policies creating a single European market, as well as those assisting Central and Eastern European countries so as to avoid internalising border conflicts.

**DISSEMINATION**

Presentations, published articles, books, media outreach and a project website (www.borderidentities.com) were complemented by workshops, co-operation with local projects and a final conference.

**PUBLICATIONS’ LIST**


EU Committees help build democracy

BACKGROUND

Public opinion and political commentators see the EU committee system as the most opaque and even a secret aspect of European decision-making giving rise to a new political class of ‘Eurocrats’ and ‘technocrats’. These committees are considered to be of a dubious legal nature or even illegitimate because they are not mentioned in the Treaties, and their proliferation as a deviation from EC constitutional rules. As committee members are not elected on a democratic basis – except the standing committees of the European Parliament – they are frequently viewed as symbolising the bureaucratic and technocratic bias of the EU system and a major reason for questioning its political legitimacy.

Despite their important role, few researchers have looked at how the committee system is structured, how it functions, how it should be evaluated and if it makes a contribution to the democratic character and legitimacy of the European system of governance.

EU Committees explored this relatively uncharted territory. It wanted to discover if the committee system symbolised the EU’s “democratic deficit” and its “bureaucratic and technocratic bias” or if there was evidence that would support the project’s assumption of deliberate democracy. This involves four key concepts: democratic accountability; a system of checks and balances; democratic effectiveness and efficiency; and openness and transparency.

WORK UNDERTAKEN

The project limited itself to three types of committees:
- The European Parliament’s Standing Committees where the main aim was to document how these committees incorporate expert advice, assess the impact of external influences such as national political parties, analyse the effectiveness of these committees to control other EU institutions and their possibility to control implementation;
- Committees and working groups in Council, analysing the decisions taken in these groups and their negotiation style;
- Policy implementation and commitology committees to see how far they establish an effective control system that limits the implementing powers of the Commission and safeguards the prerogatives of the legislators, especially those of the European Parliament.

The EU-Committee project also limited itself to certain policy fields, namely telecommunications, social policy, research and development, health and consumer protection.

To analyse the EU’s committee system, it used documentary analysis, literature searches and interviewing.

KEY OUTCOMES / CONCLUSIONS

The project found that the central focus of the committees was a continuous search for consensus and compromise and said their results showed that the EU’s committee system amounted to deliberative democracy.

Their findings revealed that:
- Direct accountability in the European system of governance is difficult to locate. Binding decisions are the outcome of a long process of negotiating and bargaining in different institutional settings and between institutions. It is difficult to hold someone responsible for the final outcome, as it is difficult to find out who initiated what, who influenced it and who participated in the final decision;
- Extensive checks and balances – the way one set of actors is checked and controlled by another – exist in all committees;
- Negotiations in committees are time consuming but they are effective when it comes to reaching compromises and consensus and incorporating expert advice;
- The Standing Committees of the European Parliament effectively and efficiently incorporate technical expertise, private and public sector interest, and provide arenas for inter-institutional coordination, particularly between the Council, the Commission and the Parliament;
- Commitology committees do not overstep their delegated competences and – at the same time – facilitate EC implementation. The authors found unjustified Parliament’s fear that the Commission, with the help of these committees, was encroaching on their legislative rights. But to reduce this danger, they suggested developing guidelines about what should be delegated and improving appeal procedures to the European Court of Justice for individuals that are directly affected by implementing decisions;
- Working groups of the Council get deeply involved in questions of policy and political direction. The project described them as arenas, resolving both technical and political issues, and not predictable intergovernmental battlegrounds;
- Committees frequently include civil society, interest groups and NGOs in their negotiations, so they fare well on openness, ensuring those who are affected by decisions have the opportunity to shape them;
- Commitology and Council committees – not open to the public – can improve when it comes to transparency by providing information about how decisions were reached, who took what decisions and who used what arguments. However, the authors emphasise that decision-making should only be made transparent after securing agreement as the opening of committee negotiations to the public would make them inefficient and ineffective.

The project concluded that there is more accountability, effectiveness and efficiency in the EU’s committee system than the media and public debates lead one to believe. Committees are effective fora for debate, for negotiating and for reaching consensus or compromise – all essential elements of a deliberative democracy. But there was a serious problem, as EU citizens do not understand the EU’s political process. The project called for public information programmes explaining how government representatives participate through committees in shaping EU rules.

And it gave a strong warning. The committee system has developed not by design but by responding to a need. Small changes can easily endanger its effectiveness. It added: improving the legitimacy of the EU by making it more like national parliamentary democracy could easily jeopardize the delicate system of checks, balances and deliberation that has evolved over time and is the basis for its legitimacy. There is a need to understand, appreciate and identify what has been accomplished.
DISSEMINATION
The project disseminated its results through its website, four workshops including one in Brussels, and a closing conference.

PUBLICATIONS’ LIST
BACKGROUND
There is much discussion of the ‘democratic deficit’ in European societies, and the need for people to be more actively engaged as citizens. At the same time, there has been a shift from ‘government’ to ‘governance’, which requires answers to the questions of who should participate in difference areas of society, and what form that participation should take.

Traditional ideas of citizenship apply in situations where governments have been democratically elected. But the rules which make systems of governance work best may not be the ones that conform to democratic principles. It is important for the EU to devise policies that promote a strong civil society, in the context of rapid changes in the ways in which societies organise themselves.

The idea that greater participation in decision-making lead to more sustainable and innovative outcomes is based on the concept of the ‘intelligence of democracy’. This suggests that those who are given the right to participate might have the relevant knowledge to help produce better results.

> Project objectives
This project set out to show that under certain circumstances, participatory decision-making leads to a high degree of sustainable and innovative outcomes.

The aim was to identify opportunities for participatory governance that supported sustainable and innovative policies.

At EU level, this involved earmarking opportunities to promote these policies, through legislating for specific governance arrangements.

WORK UNDERTAKEN
Two conferences were initially held, in Florence in September 2000 and in Athens in September 2001, to address key issues in the current debate on governance. Key issues were:
- What does the shift from government to governance imply for participation?
- In trying to design an arrangement for participatory governance, two questions need to be answered – who should participate, and how should they participate?
- Do we need a new concept of citizenship?

One of the project partners devised the ‘holder’ concept, where ‘holders’ are individuals or groups of people with specific qualities or resources that entitle them to participate. But since this does not itself lead to participatory governance or sustainable and innovative outcomes, specific governance arrangements needed to be assessed.

Different governance mixtures were identified in Germany, Greece and the United Kingdom. Case studies were combined at site, local and regional level. The research included:
- Analysis of EU level decisions on legislation, and its implementation at national level;
- Assessing how different national institutions affect governance at ‘operational level’;
- Finding options that can lead to higher degrees of sustainability and innovation.

The empirical research looked at how the water supply was organised in the three countries, and at how enterprise oriented environmental management systems, especially how the EU Eco-Management and Audit Scheme (EMAS) worked. Because the water supply potentially concerns everyone, it suggests an open network structure with unclear boundaries. However, the way that the water supply is ‘governed’ depends on the political options available to the participants. The case study looked at how the changes in the way that the water supply is run at local national and EU levels, reflects a change from state-led systems to privatised ones.

EMAS is a management tool in organisations, so it suggests a closed network structure, which restricts participation. One aspect of EMAS is that it encourages enterprises to adopt voluntarily improvements in environmental performance that go beyond what is required by law. At EU level, it was designed to deal with failures in environmental protection, and to achieve environmental benefits.

KEY OUTCOMES / CONCLUSIONS
The project identified three different forms of governing:

Meta governing. This can be linked to the formation of general or policy specific ‘images’. It is based on public deliberation and participants using their voice to influence the debate through arguments.

First order governing. This is orientated toward ‘the world of action’ in which choices are institutionally defined. Here, participation means that those who could be affected by a policy have to be involved in its implementation. Effectiveness is more important than ethics, and responsiveness plays an important role.

Second order governing. This is geared to institution building, and the creation of policies and programmes. Participation means having a vote as well as having a voice. The equal rights of all citizens have to be safeguarded, so that they can participate in decision-making.

Different aims of participation apply to each of these three forms of government. Effectiveness is most important for first order government, while meta governing and second order governing follow principles of ethics and legitimacy.

For first order governing, the issue of who can participate is the most basic one. It is here that the concept of a ‘holder’, who has a quality/resource that entitles them to participate, is applicable.

The researchers identified the following opportunities and risks involved in participatory governance:
- Opportunity for widening representation
- Opportunity for broadening participation
- Opportunity for continuous learning and improvement
- Risk of non-accountability
- Risk of compartmentalisation of policy-making
- Risk of instrumentalisation of policy

The project helped to define which forms of governance were adequate for which kinds of political decision-making. This could be useful guidance for the EU, in making policies that seek to ensure the maximum involvement of all its citizens in society.
A main report and three books were published and an article is forthcoming.

**PUBLICATIONS’ LIST**


BACKGROUND
Steep declines in voter turnout marked many countries' national and local elections recently. The same goes for the European Parliament. If the Member States that have compulsory voting or concurrent national elections are omitted, turnout in the European parliamentary elections in 1999 was 39.4%, against 52.9% in the first direct election in 1979. Electoral abstention is a major challenge to the legitimacy of present-day multi-level governance. The overall objectives of the project were to analyse the nature and sources of electoral participation and abstention in systems of multi-level governance and to make appropriate policy recommendations. The scientific aims were to identify the relative influence of voter turnout on four factors:
- political institutions and political structure
- social exclusion
- political mobilisation (political campaigning and media communication)
- voter facilitation.

The concrete recommendations were to deal with the process of electoral participation at all levels from the supranational through the national to the sub-national. They were also to address the challenge of fostering meaningful citizen participation and enhanced system legitimacy throughout Europe's complex system of multi-level governance.

WORK UNDERTAKEN
The overall research strategy was:
- **Multi-level.** Governance itself takes place at many levels, and analysis of electoral turnout needs to reflect this. The decision to pursue a multi-level research strategy was further reinforced by the EU principle of 'subsidiarity' (taking decisions at the lowest appropriate level). This participative aspect of European integration underlined the need for research on democratic participation to go beyond the national level to include both the supranational and the sub-national levels.
- **Comparative.** The comparative approach had two modes: intra-European and European-American. The intra-European comparisons were the main focus, covering all Member States of the EU (of which there were 15 at that time) and, for the aggregate/ecological analysis, a subset of six of those states. The limited US comparison was achieved by collecting and analysing the data from three American states.
- **Multi-method.** Three main methods were used, building on recent advances in each approach. Survey research drew on the methods and findings of a major survey-research-based study of participation, democracy and legitimacy in the 1994 European Parliament elections. Survey data for the extension of this approach were secured by the inclusion of a special set of questions in the Eurobarometer opinion survey held across the EU in October 1999. This phase of the study analysed individual perceptions, attitudes, campaign exposure, media consumption and political behaviour, and forged a link between the individual data and the media content. The next step was aggregate/ecological analysis of the data. Here, the project drew on new techniques which can help to improve the accuracy of the inferences drawn from the data - and added new refinements of its own. Previously used techniques attempted to describe how the votes came out rather than to explain why they did so. The new techniques employed by the project, and partly developed by it, strengthened the statistical analysis. **Media analysis** was the third method used. The effectiveness of any election campaign “depends on the quality as well as on the quantity of the media coverage it obtains.” It was therefore essential to examine not just the rates of media exposure but also the content of media coverage and how this was received by individuals. The media analysis focused on the 1999 European Parliament elections and covered both audiovisual and print media output in each phase of that campaign. The material collected for these analyses, during the election period, comprised two television news programmes per day per country and all the European coverage in selected newspapers.

The research also involved detailed examination of institutional structures and administrative arrangements relating to elections at the various relevant levels and a comprehensive study of campaigns and campaigning in the European Parliament elections of 1999.

KEY OUTCOMES / CONCLUSIONS
The project’s main findings “confirmed the basic message that improved facilitation and mobilisation are required at all levels of the modern world’s complex systems of multi-level governance”. The recommendations of the final report as a whole relate to the European Parliament, but similar points are made in its case studies at other levels of governance:

- Voting by citizens must be facilitated by “appropriate administrative arrangements and by effective communication of those arrangements”. Because the incentive to vote in a European Parliament election is weaker than in national elections, the need for such facilitation is more acute in a European election.
- Citizens’ voting must also be facilitated by increasing their understanding of the Parliament’s powers and role, and of the processes and issues of European integration. They can then better “absorb and process the mobilising signals coming from the European Parliament as an institution and from the parties and candidates”. So help in acquiring that knowledge (“cognitive facilitation”) is the medium through which mobilisation processes must pass if they are to affect individual citizens. “Poor cognitive facilitation impedes the signals; good cognitive facilitation amplifies them.”
- The messages that an institution sends to potential voters are a function of the nature and, ultimately, of the power of the institution. The problem in the case of the European Parliament (EP) is that the substantial powers that it does have are difficult to convey to the voters through the normal day-to-day work of the Parliament. This makes it all the more important for the Parliament to have an explicit and effective communication strategy.
- “The evidence indicates that, in an EP election, campaigning can raise turnout. It also suggests that candidates are quite important in this context, even in countries where the electoral system gives a very limited role to individual candidates.” There is also evidence that “contact between MEPs and the citizens increases the propensity to vote” and that “this effect is discernible even in the mid-term period of the Parliament”.
- Individuals can want to vote in European Parliament elections for two reasons. The first is that, in the context of European
politics or national politics or a combination of both, they have preferences relating to the parties, the candidates or the issues. The second is that they have a sense of identity or citizenship that generates a feeling of solidarity, or communal participation, or a sense of duty, each of which provides an incentive to vote. Individuals will then vote or not vote depending on the balance between the benefits of voting and the costs of voting. The former are increased by mobilization, the latter are reduced by facilitation. “In the run-up to the forthcoming election and over the longer term, it is up to the European Parliament, the parties and the candidates to work on all aspects of both processes to ensure that more of the citizens of an enlarged Union make a decision to participate.”

DISSEMINATION
Meetings with policy-makers and preparation of position papers; articles in academic journals; chapters in books and conference papers; interviews and articles in newspapers; final conference in Brussels, 2003; website.

PUBLICATIONS’ LIST


BACKGROUND
The question of what constitutes a European identity has no easy answer, and the enlargement of the EU has made the issue even more complex. Experts have for some time been trying to assess the degree to which European integration leads to a loss of national identity, and how far common history, culture and language contribute to people’s sense of identity.

These issues are important because modern democracies rely on the support of their citizens in order to gain legitimacy. The degree to which a European identity is desirable and possible will help determine how effective EU policy can be. The extent to which there is a European identity also influences how far EU citizens perceive whether there is a democratic deficit or not.

>Policy objectives
The project asked four questions:

What is the impact of Europeanisation on the collective identities of social groups in various countries?

How do collective identities change, and what is the role of learning persuasive arguing and material incentives in this process?

What roles do the media and public discourse play in forming identity and is there an emerging European public sphere?

How does enlargement affect the EU influence on a European identity, and the legitimacy of European integration?

Through tackling these questions, the researchers hoped to assist policy-makers in finding ways to enhance the sense of European identity.

WORK UNDERTAKEN
Existing sources of information such as Eurobarometer, and media coverage of European issues, were analysed. In-depth interviews were conducted.

The researchers explored the role that socialisation played in central EU institutions, seeing how far EU institutions were compatible with those in an individual’s home state. They also looked at socialisation in organisations like NATO and the Council of Europe, for central and Eastern European states. This helped to put into context arguments about the EU.

The effect of European institutions on collective identities was explored. A central concern was to find out how to create a democratic public sphere at EU level, and how to examine whether or not such a sphere existed. There is much discussion of a ‘democratic deficit’ in the EU, and the EU’s reputation for creating institutions that have legitimacy in the eyes of its citizens is ambiguous. The researchers used the debate about the participation of the right-wing FPO party in Austria’s government in 2000 as a case study. They compared how newspapers in five EU countries dealt with the issue, to see whether cross-border communication (representing a collective identity) was similar.

KEY OUTCOMES / CONCLUSIONS
The research confirmed that the different components of an individual’s identity cannot be easily separated. They likened this to a ‘marble cake’.

European integration has had an influence on collective identities in EU Member States. But this has happened to a different degree among the elites and the masses. There is a large gap between limited mass public support for EU membership, and widespread support among the elites. But the number of people who felt only attached to their national identity has declined over time. The number of people who feel that they belong both to their nation state and to Europe has increased.

There is a growing sense of community among European citizens, the study found. This has little to do with public relations campaigns, but reflects the increasing reality of the Community in people’s daily lives.

To reinforce this, the EU needs more symbols and collective myths to help forge a collective identity, the researchers suggested. More work also needs to be done on the study of identities. There is potential for cross-fertilisation of different ideas, so an interdisciplinary approach is recommended.

Socialisation is useful for analysing identity changes, but the process of socialisation varies widely, depending on specific conditions.

Where specific issues are concerned, there are signs that a European public sphere is emerging. But more research is needed to identify this more clearly.

EU enlargement brings challenges as well as opportunities, when it comes to the development of collective identities for former Eastern as well as Western Europeans. Western and Eastern Europeans have a very different collective memory, and this affects the degree to which countries are willing to transfer national sovereignty.

The project noted the existence of multiple national identities as well as European identities. This needs to be taken seriously.

Policy-makers should not shy away from controversy. The sense of community among EU citizens could be increased by greater politicisation of European affairs.

Different languages do pose an obstacle to a collective European identity. One way to reduce these obstacles is to stage pan-European public rituals, such as the opening of the European Parliament, across national boundaries, the researchers suggested.

Policy-makers must look beyond institution building and focus on communication that can cross cultures. This is particularly important as new Member States join the union, the researchers argued.

Four policy implications were identified:

If an EU identity emerges, it will supplement existing loyalties;

The formation of any pan-European identity will be a slow and protracted process;

The national context is important, to determine how far national officials ‘go native’ in Brussels;

Western efforts to socialise Eastern European states work best when a variety of policy instruments are used.
**DISSEMINATION**
Periodic Progress Report (2000-02-01 to 2001-01-31), Workshop Papers; Draft Final Report (download from RSCAS website)

**PUBLICATIONS’ LIST**


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GOVERNANCE, DEMOCRACY AND CITIZENSHIP

BACKGROUND
GOVECOR studied a special aspect of EU governance: self-coordination. This is the process through which Member States agree to meet common European goals primarily through review and learning rather than hard law. They preserve their national competences but submit themselves to regular monitoring, information exchange and peer pressure guided by common objectives, guidelines and benchmarks.

The project focused on self-coordination of fiscal and employment policy and its impact on European integration between 1997 and 2003. It studied how governmental and non-governmental actors understand, use and adapt the new treaty provisions (articles 125-130 and 104 TEC) outlining this mode of governance.

WORK UNDERTAKEN
The research team looked at explicit procedural requirements emanating from the treaty, possible shifts of power and how policy actors have used the legal provisions. They also looked at interactions between governmental and non-governmental actors across and within different levels of European governance and analysed the contribution of public discourses to political change.

GOVECOR’s analytical framework covered four scenarios of coordination:
- ‘Bounded coordination’ where rules for policy coordination become dead letters, at best symbolically followed and routinely ignored when formulating national economic policy;
- ‘Loose coordination’ where participants follow largely opportunistic strategies and comply when the benefits are obvious and the costs negligible;
- ‘Tight coordination’ where participants strongly support EU level institutions, procedures and goals of economic governance and are ready to accept costs for reaching common goals;
- Collective coordination where participants build up mutual trust through deliberative problem-solving rather than instrumental bargaining and only rarely need to use qualified majority voting. This scenario could fulfill the establishment of a gouvernement économique.

KEY OUTCOMES / CONCLUSIONS
The research team found that the new legal provisions have not encouraged tight or collective policy coordination, which could be seen as a stepping-stone for further political integration. On balance, the dominant mode of governance amounted to loose coordination. They said there is no Member State consensus on how much coordination there needs to be and on the EU’s underlying economic philosophies with governments stubbornly keeping control of vital policy decisions.

At the national level, compliance and adaptation was sporadic, pointing to a systematic and, in some areas, widening gap between commitment and implementation. They said governments often departed from commitments made at EU-level, ignored individual recommendations for policy change directed to them, and implemented only those recommendations in line with their political aspirations, but not the more costly or long-term ones. Despite this, GOVECOR said EU self-coordination processes may have resulted in some employment and fiscal policy changes.

The project also found that the new provisions encouraged more deliberative forms of governance involving key policy coordination committees and top-level informal groupings. Interaction in these committees has involved consensus rather than voting, and good argument rather than bargaining. But, the project also noted, when it came to deciding country-specific recommendations, performance indicators, and particularly salient policy issues, government positions became locked-in, pre-meeting coalitions occurred and bargaining took place.

Policy coordination brought in non-governmental actors, but to a lesser degree than the researchers expected. Their involvement varied substantially between countries reflecting national consultation cultures.

Contrary to the research team’s expectations, the differences between ‘soft’ (employment policy) and ‘hard’ (fiscal policy) coordination in terms of adaptation and compliance on average were not substantial.

The only exception has been publicised discourses on these two governing modes. Negative fiscal recommendations made an impact on publicised discourses, forced governments to justify themselves in public and may have contributed to a degree of policy change (lesser deficits, national stability pacts). They also provided new justifications for budgetary consolidation and discipline. Employment recommendations, however, had virtually no influence on public discourse.

GOVECOR suggested that non-binding ‘soft’ policy coordination modes were introduced under the Lisbon strategy partly as a result of the failure to advance on the ‘hard issues’. It said Member States were not prepared to relinquish control over policy areas with high electoral significance for uncertain gains or even potential costs aimed at convergence of national economies. Under this non-binding governing mode, they expected to benefit from peer learning while avoiding hard compliance pressure in sensitive policy areas.

In addition, the project team cast a doubt over whether policy coordination modes are ‘democratic’ or enhance the legitimacy of European multi-level governance. National parliaments showed little awareness of and involvement in the policy coordination procedures, and civil society exhibited a relatively small interest in using policy coordination to increase their voice at the national level, partly because of their perception that national governments do not need to deliver on EU soft law.

GOVECOR recommends that self-coordination structures need to involve national stakeholders and feed into domestic debates to overcome the gap between governments’ EU commitments and national implementation. It warned if self-coordination makes an impact without such a debate, “policy coordination can be accused with some justification of blurring lines of accountability, weakening the scrutiny powers of parliaments, and hiding political choices behind technocratic reasoning”. It argued in its current form that “self-coordination rests on a rather weak, top heavy legitimacy of the EU Commission with occasional injections of political rhetoric and initiatives by the European Council”.

8. Governments fail to deliver on long-term EU promises
It concluded differences among Member States arising from divergent economic conditions, welfare states and economic philosophies have stopped significant steps towards a tight or collective coordination. In the foreseeable future, GOVECOR said, governing modes will not converge towards a single model, but become more hybrid and complex.

**DISSEMINATION**

GOVECOR disseminated its results through its website, by holding panels at international conferences (2002 and 2003), and organising semi-public workshops and two review meetings (2003 and 2004).


**PUBLICATIONS’ LIST**


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**FULL TITLE:** EU Governance by self coordination? Towards a collective gouvernement économique

**ACRONYM:** GOVECOR

**CONTRACT NUMBER:** 01-00045

**THEMES ADDRESSED:** Governance, democracy and citizenship – European socio-economic models and challenges – Employment and changes in work
governance, multi-level governance, employment policy, fiscal policy, macroeconomic policy, Stability & Growth Pact, self-coordination, economic governance, legitimacy, debate, policy process

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**EC FUNDING:** €599 715
Gaunging political mobilisation and communication in Europe

BACKGROUND
The European Union’s institutions continue to develop, and its competences and influence on people’s lives grows ever stronger. Nevertheless, the national political sphere continues to be the prominent place for public debate – and, in the main, it is also where notions of collective identity and citizenship rest. According to the EUROPUB.COM research team, this ‘public sphere deficit’ is a key aspect of the EU’s so-called democratic deficit. The Union’s integration process continues to arouse controversy; there is a need to reshape the EU’s institutional structures and decision-making processes due to enlargement; and there is a heightened visibility of Europe in people’s lives (i.e., the euro). These factors mean that further advances in the integration process are increasingly dependent on active engagement with Europe’s citizens. However, the communication flow between Europe and the public depends on the mass media, much more so than at a national level.

> Project objectives
The aim of the project was to make valuable and innovative contributions to the scientific and practical knowledge of political mobilisation and communication in European ‘public spheres’ and their relationship with European institutions and policies. EUROPUB.COM also sought to produce useful information on the interactions between Europe’s policy-makers and institutions on the one hand, and collective actors and the media on the other.

The project studied three possible forms of Europeanisation of public communication and mobilisation:
- The emergence of a ‘supranational European public sphere’ consisting of interactions between European-level institutions and other actors centring on European themes – and involving the media;
- ‘Vertical Europeanisation’, consisting of communication linkages between the national and European levels;
- ‘Horizontal Europeanisation’, which consist of communication linkages between different EU Member States.

WORK UNDERTAKEN
Project work included undertaking seven national case studies in Germany, France, the United Kingdom, Italy, Spain, the Netherlands, and Switzerland. These countries were selected because they include the most important EU Member States, and offer sufficient variation in terms of size, entry date into the Union, and variety of political system, etc. A separate case study was also carried out on ‘transnational political mobilisation and communication’ at the EU level.

Time wise, the main focus of the study centred on the years 2000-2002. Though to give a longer-term perspective, EUROPUB.COM also collected data from 1990 and 1995. The project researchers expected the degrees and types of Europeanisation of public spheres to vary in different institutional settings. They therefore chose to examine seven different policy domains – a choice based on the EU’s pillar structure as defined by the Maastricht and Amsterdam Treaties. The seven domains were:
- Common market policies – monetary policies: for example the introduction of the euro, interest rate adjustments;
- Foreign and defence policies – troop deployment for military and humanitarian purposes;
- Justice and internal policies – immigration policies: for example, the Schengen agreement, and asylum and refugee policies;
- Co-operation outside the EU pillar structure – socio-economic issues: retirement and pensions;
- Co-operation outside the EU pillar structure – culture and identity: education at primary, secondary and tertiary level, including European issues relating to the Bologna and Lisbon processes;
- EUROPUB.COM also collected data from 1990 and 1995. The project harnessed a variety of methods to analyse the Europeanisation of public communication and mobilisation, which were:
- content analysis of public statements and demands made by a variety of collective actors, as well as an examination of newspaper editorials;
- keyword searches on the Internet, and a network analysis of connections between websites;
- conducting interviews with key actors and media professionals.

EUROPUB.COM coded tens of thousands of newspaper articles and editorials, analysed thousands of websites and their network links, and interviewed about 500 people.

KEY OUTCOMES / CONCLUSIONS
EUROPUB.COM notes that state and executive actors have almost exclusive hegemony over European issues. Civil society actors, on the other hand, barely get a look-in on the European stage, and remain better represented in debates that take place in the national arena. Legislative actors are also better represented in national public debates, compared to debates on European issues.

The fact that different actors have different levels of access to European public debates is strongly related to their evaluation of the European Integration process and their views about European institutions. For example, civil society actors are usually most critical of European integration and institutions, whereas state and executive actors show the strongest support for European integration. Thus the suggestion is that unequal access to European public debates has negative repercussions on support for European integration and institutions, especially among civil society actors.

The European Commission (EC) is by far the most recognised European-level institution. In 28 newspapers in the case study countries, former Commission president, Romano Prodi, was cited more often than any national politician. It must be noted though that Prodi appears in the media almost three times more often than all the European civil society actors put together.

There is a remarkable level of debate about European issues in the print media. Assessments of European issues and actors reveal that the integration process is supported by most newspapers. The media also tend to hold more positive attitudes...
about the EU's political actors than they do about actors from their own countries. The UK media buck the above findings in almost every respect.

The study of patterns of political communication on the Internet reveal that national institutional actors and traditional media organisations are the dominant actors on the Web – a sobering finding considering the hopes attached to the Internet's democratic potential. Also, multilingual websites are excessively rare.

The interviews with representatives from political institutions, parties, the media and NGOs show that – in all countries – these actors remain focused on national issues. Meanwhile, the media analysis shows that state actors are positive about European integration, with the exception of the United Kingdom. NGOs were shown to be less positive than other actors.

The project also notes:
- there is evidence of a clear democratic deficit in Europeanised public communication;
- the true nature of that deficit is down to the difficulties that less powerful civil society groups face when trying to tap into Europe's public arena;
- solutions to these deficits should not be sought in the media, but in the way in which Europe's policy process is structured, which at the moment strongly favours executive actors compared to legislative and civil society bodies.

**DISSEMINATION**

Through project book and numerous other scientific publications and conference papers; the project also held four workshops and two conferences; website: www.europub.wz-berlin.de

**PUBLICATIONS’ LIST**

Forthcoming project book:

The project also produced 46 publications in the form of books, journal articles and book chapters.
BACKGROUND
PARADYS is an interdisciplinary research project bringing together ten research institutes with sociological and linguistic backgrounds in seven European countries (Germany, Ireland, Italy, the Netherlands, Sweden, Hungary and the United Kingdom). Its focus is administrative procedures and the realisation of citizens through participation in decision-making processes. Its field of investigation is the legal regulation of biotechnology, more precisely the regulation of deliberate release of genetically modified crops. Its overall aim is to contribute to the analysis and evaluation of European governance practices.

The project started with the hypothesis that citizenship can be confirmed, verified, or disproved by observing the interaction between governments and citizens. Such interaction takes place every day but is particularly evident in citizen participation procedures. Citizenship is seen as a communication achievement to be observed through the way laws and administrative rules are presented and communicated in different participative processes. According to PARADYS, citizenship is an empirically provable outcome of governance practices, which can be analysed in terms of the dynamics of social positioning between participants in administrative procedures.

Public debates and democratic politics offer citizens only limited possibilities of acting explicitly and accountably: in public debates, they are part of the audience and in the institutions of representative democracy, their role is more or less reduced to voting. PARADYS said administrative procedures, however, explicitly provide for people to enter the scene as citizens and this is why they decided to focus on them for this study on citizenship.

WORK UNDERTAKEN
Two research teams were involved in each country: a sociological team which looked at the social, political and socio-legal context, and a linguistic team concerned with data collection and empirical analysis. They:
- collected empirical data from procedures across the seven European countries;
- analysed these data using sociolinguistic methods designed to grasp the different ways and forms in which the participants’ images of self and others are brought into position and communicated during the procedure (the process of social positioning);
- interpreted the empirical findings towards a theory of communicated citizenship in which “citizenship” is developed within the participation process itself.

KEY OUTCOMES / CONCLUSIONS
Empirically, PARADYS identified the following forms of citizen participation in the deliberate release of genetically modified crops:
- Little formal participation with no general public information, no participation and no transparency. The project found examples of such procedures in Italy, and, with some reservations, in Hungary;
- The general public is informed and there is limited citizen participation, but little or no transparency. It found examples of this type in Germany and Ireland. It also added the United Kingdom to this group but with restrictions, because citizen objections do not have to be taken into account by public authorities;
- The public can make a small oral intervention. This is the case in the Netherlands;
- Publicity and transparency as in Sweden, where the project found complete transparency but almost no possibility for citizen participation.

The project shows that the decision-making procedures selected make a difference. It concluded that their findings demonstrated that citizenship was “essentially a contested concept”. As a result, they had “a certain hesitation about the precise function of citizen participation in administrative procedures”.

PARADYS recommended for current administrative and political practice that:
- Governments need to look carefully at the procedure, constitutional and legal framework of participation;
- When planning a deliberate release, the competent authority should inform the public from the start in everyday language about the legal conditions, the government’s attitude towards genetic engineering, the structure of the licensing procedure, the decision-making criteria and the potential impact of objections on the procedure. Information should also cover the institutions involved in the decision-making;
- A formal public announcement about a field trial is insufficient and inappropriate information. Authorities should provide a detailed account of what is planned;
- Authorities could organise local meetings to inform citizens;
- Applicants should be encouraged to organise local information forums about deliberate release. In these forums, competent authorities can inform the public about the project, the legal provisions and the structure of the decision-making process. The information can be given in a non-technical language. The administration can explain and discuss its point of view and feed modifications based on these discussions into the legal level of decision-making.

For the future, the project recommends that the EU takes a lead in strengthening citizen’s participation. Here, they recommend:
- Clearly defining, in new legislation, the function of citizen participation;
- Differentiating between participation in legal-administrative procedures, which aim to scrutinise administrative practice, and in alternative forms of citizen participation, which have a more policy-oriented function and aim to encourage open communication between the different positions reinforcing civil rights;
- Making it obligatory in licensing procedures to provide understandable information using everyday language on the planned deliberate release.

PARADYS demonstrated that there are dangers in the “participatory euphoria”. It said a merely normative approach implying that “more” participation will result in “more” citizenship may provoke the exact opposite – exclusion and conflict. Institutional forms for citizen participation in decision-making must be prepared and accompanied by a scientific analysis of the function and the structure of citizen participation in the proposed model.

> Observing citizenship to strengthen governance
DISSEMINATION
PARADY's disseminated its results through numerous publications, three workshops and its website.

PUBLICATIONS' LIST
BACKGROUND
CEI studied the political role of churches in Europe after the second world war, looking in particular at their influence on European integration. Some of the questions it tried to answer were: How did churches ease the Cold War? Did they act independently or serve political ends? How did the churches in the West maintain contacts with those in Eastern Europe? What has been their role in European integration? What has been and what is their political commitment?

It also wanted to see how far churches and the ecumenical movement were able to translate into practice their stated aims to bring harmony among people, build peace, and increase mutual understanding, regardless of religion.

WORK UNDERTAKEN
CEI decided to focus its research on the following issues:
- Churches in dialogue during the Cold War;
- Churches and globalisation;
- The Cold War and the political role of the Lutheran church of Finland;
- British churches and European integration;
- The cultural and social impact of the Nordic churches on European integration. The case of Sweden;
- The churches of Eastern Europe – breaking the isolation through communication with western churches and preparing for integration. The Estonian case;
- Significance of Christians in political changes in Eastern Europe – Eastern and Central European churches in the transition from the 1980s to 2005. The case of Czechoslovakia and the Czech Republic.

The research teams from the five partner universities in Finland, Sweden, Germany, Estonia and the United Kingdom brought together church historians, historians and systematic theologians. They mapped the social and political attitudes and actions of a number of European churches through in-depth case studies, often analysing unused archive material. An international advisory board consisting of three leading experts in the field of history and sociology evaluated the work and project results.

KEY OUTCOMES / CONCLUSIONS
CEI produced new information about the intensity of the churches’ political actions, the main topics they were interested in, and the main actors and opinion makers. It also gained new information about the motivation and justification of the churches’ political and international activity.

It showed that churches in Western Europe sympathised with and followed to a considerable degree the political goals of their countries. The political reality influenced churches on both sides of the Iron Curtain, thus not only in the former Eastern block as researchers often claim.

CEI said that its research revealed that religion and the churches played a much greater role than is generally recognised in Northern Europe's political history in the Cold War period. This fact is largely ignored by historians who work under the general presumption that Northern European countries were too secular for religion to be politically significant. The CEI project shows that at least up until the late 1960s, there was a close relationship between politicians and church leaders, although the precise role and significance of religion varied considerably from country to country. For example, CEI said Protestantism, which formed part of Sweden’s national identity, partly explained the negative attitude of that country to the EU, at least up to the 1960s.

The project also found that churches were greatly interested in international and European political developments and wanted to make an input.

It unearthed evidence showing churches’ general willingness to promote national and international actions lessening prejudices, tension and hatred between nations, political systems, and religious denominations. The churches also emphasised the unity of European people and respect for human rights. For example, in Germany, the church played a bridge-building role during the height of East-West tensions.

During the Cold War period, church discussions and activities concerning European unity were dominated by questions of peace, human rights, religious freedom and Christians’ social responsibility. European integration was only thoroughly discussed in the United Kingdom. Nevertheless, CEI’s general observation is that churches did more to assist than to hinder European integration.

In the late 1990’s, churches continued to be interested in contemporary political developments. Finding themselves increasingly interacting in a global, interdependent world, their social teachings try to understand rapid change and the interconnectedness of people while remaining truthful to their ethical tradition. They considered that many issues were out of their hands and even out of the hands of national governments. Many churches saw the need to defend their beliefs in the face of what they considered to be increasing polarisation. They focused more on the economic rather than the social, political and even cultural consequences of globalisation showing concern over the future of work and welfare, ethics of the markets and the role of multinational corporations.

The project sees the future as a challenge for churches trying to find ‘policy coherence’ in their theology and social teaching.

DISSEMINATION
CEI disseminated its results through its website, which includes all the research papers, as well as a workshop and a closing conference, both held in 2004.
## PROJECT DETAILS

**FULL TITLE:** Churches and European Integration  
**ACRONYM:** CEI

**CONTRACT NUMBER:** 01-00054

**THEMES ADDRESSED:** Governance, democracy and citizenship – Societal trends and structural changes

**KEYWORDS:** churches, EU integration, contemporary history, historical analysis, role of churches, theology, Cold War, Eastern Europe

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**START DATE:** 2001-09-01  
**END DATE:** 2004-08-31

**EC FUNDING:** € 795,335
BACKGROUND
How democratic is Europe? Is it getting worse or is it getting better? Should we or do we care? The European Public Space Observatory project assembled information to monitor European democracy in the 21st century in the context of the emerging institutional constellations and socio-political practices of the EU and the process of European integration.

The process of European integration has given rise to a new area of study – the European society. Several old questions concerning identity, citizenship, democracy, government and institutions were raised anew, but this time at the European level. These are not only academic issues, but also major political concerns at European and Member State level. There are concerns that transfers of power to European institutions produce a characteristically new and worrying form of ‘democratic deficit’. Both the justification of the European project and its viability are at stake.

Project partners believed that we cannot afford to take it for granted that Europe is a ‘good thing’ independently of its institutional dynamics. Ongoing reforms of EU institutions represent an important step forward. They promise to make decision processes at European level both more transparent and more accountable. Yet where does this leave public participation? Is there a European public space? Are there opportunities and structures for citizens and their representatives to discuss, deliberate and evaluate issues of public concern?

The project launched a Democratic Audit to answer these questions and to develop a system to monitor the state of democracy in Europe. EUROPUB had the following objectives:
- Outline a concept of the European public space that is in line with both democratic theory and the socio-institutional realities of EU level policy-making.
- Evaluate to what extent present decision-making structures and practices at European level provide an effective system of political contestation at the policy level.
- Examine the extent to which there is, or is tending to emerge, a genuinely European ‘political class’. One aspect of a genuinely public space is that its geographical, sectoral and ideological components are tied together by a range of political actors that have political involvement and competence.
- Devise and establish measurable indicators for collecting data and information to monitor developments in the European public space over time in the form of a Democratic Audit.

WORK UNDERTAKEN
Research was carried out at the level of European supra-national institutions as well as in France, the United Kingdom, Germany, Spain, Austria, the Nordic countries and the Czech Republic. The first line of empirical inquiry consisted of a set of case studies about the openness of policy and political processes at European and national level. Four case studies dealt with specific policy debates, namely, the debates on:
- The European Employment Strategy (EES) and the National Action Plans on Employment;
- The debate on regional policy and in particular the role of the Committee of the Regions;
- The debate on the revision of the Directive on the deliberate release of genetically-modified organisms in the environment;
- The debate on the establishment of a European cultural policy through the Culture 2000 programme.

These case studies focused on:
- Openness – charting formal and informal institutional rules and procedures that give civil society a direct line to policy-makers;
- Mobilisation – examining the involvement of citizens and civil society in EU policy-making;
- Public debate – exploring how instances of mobilisation or participation were communicated to the broader public;
- Responsiveness – tapping into the degree of responsiveness of policy-makers to such interventions.

In addition to the above policy case studies, EUROPUB looked into more generic debates and the general patterns of mobilisation of EU citizens. A fifth case study explored the debate about European democratic values and procedures in relation to the question of how to cope with populism and the extreme right wing. Finally, two additional case studies looked into modes and patterns of citizen participation: the first examined the debates surrounding European Parliament elections, the second the anti-globalisation movements organised around European Summits.

The second line of inquiry provided insight into the political constitution of the EU and the future of its political institutions. It also analysed whether at the level of ‘high politics’ it is possible to speak about a European public sphere in the sense of a shared political discourse that organises and communicates debates. In this regard, researchers investigated the characteristics of European and national politicians to identify whether it is possible to talk about a European political class.

This part of the study sought to answer the question about the meaning of Europe and the perceived political future of the Union among members of the political class with a direct or indirect link to European politics. A sample of MPs and MEPs responded to a survey containing statements on politics in general and EU politics in particular. Analyses of these attitudinal statements in the context of sociological and career path characteristics was revealing with regard to the question about the existence of a shared political discourse on the EU itself, rather than its sector policies.

KEY OUTCOMES / CONCLUSIONS
Findings suggest that at the policy level, a European public sphere has emerged – there are both spaces and instances of deliberation and debate on issues of public concern that involve citizens or citizen representatives. There are clear differences in the intensity or participation of such debates and they vary across Member States, but they share a common language of policy discourse. The media has not kept pace in all countries, but this is changing.

At the same time, the survey of members of the political class showed that opinions regarding the political future of the EU are fragmented with no clear representations of opinion crystallising across either national or political party lines. Moreover, the differences cannot be captured by the mere dichotomy Euroscepticism vs. Euro-enthusiasm.

The fact that there exists disagreement about the future of the Union is, in the opinion of the researchers, not surprising. However, the fact that opinions are fragmented to the extent...
that they are problematic and underscores the EU’s legitimacy problem. Researchers found a complete dissonance with regard to the future of the EU and the project of political integration. This dissonance was found within national delegations and political groupings. Only a minority (24%) appeared to favour some form of EU federalism. Furthermore, there was a general sense of fatigue with mainstream representative politics.

The researchers concluded that it is difficult to envisage the EU entering into a process of political (state) system building as represented by the constitutional process without being able to rely on crystallised views regarding its future among those members of the political class with a claim to democratic legitimacy.

EUROPUB concluded that the EU does not fill all of the requirements for a political system guided by a model of strong democracy, with a public sphere providing both opportunity structures for active citizenship and the emergence of a shared political discourse. Strategy over several decades has promoted integration through harmonisation in some areas, primarily the market. Soft coordination in others has borne fruit in the sense of gradually giving rise to a common political language with which to discuss policy problems and to ultimately contest decisions. For example, there was no consensus agreement on matters such as GMOs, but both the terms of reference and the procedures were agreed upon by all actors. But there is no such shared language with regard to the EU’s political future. One principle reason for this is the persistent failure to launch such a debate honestly and openly.

A key message is that a top-down distinction between policy and politics, such that politics is “allowed” only in some policy domains but not all, is a successful strategy for a limited time period. In the medium to long-term, such top-down socio-political architectures are unlikely to be institutionally robust or democratically legitimate.

**DISSEMINATION**

Five workshops were organised and project results presented at numerous conferences and seminars. The Democratic Audit is available online for use:  www.iccr-international.org/europub/monitoring

**PUBLICATIONS’ LIST**

BACKGROUND
Accountability is everywhere, or so it seems. Whether in government or business, decision-makers are under constant pressure to be open and transparent. Hospitals, schools, the police and prisons are forced to publish performance reports. Shareholders demand answers about ethical investments and ‘fat cat’ salaries. Watchdogs probe alleged price-fixing and poor services by privatized utilities. Scientists have to declare their funding sources and subject their research to ethical assessments by independent committees. International ‘transparency’ organisations regularly monitor levels of corruption and social responsibility worldwide. The media investigate the alleged lack of accountability of large non-governmental organisations (NGOs). At the same time, the spotlight is turned on the media themselves, with questions being asked about the growing power wielded over politicians by press tycoons and information monopolies.

This urge for openness raises a number of important questions. What is the effect of these demands and the resulting actions on politics, business and society? Do they herald a more democratic society – or are they hindering efficient decision-making and successful entrepreneurship? Does public accountability further erode trust in politicians, officials and business people or does it help to renew their legitimacy? How are we to understand the role of public accountability in contemporary societies characterised by new, emerging modes of multi-level governance, technological advances and transformations in mass communication? And, considering the historical roots of the concept of public accountability in liberal democracy and nation state building of several centuries ago, how can it best be put into practice today?

The PubAcc project aimed to address these and related questions. It sought to “advance the conceptualisation of public accountability within a contemporary perspective of governance and public discourse” and to “provide comprehensive empirical and comparative analysis of recent, complex socio-political issues of public policy-making.”

Its priorities were:
- to analyse public accountability in three different policy-making areas (GM crops, household waste, transport infrastructure projects) within seven national settings, as well as at European level
- to discuss the significance of public accountability for contemporary democratic governance and legitimacy.

WORK UNDERTAKEN
The project used an expanded conceptual framework which went beyond the traditional preoccupation with formal provisions for openness and scrutiny within state institutions. It related public accountability to policy and decision-making processes, the dynamics of social mobilisation, and wider public sphere discourse. Seven national profiles were drawn up (Czech Republic, Denmark, France, Germany, Latvia, Portugal and the United Kingdom) and 21 empirical case studies were carried out.

Each national team performed:
- literature analysis (academic texts, research reports, official documents, social commentaries)
- media analysis (qualitative, ‘impressionistic’ analysis)
- 15 semi-structured interviews (with academic experts, constitutional experts, journalists/media specialists, social commentators, policy/decision-makers, civil servants, advisory board members, ombudsmen/watchdogs, relevant civil society actors, private sector actors, representatives of international organisations).

The initial profiles provided in-depth information about public accountability structures and procedures in the seven national contexts. Amongst other things, they noted that the phrase “public accountability” has no exact equivalent in a number of European languages. The case studies described specific instances of how accountability functioned in practice in the participating countries, on the three selected issues of GM crops, household waste and transport infrastructure projects.

KEY OUTCOMES / CONCLUSIONS
A number of the research findings have policy implications:
- There are substantial differences in the conceptualisation and practical experience of public accountability in the seven countries analysed. “This needs to be borne in mind when considering public accountability at European level and in relation to new forms of multi-level governance.”
- Differences in the conceptualisation and use of public accountability can be explained by the different historical, political and cultural traditions in the countries analysed. “Thus, an in-depth understanding of the political process, policy-making and public sphere activities is essential, in order to be able to gain a more thorough understanding of the role of public accountability in democratic governance and legitimacy.”
- There is “a significant difference between the provision of formal structures and procedures of public accountability through state systems, on the one hand, and the ‘practice’ and ‘lived’ experience of public accountability in policy-making and public sphere discourse, on the other.” This difference can be interpreted as a (perceived) dysfunction of formal public accountability provisions.
- There has been “a growth in extra-parliamentary public accountability processes and social mobilisation processes initiated by civil society actors within the public sphere in response to the perceived dysfunction of formal public accountability provisions”.
- The process of Europeanisation “has had a double-sided impact on public accountability procedures and discourses”. In some instances, the Europeanisation of policy-making has “fostered public accountability provisions”. In others, it has “meant that effective accountability processes have been curtailed due to the pressure to adopt EU law and regulation without in-depth debate and scrutiny at national and sub-national level”.
- Scientific and technological policy issues are differently characterised in the seven national contexts, with Latvia and the Czech Republic having experienced “less social and political controversy compared with the other countries”.
- In some countries, the often-controversial nature of scientific-technological developments has led to experiments with new forms of governance, with the emphasis on stakeholder and citizen participation. “This
challenges more traditional public accountability provisions. The new mechanisms of public accountability, however, do not fully manage to provide viable alternatives to traditional accountability mechanisms to date.”

**DISSEMINATION**

Findings discussed with various relevant audiences, including academics, policy-makers, politicians and stakeholders; participation in numerous transnational and national conferences; numerous scholarly articles; ten ‘partner workshops’; website.
Europe’s youth – are they young Europeans?

BACKGROUND
Many people doubt that a national identity could ever be replaced by a European one, but it is sometimes suggested that a European identity could become an additional layer, providing a sense of integration with other social groups. On the other hand, being European might become just a transitory ‘identity claim’ made in particular contexts, but without any lasting conviction. Why, when and where young people develop European identities was a key part of the investigation undertaken by this research. The study’s main two focuses were:
- Orientations towards European identity – “the salience and meanings of ‘being European’ versus more personal, local, regional and national identities in the everyday worlds of strategically selected samples of young people”.
- Orientations towards citizenship – “particularly the extent of emphasis on social obligations and civic participation, emphasis on exclusive nationalist discourses and on the perception of the EU arose in the discourse of respondents: first, an automatic identification with nested categories which was related to weak identification with the EU; secondly, identification with the EU subordinated to the predominant national identity. These mechanisms allowed compatibility between European and national identities. Claims of incompatibility were grounded on exclusive nationalist discourses and on the perception of conflict between EU policy and the (more valued) country’s own interests.

WORK UNDERTAKEN
Men and women aged 18-24 were selected as the subjects of the research, allowing a gender comparison and a focus on ‘new citizens’ – the youngest group of adults with the voting rights and responsibilities of citizenship. The nations and regions studied were deliberately chosen for their contrasting histories in terms of local nationalism and support for the project of the European Union. Within those nations and regions, a target sample was selected of young men and women oriented towards a ‘European’ career, and a representative sample of young men and women was selected from all career paths and socioeconomic backgrounds. The target sample was a more highly educated group because they were identified through career paths such as studying European law or European languages, which potentially orient young people towards Europe. The methods of data collection included a survey gathering quantitative data, and a smaller number of qualitative interviews. Interviewees were selected according to their answers to a survey question measuring strength of feeling about ‘being European’ on a scale of 0-4 from ‘no feeling at all’ (0) to ‘very strong feeling’ (4). It was decided to focus on young people from both extremes in order to maximise the possibility of comparison.

The topic required a broad exploration of each participant’s sense of who they were, including their relationships to local, regional and national domains and their perceptions of the opportunities and constraints shaping their future. While the research design recognised the fluidity of young people’s identities and their creative role in constructing them, it also took into account the cumulative effect both of opportunities and choices, and of constraints and lack of opportunity. This was built into the design through comparison between the target samples of highly educated (target) and general (representative) young people.

KEY OUTCOMES / CONCLUSIONS
- Identification with the EU was associated with state-related identity even in those localities where regional-national identity was more important for respondents.
- Two main mechanisms of identification with the EU arose in the discourse of respondents: first, an automatic identification with nested categories which was related to weak identification with the EU; secondly, identification with the EU subordinated to the predominant national identity. These mechanisms allowed compatibility between European and national identities. Claims of incompatibility were grounded on exclusive nationalist discourses and on the perception of conflict between EU policy and the (more valued) country’s own interests.
- European identity was still under construction and could be strengthened by increasing the number of young people’s personal experiences with the EU (travel, employment mobility, learning languages and educational exchanges).
- The construction of the EU, as a shared social category, was also reinforced by the perception of the EU as an independent social and political actor.

However, it was also clear that “there can be no single policy or way of committing resources that would guarantee the pervasive development of a European identity”.

DISSEMINATION
Academic papers and publications; working papers and briefings for policy and practice communities; talks to youth organisations, short written briefings, bulletins on youth organisation; websites and media presentations directed at youth practitioners and young people; website.
**PUBLICATIONS’ LIST**


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**FULL TITLE:** Orientations of Young Men and Women to Citizenship and European Identity

**ACCRONYM:** Youth and European Identity

**CONTRACT NUMBER:** 01-00077

**THEMES ADDRESSED:** Governance, democracy and citizenship – Social cohesion, migration and welfare – Societal trends and structural changes

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**START DATE:** 2001-10-01

**END DATE:** 2004-09-30

**EC FUNDING:** € 995 000
BACKGROUND
Recently there has been a great deal of public concern about issues such as food safety, the environment, public health and innovation. Incidents like BSE have helped to undermine public confidence about decision-making and public policy that relies on science. National and European policy-makers know that public trust has to be rebuilt, especially as science and technology is now playing an increasing role in people’s lives thanks to the emerging knowledge economy. And advances in subjects like stem cell research and embryology are throwing up ethical dilemmas for both regulators and the general public alike. Good science governance is therefore as important as it has ever been.

Fortunately social research has revealed that the public is both willing and able to engage in discussion about science and technology’s impact on society. This has been recognised by policy-makers who are establishing programmes that set out to bring people closer to science policy-making. For example, the European Union’s framework programme for research includes a ‘Science and Society’ Action Plan, and similar initiatives exist in national setting.

> Project objectives
STAGE was a thematic network involving eight European countries – Denmark, Finland, Greece, the Netherlands, Norway, Portugal, Sweden and the United Kingdom. Its aim was to develop and refine a heuristic model of science and technology governance in Europe.

The project’s objectives were therefore to:
- understand more about the structure, process and characteristics of national policy cultures for dealing with issues relating to science and technology (S&T) governance – including those arising from the implementation of EU regulation;
- analyse particular S&T issues, actors and processes that each policy culture highlighted in relation to three subjects - ITC, genetic modification of food and medicines, and environmental management. The focus was on examining mediating/brokering institutions and processes that develop issues, positions and responses;
- provide a more secure knowledge base with which to frame policy and practice relating to social participation in S&T governance.

WORK UNDERTAKEN
STAGE took account of work carried out under the EU’s Fourth Framework Programme (FP4), and, where possible, FP5 along with other literature concerning science governance. The network carried out 29 case studies in the eight project countries based on existing research that looked into how policy cultures confront governance issues, especially in relation to public engagement. Subjects explored included: GM foods in the Netherlands and the United Kingdom; genetic research in Denmark; nanotechnology in Sweden; environment policy in Portugal and Greece; IT in Finland; and biotechnology in Norway.

Other project work included:
- organising six workshops to develop ideas and plan for future work, taking account of different national cultures and approaches to governance;
- holding two conferences to provide the network with a wider context of work related to science governance, and delivering more than 80 presentations at conferences and workshops to disseminate findings;
- producing two discussion papers that reviewed relevant literature, clarified the dimensions of governance, and gave focus to STAGE’s case studies. The final project report presents conclusions relating to public engagement issues, improving science governance, and ideas for future research.

KEY OUTCOMES / CONCLUSIONS
The network produced numerous conclusions and outcomes based on the case studies and analysis of scientific governance.

The case studies suggest a diversity of governance practice in Europe. Attempts to develop democratic engagement were once very limited, but they are becoming more widespread. For example, the Danish ‘consensus conferences’ model is now being used by other countries. People are more likely to see national debates on science issues than they were, say, 20 years ago and nations’ policy-makers are keener to produce consensus on scientific issues. The network believes there is a distinctively European culture of scientific governance in which new questions are being asked and where issues related to science and society and innovation have become more mainstream than in the past.

Through producing its typology of governance, STAGE argues that it is necessary to move beyond a simple bi-modal presentation of governance styles: the emphasis should not be on either innovation and competition or concern with democracy and engagement. In fact the network proposes a typology of six types of governance, exploring each in some detail, which are: discretionary, corporatist, educational, market, agnostic and deliberative. STAGE believes that the case study countries all utilise their own unique mix of several of these modes of governance.

The STAGE network has also produced policy recommendations/points for discussion in the form of ten lessons for deliberative practice and scientific governance. Put very briefly, they are as follows:
1. Don’t promise what you can’t (or won’t) deliver. Do be clear in advance about the institutional response to and uptake of any exercise.
2. Don’t assume that consensus is a practical (or desirable) policy objective.
3. Don’t treat deliberation as a one-off hurdle.
4. Don’t confuse a small number of high-profile engagement initiatives with the wider culture of European scientific governance. Institutions should consider the relationship between different governance modes.
5. The form and framing of engagement initiatives is crucial to the outcome.
6. There is still a tendency to polarise ‘science’ and the public’.
7. Linked to point 6, there remain substantial and unresolved tensions around the relationship between ‘public engagement’ and ‘sound science’.
8. Transparency and engagement are not enough.
9. It is important to consider what lies behind public concerns over issues.
10. Institutional learning is generally neglected.
DISSEMINATION
Workshop, seminar and conference presentations; posting
details on website - www.stage-research.net; publication in
scientific journals, books, papers, etc.

PUBLICATIONS’ LIST
Including:
Bertilsson, M, (ed) ‘Science, Expertise and Democracy’, Special
Botetzagias, I, ‘The re-emergence of the Greek Greens’,
Hagendijk, R.P, ‘Framing GM Food: Public Participation,
Häyrinen-Alestalo Marja and Egil Kallerud (eds.), ‘Mediating
Public Concern in Biotechnology. A Map of Sites, Actors and
Issues in Denmark, Finland, Norway and Sweden’, NIFU Report
Irwin, A. and Michael, M., ‘Science, Social Theory and Public
Matias, Marisa and Nunes, João Arriscado, ‘Sustainable Health?
Health, Environment and the Politics of Sustainability’, Oficinas
Snell, Karoliina, ‘View of citizens in biotechnology policy:
citizens, consumers and human beings in Finland and the
ACCESSLAB
Regional Labour Market Adjustment in the Accession Candidate Countries 242

FLOWENLA
EU-enlargement: The impact of East-West migration on growth and employment 244

Productivity Gap
EU Integration and the Prospects for Catch-Up Development in CEECs -
The Determinants of the Productivity Gap 246

Organising for Enlargement
Organising for EU Enlargement: A Challenge for the Member States
and the Candidate Countries 248

Ezoneplus
The Eastward Enlargement of the Euro-zone 250

ADAPT
EU Enlargement and Multi-level Governance in European Regional
and Environment Policies: Patterns of Learning, Adaptation
and Europeanisation Among Cohesion Countries(Greece, Ireland, Portugal)
and Lessons for New Members (Hungary, Poland) 252
Challenges from European enlargement
BACKGROUND

For about the past 15 years, the new EU Member States from Central and Eastern Europe (CEE) – along with the current candidate countries from that area – have experienced a great deal of structural change. Centrally planned economies have given way to market economies, and these countries have begun to integrate with the world economy. A consequence of these changes has been a substantial increase in regional disparities. Where there used to be an equal distribution of economic activity, measured by employment rates and wages, there is now great disparity.

These problems raise a number of issues relating to the causes of regional disparities, and the efficiency of labour market mechanisms such as wage flexibility, migration and new business creation in equalising regional labour markets. And what are the best policies to deal with the uneven development of regions? Assessing differences and similarities in regional labour markets in these countries, as well as examining the ability of labour markets to deal with regional disparity, are of primary importance.

PROJECT OBJECTIVES

The main aim of AccessLab was to provide an analysis of regional labour market adjustment in new CEE Member States of the EU and the Eastern European candidate countries. The objective was to provide Europe’s policy-makers with valuable information so that they can evaluate the regional labour market consequences of the accession process. The project also sought to analyse the consequences of emigration on regional labour markets in the CEE countries.

The research therefore aimed to:
- Provide a set of ‘stylised facts’ on the adjustment of the study countries’ regional labour markets to different problems and compare findings to other EU Member States’ labour markets;
- Analyse different adjustment mechanisms used in the study countries’ labour markets, with an emphasis on the problems faced by different groups in the labour market;
- Look into the specific experiences of border regions to see how being close to the EU has affected their labour markets.

WORK UNDERTAKEN

AccessLab progressed through a number of work packages that looked at issues from both a macroeconomic and microeconomic perspective. Adjustment mechanisms – labour supply, firm activity and migration factors – were studied in some depth. Results were compared to the experiences of other European Union countries.

The project began by reviewing existing literature and by analysing regional labour market dynamics in the CEE countries. To draw-up its stylised facts about labour market development, AccessLab examined regional labour market problems and analysed regional specialisations and employment dynamics in the study countries. An examination of inter-regional mobility followed, before researchers moved on to look at East-West migration in Germany.

Further work packages analysed human capital, employment and earnings in a restructuring economy; the role of human capital, mobility and alternative incomes in high-unemployment regions; the mobility and labour supply decisions of ethnic minorities; brain drain issues in unified Germany; and labour market restructuring using data from firms. The project also examined structural adjustments to regional shock in the manufacturing sector in relation to accession, before going on to look at the impact of integration issues on the labour markets of border regions.

KEY OUTCOMES / CONCLUSIONS

The project researchers believe the evidence that they have collected suggests:

- Differences in labour market conditions among the study’s CEE regions that have led to large and persistent labour market disparities are mainly a consequence of different starting conditions and market access. Therefore, regional problems are long-term and could persist for some time.
- Policies that aim to reduce regional disparities in transition countries should take a long-term view on regional development.
- It is rather hopeful to believe that regional disparities will diminish automatically solely through the operation of market mechanisms. Labour mobility is low in most new CEE Member States and Eastern European candidate countries. Investment mainly goes to regions that are already performing better, and evidence shows that wages are only slightly more flexible in these states than in other EU labour markets. Adjustment to regional demand shocks – in the CEE countries as in many other EU labour markets – takes shape as a change in participation rates, and migration is not effective in adjusting such shocks. In terms of policy-making, this is important as it suggests that without intervention depressed regions are unlikely to recover quickly. The Central and Eastern European countries examined by AccessLab, however, do not differ from many other EU labour markets in a number of respects. In the EU, job losses in regions tend to be permanent as well and internal migration is low.
- Previous experiences of EU enlargement show that worries over brain drain from new Member States tend to be exaggerated. Experiences from pre-2004 accession in the EU show that there is likely to be some wage increases in the new CEE Member State regions bordering the Union. Generally though, existing regional disparities are likely to be strengthened by accession.

DISSEMINATION

Publication of reports/papers in international scientific journals, including a symposium issue of *Empirica*. The project was also presented at a number of international workshops.

PUBLICATIONS’ LIST

Publications published or forthcoming in journals.
Fidrmuc, Jan, ‘Migration and regional Adjustment to Asymmetric Shocks in Transition Economies’, *Journal of Comparative Economics*.

Huber, Peter, ‘Intra-National Labour Market Adjustment in the Candidate Countries’, *Journal of Comparative Economics*.


Aidis, Ruta and Mickiewicz, Tomasz, ‘Which entrepreneurs expect to expand their businesses? Evidence from survey data in Lithuania’, *Journal of Management Studies*.

Huber, Peter and Gacs, Vera, ‘Quantity Adjustments in the candidate countries Regional Labour markets’, *Papers in Regional Science*.

Egger, Peter, Huber, Peter and Pfaffermayr, Michael, ‘A Note on Regional Disparities in Transition’, *Annals of Regional Science*.
BACKGROUND
The key objective of the FLOWENLA partners was to analyse the impact of migration on growth and employment in the context of EU enlargement. In particular, it aimed at answering questions about which way migration is conditioned by trade and capital flows. They also differentiated migration flows according to skills and took an integrated approach in analysing labour, capital and goods flows. Project participants defined seven objectives:
- Database harmonisation on skill-differentiated migration and aggregate and firm-level FDI activities in the Central and Eastern European candidate countries. This built a harmonised, cross-country database combining existing official national and international statistics and labour force surveys to enable the analysis of skill differences in international migration. A harmonised, cross-country database containing aggregate and firm-level FDI activities in the then candidate countries was augmented by surveys.
- Development of a comprehensive theoretical framework to understand the growth and employment consequences of international migration in an east-west setting.
- Empirical analysis of the effect of EU-CEEC migration on growth and employment. Drawing on the empirical regularities observed among non-CEECs in the case of previous enlargement and on the existing available data for the CEECs themselves, the effect of skill-differentiated east-west migration potential was estimated and the effects of skilled migration on growth and employment assessed.
- Empirical analysis of EU-CEEC capital flows, in particular the impact of FDI and the delocalisation of production on growth and employment. The impact of FDI and the ‘delocations’ of production on growth and employment were studied by distinguishing between vertical and horizontal international production activities.
- Empirical analysis of EU-CEEC trade, identifying the challenges to EU industry deriving from enlargement to the east. The specialisation pattern observed in EU-CEEC trade was analysed on a highly disaggregated level and the upgrading performance of CEEC firms was quantitatively assessed and explained.
- Provision of the empirical regularities required as inputs to the policy simulations.
- Policy implications in an integrated framework were to be based on policy simulations.

WORK UNDERTAKEN
FLOWENLA combined two major blocks of theoretical and empirical work. The theoretical work was subdivided into the analysis of the short-term transition to a new growth path and the analysis of the characteristics of a long-term growth path.

The short-term analysis emphasised relative technological developments in CEE countries. It supports the expectation that even before the liberalisation of the movement of workers, there would be strong technological catching up processes in the new Member States. Lags in price and wage adjustments would lead to transitory rents that drive capital accumulation and FDI. These catching up processes would lead to a significant reduction of incentives to migrate for all skill groups of workers.

The long-term growth effects depend on the expansion of the R&D sector. The more this sector is localised, the more policies to foster growth of the EU as a whole require free movement of labour, in particular, skilled labour. The long-term analysis explored in detail the consequences for the distribution of the dynamic income gains between member countries and between owners of different resources. The analysis was extended by the study of the growth and distribution effects of remittances.

The theoretical research was complemented by five sections of empirical research on:
- The motivation of migrant workers.
- The effects of trade adjustments on relative wages.
- The effects of FDI flows on the level and the structure of wages, as well as technological spillovers of FDI.
- The direct labour market effects of immigration.
- Changes of national policies that might result induced migration flows.

Overall, the empirical results suggest that the labour market and growth effects of the migration flows that would eventually be associated with enlargement would be much smaller than what was feared and discussed in public debates.

The first group of policy measures to compensate distributional effects could help to increase the political acceptability of the liberalisation of the movement of workers. A second group should address market failures that reduce the immigration surplus due to integration problems. A third group of policy measures aims at institutional reform to allow for the full realisation of the benefits of labour mobility, for example, a greater flexibility of regional labour markets.

KEY OUTCOMES / CONCLUSIONS
Project results provide a rich picture of the labour market and growth effects of the expected migration flows associated with the liberalisation of workers’ movements. More than leading to direct policy conclusions, the results inform predictions of the likely volume of worker mobility and its impact on the labour markets in different geographic regions and of different qualifications.

In several respects, the results support the expectation that EU enlargement and the associated migration streams would not lead to disruptions of labour markets and dramatic changes to the growth paths seen so far. This indicated that the negative perceptions and expectations that played a prominent role in public debates were exaggerated.

> The tendency to migrate
The general propensity to migrate was low; in particular, differences in household income had surprisingly weak effects. Among the different skill groups, skilled workers were more willing to migrate than the unskilled. Given the labour market effects of demographic developments of Western European countries, bilateral agreements could try to respond to specific skills shortages.

> Effects of international trade
Adjustments in the trade patterns started early and were largely finalised before accession. Study results show that adjustments in international trade flows would not cause serious disruptions of labour markets. There were negative impacts on the potential labour demand of some sectors – clothing, leather, wood, furniture and motor vehicles – but this did not result in actual jobs losses directly due to bilateral trade flows.
> Effects of FDI
Firms that attracted FDI paid higher than average wages even before the increase of foreign equity. Foreign firms ‘pick winners’ when deciding on investments. Such companies have superior technologies and employ workers with above average productivity. If FDI is to increase wage levels and be the vehicle for technology transfer, it would narrow the wage gap.

> Direct labour market and growth effects of migration
Innovative results were obtained on the effects of remittances on unemployment in the labour exporting country. Unemployment could increase if recipients see remittances as a welfare payment. But remittances could reduce credit constraints in developing economies, encouraging firms to increase their investment levels. The effect on unemployment depends on which effect dominates.

> Policy choices
Migrants were not attracted to welfare benefits offered by potential destination countries; however, generous social assistance has the potential to distort migration flows because they might accept high probabilities of unemployment in anticipating high support levels. With downward rigidity of wages, generous social welfare systems could become unsustainable in the face of induced migration flows. Without coordination, this could lead to dismantling welfare support to avoid an excessive inflow of migrants. A solution could be harmonising welfare systems across Europe.

DISSEMINATION
A conference and three workshops were held. Working papers are downloadable from the website and policy conclusions were published by the HWWA in Hamburg and CEPS in Brussels.

PUBLICATIONS’ LIST
BACKGROUND
Since 1989, the Central Eastern European states of Estonia, Poland, the Czech Republic, Slovakia, Hungary and Slovenia have, on the whole, experienced higher income and productivity growth rates as compared to the average of the EU-15. However, when joining the EU, the new members still suffer from sizeable gaps in competitiveness. Measured in terms of average national labour productivity, the gaps at the end of 2002 range from about 80% of the EU-15 in the Baltic countries, to around 70% in Poland, the Czech Republic and Hungary, and to 55% in Slovenia. As a result, most regions of these states qualify for EU Structural and Cohesion Funds.

The speed of real convergence was low; average labour productivity growth in the six new Member States exceeded the growth rate of the average EU-15 by a mere 2.8 percentage points between 1999 and 2001 – far too low to expect the gap to close in the medium term. Were the speed of convergence to remain constant, the averaged group of new Member States would catch-up up to 100% of the EU-15 level in 20 to 25 years. The process of EU enlargement was biased towards institutional integration and legal convergence. Little research was done on a comparative picture of the particular conditions of economic catch-up development in individual CEECs. The Productivity Gap project aimed to establish a knowledge base about the determinants of lower levels of productivity. Participants studied the most important determinants of aggregate (labour) productivity and compared the results with the EU-15. This work included analysing:
- The sectoral structure for specialisation patterns in domestic production and in foreign trade.
- Conditions within National Innovation Systems of CEECs.
- Potential for technology transfer via FDI in the regions.
- Deficiencies of manufacturing firms.

This newly generated body of comparative knowledge was compiled with a view to the effective management of the accession process, accession policy, negotiations, pre-accession assistance and strategies. EU financial and technical assistance to the then candidate countries was expected to be assessed in terms of their potential to assist the catch-up of levels of productivity and income. This approach assumed that a complete closure of the gap would be possible.

The project also aimed to inform policy-makers on the effectiveness of targeted economic policy intervention and assistance to and within the newly acceding EU Member States.

WORK UNDERTAKEN
The research was divided into seven work packages:
- Evolving patterns of specialisation and European division of labour: branch specialisation in domestic production. With the exception of Hungary, all countries experienced a shift away from industry to services over ten years of integration. This structural analysis could inform economic policy in respect to industrial policy, and the management of further steps of integration and liberalisation that would improve the conditions of CEEC economies.
- Evolving patterns of specialisation and European division of labour: vertical and horizontal patterns of intra-industrial trade. This analysis uncovered the role that income and income density differences play in explaining intra-industrial trade structures. Such emerging structures lend insight into the size of productivity gaps as affected by liberalised foreign trade. These results inform technology policy and export promotion in the accession countries’ economies.
- R&D inputs and outputs as determinants of productivity growth in CEECs. The analysis provided an insight into the determinants and effects of R&D regimes, which could serve national R&D policies and enrich the information basis for sound enlargement policies.
- Mapping the technology mandate of branch plants and technology integration of CEECs. The database on the technological position of branch plants highlighted the regions and sectors/branches where foreign investment supports productivity catch-up. This information is valuable in terms of setting frameworks for FDI to encourage integration into international and European production and technological networks.
- Technology transfer: absorptive capacities. The research indicated the extent to which technology transferred can be adapted in firms and offered concrete policy advice as to how to bridge the gaps in absorptive capacities.
- Firm-specific determinants of the productivity gap: a matched pair-approach involving selected manufacturing firms in West Germany, East Germany and CEEC economies. This work gauged the ability of national and EU economic policy to assist using pre-accession assistance, structural and cohesion fund policies. It also indicated the ability of firms to withstand intensifying competition once in the Single Market.
- Pre-accession, structural and cohesion policies in light of the ‘acquis communautaire’ and the determinants of the productivity gap. Results contribute to an efficient and effective management of the integration processes from an economic policy perspective for each of the countries studied.

Work included field studies, including questionnaires, a matched pair panel and structured interviews, quantitative empirical analysis and literature assessment. Interpretation and analysis of the data was assisted by empirical and econometric methods, including partial equilibrium models, data envelopment analysis, regression models and average and variance analysis.

KEY OUTCOMES / CONCLUSIONS
The Productivity Project created the CEE Subsidiary database, which focused on the relationship between parent, subsidiary and the host economy. The CEE Firm-Specific Productivity Determinants database focused on machinery, cosmetics, electro-technical and furniture manufacturers. Both are valuable resources for policy-makers.

In terms of economic policy, project results suggest that swift productivity catch-up is most efficiently assisted by a classical policy mix of increasing competitiveness of weak firms, increasing flexibility for intra- and inter-sectoral migration, some form of support for investment (particularly into infrastructure), and management training programmes with a focus on marketing and strategic management in a modern competitive market economy. An overview of Productivity Projects results shows:
- Sectoral specialisation patterns explain some of the productivity gaps in Slovakia, Hungary and Poland.
- Industrial sectors, (i.e. a lower technological level in industry) are the most important sources of productivity gaps in all newly acceded countries.
- Specialisation patterns in the CEEC’s manufacturing industries suggest very different potentials for future productivity growth rates. The best prospects are predicted for Slovakia, Slovenia and Hungary; the worst for Poland and Estonia.
- In foreign trade, a product quality cycle could be identified for vertical intra-industrial trade, where the EU exports products of higher quality and CEECs export less sophisticated products.
- Weaknesses in national systems of innovation lie mainly in broad (macro institutional context of innovation) rather than in narrow (R&D institutions) systems and are barriers to future sustainable, technology led growth.
- FDI plays an important role in technological development; however, it suggests very different potential for adaptive transfer. Hungary and Slovakia hold the best potential and Slovenia and Poland, the lowest. Social adaptive capabilities are not a problem due to training by foreign investors. Suppliers are considered second and third tier and cannot benefit to a great degree unless taken over by a foreign investor.
- At firm level, the most important determinants of lower productivity levels are related to management expertise, in particular, networking and strategic planning.

DISSEMINATION

The project’s two main publicity vehicles was a flyer distributed at conferences and research visits. The website proved to be one of the most frequently visited links on the IWH server.

PUBLICATIONS’ LIST

Project partners produced numerous monographs, articles, chapters in books and conference presentations. Following is a small selection:


BACKGROUND
The aim of this project – conducted in the run-up to the EU’s eastern enlargement in May 2004 – was to gain an in-depth understanding of the process of ‘Europeanisation’ in three existing Member States and three candidates, which have since joined the European Union. The six countries covered by this comparative study on the management of EU public policy-making are Ireland, Finland, Greece, and newcomers Estonia, Slovenia and Hungary.

The project had six main objectives:
1. to conduct research which offers immediate policy relevance to key stakeholders in the enlarging Union;
2. to conduct comparative, theoretical and empirical research on the management of EU public policy-making in the six different nations;
3. to undertake empirical research on the adaptation of structures and processes of public policy-making to Europeanisation in six small states;
4. to produce comparative research on the adaptation of national core-executives to Europeanisation;
5. to complement this by two case studies on multileveled governance, notably regional policy and environmental regulation;
6. to shed light on the capacity of smaller states to adjust and adapt to the increasing demands of Europeanisation on their systems of public policy-making and therefore to identify the barriers to effective, efficient and accountable management of EU business.

The researchers say the project will provide a rich database to help small states adapt to the rigours of EU membership. Moreover, its dual focus on candidate countries and newcomers has ensured that the project generates data on adaptation over time, both before and after membership. By providing an understanding of how national modernisation projects are bound up with the dynamics of the EU, the project has helped fill an important gap in our understanding of integration.

The work generated by this project will therefore be relevant for stakeholders in EU policy-making, both within the Union and among candidate countries for some time to come.

WORK UNDERTAKEN
As for methodology, there were two key approaches – historical institutionalisation and rational choice institutionalisation were used in a complementary manner to analyse different facets of Europeanisation. The project was divided into two phases. The first, entitled macro-management, explored changes in structures and processes at the level of the core-executive. Here, the focus was on the over-arching, ministries, coordination and strategic control structures and informal processes. Phase two, under the heading of multileveled governance, analysed policy-making and implementation in two policy fields – regional policy and environmental regulation at the EU, national and regional levels. The focus in this stage was on the interaction between different levels of governance and the capacity to make and implement EU policy.

In phase I, the aim was to map and analyse the manner in which national core executives were organised for managing relations with Brussels – ‘Managing Europe from Home’. This was approached through macro- and micro-level analysis. The macro-level research yielded six national case studies that provide empirical analyses of how the national core executives adapted their domestic organisations to act as ‘translator devices’ for the national strategies in the EU and the European strategies in the domestic. The micro-level study was designed to examine in detail the strategies and decisions during the negotiating period. In order for the analysis to draw upon controversial issues, the project partners selected the most appropriate case studies. The Member States – Ireland, Greece and Finland – selected the negotiations associated with the European Arrest Warrant. Hungary examined the free movement of capital, Slovenia the abolition of duty-free shops and Estonia taxation. The research findings illustrate a range of strategies and rich comparisons.

The second phase of the research broadened the analytical focus to encompass other levels of government – EU sub-state and state/society – through multileveled governance. Here attention focused on the emergence of multileveled policy networks and the interaction between public actors and the wider civil society. This phase of the research is designed to capture multileveled dynamics and to address mechanisms of Europeanisation. Regional and environmental policy were chosen deliberately as both policy areas designed to trigger institutional, process and policy changes at national level. They represent two different types of policy – redistributive and market enabling.

KEY OUTCOMES / CONCLUSIONS
One of the central assertions of the levelled governance approach is that states have lost their control over exchanges in the policy networks that keep the European Union alive. But the evidence from all six of the OUE project case studies did not support this central claim since the core executive was the dominant actor in establishing the institutions and practices that moulded the operation of the structural funds. It remained so when it came to setting priorities for national development plans, distribution of EU funds across different sectors and geographical areas and for channelling demands to the European Commission, especially during negotiations on the Community Support Framework (CSF). Claims that central government’s role was declining were not borne out by the study.

In Finland, for example, EU membership was a vector of change in regional policy. The country’s traditional unitary structure was with strong central government, but between joining the EU in 1995 and the end of the first Lipponen government in 1999, the focus had turned back to regional administration and the role of regional government greatly expanded. The study on Greece concluded that centralised programming and management by bodies that retain at least some degree of independence is all but a ‘necessary evil’. In response to pressures for reform, the Greeks set up ad hoc structures between public and private sectors to manage the CSF. Their solution was to draft new institutions onto the previous system. Of the three old Member States surveyed, it was Greece that lacked the institutional capacity and human resources, either at central, regional or local level to deliver the kind of programming approach required by the Commission.

The project showed that involvement with EU cohesion policy has had a strong impact on the structures, policies and practices of domestic regional/national development policy, but not
necessarily in relation to territorial politics and management. The strongest impact, particularly in Ireland and Greece, and to a lesser extent in Finland, was on policy objectives and practice. But all three states had a different approach.

In the three new Member States, there has been a varied pattern in terms of sub-national adjustment. Estonia resisted pressure to set up a regional tier, and instead established a Finance Ministry system, not unlike the Irish system in its formative period. In Slovenia, there has been considerable debate and disagreement on the question of regional government. Hungary, on the other hand, committed to a strong regionalisation policy. The EU’s strict programming process was found to have left a more pervasive imprint on the six nations surveyed than partnership and regionalisation. Demands from Brussels for new payment authorities and elaborate monitoring mechanisms have been reflected in all six countries’ domestic systems.

What emerges clearly from the research project is that the Commission will always opt for efficiency if it comes to a trade-off between efficiency and partnership.

The findings of the Organising for Enlargement research project point up the need for a thorough review of the multilevel governance approach to regional policy. The conclusion is that the key link is still between the domestic core executive and the Commission. Cohesion policy may have opened up the domestic political space, but it does not seem to have had any real influence on territorial management. It was just one of many influences.

**DISSEMINATION**

A workshop on the project was held in Dublin in November 2002. Project partners from Greece, Finland and Slovenia have presented papers on their research to conferences of their national political science bodies and published articles in associated journals. National papers are available on the project website.

**PUBLICATIONS’ LIST**


A series of occasional papers have been posted on the project website.

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| ACCRONYM: | Organising for Enlargement |
| CONTRACT NUMBER: | 01-00083 |
| THEMES ADDRESSED: | Challenges from European enlargement – Governance, democracy and citizenship |
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| | Niko Tos, University of Ljubljana, Ljubljana, Slovenia |
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**BACKGROUND**

EU enlargement to include ten new Member States in Central and East Europe in May 2004 brought a new equation to European economics. The fledgling Economic and Monetary Union was spreading its wings as the euro-zone was about to go East. By June 2005, six of the ten new Member States – Estonia, Lithuania, Slovenia, Malta, Latvia and Cyprus – were in the ‘waiting room’ for the euro-zone, having linked their currencies to the euro by joining the European Exchange Rate Mechanism II. But at what cost? Can the Growth and Stability Pact cope with the extra strain when the 12 pre-enlargement euro-zone countries are already struggling to stick to the strict budget deficit and debt criteria? The Ezoneplus research project has tried to shed some light on the economic and political implications and consequences of this aspect of EU enlargement, and offers policy recommendations for moving towards sustainable self-financed growth under a fixed exchange-rate regime.

Ezoneplus has looked at the opportunities, benefits, risks and costs of the eastward enlargement of the euro-zone, and concluded that major policy changes, as well as local sacrifices and budgetary and fiscal adjustments, are needed. Even the ‘simple’ inclusion of formerly communist Central and Eastern European Countries (CEECs) will cause profound changes in EU institutions and in the new member countries.

The process of joining the euro-zone is one of ‘no gain without pain’. Reshaping economic determinants to produce economic efficiency gains and sustainable growth is a long-term process of economic adjustment, and the social costs it entails – restructuring, unemployment, labour shortages, social inclusion problems – could last for decades. Some studies suggest up to 1 million jobs could be lost in the ten new Member States in the first few years of EU membership. The Ezoneplus project’s worst-case scenarios suggests that a failure to reach real convergence with the rest of the euro-zone could even jeopardise the benefits of EU membership and be a source of destabilisation for the original single currency club. It even warns that monetary integration may fail if the CEECs do not manage to overhaul their economic, political and institutional environment and care for appropriate social acceptance.

**WORK UNDERTAKEN**

The participating countries – three Central European countries (Estonia, Poland and Slovenia) and four euro-zone members (Finland, Germany, Italy and Portugal) – were chosen as they face particular challenges with respect to market adjustments, policy responsibility and social stability. As its starting point, the project took the loss of monetary sovereignty in the new Member States, which have to rely on large capital inflows to boost growth and real convergence towards the original euro-zone members.

The economists and political scientists involved developed an interdisciplinary risk analysis framework. Their work was divided into three stages. Since the reshaping of markets is primordial, the first part involved an in-depth examination of capital and labour markets, trade and financial flows, as well as exchange-rate questions. It looked at the huge structural changes needed in the banking and financial sector.

The second stage of research involved analyses of fiscal and monetary policies and the social dimension. Both stages were backed up by empirical research in the form of regional studies of the most relevant areas.

The third stage of the Ezoneplus project provided policy advice and developed strategies to cope with the challenge of the eastward enlargement of the euro-zone. It found ways to reduce adaptation costs in the new Member States and the old EU-15, and offered advice about recognising and handling external risks.

The research found that some East European countries would readily embark on further tax and social security reforms. Some of them, like Estonia or Slovakia, are already implementing strategies that would eventually challenge traditionally strong welfare states, as in France or Germany, but, overall, the likelihood of social dumping across the whole of Eastern Europe is quite small.

The research on labour markets focused on migration and flexibility with regard to wages and legal regulations. Because the large wage gap between East and West is likely to stay, it concluded that monetary incentives to migration would remain high during the integration process. At the same time, the absorption capacity of labour markets in the countries of destination is restricted by prohibitively high unemployment. So labour market reform is a high priority.

Ezoneplus went on to investigate the impact of changing international trade patterns on the economies of both accession and EU-15 countries. Probably the biggest problem facing the new members is their current account deficit, which limits the margin of political and economic manoeuvre.

The research work thus turned to foreign direct investment. The comparative analysis of crucial macro-variables inter-related with trade and FDI in CEEC (prices, wages, growth rates, interest rates, exchange rates, etc.) was based on various empirical models recording changing trade patterns and price/quality segments. It found that countries participating in the first wave of enlargement may become more attractive to foreign investors, which might imply a redirection of FDI flows outside and within the euro-zone, leading to major changes in financial markets of accession countries.

**KEY OUTCOMES / CONCLUSIONS**

The study concludes that the CEEC may take decades to catch up economically with their western neighbours unless adequate assistance from the older member countries is being provided. Thus, the success of enlargement depends both on the speed of the process and on the procedure of how to implement the right political and economic mechanisms towards sustainable self-financed growth.

Ezoneplus argues that EMU will only work if markets for labour, capital, and goods and services are flexible enough to absorb asymmetric shocks. At the moment, neither labour nor capital markets are in good shape. Eastward enlargement and the success of the euro will contribute to an improvement of market adjustment potential. But markets cannot adjust without the policy thrust.

The removal of exchange rate instruments, fiscal constraints and the Stability and Growth Pact, as well as the no-bail-out clause, have weighed heavily on market flexibility. So, in the first two years after enlargement, the EU must solve the problem of labour market reform, not least wage-bargaining systems and labour mobility. There is a dire need for closer coordination of wage-bargaining and income policies across Europe, backed up
by a common political stance on migration. To avoid the problem of welfare states of different shapes and sizes, a pan-European safety net guaranteeing a social minimum is an important policy proposal to be pondered.

The researchers concluded that one way out of the exchange rate/trade deficit/capital investment dilemma would simply be a smooth switchover of economic strategy from a foreign investment/dominated growth path to one of sustainable growth that tries to minimise the risks of financial crisis. They recommended a catalogue of economic policy instruments supporting liberalisation of goods and factor markets, stimulation of education and infrastructure, plus tax measures to encourage domestic savings and investment. Together these can gradually reduce current account deficits, paving the way for a sustainable convergence of the new EU economies towards the old EU-15.

> Policy implications

The Ezoneplus project uncovered some wider policy implications, not just for the CEEC's own catch-up strategy, but also for the EU's socioeconomic and institutional reforms. It came out in favour of the Constitution by arguing that the EU must deepen its own institutional reform to cope with the enlargement to the East.

It also concluded that the EU must step up fiscal policy coordination to reduce exchange rate risks and improve European governance for exchange-rate policy coordination so as to resolve 'threaten-my-neighbour' disputes between current and new members of the euro-zone over the redistribution of incurred costs of moving to a fixed exchange-rate regime.

Inter-governmental bargaining – notably within the European Central Bank – is a key to success since there are no institutional constraints under current ERM governance structures to curb new members' "moral-hazard behaviour" and no counter-measures to allow current euro-zone members to keep the new members in check, unless the goalposts are moved. Ezoneplus concluded the only feasible option would be to pay the CEECs for conducting prudent exchange-rate policies, either by allowing them overvalued central rates in ERM II, giving them access to more resources or agreeing mutually on extra funds.

**DISSEMINATION**

The project gave rise to four official workshops and two regional workshops in Berlin, Bologna, Cracow, Brussels and Warsaw. A final conference was held in Berlin in June 2004.

**PUBLICATIONS’ LIST**

The final report, 'Eurozone Enlargement – Exploring Uncharted Waters', can be downloaded from the Ezoneplus website, along with 10 newsletters.


BACKGROUND
A great deal of adjustment has to take place to prepare for EU membership in terms of changing governance structures to take account of multi-level decision making and the requirements for introducing and enforcing European legislation. Changes are both technical and cultural and affect all levels of government and society. But how do governance structures and decision-making techniques change in countries as a result of joining the European Union? And can these countries’ experiences be harnessed by prospective new members as they prepare to adopt policy-making procedures to take account of EU membership?

> Project objectives

ADAPT’s goal was to identify patterns of institutional learning and ‘Europeanisation’ in three relatively new EU Member States – Greece, Ireland and Portugal – as they relate to regional and environmental policy. The findings were then evaluated to see if any lesson could be learned for two new Member States, Hungary and Poland, in terms of reforms they could undertake to make it easier for their public policy structures to cope with the demands of EU membership.

WORK UNDERTAKEN

ADAPT began by examining the academic debate and existing research relating to multi-level governance in the EU for public policy in general, and in regional and environment policies in particular. The aim was provide a comprehensive theoretical framework that could help identify different approaches to governance in the five countries concerned. A workshop raised further topics and questions related to the project’s theoretical framework, which may not have been covered in debates about the EU multi-level system of governance.

The empirical part of the project involved developing comparative case studies in the selected policy areas in all five of the study countries. Based on these empirical findings the research aimed to:
- identify possible differences in learning, adaptation and Europeanisation processes that took place in Greece, Ireland and Portugal;
- explore the different patterns that might develop in the transformation of their governance structures;
- then model the appropriate reforms for public policy-making which the Polish and Hungarian systems might be able to use to improve their capacity for learning and adaptation to the European environment.

Finally, the project concentrated on trying to develop a new model for governance that could effectively nurture learning and adaptation processes in EU public policy.

ADAPT’s methodology was based on comparative public policy research, focusing on measuring the impact of the Europeanisation process on domestic institutional structures and systems of governance. Researchers carried out a quantitative and qualitative analysis of a wide range of socioeconomic data, and analysed official and unofficial documents related to the selected (environment and regional) policies and the participating countries.

A database was created to help the project measure adaptation, which used high quality socioeconomic data relating to the national and regional levels of government in the five countries concerned.

To evaluate the way in which the interactions between the Europeanisation of public policy and the capacity for learning and adaptation in the domestic institutional structures have influenced the transformation of the systems of governance in Greece, Ireland and Portugal, two activities took place: a social network analysis was carried out and the strengths of civil society were identified. The same research tools were used to analyse the structures of public policy in Poland and Hungary.

Finally, the empirical evidence from Poland and Hungary was used to analyse the structures of public policy in Poland and Hungary.

KEY OUTCOMES / CONCLUSIONS

The project highlighted a number of positive effects that come with the Europeanisation of policy processes, including improvements in policies and practices, the development of networks and expertise, increased capacity building and greater mobilisation of civil society.

ADAPT makes a number of comparative conclusions relating to the Europeanisation of regional and environmental policy-making and adaptation to EU working practices in the five study countries, including the following:
- Europeanisation processes have had considerable impact on those countries’ policy-making process, administrative structures and institutions;
- The pace of learning, institutional restructuring and adaptation is affected by a number of factors: existing political culture, type of administrative structure and institutional attitudes to change, economics, relationships between state and society, levels of social capital, etc.;
- For regional policy-making, Europeanisation in all the countries led to a great deal of administrative restructuring, institution building, and a broadening of policy-making processes;
- For environmental policy-making, Europeanisation has led to significant legal harmonisation, but the required institutions building and implementation and enforcement mechanisms have yet to be completed;
- In both policy fields, adaptation to the EU environment has led, in every country, to the creation of new networks, new types of public-private partnership, and a greater involvement of the private sector and civil society. But, according to ADAPT, the impact of these new factors on the policy-making process is rather weak;
- There have been serious attempts to decentralise public administration and the policy-making process. However, the central state maintains the key role in policy-making, taking most of the power and financial resources, which creates barriers to learning and adaptation. The ADAPT team believes that the bureaucratic requirements of the European Commission (especially in regional policy-making) seem to be re-enforcing that trend.
ADAPT draws up a great number of policy recommendations relating to a range of issues such as cohesiveness and EU policies, state-society relations, trans-national networking, good practice in policy-making, capacity building, training and education, etc.

The researchers note that special attention should be paid to building and supporting institutions that provide regional governance. They say that the EU should offer support for the creation and effective function of new institutions at that level of governance.

For candidate countries, institution building should be the main priority because this will be the key factor in ensuring successful adaptation to the EU environment.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPIC</td>
<td>The European Political-Economy Infrastructure Consortium</td>
<td>258</td>
</tr>
<tr>
<td>CHER</td>
<td>CHER: Consortium of Household Panels for European Socioeconomic Research</td>
<td>260</td>
</tr>
<tr>
<td>ESSIE</td>
<td>European Social Survey - Development and First Round</td>
<td>262</td>
</tr>
<tr>
<td>EUCOWE</td>
<td>A Comparative Study of Operating Hours, Working Time and Employment in France, Germany, the Netherlands, Portugal, Spain and the United Kingdom</td>
<td>264</td>
</tr>
</tbody>
</table>
> Infrastructures to build the European Research Area
Policies for sustainable technological innovation in the 21st Century

BACKGROUND

Key aims of the EU ten-year Lisbon strategy for growth are sustainable economic growth and social cohesion. Technological innovation, society’s understanding of these changes and public policy-making all have an enormous impact on these aims.

Europe has a strong tradition of research and training in science and technology, which has contributed to the understanding of technological change, and helped with policy-making. But little is known about the content of this research, and academics are often isolated.

Meanwhile, across the continent, industries and governments remain concerned that the education system is not producing enough citizens who are sufficiently trained to meet the challenges of a rapidly changing world. Research has repeatedly shown that people need to understand technological change, for technological innovation to be successful.

Academic work in science, technology and society does have policy implications but, at a political level, there are huge discrepancies between environmental policies across Europe. Within countries, the focus tends to be on environmental improvements rather than the impact of environmental policies on all other areas of policy-making. Also, the relationship between innovation and social acceptance is often not addressed and, as a result, different strands of public policy become contradictory.

WORK UNDERTAKEN

The project concentrated on two complementary aspects of sustainable technological innovation. One is innovation aimed at saving the environment and the other is socially acceptable innovation – for example, policies addressing social exclusion.

Four major conferences were organised to focus on different aspects of sustainable technological innovation. A database was constructed containing information on 517 graduate student dissertations, and the database contents were analysed.

The conferences tackled questions considered crucial for sustainable technological innovation. These included:

- How are global initiatives translated into local action?
- What is the role of a broad knowledge base in society, and what is the role of sustainability in long-term competitiveness?
- How is innovation related to the social acceptability of innovation?
- Who defines social and ethical objectives in innovation, and what does this imply for power relations in society?
- How important are macroeconomic policies, and what are the trade-offs between policies on sustainable innovation and other policy areas?
- Who should decide on, benefit from and pay for sustainable technological innovation?
- Who are the winners and losers?
- How do you give society and the natural environment a voice on these issues?
- What direction should multidisciplinary studies in science, technology and society take?
- Should multidisciplinary issues be raised in higher education - science and engineering studies?

In addition to the conferences, graduate research was analysed. It tends to fall into two strands – Science Technology and Society (STS) and Science, Technology and Innovation (STI).

The project considered whether these approaches should be integrated.

Dissertations were investigated in terms of discipline, theme, methodology and university specialisation area. Three main groups of research work were identified: policy studies, cultural studies and business/innovation studies.

KEY OUTCOMES / CONCLUSIONS

The research found that policies on sustainable technological innovation take several forms, and there is a clear distinction between them.

Some policies are explicitly aimed at environmental or social improvements. Policies like these, which are sector and case specific, should be required to assess the potential repercussions on other areas.

Some policies have an implicit but significant impact on the environment. In these cases, all other areas of public policy may come into consideration.

Some policies, for example those on energy and transport, are critical to environmental performance. They often fall in the category of traditional policy-making and have a key impact on sustainability and on social acceptability.

The project found that there is still a place for policies that tackle sustainability through sectors and case specific approaches. They are extremely important for resolving specific tensions and problems.

On the other hand, integrated approaches tend to be large scale and complex. Despite this, at EU level, the project suggested that initiatives on sustainable technological innovation should take an integrated approach. This should be backed up by integrated impact assessments. There are potential gains from this approach, such as a better quality of life, a better natural environment and an improvement in social equality. But it may be hard to prove that these gains have been won.

In the academic arena, some European universities are already teaching STS and STI from a multidisciplinary point of view, and this could be encouraged.

Those working in research and development (R&D) in particular should be aware of the contribution their work can make, to saving the environment and to assisting with the introduction of innovation that is socially acceptable.

The project found that strong incentives should be provided, to encourage research to transcend national boundaries. This would mean that policies for sustainable technological
innovation could be integrated across countries as well as across national sectors.

Access to graduate research work should be improved, so that society’s knowledge base is broadened and so that innovative ideas can be identified. The project found that there was a lot of policy relevance in graduates’ research work. Because it often lies ‘forgotten’ in archives, it would be helpful to set up electronic archive systems that can enable research to be easily stored and retrieved.

Education as a whole should take a more multidisciplinary approach, and new curricula should be devised to introduce this approach on a much wider scale than at present. If this is done, it will help to train the graduates who can contribute to a Europe wide knowledge economy, that can help achieve sustainable economic growth and social cohesion.

**DISSEMINATION**

Conference papers were presented at workshops, keynote speeches were made at the conferences by invited speakers and position papers presented the project itself. Revised versions of the papers are available on the project website www.esst.uio.no/posti

**PUBLICATIONS’ LIST**

Re-framing Europe’s political economic research

BACKGROUND

European research in political economy – the study of economic action in its social, political and institutional context – has been dominated by North American research models, which sets the terms of the debate in themes, arguments, and methodology. It provides the mould for European research. Ironically, research on the EU’s institutions, political economy and enlargements is established as an academic field primarily in US institutions. Advanced research in political economy in Europe in the mid-1990s faced the following challenges:

- Language: English has been the lingua franca of the political economy community. Many European researchers are unable to argue finer points or write in English, which is characterised by a more analytical and pointed debating and argumentation style. This is absent in much European research.
- Intellectual community: No intellectual community in Europe debates central questions in this area, nor is there an established research programme into which researchers can tap.
- Focus: Trans- and cross-national perspectives are lacking because European research is usually inspired by national debates, without engaging broader concerns. Comparative research is often not valued in many disciplines, nor is there faculty with enough knowledge to support and evaluate it.
- Design and methodology: Advanced research is rarely organised around questions and themes spanning several disciplines. As a result, few interdisciplinary critical themes and possible answers find their way into the research.
- Critical mass: With very few exceptions, Europe lacks an American style ‘elite’ research university system, where doctoral students find a critical mass of teachers, colleagues and visiting researchers. As a result, the critical mass to support sustained research in political economy is very low in each institution.

Project objectives

The main goal was to establish, operate and evaluate over three years an effective trans-national research infrastructure for the improvement of advanced training of EU social science researchers. The consortium combined elements of a research activity with those of a research network in an innovative single, interdisciplinary, interactive project.

Its mission as a pilot project was to experiment with novel approaches to advanced research training. The underlying rationale was that most of the weaknesses in Europe’s political economy are due to the way young researchers developed their skills.

WORK UNDERTAKEN

EPIC addressed the challenges of political economy research by establishing a network of the best and brightest young social science researchers at the beginning of their doctoral research. Analytical tools enabling them to engage and position themselves in broader debates supplemented training at their national institutions. EPIC’s work was directed at both international and interdisciplinary dimensions of research, using English as the programme language.

The consortium – a group of senior researchers in the EPIC partner institutions – provided a basic training ground by offering a core curriculum in political economy, thereby establishing common themes and methodologies. It developed advanced research training by establishing a structure for dialogue. Two series of advanced research workshops for junior researchers covered three key topics of the TSER (Targeted Socio Economic Research) programme:

- Innovation in public institutions and services
- Postgraduate education and research training, the labour market and economic growth
- Inequality and economic growth

These seminars were organised around case study research, comparative methodology, statistical analysis and modelling/game theory. Participants were required to follow seminars in all strands, which enabled them to develop a common understanding of the strengths and weaknesses of the various methodological approaches. The Forum also brought together top doctoral researchers from different national backgrounds, which enabled them to participate in a broader international debate.

The Forum provided a platform for the exchange of ideas and data between established social scientists, public policy makers, business leaders and doctoral researchers. The objective was two-fold: to advance European research infrastructures by disseminating research findings and as a result, move from a ‘knowledge push’ to a ‘problem-solving’ approach.

In Europe, links between researchers and research centres working in the social sciences and policy-makers in politics, business and labour were relatively weak. Scientists frequently complained that their findings were ignored by those in business or government for whom they were particularly relevant.

At the same time, business leaders and public policy-makers often regretted the absence of dialogue with researchers. This absence of dialogue resulted in academics looking inwards and deciding which research to pursue. This resulted in the adoption of a ‘knowledge push approach’, that is, an approach to achieving advances in scientific knowledge that might be of very limited value to non-academic communities. Mowing to a ‘problem solving’ approach encouraged much closer collaboration among what was becoming known as the European research community.

EPIC online

The creation of the EPIC website aimed to set up an electronic research network, develop an online database and create an online journal for information sharing among EU social science researchers.

KEY OUTCOMES / CONCLUSIONS

Project findings confirmed the need for better, more coordinated political economy and cross discipline research across Europe. As a pilot project, EPIC was labelled a successful experiment, judging by junior researchers’ feedback and the internal evaluation of the consortium.

Many of the final papers of the first cohort remained weak in terms of method, research design and general positioning of the paper in broader debates. However, the papers of the
The relatively low level of methodological awareness of the junior researchers in the two cohorts highlighted the need for more systematic training and stricter insistence on good research design. J unior researchers highly valued the opportunity to discuss their research with colleagues from other countries and disciplines. Evaluations by both junior and senior researchers show that EPIC filled an important gap in the European academic community. However, EPIC could not - and should not - replace such in-depth programmes at home institutions.

DISSEMINATION
All materials are published on the EPIC website. Insights about Europe’s doctoral training were disseminated at the European Consortium for Political Research conference in Bordeaux in September 2002.

PUBLICATIONS’ LIST
Numerous workshop proposals and conference papers, including the Final Report of the EPIC project are published on the project’s website: www.epic.ac.uk/documents/Default.htm
Editions of the European Political Economy Review are also posted on the site: www.lse.ac.uk/collections/EPER/default.htm
BACKGROUND
Panel data for Europe exists, but access is still difficult, expensive and sometimes restricted. The main obstacle for micro analytic comparative research on European issues is that national data is not directly comparable, and not completely comparable to the European Community Household Panel (ECHP).

In addition, most existing micro data is not explicitly linked to information about national regulations, or to social, economic and demographic data. Careful interpretation of results from cross-national research using micro data requires analyses of macro and meso data too. This has to be provided by government agencies in the respective countries.

The lack of sufficient user-friendly longitudinal data that is comparable, well documented and closely related to relevant macro and meso information has important consequences. It means that comparative analysis of European issues is still underdeveloped. Also, the potential for a cross-national database to compare the situation in one country with other countries is not fully exploited.

> Policy objectives
The CHER database has been set up to carry out analysis of the dynamics of socioeconomic changes in Europe. The project's primary objective is to develop a comparative micro database for longitudinal household studies, by integrating micro datasets from a large variety of independent national panels and from the European Community Household Panel (ECHP). It can supply objective as well some subjective information on the process of change in various areas of life. A complementary database containing key information about macro data, social security and employment policies improves analysis of social policies. The potential of the CHER database for cross-national research is considerably greater than that of the ECHP. CHER also makes East-West comparisons possible.

WORK UndERTAKEN
What can be learned from the policy approaches adopted in the different countries? What works where and what does not, and under what conditions? What trends can be identified? CHER set out to help analysts to find answers to these questions.

The prerequisite for high quality cross-national research is the availability of high quality micro databases that offer comparable data for the countries being studied. The team is creating a comparative database from existing panel data, using expert harmonisation, by integrating longitudinal datasets in Europe over as many years and from as many country household panels as possible. It is also using country data in the ECHP.

The database holds information from 18 countries (16 European Union Member States, plus Switzerland and the United States). It contains relevant variables from original panel data. The information is being made comparable according to a common plan, and is built by using standardised international classifications where these are available. The comparative database contains identical data for each country. Information in the CHER files is available for households and individuals on the micro level for single years, and as longitudinal information.

CHER is being complemented by key data about social security from the Mutual Information System on Social Security (MISSOC), and data on employment policies from the Mutual Information System on Employment Policies (MISEP).

The CHER database is available on CD-Rom. Each country file has been anonymised and can therefore be rated as a file for scientific use. The consortium has set up an internet site about household panel studies, which also contains information about different countries' social security and employment policies.

Because of its longitudinal structure, CHER makes it possible to describe the dynamics of households and individuals and to estimate the transitions of households and individuals. The CHER consortium also has the task of running exemplary (panel) analyses.

CHER is a powerful tool for monitoring policy decisions. It is generating great interest among decision-makers in the public and private sectors, within the Commission and in individual Member States.

KEY OUTCOMES / CONCLUSIONS
As a data management and infrastructure tool, the CHER assists policy-makers. It also contributes to the knowledge base.

The project managers use CHER to undertake comparative research with panel data. It makes cross-national research possible, on a wide range of socioeconomic issues. Researchers can start with complete data, rather than trying to bring together smaller amounts of material from different sources – a process that is repetitive, expensive and inefficient.

The advantage of longitudinal panel information compared to cross-sectional information is that it can be used to analyse socioeconomic dynamics at the micro level. CHER can deal with changes affecting households and individuals and estimate possible trends. The database enables researchers to do in-country comparisons at the same time as cross-national comparisons. It means that it will now be possible to focus on what is unique in nations and on differences between nations, as well as analysing on national similarities.

The consortium ensured that the data was orientated towards research needs. It also conducted analysis on labour market problems and corresponding social security transfers. It explored how welfare and employment regimes in Europe coped with socioeconomic changes during the 1990s and how different government’s policies might affect a country’s economic and social performance. The East-West analysis looked at economic and labour market performances, and how different regimes handled income, poverty and deprivation issues.

CHER is innovative in its focus on the social and economic performances of governments over time. It has also broken new ground with the comparison of mature systems of welfare state capitalism and former socialist economies.

DISSEMINATION
The CHER database is available for the European social science community under appropriate rules for confidentiality and data protection. However, its availability is restricted due to Eurostat regulations, which currently do not allow CHER data coming from the ECHP to be disseminated to researchers outside the CHER consortium.
A CD Rom was produced, and a website set up at www.ceps.lu/Cher/acceuil.cfm

**PUBLICATIONS’ LIST**

Sixteen research papers have been produced. The first is:


They can be downloaded at: www.ceps.lu/publication/categorie.cfm?cat=18

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<table>
<thead>
<tr>
<th>PROJECT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FULL TITLE:</strong></td>
</tr>
<tr>
<td><strong>ACRONYM:</strong></td>
</tr>
<tr>
<td><strong>CONTRACT NUMBER:</strong></td>
</tr>
<tr>
<td><strong>THEMES ADDRESSED:</strong></td>
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<tr>
<td><strong>KEYWORDS:</strong></td>
</tr>
<tr>
<td><strong>MAIN CONTRACTOR:</strong></td>
</tr>
<tr>
<td><strong>SCIENTIFIC COORD.:</strong></td>
</tr>
<tr>
<td><strong>WEBSITE:</strong></td>
</tr>
<tr>
<td><strong>PARTNERS:</strong></td>
</tr>
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</tr>
<tr>
<td><strong>END DATE:</strong></td>
</tr>
<tr>
<td><strong>EC FUNDING:</strong></td>
</tr>
</tbody>
</table>
Charting European society’s changing attitudes

BACKGROUND
In the mid-1990s, the European Science Foundation set up an expert panel to look into the value and feasibility of creating an academically led, Europe-wide general social survey. That panel reported that a regular and scientifically rigorous European Social Survey (ESS) could prove to be a major asset to policymakers and academics.

Work therefore started in 2001 to develop the ESS with two key aims in mind: firstly, to measure and monitor the European public’s attitudes, values and beliefs towards a range of political, social, economic and moral issues; and secondly, to improve on existing cross-national survey methodology. ESS places emphasis on examining the interaction between public attitudes and Europe’s institutions.

>Project objectives
Twenty-two nations joined the ESS as work commenced to produce rigorous trend data about changes in people’s underlying values. Societies need accurate data to understand their own social and economic condition. ESS sought to fill a gap in this knowledge at European level.

Using good examples from the national level, the study aimed to produce a number of datasets that would be made available in a format that is accessible to not only social scientists and policymakers, but also to the media and other non-specialists via the Internet.

ESS was established as a biennial survey that seeks to measure change over time. To achieve this, the project researchers aimed to create a questionnaire that would help monitor aspects of social change, nationally and between countries.

The survey also aimed to chart and explain the most important social and political trends. This analysis had to be carried out in tandem with the compilation of ‘event data’ – an approach that will help social scientists and others to take account of key social and economic conditions.

>Work undertaken
Organisational work was supervised by a central coordinating team (CCT), comprising of the project partners. A wider network was established to bolster the CCT that included a scientific advisory board and a team of national coordinators. The ESS programme was split into various research activities:

- A random probability sample design was established as the central element of the ESS sampling. The project’s sampling panel advised each country and signed off their sampling designs.
- Questionnaire design was carefully considered, taking account of a number of factors. In each of the 22 countries, surveys were conducted with a sample size of 1 500. The ESS questionnaire had two sections: the core section had a set of key measures designed to monitor social, economic, political, psychological and socio-demographic variables within and between countries over time. Work concentrated on three areas: people’s value orientations, people’s cultural and national orientations, and the social structure of society. The second section comprised of content that changes with each survey round. In round 1, the issues were ‘Attitudes to Immigration’ and ‘Citizenship, Involvement and Democracy’.
- A two-nation pilot project was carried out in the United Kingdom and the Netherlands in early 2002 to test the questionnaire. The pilot proved valuable in so far as the core questionnaire was found to be too long and had to be cut.
- Survey questions had to be translated into all languages spoken by 5% or more of the population. A translation task force ensured that a uniform system of translation was used in each country.
- Clear specifications were provided for each country, including a 70% target response rate. Country coordinators were required to complete the fieldwork over a minimum of 30 days, within a four-month period.

Other work included creating common specifications for methods, protocols and procedures to be followed by all participants; the production of a database of context and event data; an assessment of the quality of survey questions; and various evaluations relating to the quality of the ESS programme.

The first round of ESS took two years to complete, finishing in July 2004. The first data was made available in August 2004. Round 2 got underway in the summer of 2003.

KEY OUTCOMES / CONCLUSIONS
The project produced a number of deliverables in its first phase including: a review of cross national surveys, a sampling report, a quality assessment report, a fully archived dataset, translation protocols, a report on questionnaire equivalence, information and support for users, etc.

The ESS has successfully developed a methodology for cross-national surveys that did not previously exist. Improving Europe-wide methods for measuring public attitudes will give policymakers vital new data which they can use to improve European governance. ESS’s ability to collect comparative social data means that information on social attitudes can now start to play a role in European policy-making.

Round 1 of the survey will act as a benchmark of measures that, when added to data from future rounds, will illustrate how public values change over time. ESS will thus help policymakers understand the process of change in different countries - again the results will be valuable for policy formulation.

Some of the variables included in the survey could also contribute to expanding the existing socioeconomic focus of European social indicators to include socio-political phenomena. According to the project team, changes in such variables need to be monitored and understood.

“Overlooking or ignoring such changes would be negligent and perhaps dangerous”, states the final project report. “In any event, whether these variables become part of the official indicators or comprise of an ‘unofficial’ list that can be evaluated by scholars and politicians, the ESS is finally available to fill this gap with reliable data.”
DISSEMINATION
Working papers, reports, conferences (including one hosted by the European Commission), press releases and ESS newsletters were all used to disseminate results. The ESS website also presents results and information.

PUBLICATIONS’ LIST
Publications produced so far, include the following: (note to coordinator, this section is at maximum length)


‘Data from European Social Survey – direct access for all’, NSD Newsletter no.1, 2004.


10. How the way we work affects employment

BACKGROUND
Operating hours and working time management are important factors for economic competitiveness and organisational performance. They are also closely linked to issues such as job security and job creation, which in turn means they have a significant influence on social welfare. Social cohesion can also be affected as working times and operating hours are ‘decoupled’ from each other. Decoupling leads to more flexible working times which can have a significant influence on the social life of working people and their families.

These issues are becoming ever more relevant to the European Union, especially in the context of greater competition in the global economy. European businesses of all sizes are looking at ways to extend operating hours to produce more goods at lower costs in a bid to compete. But how will these changes affect European workers?

>Project objectives
The EUCOWE project was designed to provide information that is lacking in this subject area. It collected and analysed comparative and representative data on the relationship between operating hours and working time management and their consequences for employment in six EU countries: France, Germany, the Netherlands, Portugal, Spain and the United Kingdom.

The project was seen as a first step that would lay the foundations for a more comprehensive and Europe-wide data collection exercise.

The information produced by EUCOWE was used to explore working time issues that can cause tension between employers and employees. This includes an analysis of what EUCOWE terms the “flexibility conflict”, which arises as firms lengthen and vary their operating hours but in turn reduce the leisure time of their employees. The project investigated the supply of services to people, including the ‘service paradox’ where an extension of services brings quality-of-life benefits to customers and clients, but at the same time produces a loss of quality to those who perform such services at unsocial hours.

EUCOWE’s data also made it possible to analyse the employment practices of small-medium enterprises (SMEs). Thanks to the project, it was possible for the first time to collect data on the link between operating hours, working hours and employment in micro-businesses that have less than 20 employees.

WORK UNDERTAKEN
EUCOWE’s survey aimed to produce detailed information on operating hours in the six chosen countries that covered all sectors of the economy and all categories of firm size. The aim was to make it possible to compare operating hours within economies according to those sectors and firm sizes, and between national economies according to the same categories.

The project team had to produce a representative company survey that could be used in all six countries. The bid to create a (ex ante) harmonised approach meant that a number of issues had to be addressed. These included defining the term operating hours and how it could be measured both directly and indirectly. Three working time patterns were categorised for the purposes of the project – shift work, staggered working times, and effective working times (contractual working times plus overtime hours) of employees that could not be placed in the first two categories. A standard methodological design was developed and used in each study country. The survey design therefore included: a definition of the survey unit; the use of the most recently published establishment/company directory; a standardised questionnaire; and a number of collecting and sampling procedures, etc.

After addressing the above issues and ensuring that EUCOWE could achieve “conceptual clarity and methodological soundness”, the project team was able to produce a survey that included a 12 000 gross sample of establishments per country, covering all economic sectors and all categories of firm size.

The survey provided information for EUCOWE to produce:
- a cross-country comparison of operating hours and working-time management
- an analysis of service sector operating hours
- data on operating hours and working-time management in SMEs
- details on how people organise their work-life balance.

KEY OUTCOMES / CONCLUSIONS
Thanks to the EUCOWE survey we now have, for the first time, detailed information about the operating hours in six EU Member States. This information covers all sectors of the economy and all firm sizes, making it possible to compare operating hours’ management within economies according to business sector and firm size, and between national economies. And, again for the first time, policy-makers can use the project’s findings to assess operating hours’ management in the service sector and in SMEs.

The overall survey response rate was about 25% – though there were large differences across the Member States; 17 442 analysable questionnaires were received (total net sample). The results showed in all six countries that there is a decoupling of operating hours and working time in the sense that a collective reduction in working time no longer leads to a reduction in operating hours. EUCOWE figures show that the United Kingdom had the longest operating hours at 58.8 hrs/week, and the Netherlands the shortest at 51.2 hrs/week.

The project report states that: “The indicators for the decoupling of operating hours and the contractual working times of the full-time employees reveal that in Spain [second lowest operating hours], and especially in the Netherlands, the workstations are less often multiply occupied by more than one full-time employee than is the case in Germany [which has the second highest operating hours] or Great Britain.”

Generally, there is a lower incidence in the use of shift work and staggered working times in those countries that have shorter operating hours. The different working practices were also related to differences in demand for operating hours’ flexibility in the surveyed countries. Results show that companies that have to cope with the greatest demand for flexibility have the longest operating hours.
The project also noted that SMEs that are part of larger enterprises have longer operating hours than stand-alone SMEs. There is a lower decoupling of individual working times and operating times in the stand-alone SMEs compared to multi-establishment companies, along with a less intensive use of shift work, a greater use of staggered working times and more informal adjustments to fluctuations in demand. In fact, SMEs that are part of multi-establishment companies use working practices that resemble those of larger businesses.

EUCOWE revealed that operating hours in the service sector are significantly below those found in the production industries. The degree and type of flexibility also differs between the production and service sectors: for example, shift work is more common in the production sector; however, staggered working is more prevalent in the service sector.

Work-life balance
Establishments working in competitive environments – particularly those exposed to the global market place – generally have the longest operating hours and face the biggest demand for flexibility in their working practices. The survey indicates that an increase in operating hours leads to an increase in employment. This suggests that further restrictions in operating hours in Europe could harm competitiveness and job creation. On the other side however, providing greater flexibility could have negative social consequences. Increasing the use of staggered working times and tools such as flexi-time may disrupt the quality of family life and society at large.

The EUCOWE team proposes a system of ‘regulated flexibility’ to balance economic and social needs. Decisions on work flexibility could be devolved to local bargaining mechanisms, a policy that complements the EC’s proposals to revise the Working Time Directive.

DISSEMINATION
The EUCOWE project was presented to various national and international conferences on operating times and working hours.

PUBLICATIONS’ LIST


<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Acronym</th>
<th>page</th>
</tr>
</thead>
<tbody>
<tr>
<td>98-1100</td>
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<td>98-00007</td>
</tr>
<tr>
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<td>IDEA-INNOVATION CHAINS</td>
<td>98-00008</td>
</tr>
<tr>
<td>98-1103</td>
<td>TELECITYVISION</td>
<td>98-00009</td>
</tr>
<tr>
<td>98-1104</td>
<td>MERITUM</td>
<td>98-00100</td>
</tr>
<tr>
<td>98-1105</td>
<td>ENVINNO</td>
<td>98-00101</td>
</tr>
<tr>
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<td>IMPRESS</td>
<td>98-00102</td>
</tr>
<tr>
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<td>98-00103</td>
</tr>
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<td>98-1108</td>
<td>UNIREG</td>
<td>98-00104</td>
</tr>
<tr>
<td>98-1109</td>
<td>EIWSR</td>
<td>98-00105</td>
</tr>
<tr>
<td>98-1110</td>
<td>WORKING AND MOTHERING</td>
<td>98-00106</td>
</tr>
<tr>
<td>98-1111</td>
<td>PRECEPT</td>
<td>98-00107</td>
</tr>
<tr>
<td>98-1112</td>
<td>COPI</td>
<td>98-00108</td>
</tr>
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<td>CGEP</td>
<td>98-00109</td>
</tr>
<tr>
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<td>RISE</td>
<td>98-00110</td>
</tr>
<tr>
<td>98-1115</td>
<td>ESSY</td>
<td>98-00111</td>
</tr>
<tr>
<td>98-1116</td>
<td>EBIS</td>
<td>98-00112</td>
</tr>
<tr>
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<td>98-00113</td>
</tr>
<tr>
<td>98-1118</td>
<td>SERVEMPLOI</td>
<td>98-00114</td>
</tr>
<tr>
<td>98-1119</td>
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<td>98-00115</td>
</tr>
<tr>
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<td>98-00116</td>
</tr>
<tr>
<td>98-2047</td>
<td>CONVERGE</td>
<td>98-00117</td>
</tr>
<tr>
<td>98-2048</td>
<td>CASE</td>
<td>98-00118</td>
</tr>
<tr>
<td>98-2051</td>
<td>YOUTH UNEMPLOYMENT</td>
<td>98-00119</td>
</tr>
<tr>
<td>98-2052</td>
<td>EXCLUSION ET DIALOGUE</td>
<td>98-00120</td>
</tr>
<tr>
<td>98-2053</td>
<td>EMPLOI ET EXCLUSION</td>
<td>98-00121</td>
</tr>
<tr>
<td>98-2054</td>
<td>WORKING ON THE FRINGES</td>
<td>98-00122</td>
</tr>
<tr>
<td>98-2055</td>
<td>LOCLEVCONC</td>
<td>98-00123</td>
</tr>
<tr>
<td>98-2056</td>
<td>ENTRANCE</td>
<td>98-00124</td>
</tr>
<tr>
<td>98-2057</td>
<td>GESTION PUBLIQUE</td>
<td>98-00125</td>
</tr>
<tr>
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<td>98-00126</td>
</tr>
<tr>
<td>98-2058</td>
<td>BETWIXT</td>
<td>98-00127</td>
</tr>
<tr>
<td>98-2059</td>
<td>URBEX</td>
<td>98-00128</td>
</tr>
<tr>
<td>98-2060</td>
<td>ECOBAZ</td>
<td>98-00129</td>
</tr>
<tr>
<td>98-2061</td>
<td>NESY</td>
<td>98-00130</td>
</tr>
<tr>
<td>98-2062</td>
<td>EPIC</td>
<td>98-00131</td>
</tr>
<tr>
<td>98-2063</td>
<td>EXSPRO</td>
<td>98-00132</td>
</tr>
<tr>
<td>98-2064</td>
<td>FARE</td>
<td>98-00133</td>
</tr>
<tr>
<td>99-00001</td>
<td>IAPASIS</td>
<td>98-00134</td>
</tr>
<tr>
<td>99-00002</td>
<td>Growth and EU Labour Markets</td>
<td>98-00135</td>
</tr>
<tr>
<td>99-00003</td>
<td>BORDER DISCOURSE</td>
<td>98-00136</td>
</tr>
<tr>
<td>99-00004</td>
<td>ENERGIE</td>
<td>98-00137</td>
</tr>
<tr>
<td>99-00005</td>
<td>NIEPS</td>
<td>98-00138</td>
</tr>
<tr>
<td>99-00006</td>
<td></td>
<td>98-00139</td>
</tr>
<tr>
<td>Code</td>
<td>Project Title</td>
<td>Page</td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>01-00061</td>
<td>MSU</td>
<td>38</td>
</tr>
<tr>
<td>01-00063</td>
<td>ACCESSLAB</td>
<td>242</td>
</tr>
<tr>
<td>01-00064</td>
<td>FLOWENLA</td>
<td>244</td>
</tr>
<tr>
<td>01-00065</td>
<td>Productivity Gap</td>
<td>246</td>
</tr>
<tr>
<td>01-00069</td>
<td>EUROPUB</td>
<td>232</td>
</tr>
<tr>
<td>01-00070</td>
<td>SINGOCOM</td>
<td>64</td>
</tr>
<tr>
<td>01-00073</td>
<td>Marginalisation</td>
<td>136</td>
</tr>
<tr>
<td>01-00075</td>
<td>ESOPE</td>
<td>138</td>
</tr>
<tr>
<td>01-00076</td>
<td>PubAcc</td>
<td>234</td>
</tr>
<tr>
<td>01-00077</td>
<td>Youth and European Identity</td>
<td>236</td>
</tr>
<tr>
<td>01-00078</td>
<td>WRAMSOC</td>
<td>66</td>
</tr>
<tr>
<td>01-00079</td>
<td>FATE</td>
<td>20</td>
</tr>
<tr>
<td>01-00080</td>
<td>Neighbourhood Govern</td>
<td>68</td>
</tr>
<tr>
<td>01-00081</td>
<td>NORMEC</td>
<td>70</td>
</tr>
<tr>
<td>01-00082</td>
<td>EWSI</td>
<td>40</td>
</tr>
<tr>
<td>01-00083</td>
<td>Organising for Enlargement</td>
<td>248</td>
</tr>
<tr>
<td>01-00084</td>
<td>Ezoneplus</td>
<td>250</td>
</tr>
<tr>
<td>01-00085</td>
<td>Work Changes Gender</td>
<td>42</td>
</tr>
<tr>
<td>01-00087</td>
<td>GRINE</td>
<td>44</td>
</tr>
<tr>
<td>01-00088</td>
<td>ESSIE</td>
<td>262</td>
</tr>
<tr>
<td>01-00089</td>
<td>DEMPATEM</td>
<td>140</td>
</tr>
<tr>
<td>01-00090</td>
<td>EUCOWE</td>
<td>264</td>
</tr>
<tr>
<td>01-00093</td>
<td>Flex.Com</td>
<td>142</td>
</tr>
<tr>
<td>01-00095</td>
<td>UPE</td>
<td>22</td>
</tr>
<tr>
<td>01-00096</td>
<td>MOCHO</td>
<td>46</td>
</tr>
<tr>
<td>01-00097</td>
<td>ADAPT</td>
<td>252</td>
</tr>
<tr>
<td>01-00099</td>
<td>MICRESA</td>
<td>72</td>
</tr>
<tr>
<td>01-00100</td>
<td>TENIA</td>
<td>208</td>
</tr>
<tr>
<td>01-00101</td>
<td>WORKALO</td>
<td>74</td>
</tr>
<tr>
<td>01-50002</td>
<td>ENMOB</td>
<td>162</td>
</tr>
<tr>
<td>01-50003</td>
<td>STAGE</td>
<td>238</td>
</tr>
<tr>
<td>01-50005</td>
<td>SUSTRA</td>
<td>56</td>
</tr>
<tr>
<td>01-50010</td>
<td>ENIQ</td>
<td>24</td>
</tr>
<tr>
<td>02-50028</td>
<td>CHANGEQUAL</td>
<td>26</td>
</tr>
</tbody>
</table>
## Index by Acronym

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCESSLAB</td>
<td>242</td>
</tr>
<tr>
<td>ADAPT</td>
<td>252</td>
</tr>
<tr>
<td>AITEG</td>
<td>202</td>
</tr>
<tr>
<td>BETWIXT</td>
<td>92</td>
</tr>
<tr>
<td>BORDER DISCOURSE</td>
<td>214</td>
</tr>
<tr>
<td>CASE</td>
<td>78</td>
</tr>
<tr>
<td>CEI</td>
<td>230</td>
</tr>
<tr>
<td>CEGEP</td>
<td>174</td>
</tr>
<tr>
<td>CHANGEQUAL 26</td>
<td></td>
</tr>
<tr>
<td>CHER</td>
<td>260</td>
</tr>
<tr>
<td>CoCKEAS</td>
<td>156</td>
</tr>
<tr>
<td>CONSCISE</td>
<td>106</td>
</tr>
<tr>
<td>CONVERGE</td>
<td>182</td>
</tr>
<tr>
<td>COPI</td>
<td>172</td>
</tr>
<tr>
<td>DEMPARTY</td>
<td>220</td>
</tr>
<tr>
<td>DEMPATEM</td>
<td>140</td>
</tr>
<tr>
<td>DINNSOC</td>
<td>14</td>
</tr>
<tr>
<td>EBI</td>
<td>180</td>
</tr>
<tr>
<td>ECOBAZ</td>
<td>96</td>
</tr>
<tr>
<td>EIC</td>
<td>200</td>
</tr>
<tr>
<td>EIWSR</td>
<td>76</td>
</tr>
<tr>
<td>EMEP</td>
<td>192</td>
</tr>
<tr>
<td>EMPLOY ET EXCLUSION</td>
<td>84</td>
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<td>88</td>
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<td>82</td>
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<td>218</td>
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<td>44</td>
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<tr>
<td>Growth and EU Labour Markets</td>
<td>124</td>
</tr>
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<td>HWF</td>
<td>130</td>
</tr>
<tr>
<td>IAPASIS</td>
<td>212</td>
</tr>
<tr>
<td>IDEA-INNOVATION CHAINS</td>
<td>148</td>
</tr>
<tr>
<td>IDNET</td>
<td>222</td>
</tr>
<tr>
<td>IMPRESS</td>
<td>114</td>
</tr>
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<td>146</td>
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<td>196</td>
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<td>188</td>
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<td>Marginalisation</td>
<td>136</td>
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<tr>
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<td>166</td>
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<td>46</td>
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<td>38</td>
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<td>68</td>
</tr>
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<td>NESY</td>
<td>122</td>
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<td>NIEPS</td>
<td>6</td>
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<td>126</td>
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<td>Organising for Enlargement</td>
<td>248</td>
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<td>ORGLARN</td>
<td>158</td>
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<tr>
<td>PARADYS</td>
<td>228</td>
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<td>108</td>
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<td>PFM</td>
<td>184</td>
</tr>
<tr>
<td>PIEP</td>
<td>132</td>
</tr>
</tbody>
</table>
INDEX

POSTI 256
PRECEPT 170
Productivity Gap 246
PubAcc 234
RASTEI 198
REFIPAR 118
RETURN 104
RISE 176
SEIN 150
SERVEMPLOI 116
SETI 206
SINGOCOM 64
SIREN 18
SOCCARE 10
SOCOHO 62
SOCROBUST 154
STAGE 238
SUSTRA 56
TELECYTVISION 50
TELL 160
TENIA 208
The Social Problem of Men 32
UIE 8
UNIREG 168
UPE 22
URBEX 94
Work Changes Gender 42
WORKALO 74
WORKING AND MOTHERING 30
WORKING ON THE FRINGES 86
WRAMSOC 66
Youth and European Identity 236
YOUTH UNEMPLOYMENT 80
<table>
<thead>
<tr>
<th>Scientific Coordinator</th>
<th>Acronym</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alders Maarten</td>
<td>UPE</td>
<td>22</td>
</tr>
<tr>
<td>Antonelli Cristiano</td>
<td>TELL</td>
<td>160</td>
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<td>190</td>
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<td>EXSPRO</td>
<td>98</td>
</tr>
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<td>BETWIXT</td>
<td>92</td>
</tr>
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<td>Berthoud Richard</td>
<td>DYNSOC</td>
<td>14</td>
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<td>122</td>
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<td>FARE</td>
<td>100</td>
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<td>152</td>
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<td>TENIA</td>
<td>208</td>
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<tr>
<td>Cars Göran</td>
<td>Neighbourhood</td>
<td>Govern</td>
</tr>
<tr>
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<td>UNIREG</td>
<td>168</td>
</tr>
<tr>
<td>Clark Gordon</td>
<td>RASTEI</td>
<td>198</td>
</tr>
<tr>
<td>Clarke Linda</td>
<td>Marginalisation</td>
<td>136</td>
</tr>
<tr>
<td>Clausen Christian</td>
<td>PRECEPT</td>
<td>170</td>
</tr>
<tr>
<td>de Noronha</td>
<td>INNOVALOC</td>
<td>194</td>
</tr>
<tr>
<td>Vaz M.Teresa</td>
<td>EMPLOI ET EXCLUSION</td>
<td>84</td>
</tr>
<tr>
<td>Desmarez Pierre</td>
<td>Growth and EU Labour Markets</td>
<td>124</td>
</tr>
<tr>
<td>Döpke Jörg</td>
<td>ENMO</td>
<td>162</td>
</tr>
<tr>
<td>Evans Melyn Douglas</td>
<td>CONSCISE</td>
<td>106</td>
</tr>
<tr>
<td>Fischer Martin</td>
<td>ORGLEAN</td>
<td>158</td>
</tr>
<tr>
<td>Flecha Ramon</td>
<td>WORKALO</td>
<td>74</td>
</tr>
<tr>
<td>Flecker Jörg</td>
<td>SIREN</td>
<td>18</td>
</tr>
<tr>
<td>Garcia Caballero Pedro</td>
<td>INNOFLEX</td>
<td>54</td>
</tr>
<tr>
<td>Gerhard Ute</td>
<td>WORKING AND MOTHERING</td>
<td>30</td>
</tr>
<tr>
<td>Getimis Panayiotis</td>
<td>ADAPT</td>
<td>252</td>
</tr>
<tr>
<td>Giorgi Liana</td>
<td>EUROPUB</td>
<td>232</td>
</tr>
<tr>
<td>Godinho Manuel Mira</td>
<td>CONVERGE</td>
<td>182</td>
</tr>
<tr>
<td>Griffin Gabrielle</td>
<td>EWSI</td>
<td>40</td>
</tr>
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<td>POSTI</td>
<td>256</td>
</tr>
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<td>ENEPRI</td>
<td>102</td>
</tr>
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<td>Gross Hermann</td>
<td>EUcowE</td>
<td>264</td>
</tr>
<tr>
<td>Hales Mike</td>
<td>RISE</td>
<td>176</td>
</tr>
<tr>
<td>Hammer Torild</td>
<td>YOUTH</td>
<td>80</td>
</tr>
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<td>IPROSEC</td>
<td>12</td>
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<tr>
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<td>STAGE</td>
<td>238</td>
</tr>
<tr>
<td>Heideneg Gerald</td>
<td>GENDERQUAL</td>
<td>36</td>
</tr>
<tr>
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<td>GOVERN PARTICIPATORY</td>
<td>218</td>
</tr>
<tr>
<td>Heinen J Jacqueline</td>
<td>GENRE ET LOCALE</td>
<td>34</td>
</tr>
<tr>
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<td>ACCESSLAB</td>
<td>242</td>
</tr>
<tr>
<td>Jacobs Thérèse</td>
<td>NIEMS</td>
<td>6</td>
</tr>
<tr>
<td>Jamieson Lynn</td>
<td>Youth and European Identity</td>
<td>236</td>
</tr>
<tr>
<td>Joel Simon</td>
<td>PubCc</td>
<td>234</td>
</tr>
<tr>
<td>Jowell Roger</td>
<td>ESSIE</td>
<td>262</td>
</tr>
<tr>
<td>Kirpal Simone</td>
<td>FAME</td>
<td>134</td>
</tr>
<tr>
<td>Koller Angelika</td>
<td>EUROHOME-IMPACT</td>
<td>110</td>
</tr>
<tr>
<td>Koopmans Ruud</td>
<td>EUROPUB.COM</td>
<td>226</td>
</tr>
<tr>
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<td>SEIN</td>
<td>150</td>
</tr>
<tr>
<td>Labrianidis Lois</td>
<td>FERP</td>
<td>186</td>
</tr>
<tr>
<td>Laffan Brigid</td>
<td>Organising for Enlargment</td>
<td>248</td>
</tr>
<tr>
<td>Lapaar Navarro</td>
<td>ESOPE</td>
<td>138</td>
</tr>
<tr>
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<td>SOCROBUST</td>
<td>154</td>
</tr>
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<td>CEI</td>
<td>230</td>
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<td>174</td>
</tr>
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<td>EMEP</td>
<td>192</td>
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<td>90</td>
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<td>178</td>
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<td>PIEP</td>
<td>132</td>
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<td>214</td>
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<td>46</td>
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<td>SOCOHO</td>
<td>62</td>
</tr>
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<td>64</td>
</tr>
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<td>URBEX</td>
<td>94</td>
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<td>76</td>
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<td>PEN-REF</td>
<td>108</td>
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<td>206</td>
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<td>146</td>
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<td>The Social Problem of Men</td>
<td>32</td>
</tr>
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<td>Puchert Ralf</td>
<td>Work Changes Gender</td>
<td>42</td>
</tr>
<tr>
<td>Rath Jan</td>
<td>WORKING ON THE FRINGES</td>
<td>86</td>
</tr>
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<td>LOCLEVCONC</td>
<td>120</td>
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<td>DEMPATEM</td>
<td>140</td>
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<td>MERITUM</td>
<td>166</td>
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<td>PFM</td>
<td>184</td>
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<td>EU-COMMITTEES</td>
<td>216</td>
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<td>260</td>
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<td>Internationalisation of European SME</td>
<td>196</td>
</tr>
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<td>ENVINNO</td>
<td>52</td>
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<td>TELECITYVISION</td>
<td>50</td>
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<td>38</td>
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<td>220</td>
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<td>SOCCARE</td>
<td>10</td>
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<tr>
<td>Steinet Heinz</td>
<td>CASE</td>
<td>78</td>
</tr>
<tr>
<td>Stephan Johannes</td>
<td>Productivity Gap</td>
<td>246</td>
</tr>
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<td>Stjernberg Torbjörn</td>
<td>NUEWO</td>
<td>126</td>
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<td>IAPASIS</td>
<td>212</td>
</tr>
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<td>Straubhaar Thomas</td>
<td>FLOWENLA</td>
<td>244</td>
</tr>
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<td>Sutherland Holly</td>
<td>MICRESA</td>
<td>72</td>
</tr>
<tr>
<td>Taylor-Gooby Peter</td>
<td>WRAMSOC</td>
<td>66</td>
</tr>
<tr>
<td>Thoyer Sophie</td>
<td>SUSTRA</td>
<td>56</td>
</tr>
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<td>Flex.Com</td>
<td>142</td>
</tr>
<tr>
<td>Tylecote Andrew Bodian</td>
<td>COPI</td>
<td>172</td>
</tr>
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<td>Van Der Maeser Laurent</td>
<td>ENIQ</td>
<td>24</td>
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<td>Van Waarden Frans</td>
<td>IDEA-INNOVATION CHAINS</td>
<td>148</td>
</tr>
<tr>
<td>Vivier Jean</td>
<td>EXCLUSION ET DIALOGUE</td>
<td>82</td>
</tr>
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<td>Von Tunzelmann Nicholas</td>
<td>MACROTEC</td>
<td>188</td>
</tr>
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<td>HWF</td>
<td>130</td>
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<td>SERVEMPLOI</td>
<td>116</td>
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<td>GOVECOR</td>
<td>224</td>
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<td>CHANGEQUAL</td>
<td>26</td>
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<td>RETURN</td>
<td>104</td>
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<td>Country</td>
<td>Acronym</td>
<td>Page</td>
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<td>MOCHO</td>
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<td></td>
<td>EMPLOI ET EXCLUSION</td>
<td>84</td>
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<td></td>
<td>SETI</td>
<td>206</td>
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<tr>
<td>University Paris X Nanterre</td>
<td>FENICS 1999</td>
<td>16</td>
</tr>
<tr>
<td>Universiteit Utrecht</td>
<td>IDEA+INNOVATION CHAINS</td>
<td>148</td>
</tr>
<tr>
<td>Universiteit Van Amsterdam</td>
<td>URBEX</td>
<td>94</td>
</tr>
<tr>
<td>University of Amsterdam / Faculty of Political and Socio-Cultural Sciences Institute for Migration and Ethnic Studies (Ims)</td>
<td>DEMPATEM</td>
<td>140</td>
</tr>
<tr>
<td>University of Bielefeld</td>
<td>LoWER</td>
<td>128</td>
</tr>
<tr>
<td>University of Bielefeld</td>
<td>WORKING ON THE FRINGES</td>
<td>86</td>
</tr>
<tr>
<td>University of Bremen</td>
<td>SEIN</td>
<td>150</td>
</tr>
<tr>
<td>University of Brighton (Centre for Research in Innovation Management)</td>
<td>PARADYS</td>
<td>228</td>
</tr>
<tr>
<td>University of Cambridge</td>
<td>FAME</td>
<td>134</td>
</tr>
<tr>
<td>University of Cologne</td>
<td>RISE</td>
<td>176</td>
</tr>
<tr>
<td>University of Edinburgh</td>
<td>MICRESA</td>
<td>72</td>
</tr>
<tr>
<td>University of Essex</td>
<td>GOVECOR</td>
<td>224</td>
</tr>
<tr>
<td>University of Helsinki</td>
<td>Youth and European Identity</td>
<td>236</td>
</tr>
<tr>
<td>University of Hull</td>
<td>DYNSOC</td>
<td>14</td>
</tr>
<tr>
<td>University of Kent</td>
<td>CEI</td>
<td>230</td>
</tr>
<tr>
<td>University of Macedonia of Economic and Social Sciences</td>
<td>EWSI</td>
<td>40</td>
</tr>
<tr>
<td>University of Newcastle</td>
<td>WRAM SOC</td>
<td>66</td>
</tr>
<tr>
<td>University of Oslo</td>
<td>FERP</td>
<td>186</td>
</tr>
<tr>
<td>University of Oxford</td>
<td>UNIREG</td>
<td>168</td>
</tr>
<tr>
<td>University of Portsmouth</td>
<td>POSTI</td>
<td>256</td>
</tr>
<tr>
<td>University of Sheffield</td>
<td>RASTEI</td>
<td>198</td>
</tr>
<tr>
<td>University of Southampton</td>
<td>UIE</td>
<td>8</td>
</tr>
<tr>
<td>University of Sussex</td>
<td>COPI</td>
<td>172</td>
</tr>
<tr>
<td>University of Tampere</td>
<td>BORDER DISCOURSE</td>
<td>214</td>
</tr>
<tr>
<td>University of Warwick</td>
<td>EBIS</td>
<td>180</td>
</tr>
<tr>
<td>University of Westminster</td>
<td>MACROTEC</td>
<td>188</td>
</tr>
<tr>
<td>Verein Zur Förderung Des Instituts Zur Erforschung Sozialer Chancen (Berufsforschungsinstitut) E.V. Wissenschaftszentrum Berlin Für Sozialforschung GMBH Work Research Centre Zentrum Für Europäische Wirtschaftsforschung GmbH (Zew)</td>
<td>ENTRANCE</td>
<td>88</td>
</tr>
<tr>
<td>Work Research Centre</td>
<td>Marginalisation</td>
<td>136</td>
</tr>
<tr>
<td>Verein Zur Förderung Des Instituts Zur Erforschung Sozialer Chancen (Berufsforschungsinstitut) E.V. Wissenschaftszentrum Berlin Für Sozialforschung GMBH Work Research Centre Zentrum Für Europäische Wirtschaftsforschung GmbH (Zew)</td>
<td>PubAcc</td>
<td>234</td>
</tr>
</tbody>
</table>
# Index by Start Date

<table>
<thead>
<tr>
<th>Year</th>
<th>Acronym</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>COPI</td>
<td>172</td>
</tr>
<tr>
<td>1998</td>
<td>TELECITYVISION</td>
<td>50</td>
</tr>
<tr>
<td>1998</td>
<td>WORKING AND MOTHERING</td>
<td>30</td>
</tr>
<tr>
<td>1998</td>
<td>UNIREG</td>
<td>168</td>
</tr>
<tr>
<td>1998</td>
<td>IMPRESS</td>
<td>114</td>
</tr>
<tr>
<td>1998</td>
<td>BETWIXT</td>
<td>92</td>
</tr>
<tr>
<td>1998</td>
<td>INNOCULT</td>
<td>146</td>
</tr>
<tr>
<td>1998</td>
<td>EMPLOI ET EXCLUSION</td>
<td>84</td>
</tr>
<tr>
<td>1998</td>
<td>MERITUM</td>
<td>166</td>
</tr>
<tr>
<td>1998</td>
<td>POSTI</td>
<td>256</td>
</tr>
<tr>
<td>1998</td>
<td>CONVERGE</td>
<td>182</td>
</tr>
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<td>1998</td>
<td>ENVINNO</td>
<td>52</td>
</tr>
<tr>
<td>1998</td>
<td>URBEX</td>
<td>94</td>
</tr>
<tr>
<td>1998</td>
<td>IDEA-INNOVATION CHAINS</td>
<td>148</td>
</tr>
<tr>
<td>1998</td>
<td>EIWSR</td>
<td>76</td>
</tr>
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<td>1998</td>
<td>ENTRANCE</td>
<td>88</td>
</tr>
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<td>1998</td>
<td>GESTION PUBLIQUE DE LA DEVIANCE</td>
<td>90</td>
</tr>
<tr>
<td>1998</td>
<td>ECOBAZ</td>
<td>96</td>
</tr>
<tr>
<td>1998</td>
<td>KNOW FOR INNOVATION</td>
<td>152</td>
</tr>
<tr>
<td>1998</td>
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<td>150</td>
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<td>1998</td>
<td>RISE</td>
<td>176</td>
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<td>1999</td>
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<td>174</td>
</tr>
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<td>120</td>
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<td>ESSY</td>
<td>178</td>
</tr>
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<td>1999</td>
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<td>180</td>
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<td>122</td>
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<td>258</td>
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<td>116</td>
</tr>
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<td>PRECEPT</td>
<td>170</td>
</tr>
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<td>CASE</td>
<td>78</td>
</tr>
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<td>WORKING ON THE FRINGES</td>
<td>86</td>
</tr>
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<td>1999</td>
<td>EXSPO</td>
<td>98</td>
</tr>
<tr>
<td>1999</td>
<td>YOUTH UNEMPLOYMENT</td>
<td>80</td>
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<tr>
<td>1999</td>
<td>EXCLUSION ET DIALOGUE</td>
<td>82</td>
</tr>
<tr>
<td>1999</td>
<td>FARE</td>
<td>100</td>
</tr>
<tr>
<td>1999</td>
<td>REFI PAR</td>
<td>118</td>
</tr>
<tr>
<td>1999</td>
<td>SOCROBUST</td>
<td>154</td>
</tr>
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<td>BORDER DISCOURSE</td>
<td>214</td>
</tr>
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<td>126</td>
</tr>
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<td>INNOVALOC</td>
<td>194</td>
</tr>
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<td>2000</td>
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<td>110</td>
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<td>2000</td>
<td>EMEP</td>
<td>192</td>
</tr>
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<td>PEN-REF</td>
<td>108</td>
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<td>2000</td>
<td>CHER</td>
<td>260</td>
</tr>
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<td>2000</td>
<td>GENRE ET LOCALE</td>
<td>34</td>
</tr>
<tr>
<td>2000</td>
<td>FENICS 1999</td>
<td>16</td>
</tr>
<tr>
<td>2000</td>
<td>GENDERQUAL</td>
<td>36</td>
</tr>
<tr>
<td>2000</td>
<td>GOVERN PARTICIPATORY</td>
<td>218</td>
</tr>
<tr>
<td>2000</td>
<td>CoCKEAS</td>
<td>156</td>
</tr>
<tr>
<td>2000</td>
<td>LABFSI</td>
<td>190</td>
</tr>
<tr>
<td>2000</td>
<td>ORGLEAN</td>
<td>158</td>
</tr>
<tr>
<td>2000</td>
<td>IAPASIS</td>
<td>212</td>
</tr>
<tr>
<td>2000</td>
<td>CONSCISE</td>
<td>106</td>
</tr>
<tr>
<td>2000</td>
<td>IDNET</td>
<td>222</td>
</tr>
<tr>
<td>2000</td>
<td>AITEG</td>
<td>202</td>
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<td>2000</td>
<td>DYNSOC</td>
<td>14</td>
</tr>
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<td>2000</td>
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<td>198</td>
</tr>
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<td>2000</td>
<td>FERP</td>
<td>186</td>
</tr>
<tr>
<td>2000</td>
<td>DEMPARTY</td>
<td>220</td>
</tr>
<tr>
<td>2000</td>
<td>IPROSEC</td>
<td>12</td>
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<tr>
<td>2000</td>
<td>ENOPRI</td>
<td>102</td>
</tr>
<tr>
<td>2000</td>
<td>Growth and EU Labour Markets</td>
<td>124</td>
</tr>
<tr>
<td>2000</td>
<td>EU-COMMITTEES</td>
<td>216</td>
</tr>
<tr>
<td>2000</td>
<td>RETURN</td>
<td>104</td>
</tr>
<tr>
<td>2000</td>
<td>PFM</td>
<td>184</td>
</tr>
<tr>
<td>2000</td>
<td>The Social Problem of Men</td>
<td>32</td>
</tr>
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<td>EIFC</td>
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<td>Internationalisation of European SME</td>
<td>196</td>
</tr>
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<td>2000</td>
<td>LoWER</td>
<td>128</td>
</tr>
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<td>MACROTEC</td>
<td>188</td>
</tr>
<tr>
<td>2000</td>
<td>FAME</td>
<td>134</td>
</tr>
<tr>
<td>2000</td>
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<td>2000</td>
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<td>132</td>
</tr>
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<td>HFW</td>
<td>130</td>
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<td>INNOFLEX</td>
<td>54</td>
</tr>
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<td>2001</td>
<td>ESSIE</td>
<td>262</td>
</tr>
<tr>
<td>2001</td>
<td>PARADYS</td>
<td>228</td>
</tr>
<tr>
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<td>DEMPATEM</td>
<td>140</td>
</tr>
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<td>EUROPUB</td>
<td>232</td>
</tr>
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<td>2001</td>
<td>Ezonoepus</td>
<td>250</td>
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<td>ACCESSLAB</td>
<td>242</td>
</tr>
<tr>
<td>2001</td>
<td>PubAcc</td>
<td>234</td>
</tr>
<tr>
<td>2001</td>
<td>Marginalisation</td>
<td>136</td>
</tr>
<tr>
<td>2001</td>
<td>Work Changes Gender</td>
<td>42</td>
</tr>
<tr>
<td>2001</td>
<td>SOC’HO</td>
<td>62</td>
</tr>
<tr>
<td>2001</td>
<td>Productivity Gap</td>
<td>246</td>
</tr>
</tbody>
</table>
2001 SUSTRA 56
2001 ESOPE 138
2001 PEMINT 60
2001 ADAPT 252
2001 CEI 230
2001 Neighbourhood Govern 68
2001 ENMOB 162
2001 EPKE 204
2001 SINGOCOM 64
2001 Flex.Com 142
2001 GOVECOR 224
2001 UPE 22
2001 EUROPU. COM 226
2001 MSU 38
2001 SIREN 18
2001 STAGE 238
2001 Youth and European Identity 236
2001 FATE 20
2001 NORMEC 70
2001 WRAMSOC 66
2001 Organising for Enlargement 248
2001 EUCOWE 264
2001 MOCHO 46
2001 WORKALO 74
2001 ENIQ 24
2001 FLOWENLA 244
2001 EWSI 40
2001 TENIA 208
2001 MICRESA 72
2001 GRINE 44
2001 SETI 206
2001 TELL 160
2003 CHANGEQUAL 26
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