

Unemployment and Employment Policy at the Local Level

A Comparative Case Study

by Jan Kunz

Academic Dissertation
University of Tampere
Department of Social Policy and Social Work
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STUDIES IN EUROPEAN
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Abstract

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This study deals with employment policy measures and the effects of unemployment at the end of the twentieth century in the Finnish region of Tampere and the German region of Giessen. In doing so it combines elements of the *Arbeitslosigkeitsforschung* (the investigation of reasons and general effects of unemployment as well as possible solutions for the problem) with elements of the *Arbeitslosenforschung* (the investigation of who the unemployed are and what the unemployment means for them). For comparison of the social and economic situations in Tampere and Giessen an actor-centred approach was chosen. The focus is on governmental and non-governmental actors in the field of the regional employment policy as well as long-term unemployed people. The outcome of the study indicates similar individual and social effects of unemployment in the research regions. Many parallels were also found concerning the individual strategies of the governmental and non-governmental actors. On the other hand, fundamental differences could be observed with regard to the level of regional networking and the orientation towards the European Union. In both cases, Tampere performed better than Giessen, which contributed to a drastic reduction of the unemployment. The differences and similarities between the research regions are explained by the following three conclusions: first of all, local strategies do not depend exclusively on European or national defaults but also to a large extent on region specific factors (in this case the historical role of the municipalities, the level of corporatism and consensus orientation, the perception of the unemployment and the general economic framework). Secondly, regions have the potential to overcome labour market crises and social exclusion to a certain extent, but only if the conditions are right and if there is the political will to do so. And thirdly, many of the similarities on the individual level are due to the influence of the *Capitalist ethic* on the meaning and functions of work in both German and Finnish society, while the correspondence of problems on the regional level must be seen in connection with the similar tasks and forms of organisations on behalf of the local governmental actors.

The author

Jan Kunz was born in 1971 in Weilburg, Germany. In 1997 he wrote his diploma in Social Sciences at the Justus-Liebig-University in Gießen, Germany, and in the same year graduated additionally as Master of Arts in Political Science. Since 1998, Kunz has been conducting research for his Ph.D. at the University of Tampere, Finland. In 2001 he began lecturing at the International School of Social Sciences at the University of Tampere. One year later he took a post as researcher on the EU-financed Ecocity project which focuses on urban sustainable development.

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Abbreviations

ALI	<i>Arbeitsloseninitiative</i> – Association of Unemployed People
AOK	<i>Allgemeine Ortskrankenkassen</i> – General Health Insurance Scheme
AQUA	<i>Ausbildung, Qualifizierung und Arbeit</i> – Education, Qualification and Work
BAFF	<i>Betriebliche Ausbildung für Frauen</i> – Apprenticeships in Companies for Women
BASS	<i>Betriebliche Ausbildung statt Sozialhilfe</i> – Apprenticeships in Companies instead of Income Support
DAA	<i>Deutsche Angestellten-Akademie</i> – Academy of the German Employees
DGB	<i>Deutscher Gewerkschafts Bund</i> – German Trade Union Federation
EES	European Employment Strategy
ESF	European Social Fund
EU	European Union
Eurostat	Statistical Office of the European Communities
FinA	<i>Frauen in Ausbildung</i> – Women in education
GDR	German Democratic Republic
Gi	Giessen
IAB	<i>Institut für Arbeitsmarkt und Berufsforschung (der Bundesanstalt für Arbeit)</i> – Institute for Employment Research (of the Federal Employment Service)
IBS	<i>Institut für Berufs- und Sozialpädagogik</i> – Institute for Occupational and Educational Pedagogic.
IJB	<i>Initiative für Jugendberufsbildung der sozialen Brennpunkte in Giessen</i> – Initiative for the Education of the Youth in the Social Crises Areas of Giessen
ILO	International Labour Office
KELA	<i>Kansaneläkelaitos</i> – Social Security Institution
OECD	Organisation for Economic Co-operation and Development
RAY	<i>Raha-automaattiyhdistys</i> – Finnish Slot Machine Association

TE-Keskus	<i>Työvoima ja Elinkeinokeskus</i> – Employment and Economic Development Centre
Tre	Tampere
USSR	Union of Socialist Soviet Republics
ZAK	<i>Zentrales Arbeitsmarktkontor</i> – Central Labour Market Office
ZAUG	<i>Zentrum Arbeit und Umwelt – Giessener gemeinnützige Berufsbildungsgesellschaft</i> – Centre for Employment and Environment – Non-profit Making Vocational Training Company Giessen
ZELA	<i>Zentrum für Lernen und Arbeit</i> – Centre for Learning and Work
e.g.	<i>exempli gratia</i> – for instance
et al.	<i>et alii</i> (masculine), <i>et aliae</i> (feminine) or <i>et alia</i> (neuter) – and others
etc.	<i>et cetera</i> – and so on
pers. int.	personal interview conducted by the author (the interview partners are listed separately in the reference list)
web doc.	document from the internet; hence there are no page numbers available

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English translation of names and terms

Finnish	English
Aurinkotalo	'Sun house'
Ensimetri	'First meter'
Hervannan Seudun Työttömät ry	Association for Unemployed People in the Hervanta Region (suburb of Tampere)
Kansaneläkelaitos (KELA)	Social Insurance Institution
Kokonaisvaltaisen alihankintavientipalveluyksikön kehittäminen	Development of a holistic outsourcing/export unit (name of a project)
Lempäälän Pienyrityskeskus (Lempotek)	Centre for Small Enterprises
Monet	'Many' or 'several' (refers to the sentence 'many are the pathways towards inclusion')
Musta Lammas	'Black sheep'
Oma Ura project	'Own career' project
Pääomasijoitustoiminnan kehittäminen Pirkanmaalla	Development of investment activities in Pirkanmaa
Parasta Pirkanmaalta-kampanja	'Best of Pirkanmaa' campaign
Pirkanmaa Helsingissä 1999 – maakuntatapahtuma	'Pirkanmaa in Helsinki 1999' – event displaying the Pirkanmaa province
Pirkanmaan Jätehuolto Oy	Regional waste disposal company
Pirkanmaan Liitto	Council of the Tampere Region
Pirkanmaan Paluumuuttajien Kotoutumisprojekti	Project for re-migrants in Pirkanmaa
Pirkanmaan Yhteistoimintajärjestö ry	Regional confederation of associations for unemployed people

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Puhdastilapesulan markkinatutkimus	Research about the creation of a central laundry
Puhtia ry	'Energy' or 'Power Association'
Raha-Automaattiyhdistys (RAY)	Slot Machinery Association
Rullaava Rekrytointi project	'Ongoing recruitment' project
Ruoka Pankki	'Food bank'
Sateenkari project	Rainbow project
Sopimusvuori	Name of an association (no direct translation possible)
Suomen Elämäntapaliitto	Finnish Union for Healthy Life, former Absolutist Union
Tallipiha-projekti	'Stable Yard' project
Tammermet	Combination of the words Tampere / Tammerfors and <i>metalli</i> , which means metal.
14 Tammerrak	Combination of the words Tampere / Tammerfors and <i>rakennus</i> , which means construction.
Tampereen Evankelisluterilainen Seurakuntayhtymä	Evangelic-Lutheran Parishes of Tampere
Tampereen Seudun Kumppanuus-projekti	Tampere-Pirkkala Territorial Employment Pact
Tampereen Seudun Työttömät ry	Association for Unemployed People in the Tampere Region
TE-Keskus	(see <i>Työvoima- ja Elinkeinokeskus</i>)
Työttömien Toimintakeskus	Work and Activity Centre for Unemployed People
Työttömien Valtakunnallinen Yhteistoimintajärjestö ry	National Organisation for Associations of Unemployed People
Työvoima- ja Elinkeinokeskus (TE-Keskus)	Centre for Employment and Economic Development

Uuden sukupolven yritteliäs Pirkanmaa	New Generation Entrepreneurial Pirkanmaa
Verkosten Sanomat	'Network News' (newspaper of a network)
Yhdessä Eteenpäin project	'Forward together' project
Yhteiskunnallinen työ	Work in the field of social responsibility

German	English
Arbeitsloseninitiative (ALI) Giessen	Association of Unemployed People in Giessen
Arbeitsloseninitiative 2000	Association of Unemployed People 2000
Ausbildung, Qualifizierung und Arbeit (AQUA)	Education, Qualification and Work
Betriebliche Ausbildung für Frauen (BAFF)	Apprenticeships in Companies for Women
Betriebliche Ausbildung statt Sozialhilfe (BASS)	Apprenticeships in Companies instead of Income Support
Bildungs- und Beschäftigungsträger	Actors, who are involved in job creation schemes or organise training and education measures.
Bildungswerk der Hessischen Wirtschaft	Educational Institute of the Hessian Economy
Bundesanstalt für Arbeit	Federal Employment Service
Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung	Federal Institution for Employment Exchange and Unemployment Insurance
Bundesministerium für Familie, Senioren, Frauen und Jugend	Federal Ministry for Family, Pensioners, Women and Youth
Bündnis für Arbeit	Alliance for Jobs

Deutsche Angestellten-Akademie (DAA)	Academy of German Employees
Deutsche Angestellten-Gewerkschaft	Trade Union of German Employees
Deutscher Gewerkschaftsbund (DGB)	German Trade Union Federation
Deutscher Städte und Gemeindebund	German City and Community Federation
Europaviertel	European neighbourhood (name of an area in Giessen)
Fit für den Wiedereinstieg	Fit for Reintegration (into the labour market)
Frauen in Ausbildung (FinA)	Women in education
Gerätezusammensetzer	Machine Composer
16 Giessener Bündnis für Soziale Gerechtigkeit	Alliance for Social Justice in Giessen
Gründerzentrum	Centre for new Entrepreneurs
Heilerziehungspflege	Special education in the field of nursing
Hilfe zum Lebensunterhalt	Income support
Hessisches Ministerium für Umwelt, Energie, Jugend, Familie und Gesundheit	(see <i>Hessisches Sozialministerium</i>)
Hessisches Sozialministerium	Hessian Ministry for Social Affairs. (Until the coalition of conservatives and liberals took over government in the State of Hesse in spring 1999, the ministry was named <i>Hessisches Ministerium für Umwelt, Energie, Jugend, Familie und Gesundheit</i> . Therefore both names are used.)

Initiative für Jugendberufsbildung der sozialen Brennpunkte in Giessen (IJB)	Initiative for the Education of Juveniles in the Social Crises Areas of Giessen
Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit (IAB)	Institute for Employment Research of the Federal Employment Service
Institut für Berufs- und Sozialpädagogik (IBS)	Institute for Occupational and Social Pedagogic
Jugendwerkstatt	Youth workshop
Jugend-Produktions-Schule	School where juveniles can produce something.
Kameralistische Haushaltslogik	Finance oriented budget logic
Kreisfreie Städte	Independent cities, which do not belong to any district.
Länder	Federal States
Mädchen project	Project for girls
Neue Länder	The five new federal states in East Germany
Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung	Institution for Employment Exchange and Unemployment Insurance
Sozialhilfe	Income support
Stabsstelle Beschäftigungs- und Wirtschaftsförderung	Panel Department for Employment and Economic Support
Tischlein Deck Dich	The table which is setting itself (name of a project)
Überlebenstrategien in der Arbeitslosigkeit	Survival Strategies during Unemployment
Unterstützungskassen	Subsidy funds

Vereinigung der Hessischen Arbeitgeber	Association of Hessian Employers
Zentrales Arbeitsmarktkontor (ZAK)	Central Labour Market Office
Zentrum Arbeit und Umwelt – Giessener gemeinnützige Berufsbildungsgesellschaft (ZÄUG)	Centre for Employment and Environment – Non-profit Making Vocational Training Company Giessen
Zentrum für Lernen und Arbeit	Centre for Learning and Work
100.000-Jobs-Programm	100,000 Job Program (special employment program for juveniles)

*Nicht das, was er
mit seiner Arbeit erwirbt,
ist der eigentliche Lohn
des Menschen, sondern
was er durch sie wird.*

*(John Ruskin,
British art critic, social philosopher
and social reformer, 1819-1900)*

Preface

The idea to write my dissertation about ‘Unemployment and Employment Policy at the Local Level’ was born in 1997, during my second term as an exchange student in the International School of Social Sciences (ISSS) in Tampere, Finland. However, the roots of the project reach back to the year 1995, when Professor Dr. Dieter Eissel was lecturing about labour market policy at the Justus-Liebig-University in Giessen, Germany. His seminar as well as contacts to the *Arbeitsloseninitiative Giessen* inspired me to take a closer look at the social-psychological effects of long-term unemployment on one hand and local measures to solve employment crises on the other. Hence my dissertation at the University of Tampere (1998-2003) can be seen as continuation and deepening of my studies. An internship at the European Trade Union Institute in Brussels as well as my work as Scientific Assistant to Dr. Udo Bullmann, Member of the European Parliament, further increased my awareness of the topic.

Originally the project was designed as comparative study about the situation of long-term unemployed people in four European regions. After consultations with my supervisor, Professor Dr. Harri Melin, as well as Professor Dr. Gerd Schienstock from the Work Research Centre in Tampere, I came to the conclusion that it would be wise to concentrate the research on only two regions, namely Tampere in Finland and Giessen in Germany. Concurrently the local employment policy shifted more into the focus than initially planned, while the social-psychological situation of the long-term unemployed became a minor topic.

Despite the occasional feeling that I will never be able to conclude this project, I am now holding the latest version of my thesis in my hands. I am deliberately using the word ‘latest’ in this context as I have learned during my studies, that there is nothing like a ‘final version’ of a paper. There are always things which could have been done better, although it does not necessarily seem like it at the present but is only realised months or years later. Nevertheless, I am glad and satisfied that I have managed to get this far.

The publication of my dissertation would have been impossible without support from my teachers, friends and relatives. They believed in me and my project and I am very grateful for their encouragement. It would extend the size of a preface to mention all of them by name in the following, but still I would like to say *kiitos* (thank you) to some very special people. The first name on the list is my supervisor Harri Melin, who guided me through the ups and downs of writing a dissertation and supported me wherever and whenever it was necessary. Valuable help came also from Professor Dr. Matti Alestalo, Professor Dr. Asko Suikkanen and Dr. Matti Kortteinen. Their comments during preliminary examinations led to a complete restructuring and drastic shortening of my thesis. Professor Dr. Briitta Koskiaho-Cronström took a critical look at my papers before they were submitted. Special thanks belong to Professor Dr. Pertti Koistinen, who gave a number of interesting lectures and seminars about unemployment and labour market policy during my time at the University of Tampere. It was due to him that I could participate in several conferences and workshops. His recommendations were most helpful for the finalisation of my study. The results of the research project were evaluated by Seija Virkkala and Birgit Pfau-Effinger in spring 2004.

With regard to the ‘sponsors’ of my dissertation, I am grateful to the University of Tampere, which granted me a four-month scholarship as well as the Finnish Post-Graduate School in the Social Sciences (Sovako), which supported me for three months. The editors of the *Weilburger Tageblatt* always had some work for me as a freelancing journalist during summer, which allowed me to finance the bulk of the research myself. Material and logistical support for the field study was provided by the employment offices in Tampere and Giessen. The City of Tampere made a financial contribution to the printing costs of the book.

Tanja Kyykkä, Elina Venesmäki and Mirva Huhtaniska gave me a hand when I needed some translations into Finnish, while Jason Togneri, Jennifer Hall, Kathryn Elliott, Sam Dowse and Victoria Sutton significantly improved the spelling and the grammar of my English prose.

As far as my social environment is concerned, I have to send a big *Dankeschön* (thank you) to my *Lieblingskommilitonin* Anja Helmig (in former times Hoffmann). She is not only a good friend but also the best ‘secretary’ in the world. Thanks as well to Kati Hakala, Tanja Kyykkä, Seppo Parpo and all the others for the cheerful hours we spent together in Finland. During several hiking and ski-hiking trips in the wilderness of Lapland Hanna-Mari Sinilehto and Marko Lehti helped me to gather new energy for my work. A great deal of support came also from my parents, Helge and Harald Kunz. As they took me on numerous holiday trips to the far north, they are somehow to ‘blame’ for the fact that I have fallen in love with the ‘land of the midnight sun’. And then there is my grandma, Berta-Charlotte Kunz, who always knew that I would make it.

Last but not least I have to thank the local actors who sacrificed some of their limited time for my interviews, as well as the long-term unemployed who answered my questions. I hope and wish that the results of my research will help in one or the other way to improve the local employment policy as well as the social-psychological situation of the jobless in Tampere and Giessen.

Brussels, summer 2004

Jan Kunz

Introduction

Description of the research project

The project at hand deals with employment policy measures and the effects of unemployment at the end of the twentieth century in Western Europe. As this rather broad topic offers plenty of interesting research fields, it was important to narrow down the focus of the study. This aim was reached by concentrating particularly on the level of municipalities and their direct surroundings. By doing so however, another problem occurred: how to distinguish between the 'local' and the 'regional' level in the field of the employment policy. The term 'region', for example, has different meanings depending on the context in which it is used. From the perspective of the European Union, a 'region' can consist of several Member States, which are geographically linked; on the national or municipal level 'region' often refers to administrative units, such as districts or states; and individuals may associate the term 'region' with the area they live in (often detached from geographical and administrative borders) and/or to which they have developed a sense of belonging ('regional identity'). There may also be cultural differences connected to the usage of the term. In Finland for example the term 'region' seems to stand for much larger geographic areas than in Germany, which can be explained by the higher density of urban settlements in the latter case.

The definition of the term 'local' is not clear either, as it can refer to an administrative unit (e.g. a municipality), parts of an administrative unit (e.g. a suburb) or simply an urban quarter. In the field of employment policy, distinctions between the two levels are aggravated by the fact that many sub-national actors operate on the 'regional' (administrative unit between the national and municipal level) and the 'local' level (municipalities). In this study the term 'local' refers to a *geographical unit, that consists of a municipal centre and some smaller suburbs, villages and/or towns in the direct neighbourhood*. For reason of simplicity the terms 'local' and 'local level' are used synonymously to the terms 'region' and 'regional level' in the following.¹

¹ Likewise the terms 'municipality', 'city', and 'town' are used without drawing a distinction.

The selection of the local level as research object was motivated by two considerations: first of all, with regard to the combination of the topics 'employment policy' and 'effects of unemployment', the local level appears to be the most interesting one as local actors² are, on a direct and daily basis, confronted with the problems of unemployed people as well as consequences of labour market crises such as plant closures. Compared to that, the actors on the national or European level deal with the unemployment as a more abstract phenomenon in the shape of statistics, economic trends or financial considerations.

Secondly, there are strong indicators towards an increasing importance of the local and regional dimension when it comes to policy making. While nation states are losing power to supranational institutions such as the European Union (EU) or the World Trade Organisation, local activities seem to become a counterbalance for the negative effects of global trends and developments.

Globalisation underlies the recovery of local community power, the return of local cultural identity, the springing up of local forms of nationalism across the world. The impulse towards de-centralisation is part and parcel of globalising processes and at the same time as it pulls away from the nation, it pushes down below the level of the Nation State. (Anthony Giddens 2003 [1999]: *web doc.*)

This development is reflected in a reevaluation of local decision making, which means municipalities and regional actors get the right to have more and more input into matters. Concurrently the geographical scope of the local actors is increasing.

...subnational authorities have today a greater salience in policy-making terms and a new-found freedom to operate on a broader European scale [...]. This is quite different from the previous situation when most subnational authorities were more or less completely restrained

² In the following all organisations, institutions, associations and companies that are involved in the employment policy on the regional/local level (like municipalities, employment offices, churches, universities, trade unions, employers' associations, etc.) are referred to as 'local actors'. Only in cases where it seems necessary for the analysis a distinction is made between 'governmental actors' (local administrations, employment offices, etc.) and 'non-governmental actors' (local associations of unemployed people, trade unions, etc.).

by their national governments as to the kind of activities they might engage in and which were firmly limited within the boundaries of the nation-state. (Loughlin 2001a: 25)

As a result the traditional roles of nation states, regions (as administrative units) and municipalities are undergoing a process of redefinition, which also led to a redirection on the policy level. The declining interest of the nation state in the field of local and regional policy – in terms of financial support and political responsibility – increased the competition between regional actors for funds and investors (Loughlin 2001a, 2001b). Strong actors may profit from this situation, as it offers them the possibility to extend their anyhow dominant position, while weak actors are in danger of falling further behind. Hence, the theoretically increased scope of regions and municipalities depends in practice on the availability of adequate resources. When it comes to tax laws or the (re)distribution of revenues, for example, the course is still set on the national stage. In addition, individual municipalities have little or no influence on corporate decisions or general economic trends; hence, the regional level is located in a tension field between more responsibility on one hand and financial limitations on the other.

These general trends, which are underlined by the academic debate about the significance of the local and the global (see Loughlin 2001a), can also be found in the field of the employment policy. According to Arja Jolkkonen et al. (1999), regional approaches to labour market crises are a consequent reaction to globalisation. In the case of the EU Member States, for example, the responsibility in important policy fields has shifted from the national to the European level. As a result, 60 to 80 percent of all national decisions concerning economic and social policy are to some extent influenced by the EU already.³ This development is weakening the position of national governments, but it strengthens local initiatives as it is not possible to solve social and labour market problems in such a huge and diverse area as the European Union with centralised measures. In the view of Jolkkonen et al.

³ There is no scientific proof of this figure, as it is difficult to assess for example, if the European Union or the Member States should take credit for measures in the framework of the Open Method of Co-ordination (see below). Despite this fact, the factor 60 to 80 percent is used by policy makers, functionaries and scientists likewise, as it indicates a general trend.

it would hence be consequent, if national and European support for regional measures were increased in the future. At the same time, minimum standards for a community-level labour market policy should be laid down. These measures would simultaneously strengthen the regions and promote European integration.

The demand for strong local and regional actors in the field of employment policy is nothing new; in the mid 1980s, for example, Hans Maier (1986) argued that region specific problems, which are often connected to labour market crises, can only be solved with the help of decentralised approaches. In his opinion regional diversities and the lack of positive results from centralised economic and employment policy measures call for sub-national solutions. More autonomy for local and regional actors and adequate financial support are preconditions in this context. However, decentralisation and control over local resources give no guarantee that municipalities and districts would use their scope to promote the economic development, as after all it is up to local policy makers which priorities they set (see Waters 1985).

It has been suggested already that municipalities and districts do not act independently when it comes to labour market policy, but rather that regional strategies have to take national and European laws, regulations and support as well as the local labour market situation into account. In addition they should correspond to the problems and needs of the unemployed. The connection between the individual, national and European level on one hand and the regional level on the other is by no means a one way street with exclusive influence from the former to the latter. Therefore local and regional employment policy can affect the local labour markets, the situation of unemployed people, and at large, even national and European developments (see Figure 1).

Against this background it becomes apparent that the local and regional employment policy is a very complex phenomenon. In order to grasp its various facets the present study is not exclusively restricted to governmental actors, but takes non-governmental actors, such as associations of unemployed people or local networks to reduce social exclusion, likewise into account. Compared to the classical approach of local and regional policy, which is primarily focusing on political institutions and policy making, this actor-centred approach also pays attention to the professional experience and knowledge of third sector

experts. The fact that municipalities and self-help organisations have for example different capabilities to influence political decisions on the local level may lead to diverse assessments of the situation, but it does not reduce the value of the provided information as such. Hence both actors are equally important as sources.

The project at hand investigates the unemployment on two levels: first of all, the local and regional level, which means the consequences for districts and municipalities; and secondly, the individual level, which means the consequences for people who are involuntarily without work. With regard to the latter it is widely accepted among social scientists that labour market crises have a strong impact on the individual situations of job-seekers. According to studies by Richard Harrison (1978), Michael Frese (1985) and others (e.g. O'Connell and Russell 2001; Wolski-Prenger 1993; Hayes and Nutman 1981), social-psychological problems increase during the course of unemployment and make the re-entry of the unemployed into the labour market more difficult. Although the development is not a rectilinear process and exceptions can be found, long-term unemployed people suffer more from the involuntary absence of waged work than short-term unemployed. These considerations led to a neglect of short-term unemployment in the present research and a concentration on people who have been without work for more than twelve months.⁴

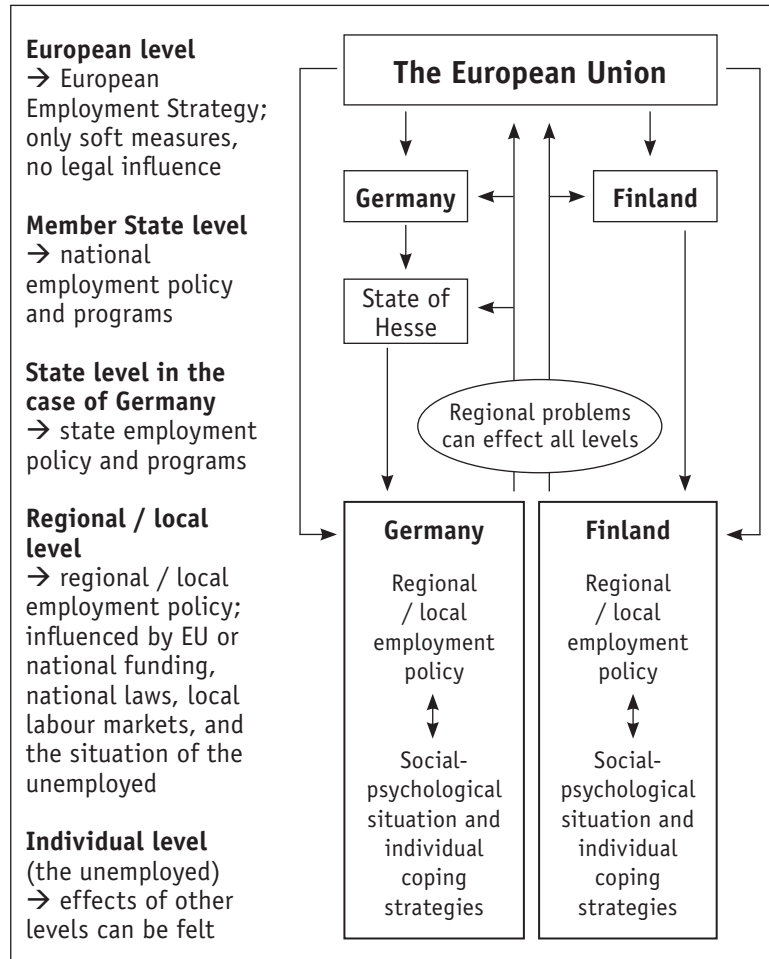
Another important decision was the limitation of the field study to just two European regions in two different Member States of the EU (see Figure 1). The intention behind this move was to facilitate the realisation of the research project and to reach a high level of clarity. At the same time the limitation had methodological advantages, which will be discussed later on.

With regard to the timeframe of the research, the end of the 1990s is a good study period. The economic crisis between 1991 and 1994 resulted in unknown heights of unemployment in many Member States of the EU. In order to counteract the development, economic restructuring and the search for new approaches in the field of the employment policy dominated the various political levels in the second half

⁴ Appendix 2 describes various states and types of employment and unemployment.

of the decade. Hence, the launch of the research project at the end of the 1990s offered the chance to take stock of new strategies and to assess their effectiveness. The field study was carried out between December 1998 and September 1999.

Figure 1: The influence of unemployment and employment policy on different levels⁵



⁵ The Finnish region of Tampere and the German region of Giessen have been chosen as research regions for the study (see below) and were therefore integrated in the chart.

The aims of the research project

The aim of the research project is to investigate, compare and analyse the employment policy as well as the effects of long-term unemployment in two European regions at the end of the 1990s. In this context there will be questions raised, such as what are the differences and similarities of the local employment policy and how can they be explained; what influence have European and national employment policy programs and how successful are they on the regional level; or what are the differences and similarities concerning the effects of long-term unemployment in the research regions. It is also interesting to see which factors influence the decision making in the field of the local employment policy and how the local measures are connected to the situation of long-term unemployed people.

The starting point of the research is a theory developed by Robert Putnam (2003 [1993]) about the coherence of social capital⁶ and regional development. During his famous study of six Italian regions (some of which were located in the rich north, others in the centre of Italy and some in the poor south), he discovered significant differences concerning their development, although the basic conditions (laws, regulations, general economic trends, etc.) were the same (see Putnam 1993). According to Putnam, the only explanation for this phenomenon is a different level of social capital, while he explicitly excludes the level of regional wealth as cause.

The historical record strongly suggests precisely the opposite: They [the regions] have become rich because they were civic. The social capital embodied in norms and networks of civic engagement seems to be a precondition for economic development, as well as for effective government. (Putnam 2003 [1993]: web doc.)

In addition to economic growth and good governance, regions with a substantial social capital are likely to have lower crime rates as well as healthier and better educated inhabitants. This means in reverse that the fostering and strengthening of social capital can help to overcome socio-economic crises. However, there are also some more cautious ap-

⁶ ‘...“social capital” refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit.’ (Putnam 2003 [1995]: web doc.)

proaches: first of all, strong social networks (as part of social capital in a region) have positive effects for the members of a community but may concurrently lead to the exclusion of non-members in certain cases; and secondly, the idea of social capital in the shape of tight networks and social control can be seen as revival of traditional (conservative) values, which may be opposed to the wish of individuals for more personal freedom and independence (see INFED 2003).

Despite the criticism, the link between social capital and regional development is highly interesting for the present study. The fact that political decisions on higher levels are obviously not the only, and maybe not even the decisive, elements for the development of a region takes the attention away from top-down approaches to labour market crises. Instead, the local level and bottom-up approaches shift into focus. On the other hand it would be wrong to ignore the general conditions and trends (e.g. increasing globalisation, economic upswings or downturns, as well as European support programs) completely, as they influence the life of unemployed individuals and determine the scope of the local actors. With these considerations and the above mentioned questions in mind, the following three hypotheses were developed, which serve as basis for the research.

- Hypothesis 1: *regional and local strategies and measures in the field of the employment policy do not depend exclusively on European or national defaults but also to a large extent on region-specific factors* → this means that highly centralised measures are doomed to fail as they do not take regional diversities into account, while decentralised measures offer no success guarantee either, as everything depends on the conditions in the respective region. If this assumption proves to be correct, it is of utmost importance for the policy making on the European and national level to identify factors which promote or inhibit the implementation of decentralised employment policy measures.
- Hypothesis 2: *regional and local actors can make a difference with regard to labour market crises* → this means that the regional or local level has the potential to counteract unemployment and social exclusion. If this assumption can be verified, it is interesting to find out which factors actually decide about the success or failure of social and employment policy measures on the local level and to in-

vestigate if positive examples can be applied elsewhere as well (good practice).

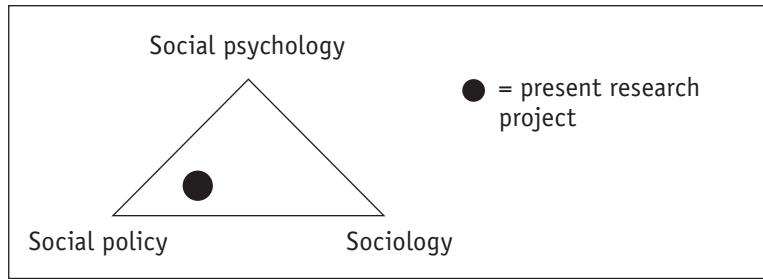
- Hypothesis 3: *the general effects of long-term unemployment are similar on the local and regional as well as the individual level in advanced industrial societies* → this means that despite different welfare state systems a high level of unemployment has the same negative effects on municipalities, districts and jobless people in different Member States of the European Union. If the research results support this assumption it is necessary to analyse the factors which are responsible for the similarities.

Due to the above mentioned limitations of the present study it will only be possible to make reliable statements about the hypotheses from the perspective of the research regions in question. In order to come up with some generalisations though, it is necessary to set the regional trends in relation to developments on the national or European level. This aim can be reached with the help of results from other research projects. In order to avoid any false expectations, it should be clear from the beginning, that the regional and individual level have been given priority over the national and European level during the research. Hence the latter will be treated more as a framework for the research than as a study object.

The location of the research project in the field of social sciences

In order to locate the research project within the field of social sciences, it is necessary to take a look at the focus of the study once again. The analysis of regional employment policy clearly puts it close to the discipline of social policy. On the other hand, the investigation of the effects of long-term unemployment on individuals contains elements from the field of social psychology, such as coping strategies of jobless people. In addition to that, general sociological theories like that of the *Capitalist ethic* or the functions of work in industrialised societies play an important role. Assuming the three mentioned disciplines of social sciences represent the corners of a triangle, the research project would be closest to the corner of social policy, but yet not totally away from the corners of sociology and social psychology (see Figure 2).

Figure 2: The research project within the field of social sciences

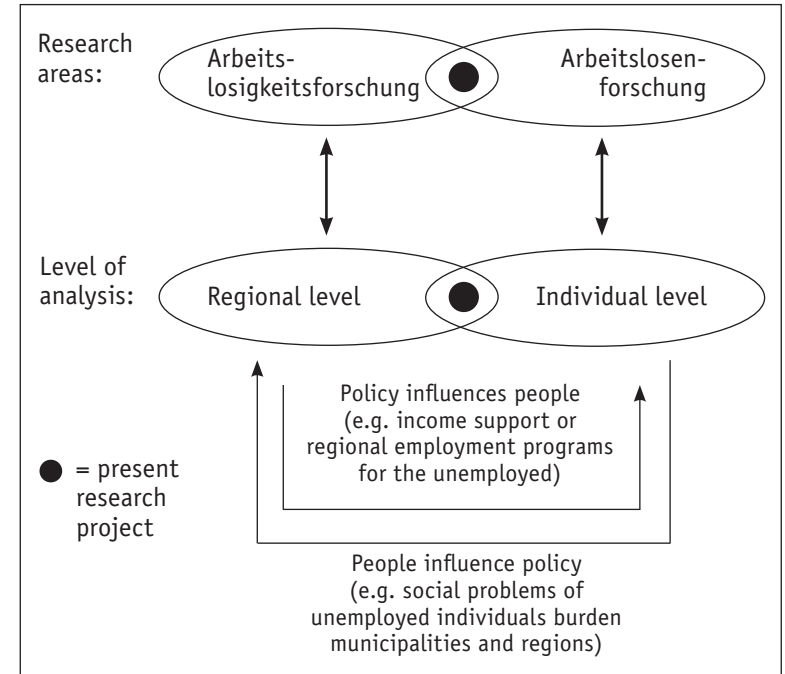


As the topics of the study (regional employment policy and effects of long-term unemployment on regions and individuals) indicate, the research project combines elements of the *Arbeitslosigkeitsforschung* (the investigation of reasons and general effects of unemployment as well as possible solutions for the problem; e.g. certain employment policy measures) with elements of the *Arbeitslosenforschung* (the investigation of who the unemployed are and what unemployment means for them; e.g. social-psychological effects of unemployment and individual coping strategies). This approach may astonish at first sight, as both fields offer numerous research and study possibilities themselves. However, a careful consideration indicates that there are several direct connections due to which a joint investigation is most practical, among them the dependency of many long-term unemployed on municipal income support or the concentration of unemployment in certain regions or residential areas, which endangers existing social and economic structures.

The present study will investigate topics in the field of the *Arbeitslosigkeitsforschung* on the regional level, while theories and elements in the field of the *Arbeitslosenforschung* will be analysed on the individual level (see Figure 3). As in the case of the two research fields, both levels are interconnected and hence considered a unit. For example, regional employment programs have the potential to influence the life of long-term unemployed people, while the individual situation of the jobless (e.g. a high level of social problems) influences the regional level. In other words: policy influences people (regional to individual level) and at the same time people influence policy (individual to regional level). However, to say which of these two processes was first or is more

important is as difficult to answer as the question about the chicken and the egg (which was first).

Figure 3: Research areas and levels of the study



The research methods

From a conceptual point of view this study investigates a broad range of social and economic issues related to the effects of the 1990 labour market crisis in two European regions. According to the definitions of Ragin (1987, 1994), the project can hence be considered as a comparative case study. Unlike quantitative studies, which concentrate on a limited number of variables, case-oriented research projects have the advantage that they are sensitive to complexity, which means the heterogeneity and particularity of individual cases. 'Thus, the relations between the parts of a whole are understood within the context of the whole, not within the context of general patterns of covariation between variables characterizing members of a population of comparable units.' (Ragin 1987: x) A big difference between multivariate statistical techniques and the method of qualitative comparison is their starting point: while the former sets out with simplifying as-

sumptions about causes and their interrelations as variables, the latter assumes maximum causal complexity and then mounts an assault on that complexity.

In the meaning of Ragin (1994), it is the specific combination of characteristics which makes case studies interesting and motivates scientists to explain conditions and causes of variations (see Table 1). 'Typically, qualitative oriented scholars examine only a few cases at a time, but their analyses are both *intensive* – addressing many aspects of cases – and *integrative* – examining how the different parts of a case fit together, both contextually and historically.' (Ragin 1994: 299) This means in practice that the analysis is focusing on a few significant examples in order to answer complex research questions. The macro-social dimension plays a key role in this context: 'at a very general level, comparativists are interested in identifying the similarities and differences among macrosocial units' (Ragin 1987: 6). The knowledge gained in the course of the research helps to understand diverse situations and structures in different societies. According to Janoski and Hicks (1994: 6) the objective of comparative research on a cross-national level is to 'escape cultural hegemony (or ethnocentrism)', in order to 'find sociological rules or generalizations about societies'.

Table 1: Key characteristics of case-oriented research strategies

<i>Main fields</i>	<i>Characteristics</i>
View of cases	<ul style="list-style-type: none"> • Singular entities • Small number of cases • Intensive-integrative examination
Understanding of causation	<ul style="list-style-type: none"> • Multiple conjunctural causation • Historical or genetic causation • Temporal order studied directly • Invariant relationships
Explanation	<ul style="list-style-type: none"> • Integrative accounts • Interpretive explanations • Historically specific
Goals	<ul style="list-style-type: none"> • Knowledge of cases • Understanding patterns of diversity • Use/apply/advance theory

Source: Ragin (1994: 302)

With regard to the topics of the study at hand the design as comparative case study was the most feasible approach: first of all, it allows a close look at the employment and social situation in the two research regions; secondly, it is an ideal instrument to indicate how individual and local actors in different parts of an increasingly integrating Europe are dealing with the problem of unemployment; and thirdly, it helps to understand the coherence between political, economical, cultural, social and historical factors on one hand and the ability to solve labour market crises on the other. After all, comparative case studies in the field of the social and employment policy are able to support the development of new strategies which promote social inclusion, economic growth and the creation of jobs. At the same time they prevent a neglect of regional diversities.

Despite their obvious advantages, comparative case studies also have some weak points. Due to geographical and numerical limitations, for example, it is difficult to come up with generalisations. This is a standard criticism of scientists who oppose case studies as research method (Ragin 1987). However, the problem can be solved as Duncan Gallie (1978) demonstrated, for example, in his study about *Automation and social integration within the capitalist enterprise*. By focusing just on two oil refineries in France and two in Britain, which all belonged to the same company, he was able to analyse what impact the growth of a highly automated industrial sector has on the social integration of the workforce, the management structures and the nature of trade unionism. When Gallie conceptualised his research, he was aware of the effects of geographical and numerical limitations:

This poses, of course, the problem of the representativity of our refineries within the wider set. Our main approach to this question was to ask the refinery managers and union leaders for their opinion, and to take into account the data that were available in the literature. (Gallie 1978: 40)

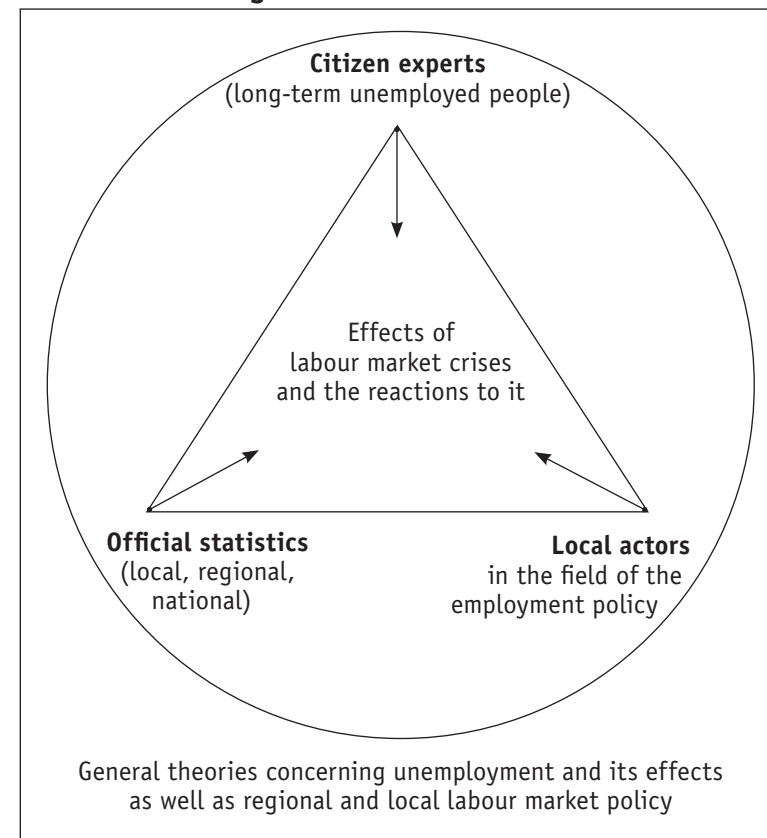
According to Gallie, the crucial point in this context is not to focus exclusively on one particular approach, but rather to combine several research methods. 'Most methods, if used in isolation, have substantial and well known pitfalls. The best chance of grasping the reality of the situation is to bring as many types of data as possible to bear on the same problem.' (Gallie 1978: 46) Therefore Gallie applied a

set of three methods for his research: a survey, a study of documentary material, and interviews with key actors. This approach is known as ‘triangulation’ (Brewer and Hunter 1989: 17) or ‘mixed methods’ (Jacobsen 2003: web doc.). ‘Its fundamental strategy is to attack a research problem with an arsenal of methods that have non-overlapping weaknesses in addition to their complementary strength.’ (Brewer and Hunter 1989: 17) In practice, the researcher uses two or more different methods, theories, data sources, etc. to study a certain phenomenon. Ann Hilton (2003: web doc.) distinguishes between a number of different triangulation types in this context: investigator triangulation (different perspectives on the same topic), data triangulation (different sources concerning the same topic), time triangulation (data about the same topic from different points in time), space triangulation (data about the same topic from different places), person triangulation (data about the same topic from different individuals, groups, and collectives), theory triangulation (use of competing theories concerning the same topic), method triangulation (different research methods to analyse the same topic), and analysis triangulation (different strategies to analyse the same data set).

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The triangulation method appeared to be the most effective approach for the present research project. In order to gather as much data as possible about the effects of the 1990 labour market crises in the research regions and the reactions to them, three different information sources were singled out: first of all, local, national and European authorities (data format: official statistics); secondly, long-term unemployed people living in the research regions (data format: answers to a questionnaire); and thirdly, local actors in the field of the employment policy (data format: interview transcripts). The information provided by the different sources was used to paint a broad picture of the social and economic situation in the research regions. For the final analysis, all different levels were brought together and embedded in a wider framework of general theories concerning labour market crises and their effects (see Figure 4). By doing so the methodological approach of this study can be regarded as ‘data triangulation’ (‘multiple data sources with a similar foci to obtain diverse views through a range of data about [a] topic’) as laid down by Hilton (2003: web doc.).

Figure 4: Sources of information for the data triangulation



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Apart from the analysis of official statistics, the field study in the research regions was designed to produce qualitative information. The initial idea of a quantitative approach in shape of a survey was turned down for two reasons: first of all, concerning the local actors in the field of the employment policy, a survey would have been of no use due to their small number; and secondly, concerning the long-term unemployed, it was doubtful that a representative amount of people in the research regions would be willing to answer questionnaires which allow an assessment of their situation, not to mention all kind of problems with data protection on behalf of the employment offices. Against this background personal interviews with local actors were conducted (see Chapter 6.1) and written questions sent to a limited

number of long-term unemployed (see Chapter 7.1). With regard to the selected sources, two important points need to be discussed: on one hand, evaluation methods in the field of the local employment policy (concerning the information provided by the local actors), and on the other hand the concept of citizen expertise (concerning the information provided by the long-term unemployed).

Evaluation in the field of regional employment policy

The evaluation of interventions on behalf of governmental and non-governmental actors in the field of the employment policy means judging the value of specific measures and projects (e.g. wage subsidies or the creation of jobs in the second labour market) in relation to explicit criteria (e.g. a reduction of unemployment or the training of unemployed people). ‘The purpose of evaluation is to check the *raison d’être* of a public intervention, to confirm both reproducible success stories and failures not to be repeated, and to report back to citizens.’ (European Commission 1999b: 17)⁷ The first scientific evaluation methods were developed in the 1950s in the United States of America; hence it is no surprise that the American administration was the first one to perform evaluations on a wider scale in the 1960s. While evaluation was seen in the beginning as some kind of experimenting with social programs in order to produce knowledge, it was later discovered as a tool to improve the actions of public authorities and to manage budgetary restrictions. ‘Its practical usefulness can be defined as the linking up of objectives, resources, results and effects of interventions, with a view to improving the efficiency and effectiveness of a programme.’ (European Commission 1999b: 18)

With regard to the employment policy, scientific evaluation allows a

⁷ The cited source is a six volume publication concerning methods of evaluating structural policies. It has been drafted in the framework of the EU financed MEANS program (MEANS is the French acronym for ‘Methods for Evaluating Actions of a Structural Nature’). As far as the realisation of the program is concerned, the Centre for European Evaluation Expertise (C3E) was responsible. There have been numerous independent experts working on the study, however, as is usual with this kind of programs only the European Commission is mentioned as source (for further details see European Commission 1999b).

thorough study of the impacts that governmental and non-governmental interventions have on different levels (e.g. individual, regional, national, European). They are not only used to underline the success or failure of a concluded project (ex-post evaluation) and to monitor ongoing measures (mid-term evaluation) but also to predict possible effects before an intervention is made (ex-ante evaluation). On the other hand, it is difficult, if not impossible, for impact analyses to say what would have happened without a certain intervention (e.g. if the unemployment in a region would have declined even without a governmental employment program). One reason for this is the complexity of socio-economic problems (European Commission 1999b).

For the assessment of the employment policy in the two research regions selected for the study, it was necessary to gather information about the regional employment policy and the local labour market situation. In theory there are different ways to do so, such as interviewing local policy makers, analysing party programs, investigating declarations of intent by local associations and organisations, comparing statistics, etc. However, the emphasis of the research at hand lays on existing projects and actual measures on behalf of governmental and non-governmental actors in the field of the employment policy. This move was motivated by the following considerations: first of all, it identifies common obstacles and core aspects of the actors and their work, and secondly, it highlights feasible solutions of how to cope with labour market crises and their effect on different levels (e.g. individual, regional, national and European). ‘The underlying philosophy is that despite specificities of “areas”, lessons from individual regions/cases can also enrich and improve what are already considered to be good practices in other regions.’ (European Commission 2000b: 8) With regard to the present research the evaluation of concrete interventions also helped to avoid the ‘minefield’ of local party politics and allowed cover of the whole spectrum of the regional employment policy.

According to the European Commission (2000b; 2000c; 1999c), a scientific approach to projects and measures in the field of the employment policy should focus on their objectives, partners, background, target population, and main features (e.g. methodology and tools). Special attention should be paid to the building of networks as well as special target groups of policy measures, such as long-term unemployed people or low skilled immigrants. Other fields of relevance are

the financial resources of the actors involved, the investment in human resources and infrastructure, the number of jobs created, the number of courses offered, and the success rate of the measures. A summary of key findings as well as recommendations for future actions should round up the research. The present study followed these guidelines.

The concept of citizen expertise

As the idea of a survey among long-term unemployed people was discarded, the necessary information about the situation of jobless people in the two research regions had to be gathered otherwise. This aim was reached with the help of an anonymous inquiry. The approach is based on the concept of citizen expertise, which minimises problems connected to the validity and reliability of field studies. According to Kimmo Saaristo (2000) expertise should not be understood in terms of scientific education, professionalism or institutional membership but as something open and contextual. A citizen may have acquired a considerable amount of knowledge about a topic simply because they have lived in an area for a long time, they have experienced certain circumstances in their life, or they are familiar with the application of certain techniques on the basis of traditions. Unlike the often systematic and universal approaches to expertise in the fields of science, professions and institutions, citizen expertise is often local, practice related, and hence limited with regard to its significance. It is a kind of ‘knowing in action’ (Saaristo 2000: 190), which is disregarded by traditional experts such as authorities or professionals.

Against the background of the increasing complexity of modern social life, Saaristo argues that expertise is a social position rather than the result of education; it is ‘something shared and negotiated; it is a function of intersubjective communication’ (Saaristo 2000: 191). If this point of view is taken seriously, it has important consequences for policy-making, especially on the local and regional level. Saaristo’s concept of citizen experts is fundamentally opposed to the ways in which policy makers and civil servants usually define the role of citizens. They treat people as customers at best, or reduce them to voters, who are only allowed to speak up during elections but should not interfere otherwise, at worst. The concept of citizen expertise on the other hand stresses the role of people as *mündige Bürger* (responsible

or mature citizens)⁸ and calls for more participation in decision making processes as well as more social responsibility.

The concept of citizen expertise has influenced the design of the present study insofar as it allows the gathering of information about the regional employment policy and the effects of long-term unemployment by inquiring a small number of people. An important precondition to become a citizen expert in this context was the absence of waged work for more than twelve months (the official definition of long-term unemployment). The unemployed citizen is the best expert with regard to his own situation and the environment he lives in. He knows best the world of unemployed people and can give information about this world. Therefore the assessments of citizen experts have to be considered as valuable and correct as the assessments of professional and institutional experts. In order to avoid any mix-up of the two different expert groups, the long-term unemployed are referred to as citizen experts in the following, while the latter group are called local actors, as mentioned above.

Tampere and Giessen

– The presentation of the research regions⁹

For the empirical part of the study, the Finnish city of Tampere and the German city of Giessen were chosen. Besides scientific considerations (see below) the selection was influenced by the fact that the author has been studying and living in both towns and therefore has a strong personal interest in their development. As some statistical information is not available for the municipalities themselves, but only for bigger administrative areas, the focus shifts occasionally to higher administrative levels, such as the Tampere region¹⁰ or the Giessen re-

⁸ The concept of ‘responsible’ or ‘mature citizens’ is closely connected to the idea of the ‘civil society’ which was developed in the works of John Locke, Montesquieu, Immanuel Kant and others (Kocka 2003).

⁹ A map in Appendix 1 indicates the geographical location of Tampere and Giessen.

¹⁰ The Tampere region consists of Tampere city and the municipalities of Kangasala, Lempäälä, Nokia, Pirkkala, Vesilahti and Ylöjärvi. In 1996 it had 284,000 inhabitants.

gion¹¹. The following sections give a brief review of the two research regions. More detailed information concerning their economic and labour market situations can be found in Chapter 5.

The city of Tampere¹²

The city of Tampere is located in south-west Finland, a driving distance of 180 kilometres away from Helsinki. With close to 200,000 inhabitants, it is the biggest inland city in Scandinavia and the economic, cultural and communicational centre of the Pirkanmaa region. Furthermore, Tampere has important functions in the fields of administration and education (two universities, two polytechnics and over 100 schools). One of the characteristics of the city is its location on a small isthmus between the two big lakes Näsijärvi and Pyhäjärvi, which are connected by the Tammerkoski rapids. However, due to steady population growth it has spread much further than the isthmus during the last decades. For the years to come the city administration expects a further population increase.

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The Tampere region is one of the oldest centres of civilisation in Finland. Between the eleventh and sixteenth century it was inhabited by tradesmen, hunters and tax collectors. The city itself was founded in 1775 by the Swedish King Gustav III, who ruled the Finnish territory at this time. Just eight years later, the building of a paper mill laid the foundation of the Finnish forest industry and the industrial development of the town. In this context the rapids played an important role, as they were not only a trade junction, but also a source of energy. In 1820 followed a cotton mill and in 1840 an ore smeltery, metal foundry and finishing plant, which was the beginning of the metal industry in Tampere. In 1882, only two years after the invention of the incandescent bulb, there was the first electric light in Tampere. Another important event in the economic history of the town was the

¹¹ The Giessen region is composed of the rural district of Giessen (which includes Giessen itself, nine small towns and eight villages) excluding the village of Biebertal. In 1996 it had 243,000 inhabitants.

¹² The following information were provided by the City of Tampere (1998; 1999).

year 1905, when the Finnish footwear industry was established. The development of Tampere as industrial heart of Finland had begun.

After the country had gained its independence from Russia in 1917 and managed to maintain its sovereignty during the Second World War, the economic development took up pace. An airport as well as good railway and road connections to other major cities in Finland were attractive for investors and companies and so the number of people gainfully employed went up from 53,700 in 1950 to 82,000 in 1990. At the same time some important changes could be observed in the economic orientation of the city. Between the beginning of the 1950s and the end of the 1970s, most of the jobs were located in the field of industrial production. This fact earned Tampere the nickname 'Manchester of Finland', an image which was actively supported by citizens and administration alike. However, during the 1980s, industrial production lost its importance and the focus shifted to the service sector. As a result, the economy in Tampere underwent a major restructuring process. By 1990 the share of industrial jobs had shrunk to 25 percent, while the service field grew to 41 percent and the retail field to 17 percent. Nevertheless the city was seriously hit by the economic crisis in Finland in the 1990s. The collapse of the USSR as well as the recession in the western markets had negative effects on the economic development of Tampere. All major industrial branches registered heavy losses and consequently reduced their number of employees: industrial sector production decreased its workforce by 5400 jobs (between 1990 and 1993), building trade by 2800 jobs and retail business by 5900 jobs. The service sector shrunk by 2400 employees, but nevertheless remained the strongest field with 31,500 jobs in total. Within three years the total number of jobs in Tampere fell from 82,000 to 64,600. The unemployment rate concurrently increased from 6 percent to 23 percent. In order to deal with the crisis, the economic focus of the city shifted once again at the end of the 1990s, away from the service society idea towards the field of information and communication technology.

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The city of Giessen¹³

The city of Giessen is located in the centre of West Germany in the State of Hesse, a driving distance of 60 kilometres north of Frankfurt/Main. The city, which banks the river Lahn, is a traffic-junction for trains as well as for vehicles. In 1996 Giessen had approximately 74,000 inhabitants, which is about 4000 less than at the beginning of the 1970s. Due to its small size and the fact that together there are more than 26,000 students at the university and the polytechnic (1996), Giessen is the city with the highest student percentage in Germany. 7000 jobs are offered by the university alone (1994) which makes it the most important employer in the region.

The history of Giessen began around 1150 and the oldest document known, in which Giessen is mentioned as a city, was composed in 1248. For a long time, until the city walls were finally dismantled at the beginning of the nineteenth century, the city was of strategic importance as military fortress. Since 1850 Giessen has had a railway connection which was a precondition for the settlement of modern industry (iron production and metal manufacturing, as well as tobacco companies). The First World War and the recession in the 1920s slowed down local development, but nevertheless a small airport was opened (which no longer exists). Over the years more and more little villages became a part of Giessen and in 1939 the town had about 42,000 inhabitants. At the same time it became an important centre for the administration. In the 1930s the national socialists turned Giessen in a military centre again, which was one of the reasons for the heavy bombardments during the Second World War that destroyed 70 percent of the city. In March 1945 Giessen was finally conquered by American troops, who remained stationed in the city until the 1990s – first as an occupying power and later as military allies of the Federal Republic of Germany.

Thanks to the functions of Giessen as military and industrial site, university city, and traffic junction, as well as an administrative and service centre, the economy was prosperous again at the beginning of the 1960s. At the same time the importance of the city in the re-

¹³ The following information were provided by the City of Giessen (1999) and Ludwig Brake (1999).

gion grew. However, plans to merge Giessen with the neighbouring city of Wetzlar in order to form a new urban centre failed. Due to the anyhow strong role of the city in the field of services, education and administration, restructuring tendencies towards a more service oriented economy were weak in the 1980s. Concurrently the situation of middle sized companies and the producing sector were neglected, as the economy was doing well. Although the economic development reached a new peak at the beginning of the 1990s, it was soon followed by a severe crisis. Between 1990 and 1996 the manufacturing industry alone lost around 3700 jobs. Other branches were hit as well, so that more than 12,000 people were involuntarily without work in 1997. Only the provision of 1800 new jobs in the service sector and 500 jobs in the fields of traffic and communication prevented a further increase of the unemployment rate. Besides structural problems, two main reasons can be singled out for this development: on one hand the general recession of the German economy, and on the other hand the withdrawal of American and German troops from the city. The latter phenomenon was an important turning point for the local economy. With the end of the East-West conflict in Europe, the military base in Giessen became superfluous and the barracks were closed. Due to this measure alone approximately 8000 to 10,500 jobs were directly or indirectly lost in the region.¹⁴ In order to counteract the economic decline, the city tried to compensate the army withdrawal by establishing new industries and companies in the former military areas and barracks.

Comparison between Tampere and Giessen

According to Gallie (1978), it is important for comparative case studies that research regions are of the same general type when it comes to key macro-structural criteria (e.g. the technological development, the population or the level of unemployment, depending on the focus of the respective study). At the same time there is a need for diversity, which means they have to be different enough in order to study re-

¹⁴ The figures include the withdrawn soldiers. As soldiers are not registered by the social insurance, the actual number of lost jobs in the region is higher than the official number of lost jobs calculated on the basis of employees subject to obligatory insurance.

gion-specific effects, like diverting strategies and policy in a certain field, or the influence of specific actors and structures. For his own study, Gallie selected research populations in different countries with very different cultural contexts, for example. The importance of similarities and differences for comparative case studies is also stressed by Ragin (1994):

‘The case-oriented strategy starts with the simple idea that there are distinct and singular entities [...] that parallel each other sufficiently to allow comparing and contrasting them [...]. The case-oriented strategy sees cases as meaningful but complex configurations of events and structures, and treats cases as singular, whole entities purposefully selected, not as homogeneous observations drawn at random from a pool of equally plausible selections. (Ragin 1994: 300)

The present research took up Gallie’s (1978) and Ragin’s (1994) approach and matches their criteria for the selection of research regions. An analysis of the above- mentioned characteristics of Tampere and Giessen indicates that both regions have a number of similarities (see Table 2). For example, they are both located in Member States of the European Union, they are both industrialised, they have both experienced above average unemployment in the 1990s and they both play an important role for their surrounding areas. Taking these and other similarities into account, one could argue that Tampere and Giessen belong to a single category of European regions and are therefore comparable. This fact allows the analysis of regional strategies to overcome the employment crisis or to ask questions about social-psychological problems connected to long-lasting mass unemployment in the research regions. It is also possible to study whether individual coping strategies of long-term unemployed people in Tampere and Giessen are different.

Apart from the similarities there are enough distinctions between the research regions (e.g. the development of the unemployment, the dimension of the unemployment, the welfare state regimes or the culture) to analyse the diversity of local strategies and policies as well as the influence of political decisions taken on the national or European level. The differences between Tampere and Giessen should be kept in mind, as they can determine the general perception of the unemployment or the potential to cope with certain problems.

Table 2: Similarities and differences of the research regions

Level		TAMPERE	GIESSEN
Local level	Location	south-west Finland	central West Germany
	Municipal population (1997)	189,000	73,000
Regional level	Regional population (1996) #	284,000	243,000
	Regional labour force (1996) #	139,000	100,000
	Unemployment (1997) *	19.9 %	11.8 %
	Development of unemployment	low unemployment until the 1990s, followed by a sharp rise	more or less steady rise since the 1980s
	Administrative and educational function	central in the region	central in the region
	Institutions of academic education	one university, one technical university and two polytechnics	one university and one polytechnic
National level	Economy	former industrial centre of Finland; shift to service sector and new technologies	one of many industrial towns and army bases in Germany; shift to service sector
	Level of unemployment (1990s)	above national average	above national average
European level	EU membership	(Finland) since 1995	(Germany) founding member of the EU and the organisations preceding its creation
	Level of unemployment (1990s)	above EU average	above EU average
	EU support to reduce unemployment and its effects	massive support for projects and networking in the region	only sporadic support for some projects

Note: * unemployment refers to the situation in Tampere city and Giessen region. # In the case of Tampere the municipalities of Tampere, Kangasala, Lempäälä, Nokia, Pirkkala, Vesilahti and Ylöjärvi; in the case of Giessen the District of Giessen (which includes Giessen itself, nine small towns and eight villages) excluding the village of Biebertal.

The structure of the book

The design of the present research project follows roughly the recommendations of Janoski and Hicks (1994: 7-13): after a description of the research topic and relevant theories connected to it, a decision about the time period of the study as well as the research regions was made. In a next step the necessary data was collected and analysed on the basis of various categories. Based on the results of this analysis, theories were developed that would explain the local situation. Concurrently, it was examined how far general patterns and explanations could be found. In the final step the research results were written up.

The design of the research (background study → field study → analysis and conclusion) is also reflected in the structure of the present essay, which is divided into three main sections. The first part, an introduction to unemployment and employment policy, consists of four chapters which present theories and background information for the research. *Chapter 1* analyses the nature and the effects of unemployment. It takes a close look at the development of the labour market in the European Union and some selected Member States (in this particular case Finland and Germany) in order to allow a better understanding of the general framework which influences the decisions taken in Tampere and Giessen. Furthermore it is discussed why unemployment is a problem in advanced industrial societies. The focus of *Chapter 2* is on welfare state regimes and labour market policy in Finland and Germany. The social and employment policy at the local level is the key topic in *Chapter 3*. After some general considerations, the employment policy on behalf of Finnish and German municipalities and non-governmental actors is analysed. As the actors on the European, national and regional level are not the only ones who have to deal with the effects of labour market crisis, *Chapter 4* concentrates on the situation of unemployed individuals and gives an overview of various coping strategies.

Part two of the book deals with labour market crises and their effects on the local level. Compared to the first part it is more descriptive than theoretical and contains the first analytical approaches. *Chapter 5*, for example, compares the labour market situation in the research regions in the 1990s and tries to answer the question of who the unemployed are in Tampere and Giessen. The local employment policy in the two

cities takes centre stage in the *Chapter 6* while *Chapter 7* is based on information provided by the long-term unemployed citizen experts and compares individual coping strategies in the research regions.

The third part of the book is an analysis of the employment policy and the effects of unemployment in Tampere and Giessen. Answers to the research questions can be found in *Chapter 8*. At the same time the validity of the three hypotheses mentioned above are investigated. *Chapter 9* gives recommendations for future measures in the field of the employment policy in the research regions and points out which other regions or actors can learn from the cases of Tampere and Giessen.

The *Reference list* at the end of the book is subdivided into a bibliography and an index of local actors who were personally interviewed by the author. The *Appendix* consists of altogether six parts: the first one is a map which indicates the geographical location of the research regions. It is followed by a brief chapter which describes different states and types of employment and unemployment, as well as an article about the difficulties of calculating the actual unemployment figures. The fourth part gives some brief descriptions of the local actors and projects, while the last part of the *Appendix* contains some additional tables.

In order to facilitate the reading of the book, a list of *frequently used abbreviations* can be found on page 11. For those who are not familiar with the Finnish and/or the German language, there is an *English translation of names and terms* on page 13. Each chapter of the book starts with a brief description of the most important points that will be discussed in the following. Likewise every chapter (with exception of the last one) ends with a comparison or some concluding remarks.

Part I:

**Unemployment
and
employment
policy**

1. Nature and effects of unemployment

The first chapter of the book is an introduction to the topic of unemployment and its effects at various levels, ranging from the European Union all the way down to individual job-seekers. The main focus is on the development of unemployment and long-term unemployment in Europe in general and in Finland and Germany in particular. In this context, the question discussed is why unemployment is a problem in advanced industrial societies at all.

1.1. Unemployment in the European Union and selected Member States

The demand and supply of labour is influenced by a number of different factors, among them demographic and migration trends, structure, growth and productivity of an economy, the social structure, level of welfare, and education system, as well as institutions and rules of the welfare system. Regulations in the field of employment policy have to take regional traditions, working culture, national laws and international agreements into account (Koistinen 1999). In times of labour market crises the effectiveness of the existing regulations is often called in question. This phenomenon could also be observed when the unemployment figures in the EU began to rise in the 1990s. There has been much discussion about the reasons for the labour market crisis. As the parties and actors involved have their own political and economic interests it is no surprise that the discourse was very much ideologically influenced. For example, trade unions blamed long working hours, overtime hours and the high pension age for the negative development, while employer's associations criticised the height of non-wage labour costs, state spending in the social field and the taxation system. Governments in turn demanded more private investments and apprenticeship places.

However, aside from the political decisions made on the national level, general reasons for the employment crisis in the 1990s can also be found. Anthony Giddens (1993) refers to a combination of four factors in this context: first of all, a rise of international competition, which must be seen in connection to the phenomenon of globalisation; sec-

ondly, several recessions and slowdowns of the world economy since the oil crisis in the 1970s; thirdly, a replacement of human labour by microelectronics in many economic sectors (the third industrial revolution); and last, a very high and partly growing number of women seeking employment, which results in the fact that more people are competing for an already low number of available jobs (see also Jackman 2002).

On the European level the labour market crisis of the 1990s is reflected in a strong increase in the number of jobless people. Between December 1990 and February 1994, the unemployment rate of the EU went up from 8.3 percent to 11.3 percent¹⁵ and in the mid 1990s there were partly more than 18 million people involuntarily without work (Eurostat 2000). Hence, the reduction of unemployment and its negative effects got top priority. The joint efforts of the Member States resulted in the development of the European Employment Strategy (EES) in the second half of the decade (see below). In combination with an improving economic situation in the EU (the average growth rate went up from 1.8 percent in 1996 to 3.3 percent in 2000), the EES contributed to the fact that the number of job-seekers has been decreasing between 1996 and 2000. Nevertheless, unemployment remained the main cause of poverty and social exclusion in Europe and therefore an unacceptable burden for society in the view of the European Commission. Because of that the creation of new jobs is still a key objective of the European Union (European Union 2000: web doc.).

With regard to the social and economic situation in Europe, it should be kept in mind that the EU is anything else but a homogeneous area, hence the general employment trends can be misleading when it comes to the actual situation in the Member States or particular regions. While the European unemployment rate stood at 9.4 percent in 1998, for example, the labour market situation was quite different in Spain with 15.2 percent unemployment and Luxembourg with 2.7 percent (Eurostat 2003: web doc.). The differences between individual regions are even more dramatic: while the central region of Portugal referred to an unemployment rate of only 2.1 percent in

¹⁵ East Germany is not included in the 1990 figures.

1998 the figure stood at 29.9 percent in the Spanish region of Andalusia. Big differences can also be found within the Member States themselves; Germany with its strong east-west division or Italy with its difference between the north and the south are the most striking examples in this context (Eurostat 2000b: 106).

A very interesting study has been carried out by Peter Auer (2000) in this context. He investigated the labour market success in Austria, Denmark, Ireland, and the Netherlands in the 1990s. Despite the general economic crisis in Europe, all four countries managed to reduce their unemployment or to keep it on a low level, while other countries like France, Spain or Italy were facing major problems. According to Auer's findings, a good macroeconomic policy, social dialogue as well as a good labour market policy and labour market reforms are responsible for the positive results. Social dialogue and corporatist governance, for example, created a climate of confidence and mutual information exchange between policy makers, employers, employees and other social actors in the four countries. This led to a moderate wage policy and reforms of social security systems without any major social unrest. A high level of social transfer in order to reduce poverty played also an important role in this context. In the field of macroeconomic policy, stable prices, interest rates and exchanges rates were key objectives. As the four countries had managed to reduce their budget deficits they were able to run a counter-cyclic investment policy, which stimulated economic growth. Concerning the labour market policy and labour market reforms, the focus was on income security and a high level of flexibility on behalf of companies. This aim was reached among others with income replacement schemes, part-time regulations, job-rotation schemes, and basic pension schemes, as well as the promotion of active employment policy measures, such as labour market training.

In some of his research regions Auer found a number of additional success factors. Among them are the openness of the economy which attracted foreign investments, financial support from the European Union, and a strong export orientation. The size of the countries is also a dimension which should not be neglected. Often, small countries have the advantage of rather homogeneous labour forces as well as better governability due to a small political elite. With regard to the latter phenomenon, informal contacts and close personal relationships

are of special importance (network societies). It will be interesting to see in the following how Auer's findings are related to the research results in Tampere and Giessen.

Comparing the labour market situation in Finland and Germany, it becomes obvious that both countries were hit several times by world wide economic recessions, including at the end of the 1960s, the mid/end of the 1970s, during the 1980s and at the beginning of the 1990s. In the case of the Finnish labour market, 1977 is an important year, as the number of unemployed crossed the 100,000-person limit and stayed above this margin for more than a decade. Although the Finnish state managed to cut down unemployment at the end of the 1970s, it was not able to prevent a new rise in the mid 1980s. Only after the introduction of new employment policy measures (see below) the number of jobless people dropped down to nearly 80,000 at the end of the 1980s. Germany, on the other hand, was less successful. Compared to the number of unemployed people in 1970, there has been a permanent rise. Although the figures retrograded at the end of the 1970s and in the second half of the 1980s, they were most of the time far beyond former levels.

In the 1990s Finland and Germany were both hit by the political and economic collapse of the USSR. As a direct consequence, Finland's eastern trade, which had been one of the most important pillars of the Finnish economy for many years, broke almost completely down. Concurrently, the Nordic country was facing a number of serious internal problems which speeded up the recession and resulted in a strong rise in the unemployment figures (see Figure 5). According to John Stephens (1996: 53), the crisis in Finland was 'as catastrophic as it was rapid'.

Part of Finland's problem is idiosyncratic: the collapse of Soviet trade. Otherwise we see familiar pattern. Deregulation of financial markets led to a (pro-cyclical) boom in consumer borrowing, inflation of asset prices, and overheating of the economy followed by banking collapse and consumer retrenchment. The banking crisis in Finland was [...] severe [...] costing the government and central bank the equivalent of 7 percent of GDP. (Stephens 1996: 53)

Raija Julkunen and Jouku Nätti (1999: 20-1) point out that the 'debt-financed boom' in the second half of the 1980s had to come to an end

when the international interest rates rose and the Finnish export performance deteriorated due to a lack of competitiveness and the collapse of exportations to the USSR (see also Kalela *et al.* 2001). The consequence was a financial- and banking crisis as well as a decrease in private consumption. The Association of Finnish Local and Regional Authorities also refers to a connection between various domestic and international developments, which finally led to the crash of the Finnish economy:

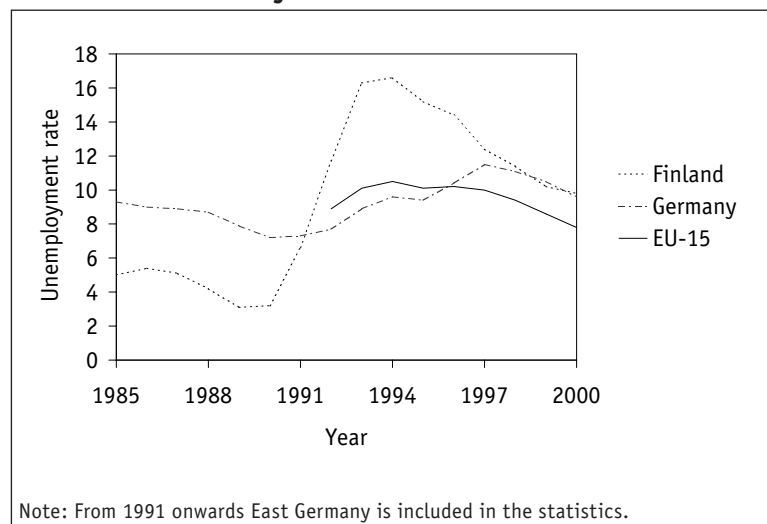
Reason for this [the labour market crisis] was the dramatic co-influence of several external shocks that coincided [with] the drop of domestic demand and inefficiencies in the Finnish economy: recession in the world economy, collapse in exports to the former Soviet Union, world wide over-capacity of the forest industry, deterioration of price competitiveness in western markets and reversal of favourable terms of trade. (Aronen and Salonen 1998: 4)

Germany, on the other hand, had to deal with the aftermath of the communistic planned economy on its own soil. As a consequence of the unification, West Germany 'inherited' the ineffective economy of East Germany, which collapsed when the system faced the free market and the trade with the former Eastern bloc states broke down. Many people lost their jobs. Due to the German unification and its effects the debts of the state rose to such a level that no financial means were anymore available to support an anti-cyclic employment and structural policy. At the same time, the economy had to face the effects of increasing globalisation in the 1990s, which led to the import of cheaper products and the shift of companies, branches or whole industries into other countries. In addition, drastic rationalisation measures, as well as a change from the industrial society into a post-industrial society with a strong service sector, could be observed (Maier 1996).

While the number of unemployed in the Nordic country declined in the second half of the 1990s, the trend in Germany remained negative. In 1998 the unemployment rate was over 11 percent for the second year in continuation, which means that on the annual average there were more than four million people involuntarily without work. It was not before the change of governments at the end of 1998 that special programs against youth unemployment were launched, attempts increased to revive the *Bündnis für Ar-*

*beit*¹⁶ (see below), non-wage labour costs were reduced, the tax system reformed and the level of debt stabilised.¹⁷

Table 5: Unemployment rates in the European Union, Finland and Germany 1985–2000



Sources: Työpoliittinen Aikakauskirja (2003: 45*); Eurostat (2003: web doc.); graphic by the author.

Long-term unemployment in Finland and Germany after the Second World War

The economic development during the 1980s and 1990s led to an enormous increase in long-term unemployment. In the case of Finland this was a new phenomenon, which is expressed in the fact that there were no data gathered in this field before 1981. After long last-

¹⁶ Background information on the *Bündnis für Arbeit* is provided, among others, on the homepages of the German government (Bundesregierung 2003), the German Trade Union Federation (Deutscher Gewerkschaftsbund 2003) and the Confederation of German Employer's Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände 2003).

¹⁷ The following years will show what results these measures have on the German labour market.

ing unemployment reached its peak in 1987, the Finnish government managed to solve the problem with the help of the Employment Act of the same year (see below). The result was that long-term unemployment nearly disappeared from the official statistics in 1990. However, the economic crisis in the first half of the 1990s brought it back on the political agenda in Finland (Eriksson 1996; Presidential Working Group on Employment 1994).

Over the last few years, the structure of unemployment has greatly deteriorated in that the number of long-term unemployed has risen rapidly... [...] In 1990, there was an average of only 3000 such [long-term unemployed] job-seekers in the employment offices. By August 1994, the figure was 139,000 and of these, 36,000 had been unemployed for over two years. (Presidential Working Group on Employment 1994: 7)

As a result, long-term unemployed became a serious problem for the Finnish labour market (see Table 3). In 1997 there were still more than 120,000 Finns without work for more than a year.

Table 3: Long-term unemployment in Finland and Germany 1981–1997

Year	The number of long-term unemployed 1981 = 100		Long-term unemployed as percentage of all unemployed	
	Finland	Germany *	Finland	Germany *
1981	100	100	9.9	12.9
1985	115	409	9.3	31.0
1990	26	316	2.9	29.7
1995	1219	692	30.0	31.0
1997	1083	903	30.4	32.9

Note: * figures for 1995 and 1997 include East Germany.

Sources: author's calculations based on Työpoliittinen Aikakauskirja (2001: 34*); Institut für Arbeitsmarkt und Berufsforschung (1998).

In Germany on the other hand, long-term unemployment rose sharply at the beginning of the 1980s. Compared to the total number of jobless people, the rate of long-term unemployment remained at over 30 percent until the end of the decade. The German unification in 1990 concurrently increased the workforce and – with a short delay – the unemployment rates. As a result the number of long-term un-

employed people rose from 600,000 in the second half of the 1980s to 1.4 million in 1997.

1.2. Why is unemployment a problem in advanced industrial societies?

The central role work plays in Western societies today can be traced to economic and social changes in the sixteenth and seventeenth centuries (Hank 1995). Influenced by the trend of modernity, the new bourgeoisie did not consider work as physiological need or social compulsion any longer, but as chance for own initiative and self-confirmation (Wacker 1976; van der Loo and van Reijen 1992). The theoretical and religious background was the concept of Puritanism and the teaching of Johannes Calvin (religious reformer, 1509-1564). He preached that it is man's duty to work hard and ceaselessly to create God's Kingdom on earth, whilst the enjoyment of the fruits of labour was strictly forbidden (Hayes and Nutman 1981; Giddens 1995). As a consequence of Calvin's teaching, waged-work became a moral-religious obligation. Max Weber (1995 [1930]) named this concept the *Protestant ethic*. People believed that only hard work would secure them one of the few places in the kingdom of heaven. In this context economic success was seen as sign that a person was chosen by God, but it was only a sign and not a guarantee. Facing the danger that someone else might perform better, people had to continue their work and renunciation until the end of life in order to reach salvation. This did not only apply for the rich. Everybody was considered to have a God-given place in society (the principle of *calling*) and therefore a moral obligation to make the best of it.

With the secularisation of society in the nineteenth and twentieth century, the *Protestant ethic* lost its religious importance. However, its values and attitudes were meanwhile spiritualised by the people. Karl Marx seemed to be right, when he predicted: 'the advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws' (Marx 1990 [1867]: 899). In this way the core of the *Protestant ethic* survived and turned into the *Capitalistic ethic* (Weber 1995 [1930]), which became an inevitable force in all industrialised parts of the world (Wolski-Prenger 1993).

The Protestant ethic lives on, in a secularized form, in so far as the prevalent cultural norms attribute status and dignity to the worker, who is seen as a fully fledged and contributing member of the society, and denies these same things to the non-worker. (Hayes and Nutman 1981: 4)

In practice this means, for unemployed people, that they do not only lose their regular income, but also the positive side-effects which were connected to their employment. The great social-psychological importance of regular work was already emphasised in the famous Marienthal study by Marie Jahoda et al. (1975 [1933]) in the 1930s.

It should be recalled that [apart from the financial situation] five aspects of the experience of unemployment in the thirties have been singled out: the experience of time, the reduction of social contacts, the lack of participation in collective purposes, the absence of an acceptable status and its consequences for personal identity, and the absence of regular activity. In all these aspects the unemployed felt psychologically deprived. (Jahoda 1982: 39)¹⁸

According to Jahoda (1981) the functions of work create a connection between the human being and its environment or with other words between the human being and reality. 'In der Arbeitslosigkeit vermischen die Menschen diese Realitätsbezogenheit sehr. [...] Ich glaube also, daß die psychischen Leiden der Arbeitslosigkeit vor allem mit diesen fünf Funktionen der Arbeit für das Leben der Menschen zusammenhängen.' (Jahoda 1981: 71) In addition to the five functions mentioned by Jahoda, there is also a number of social rights (e.g. income bargaining or paid holidays) which are connected to waged employment and hence not granted to unemployed people (Koistinen 1998). For the society as a whole, work is an important socialisation instrument. The longer people are unemployed, the higher is the risk that their behaviour becomes antisocial. In order to discuss the above mentioned functions of work in a modern context the present study will return to them once again in Chapter 8.3.

¹⁸ In this context, it is necessary to mention that work can also have negative influences on people. Permanent work-pressure, high psychological or physiological stress, monotonous work or a bad work environment can lead to burn out effects. For people stricken with these problems, unemployment can be a relief for some time (Jahoda et al. 1975 [1933]; Frese 1985).

Effects of unemployment on individual job-seekers

Analysing the effects of unemployment for individual job-seekers, some major fields of influence can be singled out, among them financial problems, social stigmatisation, the destruction of self-esteem and social qualification, problems with the organisation of daily life, and changes in the health status, as well as family problems. During the following discourse it should be kept in mind that it depends mainly on social, demographic and individual factors whether unemployed get afflicted with social-psychological effects or not and also in which way they deal with them. According to Thomas Kieselbach (1995) and Peter Warr (1985) the norms and values of a society, the private and public support, the unemployment rate (unemployment as an exception or a common phenomenon), the financial situation of the unemployed as well as the stage of unemployment (trying to keep the old identity → identity is under pressure → new identity is accepted) are important in this context. Besides this the health status, age, profession and work orientation, gender, marital status, personal vulnerability and social networks of the unemployed have an influence on the appearance of the problems, which are described in the following.

Since the introduction of unemployment insurance systems, there has been a shift from material hardship to psychological problems as far as the effects of unemployment are concerned (Brinkmann 1985; Wacker 1976). However, causal connections between the loss of work and poverty can still be found (Bundesministerium für Gesundheit und Soziale Sicherung 2003; Gallie and Paugam 2001). State benefits mitigated the negative influence of unemployment, but the current systems are unable to prevent the reduction of people's living standard as well as the danger of impoverishment in the long-run (Ritakallio 2001; Adam 1991). Hence, the financial status of the unemployed has an influence on their material *and* their psychological situation (Wolski-Prenger 1993; Gaffikin and Morrissey 1992). With regard to the social-psychological effects of unemployment, the financial situation plays a double role. On one side, economic troubles must be seen as effect of the unemployment, and on the other side as influencing factor themselves. The activities and the behaviour of people (e.g. leisure time organisation, nourishment, or frequency and intensity of social contacts) are determined to a high extent by their financial possi-

bilities (Rinehart 1988; Kelvin and Jarrett 1985; Warr 1985). Due to the fact that the unemployed have nearly no influence at all on their economic situation (comparable with the disappointment during the search for a job), the financial problems are classified as '*non-controllable stressors*'. On the contrary to this the '*controllable stressors*', like daily activities or boredom, can be influenced by the people themselves (Frese 1985: 225).

The stigmatisation of the unemployed is closely connected to the meaning of work in a society. According to the *Capitalistic ethic*, the individual performance in the working sphere is an important indicator for the 'social value' of a person. Everybody who is not able to find a job within a short time or can refer to alternative roles (e.g. pensioner or housewife) is labelled as 'unwilling to work' and hence does not deserve the solidarity of society. This applies especially to long-term unemployed people, who abuse the social security system in the eyes of the employed population (Wolski-Prenger 1993; Hayes and Nutman 1981; Wacker 1976).

Während kurzfristig Nicht-Beschäftigte gerade noch toleriert werden, gelten Dauerarbeitslose, sofern sie nicht in angebotene Alternativrollen als Nur-Hausfrau, Frührentner, Umschüler, oder Aussteiger ausweichen, als unqualifizierte Elemente oder Drückeberger, werden zu sozialen Randständigen gestempelt und sehen sich stets wegen unterstellter sinkender Leistungsbereitschaft, beispiellosem Schmarotzertum oder überzogenen Ansprüchen an die Gesellschaft dem Argwohn der Allgemeinheit ausgesetzt. (Block 1984: 25)

Usually, it matters neither that the majority of the unemployed did not quit work voluntarily nor that most of them would like to start working again as soon as possible (Wolski-Prenger and Rothardt 1996; Wolski-Prenger 1993; Block 1984). During daily life people let the unemployed feel that they are no longer considered equal members of society. This can happen in various ways, like neighbourhood gossip, statements by policy makers and other public actors, newspaper articles, fewer visits and invitations from friends or reproaches from family members (Wolski-Prenger and Rothardt 1996).

The continuous disappointment during the search for work in combination with increasing dependence on state benefits and/or social support usually attacks people's self-esteem. As the unemployed were

neither able to prevent their job-loss, nor to find a new employment, they feel powerless without any chance to control the development or influence the future (Quast 1996; Krehan 1978). The result is heavy damage to the identity, the self-respect and the self-help potentials, especially among long-term unemployed people (Kieselbach 1995, 1991). Many job-seekers become more touchy, irritable, anxious, distrustful and show difficulty in coping with stress. Due to the voluntary (e.g. in order to reduce social pressure) or involuntary (e.g. lack of financial possibilities) withdrawal from society, the social qualifications of the unemployed are affected (Presidential Working Group on Employment 1994). People become unpunctual, miss appointments, and show problems in dealing with their social environment. After a long time without work, they may even suffer a loss of reality sense. The unemployed get problems estimating situations and react in inappropriate ways. This lack of social qualities can slow down or even prevent their reintegration into the labour market (Kaufmann 1996: pers. int.; Kieselbach 1991) Further more the duration of unemployment also influences the professional qualification of the unemployed. If people do not use their skills and knowledge for a long time, they tend to forget what they have once learned. As a result they have to refresh their knowledge before they can be successfully reintegrated into working life, which is a troublesome process for the individual and an expensive one for the society.

As a direct and immediate consequence of the unemployment, people have a lot of free time, which gives them a kind of 'holiday feeling' (Harrison 1978: 44).¹⁹ Usually the unemployed start doing things they always wanted to do but never had time for (e.g. renovation work, reading a certain book, or sport). These leisure-time or holiday activities structure their free time and provide them with a reference system that takes the place of their former employment. However, at some point the job-seekers have done all the things they wanted to do and all the work is finished. This is the time when they come to the conclusion that they will not find a new job in the near future.

¹⁹ Kelvin and Jarrett (1985) point out that unemployed women who care for the household are an exception. Very often the lack of money forces them to work more in the domestic sphere to ensure the survival of the family.

Work at home and leisure activities are in the long-run not enough anymore to compensate the absence of regular employment and the social functions connected to it (Beier and Dybowski 1983).²⁰ In addition, the worsening financial situation often limits the free play of the unemployed concerning hobbies and leisure time activities. As a result many unemployed change the organisation of their daily life. This means that their activities shift from 'goal-oriented practices' (like in the beginning of their unemployment) to 'non-goal orientated practices' (like watching TV or drinking) which aim at the 'killing' of time (Burman 1988). While the employed population is usually complaining about a lack of time and tight working schedules, the unemployed have so much time that in some cases it can become a problem. However, it is important to notice that there are also jobless people whose time structures are not negatively influenced by the unemployment (Wanberg et al. 1997).

Differences between the health status of unemployed and employed people are stated in numerous studies. Despite the fact that in some cases the higher number of diseases may be the result of a performance oriented selection process prior to the job-loss (weak employees lose their jobs faster than healthy ones), there is no doubt among scientists that unemployment causes psychological and physiological problems (Hammarström 1994; Leeflang et al. 1992b; Stefansson 1991; Hayes and Nutman 1981). Many long-term unemployed have no perspective and no hope for the future anymore, which is an important precondition for a healthy way of life. This resigned and broken mental attitude is reflected in a changed health behaviour (e.g. fewer medical check-ups, high consumption of alcohol and other drugs, poor nourishment, less exercise, or exhaustion due to changed day rhythm), which may cause damage in the long run (Repo 1996: pers. int.; Kieselbach 1995; Hammarström 1994). With regard to psychological diseases, long-term unemployed tend to suffer from depressions, nervousness, anxiety, sexual problems (van den Boom 1999) as well as irritability, sleeping disorders and concentration disturbances (Harrison 1978). According to Angelika Beier and Hartmut Dybowski (1983), 'burn-out effects' among the unemployed are at least as widespread as among

²⁰ Unemployed who engage in voluntary work are an exception in this context (Brinkmann and Wiedemann 1994; Burman 1988).

the employed population. In addition, long-term unemployed people show higher tendencies to commit suicide and para-suicide (due to a riskier way of life) than the average population.²¹ The general mortality rates among unemployed are likewise higher (Hammarström 1994; Stefansson 1991). Frequently diagnosed physiological diseases which arise during the course of long-term unemployment and may have lethal effects are for example heart-circulation problems, troubles with the autonomic nervous system and a general weakness of the immune system (Wolski-Prenger and Rothardt 1996; Thomann 1978). Obesity, stomach problems, and high blood pressure can also be found (Wacker 1976). Positive health effects, on the other hand, are rare and can be stated only in cases where people were doing extremely hard, stressing, dangerous and/or unhealthy work prior to their unemployment (Frese 1985; Jahoda et al. 1975 [1933]).

As the job-loss can have a strong impact on the family life of unemployed people, increasing tensions and conflicts of the job-seekers with partners and children must be seen in close context to the involuntary absence of waged work. The unemployment can also cause irreversible changes in the family structure (Schindler and Wetzels 1990). One example is the 'additional-worker-effect' (Brinkmann 1985), which means that due to the bad financial situation, other family members are forced to take a job or work more than before. This kind of change does not only alter the life planning of the persons involved but also the role distribution in the family. Especially, male unemployed are afraid of authority declines if they lose their breadwinner status. Another source of tension is for example the fact that the unemployed spend more time at home and usually do not know how to use it in an ingenious way (Kelvin and Jarrett 1985; Block 1984). The existence of children in families stricken with long-term unemployment can have positive and negative effects on the social-psychological situation of unemployed parents. On one hand, children, who have not got an education yet and depend on the support of the family, are a burden for the unemployed, as parents feel responsible for their well-being, which is endangered by the loss of work and income. On the other

²¹ For example in the case of Germany, the rate of suicides and suicide attempts of unemployed is twenty times higher compared to people who have a job (Kieselbach 1995; Wolski-Prenger 1993).

hand, emotional support of children can improve the social-psychological situation of unemployed parents (Schindler and Wetzels 1990; Baarda et al. 1990). In the case of minor children, there is the danger that resigned job-seekers transmit their pessimistic world-views and life-attitudes onto them. Usually this happens unintentional on the level of daily family life and education (Zenke and Ludwig 1985). In the long run the children may develop social-psychological problems comparable to the ones of their parents, which prevents them finding a job ('inherited unemployment'). A bad financial status of the family can enforce the negative development (Wilken 1996; Wolski-Prenger and Rothardt 1996; Kieselbach 1995; Baarda et al. 1990).

In cases where unemployed children depend on the financial support of their families, the understanding of the parents usually decreases with the duration of the unemployment. Fathers and mothers ignore very often the situation on the labour market and blame the children for the unemployment. In practice, the dependence of the children on their parents means that the traditional power structure in the family (where parents tell their children what to do) exists far off (Pelz and Münz 1990).²²

Societal effects of unemployment

Unemployment is not simply a personal trouble, it is a social problem with a strong negative influence on the community (Rinehart 1988). This fact is often disregarded or displaced by society. High expenditures to reduce the effects of labour market crisis, changing political attitudes of the unemployed, an increasing willingness to commit crimes, or negative effects on the employed population are only some of the consequences.

Reduced tax receipts and higher expenditures in the social sector, for

²² Monika Pelz and Rainer Münz describe the situation in the Continental welfare states. Unlike in Germany or Austria, juveniles in Finland (Nordic welfare state model) have the possibility to receive state support – even when they are not of full age yet – which enables them to move away from their parents and establish their own household. Most of them do not depend on financial support from their family anymore afterwards.

example, cause enormous gaps in the public budgets and the cash-boxes of the social insurance institutions (Presidential Working Group on Employment 1994). In 1993 the Finnish state paid over 5.4 billion Euro as direct costs for unemployment benefits, unemployment pensions and employment programs. This has been about 6.7 percent of the country's gross domestic product (GDP). Although the percentage went down to 5.4 percent, the amount of money remained the same until 1996 (due to an increase of the Finnish GDP). But these are not the only costs for the Finnish society which were caused by the unemployment. During the crisis years 1990 to 1994 the nation's total wage, which is the main financial source for the welfare state fell by five billion Euro and put the system under enormous pressure (*OECD Employment Outlook* 1997). In the case of Germany, the official costs of unemployment rose from 29.2 billion Euro in the 1990 to nearly 85 billion Euro in 1997. 55 percent of the money was real spending and had been used to pay unemployment benefits and unemployment support. The remaining 45 percent were deficits caused by lower receipts of taxes and social insurance payments (Institut für Arbeitsmarkt und Berufsforschung 1998).²³

A direct comparison between unemployment-related expenditures and the total amount of social benefits also indicates increasing costs for unemployment in Finland and Germany (see Table 4). After a dramatic rise of nearly 10 percentage points in the Finnish case in 1993 the share went slowly down again. However, it was still about 6 percentage points higher in 1998 than in 1990. Germany on the other hand saw a rise by nearly 5 percentage points in 1993 and a decline by almost 2 percentage points later on. In 1998 the unemployment related expenditures in Finland and Germany were still above the EU level.

²³ In 1996, the costs were divided among the following institutions: Bundesanstalt für Arbeit (42 percent), the national government (about 26 percent), the 16 states (about 9 percent), the municipalities (about 7 percent) and the social insurance – pension scheme, health insurance, care insurance – (about 15 percent).

Table 4: **Unemployment-related expenditures 1990–1998***

	1990	1993	1996	1997	1998
Finland	6.1	16.0	14.0	13.3	12.0
Germany	6.0	10.6	9.2	8.8	8.7
EU average	7.3	9.5	8.2	7.5	7.2

Note: * as percent of total social benefits

Source: Amerini (2000: 5).

It is important to notice in this context that the follow-up-costs of the unemployment are not taken into account in these kinds of calculations. They include for example the spending for diseases caused by unemployment, or the loss of working ability, skills and qualifications. Considering these points, it can be assumed that the real cost of the labour market crises are much higher (Kauffmann 1995: pers. int.; Steffen 1991).

There are also theories, which argue that in the long run high unemployment can have positive effects on the economy and society, which means that the temporary costs are somehow covered later on. Accordingly, labour market crises with high rates of unemployment may lead to the acceptance of radical reforms (e.g. wage cuts or new laws) which may form the basis for future economic growth. Lower social classes usually bear a higher burden in this context, while upper classes profit more strongly from following economic growth (Koistinen 1999).

The influence of the unemployment on the political preferences of the job-seekers was already a research topic in the Marienthal study in the 1930s. According to Jahoda et al. (1975 [1933]) the political interest of the people decreased during the course of unemployment while a political radicalisation could not be ascertained. Recent studies come to similar results. According to Karlheinz Dürr (1984) as well as Horst Friedrich and Michael Wiedemeyer (1996 [1994]) there is no evidence of a political radicalisation among the unemployed in Germany. This can be explained with habituation effects to high unemployment figures, a slow – and not abrupt – glide off into poverty after the loss of work, and a low organisation rate among the unemployed. In addition, the general voting activities of the unemployed in national elections were lower than the average and they show no group-specific party preferences (Bürklin and Wiegand 1984).

As in Germany, low voting activities can also be observed among the Finnish unemployed (Martikainen and Yrjönen 1991). As far as the party preferences are concerned, a nation-wide survey from 1994 indicated a slight trend towards the political left among the unemployed in general, and a clear shift to the left among the long-term unemployed (Department of Sociology and Social Psychology at the University of Tampere 1994). The deviating party preferences of the unemployed from the average in Finland can be explained by different theories. One possibility is that people who voted previously for centre-right parties, changed their voting preferences towards the political left after they had lost their job.²⁴ The belonging of the unemployed to certain social classes should also be taken into consideration, when the phenomenon is analysed. According to this theory, members of lower social classes, who traditionally support left parties to a higher extent than centre-right ones, are afflicted more often with unemployment and stay longer out of work than members of higher social classes. Another possibility is that traditional centre-right voters have – due to disappointment about the capitalistic economic system or other reasons – a higher tendency towards non-voting when they get unemployed, than traditional voters of left parties.²⁵

With regard to unemployment and criminal activities some researchers refer to clear signs for a connection (see Hammarström 1994; Thornberry and Christenson 1984). Accordingly, the probability of people committing crimes is lower, the more they are bound up with society.²⁶ One reason for this is that criminal behaviour would jeopardise personal achievements. Due to the stigmatisation and social exclu-

²⁴ It should be kept in mind at this point, that the survey mentioned above was carried out during the worst time of the Finnish employment crisis, when the conservative government under Esko Aho was in power. The social democrats used the opportunity to declare the reduction of unemployment as their main aim. By doing so they most likely gained many voters among the unemployed. However, political constellations and programs alone are not enough to explain the strong shift to the political left sufficiently.

²⁵ Other theories, that take for example the age, the marital status or the education level into account, have been neglected in this context.

²⁶ Of course exceptions are possible and happen.

sion of the job-seekers, the social deterrence effects to commit crimes decrease during the course of the unemployment. The absence of the positive functions of work (see above), an increasing feeling that ‘one has nothing to lose anymore’, and a seemingly hopeless future may further reduce inhibitions to break the law (Wacker 1978). Besides the lack of social control, the coherence between unemployment and poverty plays an important role. Economic misery and endangered prosperity promote the willingness towards criminal activities (Heitmeyer 1998; Rifkin 1997 [1995]). However, other researchers like Roy Carr-Hill (1985) are more cautious about relating an increase of crimes with an increase of unemployment. As unemployment is not the only factor which influences the decision to commit crimes, the individual motives of the offenders should be analysed carefully.²⁷

Labour market crisis can also have negative effects on the employed population. Due to the surplus of labour, trade unions are for example in a weak bargaining position, which means that employers can easily reject higher wages and other demands.²⁸ Concurrently, the working pressure on the employed population increases during recessions. The results are health damages in the medium-term and the long run. The association of unemployment with the health status of people who still have a job may astonish at first sight. It becomes more clear, however, if the unemployment rate is compared with the average number of sick-days of workers and employees. While the level of sick-days is usually high in times of prosperity, it goes down during economic crises. This correlation can be explained with the fear of employees, that they may lose their job if they report sick too often during a recession (*die tageszeitung/taz* 2003; Rogalla 1998; Wacker 1976). In

²⁷ It is also possible that high unemployment rates increase the criminal activities of employed people, who are afraid of an economic decline. Convinced that the crisis will hit them and they have to lower their living standard, they may be as despaired or even more despaired than people who are without work already. Another explanation is that governments spend less money on police (e.g. equipment and manpower) as well as campaigns against criminality during recessions, and thereby lower the inhibition threshold for criminal activities.

²⁸ The stagnation of wages, for example, does not only influence the employed population, but also pensioners, if the height of the pensions is connected to the height of the wages.

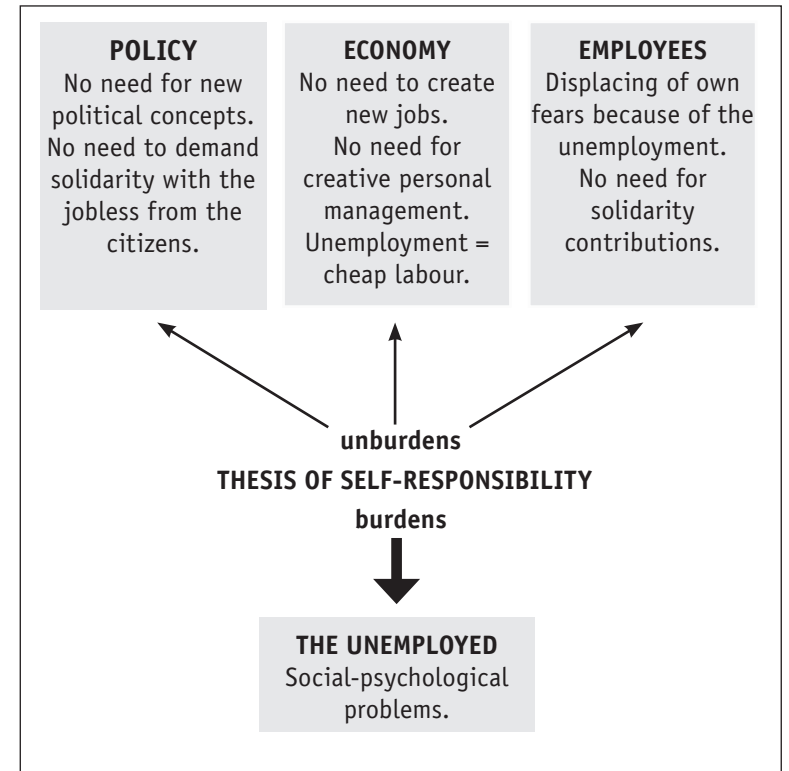
the 1990s, negative health effects of high unemployment on the employed population could likewise be found in Finland and Germany (*Medical Tribune Online* 2000; *die tageszeitung/taz* 1998b).

Who is to blame for the unemployment?

In times of high unemployment it should be obvious that the lack of work is not a personal problem of the unemployed, but a crisis of the social and economic system (Wolski-Prenger and Rothardt 1996). Nevertheless, unemployed people are confronted with social exclusion and prejudices like the job-loss is their individual fault (*thesis of self-responsibility*). This fact cannot only be explained with the wide spread and deeply internalised *Capitalistic ethic* or the liberal conviction that everybody has the same chances in life and is therefore responsible for his or her own situation. The main point is, rather, that parts of certain social groups – namely policy makers, employers, and employees – profit to some extent by the negative image of the unemployed. By ascribing all responsibility to the unemployed individual they unburden their own situation (see Figure 6).

One reason for the lack of political action and initiatives to create new jobs and/or to change the distribution of work is that as long as policy makers manage to blame individuals (or the global economic situation) for the unemployment, neither their policy can be made responsible for the high rate of job-seekers nor do they have to feel engaged to create new jobs. The *thesis of self-responsibility* and the stigmatisation of the unemployed hence prevents or retards the creation of new political strategies to reduce long-term unemployment. Besides, it reduces the political pressure on governments as they do not have to explain to their voters the necessity of more solidarity with the unemployed (like higher taxes to finance new jobs).

Figure 6: The thesis of self-responsibility



Source: Wolski-Prenger and Rothardt (1996: 105); modified by the author; graphic by the author.

The employers also profit from the *thesis of self-responsibility*. By blaming the unemployed for their situation they can reject demands for more jobs, respectively apprenticeships, and do not have to introduce a creative personal management with new working time or occupation models. Top-managers and representatives of the employer associations often demand a reduction of unemployment support and social welfare on the grounds that this measure will force 'work shy' unemployed to work. With ideas of such a kind they take the attention away from the fact that there are not enough jobs available. A positive side effect of high unemployment for employers is their enforced position in negotiations concerning wages and working conditions. At the same time, high unemployment increases the discipline of their employees, as people are more afraid of losing their job (Wolski-Prenger 1993).

Finally, even some of the employees hold the *thesis of the self-responsibility* and thereby support the stigmatisation of the unemployed. The motivation of the employees is mainly psychological self-protection. In times of recession or rationalisation they do not want to be confronted with the problem of mass unemployment. Therefore they push away their fears of losing their jobs, by shifting the problem from the social-economic level to the unemployed (Wolski-Prenger and Rothardt 1996; Thomann 1978). The employees believe in the illusion, that the danger of unemployment does not exist for them, and calm themselves with prejudices, such as that the unemployed did not work hard enough, they did not care enough for their education or finding work, if they would really like to. Concurrently, the employees are convinced that they are better and work more flexibly and diligently than the unemployed did before, which gives them the deceitful security that they will keep their employment.

It is interesting to know in this context that policy makers, employers and employees do not only blame individuals for their unemployment, but also each other. Policy makers and unions for example often criticise that the economy is not offering enough jobs, while the employers complain to the state about too high taxes and social contributions and to the employees about high social and/or financial demands. If the state tries to reduce unemployment by easing the burden for the economy to the disadvantage of the employed population or obliges companies to create more jobs, it also faces opposition. Whatever one actor is doing in order to reduce the unemployment is seen by the others as the wrong way. As none of them feels responsible for the situation, they all have a good conscience.

This is a very drastic description of the situation, which shall help to explain the situation in the field of employment policy and social coping attempts. Of course not all of the governmental actors, trade unions and employees turn a blind eye on the situation of the unemployed (see for example the measures taken in the research regions). Another important point is, that coping strategies of the employed population are not necessarily successful in the long-run, as for example the health effects of high unemployment on stressed and overtaxed employees underline (see above). As the labour market crisis in Germany has not resulted in any shock experience like in Finland the unemployment appears more as a natural phenomenon which hits the weak elements

of the labour market, than a result of political and economic decisions and interdependencies. Hence, it can be assumed that the *thesis of self-responsibility* is more widely spread in German society.

1.3. Concluding remarks

Analysing the labour market situation in the European Union and its Member States Finland and Germany, a strong increase of unemployment can be observed during the first half of the 1990s. Long-lasting mass unemployment has been a dominating feature in this context. One reason for this is the technological development which led to higher growth rates without any net increase in jobs. At the same time, the demands of the labour markets are changing. While more and more specialists are needed, the number of unskilled or poorly educated people among the unemployed is rising. Another reason for the mass unemployment is said to be the increasing global competition. In order to assert themselves on the world market, companies rationalise their production and effect joint ventures and take-overs on a global scale. The latter does not only increase their size and potential but also their vulnerability for economic crises in remote areas.

It is interesting to notice in this context, that there are groups in society, such as employers or share-holders, who under certain circumstances profit from a high number of unemployed people (e.g. through a better bargaining position for wage negotiations). On the other hand the unemployment represents a severe social-psychological burden for people who are involuntarily without work. Apart from financial problems, unemployment can result in diseases and antisocial behaviour, which prohibit a reintegration into the labour market. Mass unemployment also poses threats for society, such as higher spending in the field of social security, political and social instability, or higher performance pressure for the employed population.

After this first discussion it becomes obvious that there are universal reasons for the labour market crises in the 1990s (e.g. increasing global competition, changes from industrial to service societies, the collapse of the USSR, or structural problems of the welfare state) and its negative effects on individual and society. Hence it can be expected that national or regional comparisons in this field will come to similar results, if certain parameters (e.g. similar welfare state systems,

similar economic structures, etc.) allow such kinds of analysis. This point will be picked up once again later on.

A big difference was found with regard to the development of the unemployment in Finland and Germany. While the number of jobless people in Germany has been growing more or less steadily during the last decades, unemployment has not been a serious problem in Finland and long-term unemployment was basically unknown. That changed with the crisis at the beginning of the 1990s, when the jobless rates jumped to unknown heights within a few years. Analysing how these different trends influenced the situations in Tampere and Giessen is an important task of this study.

2. Social and employment policy in the European Union and selected Member States

After the introduction to unemployment and its effects, the second chapter concentrates on social and employment policy measures as answers to the labour market crises. As the regional employment policy will be discussed at length later on, the focus of this chapter is exclusively on the European and national level. The beginning is marked by a description of the European employment policy which is followed by a brief analysis of the Finnish and German welfare state models. A close look at the labour market policy in Finland and Germany as well as a discussion about the financial support for unemployed people concludes the second chapter.

2.1. Employment policy at the European level

At the end of the twentieth century many regions in the European Union were facing a serious labour market crisis. Increasing global competition, the political and economic collapse of the USSR, a general recession as well as long overdue economic and political reforms resulted in mass and long-term unemployment on a high level. In several regions, long-lasting mass unemployment was not an exception of the norm any more, but had become reality in every day life. In the presence to this development, action on the European level became inevitable. After all, the reputation of Europe as an economic area was at stake and the ability of the EU to act united on social and economic challenges should not be called in question. As the national attempts to promote employment and to reduce social exclusion turned out to be insufficient and counterproductive, demands for joint political action grew.

The publication of a White Paper on *Growth, Competitiveness and Employment* by the European Commission in 1993 was the first step to reach this aim. Among others, it includes proposals for a European employment policy. One year later, the European Council in Essen, Germany, defined priorities for a common approach in this field. The Amsterdam Treaty, signed in 1997, finally declared the promotion of employment a 'matter of common concern' (European Union 2000:

web doc.) and created the legal and institutional framework for a European employment policy. During the European Summit in Luxembourg in the same year, the heads of state and governments agreed to co-ordinate their national policy to overcome the labour market crisis in the form of an European Employment Strategy (EES).²⁹ Core to the EES are employment guidelines in the fields of entrepreneurship, employability, adaptability and equal opportunities, as well as the application of the Open Method of Co-ordination (common indicators and goals but individual strategies on the national level how to reach them; yearly evaluation if the goals are met; promotion of good-practice examples) as new policy tool.³⁰ During the 1998 summit in Cardiff, Great Britain, it was decided to implement additional structural reforms in order to improve the competitiveness and the functioning of the markets for goods, services and capital. The following summit held in Cologne, Germany, in 1999 focused on the encouragement of a macro-economic dialogue between all regional, national and European actors in the field of the employment policy. The heads of state and governments also agreed on a better co-ordination of policy measures and acknowledged the interdependence between national economic, monetary and political decisions on one side and the employment situation in Europe on the other. The most important policy tool in this context are the broad economic policy guidelines. Together the Luxembourg process, the Cardiff process and the Cologne process build the three pillars of the European Employment Pact which was made at the Cologne summit in 1999. At the extraordinary European Council in Lisbon, Portugal, in the year 2000, the heads of state and governments approved the measures taken so far and defined a new political goal. Accordingly the European Union shall ‘...become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion’ (European Council 2003: web document) by the year

²⁹ A European employment policy as such was rejected, as the national governments were unwilling to provide funding and give away their responsibility in this field. Nevertheless the introduction of the EES can be considered a milestone in this context.

³⁰ For further information about the EES see Janine Goetschy (1999) or the European Commission (1999a).

2010. The promotion of education, research and development as well as investments in modern communication technologies were seen as key instruments to achieve a steady economic growth on an average level of 3 percent as well as full employment³¹.

The influence of the European Employment Strategy on the regional and local level

Labour market crisis are not only a problem for individual job-seekers or national states, but also for the regions in Europe, some of which were stricken hard by the economic crisis and its effects in the 1990s. Due to the fact that the regions play a special role in the policy of the EU³² the local level shifted automatically to focus on the employment policy. According to the European Union, grass-roots initiatives are the best way to create new jobs, as unlike centralised measures, they can take cultural diversities and different socio-economic structures into account (European Union 1999a); hence practical and financial support of local networks and actors in the field of the employment policy increased in connection with the EES. The promotion of territorial employment pacts as well as new employment oriented guidelines for the structural funds of the EU, especially the European Social Fund, are key instruments in this context.

Territorial employment pacts share common features. They focus clearly on employment issues; projects are adopted at the level closest to the citizen (the so-called ‘bottom-up’ approach). They always involve partnerships and they are innovative in the area concerned. Moreover, they are multi-sectoral and all-encompassing, and [...] [are] established with the explicit agreement of all partners. (European Union 1999b: web doc.)

The key elements of territorial employment pacts are the involvement of all relevant partners in a region and the development of a common strategy to reduce unemployment. Due to their innovative elements, the pacts are more than round table talks (Larsson 1999). The work

³¹ Full employment was defined as an employment rate of 70 percent or more.

³² Multilevel governance and subsidiarity (solving problems on the lowest level possible) are two key principles in this context.

of the pacts usually runs through the following stages: problem identification, strategy development, strategy definition and implementation of specific actions in the region (Martinós 1999). In most of the cases the establishment of the pacts includes the creation of some sort of central services, like secretariats or co-ordination units. However there is no ideal model for local approaches to the problem. Every employment pact differs from the others and uses its own strategies, which correspond to the local situation. Nevertheless, they all have the same aim: the creation of jobs (Coyne 1999). As fields for potential growth of employment on the local level the European Commission pinpointed the following 17 areas:

...home help services, child care, new information and communication technologies, assistance to young people facing difficulties, better housing, security, local public transport services, revitalisation of urban public areas, local shops, tourism, audiovisual services, the cultural heritage, local cultural development, waste management, water services, protection and conservation of natural areas and the control of the pollution, with the necessary infrastructure. (European Union 1999a: web doc.)³³

Despite all good intentions, the territorial employment pacts are facing numerous structural obstacles, such as financial, technical, legal and institutional problems. In order to promote local activities, the European Commission recommends the removal of national barriers in these areas (European Union 1999a; Jolkkonen et al. 1999). However these measures alone are no guarantee of success, as it remains a difficult task for the regions to get all local actors agreeing on one the pact, to co-ordinate their work and to maintain co-operation in future.

...setting up a territorial employment pact is not an impossible task. It does, however, require considerable work, especially in building the partnership and the communications between partners, and in creating a community of interest. Real effort is also needed to keep the partnership process going. These efforts are nevertheless worthwhile as this might bring added value in many ways, not only in greater efficiency in the use of existing resources but also in terms of synergy and local democracy... (Coyne 1999: web doc.)

³³ Similar fields had been mentioned by Eissel (1988) already in 1988.

With regard to the policy field, one of the most important instruments of the EU is the European Social Fund (ESF). It supports local and regional measures which promote employment, maintain and develop human resources or stimulate the economy (like theoretical and practical training, rehabilitation courses, entrepreneurial counselling or retraining courses). The aims and strategies of the ESF to reduce long-term unemployment, for example, are defined in the so-called Objective 3:

1.) Preventing long-term unemployment and facilitating the integration of long-term unemployed people and socially excluded persons into the working life through flexible 'pathways to employment'. 2.) Promoting the creation of jobs and the development of human resources in small and medium sized enterprises. 3.) Preventing the social and professional exclusion of young people with no occupational skills and facilitating the integration of young people into the labour market. (Jalonen 1999: pers. int.)³⁴

In order to reach its aims, the fund is co-financing local and regional

³⁴ The other objectives of the ESF are: Objective 1, promotion of development and structural adjustment in regions whose development is lagging behind; Objective 2, conversion of regions seriously affected by industrial decline; Objective 4, facilitating the adaptation of workers to industrial change and to changes in production schemes; Objective 5a, promotion of rural development by speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy; Objective 5b, promotion of rural development by facilitating the development and structural adjustment of rural areas; and Objective 6, promotion of development and structural adjustment in regions with an extremely low population density (European Social Fund 1999). In order to avoid miss understandings it should be noted that the European Union changed the classification of the Objectives in the year 2000. Since then Objective 1 offers support for regions that are considerably lagging behind (former Objective 1 and 6); Objective 2 is meant for regions with structural problems (former Objective 2 and parts of 5b); Objective 3 is not regionally bound and deals with education, training and employment policy issues (former Objective 3 and 4). The former Objective 5a and parts of 5b, which promote the development of rural areas, do not belong to the core of the structural funds anymore. However, unofficially they are labelled as 'Objective 0' (Hessisches Ministerium für Wirtschaft, Verkehr und Landesentwicklung 2002: web document).

employment policy measures. This means, in practice, that Brussels pays a share of about 25 percent for certain projects, while the rest of the money has to be raised by the governmental and non-governmental actors involved. Another important instrument in this context are Community Initiatives like the Equal program which is aiming at a reduction of discrimination and inequality experienced by employees and unemployed people. They are independent from the Objective-regions and allow the European Commission a flexible reaction to local and regional problems, such as the integration of people with labour market disadvantages.

The increasing attention paid to the regional level in European politics is also reflected in the debate about the introduction of Local Action Plans for employment (LAPs) as new policy tools. The concept of the LAPs is related to the National Action Plans for employment (NAPs). The latter are drafted every year by the EU Member States. The NAPs outline the national measures to be taken in order to meet the targets of the European Employment Pact.³⁵ One of the main objectives of the LAPs in this context is to develop territorial employment strategies in order to create synergy effects between measures on the local level (horizontal approach) as well as national and European employment strategies (vertical approach). A number of experimental projects have already been carried out in this field in 2001 (European Commission 2002).

2.2. Welfare regimes and labour market policy in Finland and Germany

In western Europe four different welfare models can be found: the Nordic model (e.g. in Norway or Sweden), where the state plays a central role and social policy is made on the basis of civil rights; the Continental model (e.g. in Austria or France), where states only decide upon the framework guidelines and leave it to intermediate bodies (e.g. employees, employers or insurance institutions) to conclude contracts concerning social security; the Peripheral model (e.g. in Greece

³⁵ The European Employment Strategy and the National Action Plans have been facing a lot of criticism. For more information see Chapter 8.1.

or Portugal), where state intervention in the social field is considered as something negative and demoralising and the social support is left to small communities (e.g. the family, churches and other networks); and finally the British model (which is as an exception in Europe), where state intervention and benefits are reduced to a minimum and private social security and social work is promoted (Kosonen 1994; Esping-Andersen 1991). The Finnish welfare system belongs to the Nordic models while the German welfare system represents the Continental category.

The development of the welfare states in Finland and Germany

Analysing the history of the Finnish and the German social security systems, one can find big differences between the two countries: Germany was the first state in western Europe to introduce a sickness insurance (in 1883), an accident insurance (in 1884) as well as pension schemes (in 1889). With regard to the unemployment insurance (in 1927) it holds the fifth place. Finland on the other hand is considered a 'straggler nation'. Only the accident insurance was introduced in the nineteenth century (1895). However, in the 1930s and the 1960s the Finns made enormous efforts to catch up with the other European countries. A pension scheme was introduced in 1937 and in 1963 the country got a sickness and a general unemployment insurance. Concurrently, the social security coverage expanded and in 1975 the level was finally higher than in Germany (Schmidt 1988; Alestalo et al. 1985; Kuhnle 1984).³⁶ After the booming years of the Finnish welfare state in the 1980s the system underwent a number of reforms during the economic crises of the 1990s, which led partly to a qualitative deterioration. In 1999 the expenditure on social protection per capita was clearly below the level in Germany, for example (Abramovici 2002: 3). Nevertheless, Finland still has one of the most advanced welfare state systems in the world.

³⁶ It should not be forgotten that the coverage says little about the benefits people actually receive. The introduction of the Finnish pension scheme in 1937, for example, had only little benefit for the people in the beginning, as it was based on the accumulation of individual insurance premiums, the value of which was however nullified by the inflation during and after the Second World War (Alestalo et al. 1985).

Structural differences between the Finnish and the German welfare state

A big difference between Finland and Germany (or between the Nordic welfare state model and the Continental welfare state model) is the participation in the labour market. While in Germany only 65 percent of 15 to 64 year olds were working or actively looking for work in 1999, that number in Finland was approximately 3 percentage points higher. One reason for this phenomenon is the high employment rate of Finnish women. In Germany only 57 percent of the female population (aged 15 to 64 years) participated in the labour force in 1999 compared to 63 percent in the Finnish case. A difference could also be found with regard to the male participation rate, which was 2 percentage points higher in Germany than in Finland (Eurostat 2002: web doc.).

According to Kosonen (1994), the differences cannot be explained by the level of industrialisation, which is quite high in both countries; rather, historical and cultural reasons are responsible. In Finland, for example, people living in small rural villages were often so poor that everyone was forced to work in order to ensure the survival of the family. Hence the participation of women in the labour market was nothing unusual. Due to the early industrialisation and cultural reasons (see below) the situation was rather different in Germany. Only during and right after the Second World War the employment rate of German and Finnish women in the labour market was comparably high. At that time female workers were needed in both countries to replace the men, who were fighting in the war. When the battles were over in 1945, Finland had to pay reparations in form of industrial goods to the USSR for its 'collaboration' with Nazi Germany (Kunz 1997). This fact led to an enormous industrial speed-up in the country, for which all men and women available were needed. Although the economic situation improved in the following decades, the women remained in the labour force. This development must be seen in connection with the financial independence and the social status that is provided by paid labour (Koi-vula 1998). In West Germany women were also needed in order to cope with the aftermath of the war. However, during the economic rise and the booming years of the 1950s it was considered as sign of prosperity if they could stay at home and care for the household and

the children.³⁷ Although workers were desperately needed at the end of 1950s and in the 1960s this attitude did not change and Germany had to invite foreign nationals to work in the country.

Cultural factors play an important role in this context. In Germany (especially in the west) there is a strong tradition which dictates that women care for the family instead of taking waged labour. Finnish women, in contrast, were forced to work in the beginning, got increasingly independent later on, and are nowadays accustomed to freedom through own income. The fact that more women stay single, get divorced or raise children without a partner, as well as the progressive emancipation of the younger generations, have served to enforce this tendency. During the years these trends also led to higher employment rates of women in Germany but not to the same extent as in Finland.

The historical and cultural differences are reflected in the welfare state models (see Table 5): whilst in the case of Germany the welfare state still relies heavily upon women's work at home, especially in the field of child-, sick- and elderly-care, the Finnish state created a large number of institutions which took over these tasks, such as day-care centres for children or homes for elderly people (Bang et al. 2000; Drew 2000; Kosonen 1994). Due to the broad social security network many people, especially women, found work in the social field in Finland. It is an important point to notice that Finns do not only have the right or the chance to work, but also a social obligation to do so, if they want to use certain welfare services or benefits. Hence the Finnish society can be described as working society (Kosonen 1994) with a 'dual breadwinner/state carer model' according to the classification of Henrik Bang et al. (2000: 128) while (West) Germany falls in the category of the 'male breadwinner/female home carer model', respectively the 'male breadwinner/female part-time carer model' (Bang et al. 2000: 127).

³⁷ The situation was different in the German Democratic Republic, where everybody was expected to work.

Table 5: Welfare state and labour market structures in Finland and Germany

	FINLAND	GERMANY
Coverage of social security	Universal social security and strong individual social rights	Social security and social rights tied to the labour market position
Financing of social security	Financing by taxes	Financing by contributions on behalf of employers and employees; organised according to the insurance principal
The role of the state	Public service state (state provides basic services and income maintenance; since the 1990s more responsibilities for the local level)	Transfer state (public incomes are partly transferred to families, which buy services; state intervenes only if the family and the social actors fail)
Income distribution	High equality	Medium equality
Industrial relations	High extent of unionisation, corporatism and consensus orientation	Medium extent of unionisation; low corporatism and consensus orientation
Unemployment	Low unemployment country until the 1990s	Medium and high unemployment country since the 1980s
Labour market regime	Integrative labour market regime (dual breadwinner model)	Restricted labour market regime (male breadwinner model)
Female labour market participation	High participation rate	Medium participation rate

Sources: Kosonen (1994); European Commission (2000a).

The redistribution rate of the Nordic welfare state model is rather high. In the case of Finland most of the services and benefits exist as universal social rights for all citizens. Nevertheless earnings related insurance systems or components have been introduced in the case of unemployment benefits, pensions and healthcare (e.g. different treatment or higher benefits in the case of employment). In contrast to the German system of social contribution, the Finnish welfare state is pri-

marily financed by taxes. Other important components of the Nordic welfare state model are a high grade of unionisation and the corporatism of trade unions, the state and employers' associations, which led to broad collective bargaining and the formulation of common employment targets (Kosonen 1994)

In Germany social security is largely tied to the labour market position and the role of the family. The welfare state is based upon an insurance system, which has a low redistribution rate; subsidiarity is an important principle. From the Nordic point of view this model reproduces the existing class and gender divisions in society.

Labour market policy in Finland and Germany

Labour market policy in Finland

Besides the Act on the Protection of Industrial Workers (which was directed against child labour), the Act on Occupational Injury and some regulations in the field of poor relief, there was nothing like a national social or labour market policy in Finland at the end of the nineteenth century. This meant that either companies (patriarchal social policy) or the municipalities (local social policy) had to care for their workers or their inhabitants. Towns and cities were primarily responsible for the creation of new jobs and providing for the unemployed. Mass unemployment was not known in Finland until the country had gained its independence from Russia (1917) and Finnish workers were not needed anymore for Russian fortification works. As a consequence of the increasing number of job-seekers a Poor Relief Act came into force in 1922, which included the obligation to work in order to get support (Koivula 1998.)

When the effects of the global economic depression hit Finland in 1929, the state had to intervene for the first time, as towns and cities were unable to handle the labour market crisis alone. The government created a large number of public jobs and ordered the municipalities to provide subsidised work. Many of the unemployed were sent all over the country to carry out construction work for wages below the sectoral average.

This so-called employment-line policy also became the main strategy

in reducing unemployment after the Second World War. On average more than 50 percent of the unemployed were employed by the state in the 1940s and 1950s. The first Employment Act in 1956 introduced an anti-cyclic labour market policy in Finland, accordingly state and municipal investments were to be made in times of economic stagnation or recession to balance the labour demand. The state became responsible for the creation of stable economic conditions and a well-poised labour market.

An important change in the Finnish labour market policy was the Employment Service Act of 1959, which led to the buildup of a national employment service in 1961 and the introduction of unemployment benefits. The state took over responsibility in this field, as the local systems of employment offices founded by the municipalities in the early 1900s had proved to be insufficient. The background of the act was political disagreement between the state and local authorities at the end of the 1950s. The municipalities complained that their expenses for the employment-line policy were too high whilst at the same time there were not enough state projects in the local areas. Besides which, the administrative way of dealing with unemployment and job-projects was considered complicated and insufficient.

Apart from the 1959 Employment Act, the criticism led to the introduction of a temporary Act on Employment in 1960³⁸: state borrowings and subsidies became part of the labour market policy, there were less restrictions for the municipalities concerning the creation of employment projects and all 'unemployment jobs' were paid the same wage as regular jobs. The most important change for the unemployed, however, was that the municipalities had to find work for them in the region so that total mobility was not required any longer. If the local authorities were unable to provide work, the job-seekers could get financial support from the state now for the first time.³⁹

According to Reija Lilja et al. (1990), it is difficult to ascertain how far the creation of state jobs in Finland can be considered as active labour market policy, as some of the work, such as the building of

³⁸ It was replaced three years later by a normal Employment Act.

³⁹ Voluntary unemployment funds existed since the beginning of the century, but had been little used (Lilja et al. 1990; Schmidt 1988).

roads, may have been done anyway. However, the timing of the investments (mainly made during economic recessions) in the 1960s suggests that state jobs were used as an instrument of labour market policy. The creation of state jobs as anti-cyclic labour market policy became less important in the 1970s and 1980s.

A crucial change in the Finnish employment policy was the introduction of so-called social corporatism in 1968. In order to achieve certain goals in the employment or social policy the state, the trade unions and the employer's associations worked closely together. It was possible, for example, for the three parties to agree on freezing wages for a certain period, whilst the employers in return secured the existing jobs or created new ones and the state expanded the welfare state system. By doing so political aims were included in the collective bargaining. Only if no common agreements could be reached, did the state leave it to the trade unions and employer's associations to formulate a deal (Koivula 1998).

The Finnish labour market policy at the end of the 1960s must be seen in the context of decreasing state investments and the implementation of rationalisation measures in the industrial sector. In addition, Finland was hit by an economic crisis. As a consequence parliament passed the 1971 Act on Employment, which introduced unemployment benefits for all people who are involuntarily without work as well as new employment strategies and enforced vocational training measures. Concurrently the unemployed received the right to refuse work which did not correspond to their skills or experiences, for the first three months of the unemployment. The political instruments provided by the 1971 Employment Act were used for more than one decade. Although it promoted vocational training, company investments, early retirement and the mobility of the unemployed, a sharp rise of youth- and long-term unemployment in the 1980s could not be prevented. Special programs for these problem groups turned out to be inefficient, which led to the 1987 Act on Employment. The act obliged the state under certain conditions to create jobs or training possibilities for the youth- and long-term unemployed. For example, if the employment rate in certain districts was higher than the national average, the state had to intervene to balance the discrepancy. The measures were successful, partly because they coincided with a general economic rise in 1988.

Facing a severe economic crisis at the beginning of the 1990s, the gov-

ernment decided in 1992 to remove the state obligation of arranging training or employment for teenagers and long-term unemployed people. Extra financial support for municipalities and districts with high unemployment was also cancelled due to tight budgets. After reaching record heights, the general unemployment rate began to decline in the mid 1990s – partly because of an economic restructuring and partly due to financial support from the EU for employment policy measures. However, the proportion of long-term unemployed remained on a high level.

In its first Employment Action Plan⁴⁰ (1998) Finland mentions a number of measures to deal with long-term unemployment in the future. Accordingly, labour market training will be made more practice-orientated through a close cooperation with employers, who will receive financial subsidies if they hire unemployed people. Besides which extensive training in job-seeking is provided. During regular fixed-term interviews at the employment office, the unemployed and the employment service officers draft up ‘job-seeking plans’ (Employment Action Plan 1998: 13). The first plan should be designed before the unemployed are five months out of work.

The plan comprises an agreement between the customer and the employment service officer on the services and measures needed to help the customer find employment. The content and coverage of the plan depend on the customer's situation and the services s/he requires. (Employment Action Plan 1998: 17)

Training, retraining, trainee work or other measures which are arranged by the state can be part of the plan. In addition, individual efforts to find work can also be demanded by the authorities. Signing the plan means that both parties – employment office and the unemployed – bind themselves to the implementation. If the plan does not show any results, a new one is drafted after a certain time. In situations where the unemployed do not stick to the plan, they can be punished with financial sanctions by the employment office.⁴¹ On the macro level, job creation schemes, tax reductions, support of entrepreneurs, support for older unemployed and employees as well as other measures were discussed in order to reduce unemployment (Employment Action Plan 1998).

Positive effects on the social-psychological situation of the unemployed can be expected from the introduction of holidays for the Finnish unemployed in 1998. During six days per year the unemployed do not have

to be available for the employment office, which means that they can also travel abroad.

In order to facilitate active employment policy measures, a so called combined support system was introduced in Finland in the same year. The idea is that the state supports organisations, which offer long-term unemployed the possibility to take fixed-term jobs and promote their re-entry into working life with courses and qualified assistance. This regulation gives non-governmental actors the possibility to become employers. Instead of paying benefits to the unemployed, the state can give the money to a project which hires the jobless and pays him or her the contractual minimum wage.⁴²

Labour market policy in Germany

Despite claims, which demanded state support for unemployed people already in 1848, and the establishment of unemployment funds on the local level by co-operative societies (the precursors of trade unions), it was not before the beginning of the twentieth century that

⁴⁰ The Employment Action Plan is in fact the above described National Action Plan on employment (NAP), which has to be drawn up on a yearly basis by all EU Member States.

⁴¹ Only a short time after its introduction the job-seeking-plan system was confronted with sharp criticism. The plan would give too much power to the employment offices, as it is not drafted between two equal partners, one of the arguments suggested. The employment offices will decide whether the unemployed will get further financial support or not while the unemployed is in the need of money and/or of help to find new work. The unemployed are clearly in the weaker position and have little option but to agree to the proposals, which are not simply considered as a plan but as a contract with serious consequences if broken. The employment offices are judge and contract partner at the same time and has therefore nothing to fear, if its part of the plan should be not fulfilled (Sorainen 1998). This problem was already visible in the report by Harri Skog and Heikki Räisänen (1997), which served as basis for the employment policy reform. Accordingly the unemployed have the right to get a job-seeking plan and the obligation to take part in it at the same time.

⁴² In the case of Tampere the combined support system was used among others in the framework of the *Yhdessä Eteenpäin* project and the *Oma Ura* project.

the German state became active in this field. The reason was a rise of the unemployment rate to over 20 percent at the beginning of the First World War, which could not be handled by trade unions and municipalities alone anymore. To mitigate the hardship suffered by the unemployed and to secure the support of the working class for the war, parliament accepted extra spending (Wacker 1976). According to Manfred Schmidt (1988) the measures taken were early signs of state engagement in the field of unemployment policy.

After the war the first state institutions for employment services were established and benefits granted in cases where the unemployment resulted from the war. The social system expanded in 1923 and 1924 and developed towards an unemployment insurance. Long standing disputes between the different political actors were finally followed by the enactment of the Law of Employment Exchange and Unemployment Insurance in 1927 (Bundesanstalt für Arbeit 1996).⁴³ Its main points were the introduction of state employment offices on the national, regional and local level, with each administrative hierarchy controlled by representatives of employers, employees and public authorities and the creation of an obligatory unemployment insurance, which was paid half by employers and half by employees. In contrast to the unemployment benefit system in place right after the war, the unemployed no longer had to prove their indigence but had legal claims for support if they fulfilled certain preconditions (Schmidt 1988). Responsible for the realisation of the law was the newly founded *Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung*. The combination of the unemployment insurance and the employment offices was a logical move in this context, as the registration as unemployed and an active search for work was required in order to obtain benefits.

The introduction of the unemployment insurance is one of the most important measures in the field of social policy in the 1920s, but it came too late to gather enough financial reserves for the economic crises in 1929 and 1932. The economic recession highlighted one of the weak points of the insurance: it was designed to support about 800,000 unemployed people permanently and another 600,000 for

⁴³ Already before that the situation of the working class had been improved by the general acceptance of standard wage agreements and the eight hour working-day (Wacker 1976).

a short time period, but in reality the unemployment rate increased from 750,000 in 1927 to two million at the end of 1928, and to over six million in 1932. At the same time when the expenses of the insurance got higher and higher, the number of contributors decreased. Compared to the need of supporting millions of people, the arrangement of new jobs and the vocational guidance became subordinate. The Institution for Employment Exchange and Unemployment Insurance was not exempted from financial shortenings, and in 1930 the coalition government broke up, as the social democrats and the unions were not willing to accept further cutbacks in the field of unemployment policy. With that, the way was free for the right wing powers to install authoritative governments which were the precursors to the assumption of power by Adolf Hitler in 1933 (Bundesanstalt für Arbeit 1996; Schmidt 1988).

The national socialists removed the democratic self-administration of the *Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung*, and in 1935 the steering of the workforce became a task of the state. Four years later the institution was integrated into the Ministry of Labour. Concurrently, Nazi Germany experienced a 'full employment miracle'. The unemployment rate dropped from 30 percent in 1933 to 0.5 percent in 1939, which still today induces right wing radicals or populists, like the Austrian politician Jörg Haider (2000), to praise Hitler's employment policy.⁴⁴

⁴⁴ On the 13th of June 1991 in a debate of the regional parliament in Kärnten, Austria, Haider (2000: web doc.) said: 'nein, das hat es im Dritten Reich nicht gegeben, weil im Dritten Reich haben sie ordentliche Beschäftigungspolitik gemacht, was nicht einmal die Regierung in Wien zusammenbringt'. However the fact remains that the economic policy of the German dictator profited from a general boom for which previous governments had laid the foundation. Besides, great numbers of workers were needed to prepare the country for Hitler's planned war – the state spending in this field nearly ruined the country, and let the 'miracle' appear in a different light. The expansion of the welfare system, which secured the national socialists wide support among the working class, needs some explanation as well. While the percentage of people covered by the different insurance increased, the benefits were first kept on a low level to mobilise all reserves of the workforce. From 1939 onward, the benefits were raised to gain support for the war (Schmidt 1988).

After the war, the employment offices and the unemployment insurance system in West Germany resumed their work as institutions of the country's ministries of labour, and in 1952 the self-administration of the now called *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* was restored. The 1969 Law of Work Promotion changed the name of the institution to *Bundesanstalt für Arbeit* and redefined its tasks: in contrast to former times, the quantitative and qualitative equalisation of inquiries and offers at the labour market became a priority. Beside the classic fields of work arrangements and unemployment insurance, it rendered an active labour market policy with vocational guidance and education as well as job creation measures (*Bundesanstalt für Arbeit* 1996). Over the years the Law of Work Promotion has been changed and complemented by ten amending laws and over one hundred additional laws. For example, since 1979 people have only been counted as unemployed, if they are able to come to the employment office every day if necessary (permanent availability). In 1982 it was decided that holiday or Christmas pay, as well as money for overtime work, would not be taken into account anymore for the calculation of the financial support during unemployment. The possibility for older unemployed (over 58 years) to retire earlier under certain conditions was introduced two years later. In 1986, a law came into force that older unemployed (over 58 years) do not have to be available all the time anymore for the employment office, if they promise to retire as soon as possible.

In the German Democratic Republic (GDR) people had the right and the duty to work, and companies were forced to provide jobs for the whole labour force. As a result, neither unemployment nor a free labour market or unemployment insurance were known. Offices for labour and wages steered the flow of the workers. The Ministry of Education was responsible for vocational guidance. After the collapse of the GDR, the West German system of unemployment insurance and employment offices was taken over by the five *neue Länder* (*Bundesanstalt für Arbeit* 1996). Due to the German unification and the following employment crisis many new laws came into force in the 1990s. The intention to guarantee only minimal support for unemployed people was clearly visible during the time of the Kohl-government, when welfare measures in the employment policy field were cut down.

To sum up the development in the Federal Republic of Germany be-

tween the 1980s and 1998, it can be said that the situation for the unemployed got worse as far as direct financial support is concerned. Concurrently, the time people had to work in order to be entitled to unemployment support as well as the age limits were expanded. In addition, the unemployed lost some of their rights. For example, since 1997 they have to take all work they get offered, if there are no general (laws) or personal (the net income must have a certain height) reasons which forbid it. On the other hand, chances for training measures or early retirement improved the situation for some of the unemployed (Steffen 1998; Kühl 1993).

In 1998 a new Work Promotion Law came into force as part of the general reform of the social laws. It mentions explicitly that the main task of the state, specifically the employment office, is to support the unemployed during the transition time between their old employment and a new regular employment. In contrast to this, the creation of long-lasting artificial jobs is not aspired. However, time limited job creation measures, possibilities for additional vocational training and all kinds of other courses, will be offered far off. Long-term unemployment shall be fought with the help of special reintegration contracts. During the first month, the contracts reduce financial risks for employers if they hire a long-term unemployed. In case the employers are not satisfied with the performance they can dismiss the unemployed easily and they do not have to pay wages if the jobless get ill.⁴⁵ In general, the procuring of new jobs and the support of active measures, which help to reduce the number of job-seekers, has priority over financial support. In order to act more flexibly with regard to local problems and to improve their services, the employment offices gained more liberty of action (*Bundesministerium für Arbeit und Sozialordnung* 1998a).

In addition to that, the Kohl government as well as the 1998-elected Schrödergovernment tried to increase the cooperation with trade un-

⁴⁵ The dismantling of workers' rights could have a positive effect to reintegrate long-term unemployed, if it is strictly limited to a certain group of people and a certain time. Nevertheless it is a dangerous process, as if once started demands for further steps in this direction will follow. This could lead to a 'hire and fire society', with low unemployment rates but no job-stability in times of crises.

ions and employer's associations. A so called *Bündnis für Arbeit* should reduce the unemployment rates and secure the existing jobs. However, the Kohl-government failed and the record of the following Schröder-government is not any better.⁴⁶

Important changes in the labour market structure and the employment policy

One declared political and social aim of welfare states is the creation of full employment. For some countries, including Finland and Germany, it is so important that they have integrated it into their laws. Friedhelm Wolski-Prenger and Dieter Rothardt (1996: 105) underline this fact in the case of Germany: 'das Sozialstaatsgebot des Grundgesetzes, das Arbeitsförderungsgesetz und das Stabilitäts- und Wachstumsgesetz, [as well as] eine Reihe internationaler Verpflichtungen (so die UN-Menschenrechtscharta oder die Europäische Sozialcharta) verpflichten die verantwortlichen Politiker zur Herstellung von Vollbeschäftigung'. Lilja et al. (1990) refer to similar regulations in the Finnish law.

Under the constitution, the state has the obligation to arrange work opportunities for its citizens and influence the demand for labour by general economic measures so that a high, stable level of employment is achieved and maintained. The intended role of labour market policy is to encourage labour market adjustment and to prevent unemployment and labour shortages. (Lilja et al. 1990: 141)

According to Gøsta Esping-Andersen (1991) there have been three important structural changes in the last decades, which are – apart from economic changes – responsible for a discrepancy between theory and reality. First of all, the guarantee of full employment given by the welfare states in the post-war period was originally meant for 'able-bodied men'. These days however, more and more women are entering the labour market. This phenomenon can be a result of the emancipation or the need of female labour force in the social as well as other fields. Financial pressure on families or the existence of social

⁴⁶ Nevertheless consensus models and alliances for jobs seem to gain popularity throughout Europe in the field of the employment policy (*Financial Times Deutschland* 2000).

institutions (e.g. kindergartens or old people's homes) also influence the decision of women to look for a job.

Secondly, the attempts to cut down unemployment caused changes in the labour market policy in Finland and Germany. One popular measure was to start early retirement programs to withdraw manpower from the labour market. The welfare state was originally designed to provide support for those who were physically and/or mentally unable to work. The extended programs for early retirement, which were created in order to balance the supply with the demand of labour, changed this idea by promoting 'able-bodied men' to become pensioners (and thereby dependent on social support). Many companies misused early retirement programs to rejuvenate their staff or to rationalise their work structure, often without the employment of new workers. Another state measure to reduce the number of unemployed (temporarily) is to offer additional training and education courses. All in all these developments led to extremely high financial burdens for the social systems (Bundesministerium für Arbeit und Sozialordnung 1998a; Esping-Andersen 1991; Lilja et al. 1990). In order to save money and to avoid a utilisation of the welfare systems, the national governments intensified legislation concerning unemployment. Among others, job-seeking plans and measures to force people to work have to be mentioned in this context.

Thirdly, tendencies could be observed which indicate an increasing role of welfare states as employers. It is another way to reduce unemployment and to approach the aim of full employment (Esping-Andersen 1991). However, as the welfare systems in Finland and Germany are financed by state taxes or contributions to social insurance systems, they are susceptible to long-lasting economic crises. While during times of high employment, social security can be expanded (as many people pay taxes and contributions), recessions (with less people paying taxes and contributions) are often followed by financial cuttings in the field of social policy.⁴⁷ Therefore it may be more efficient for the welfare state to employ people and enlarge the social security system instead of subsidising unemployment and early retirement.

⁴⁷ It is a paradox of the welfare state in this context that it functions best when it is not needed and has more troubles as more people depend on it (Kosonen 1994).

As a result of these 'silent revolutions' (Esping-Andersen 1991: 160) the border between the welfare state and the labour market has effaced. Esping-Andersen (1991: 160) emphasises that this development does not only undermine '...the ideology, but although the reality, of an autonomous market mechanism. [...] The really fundamental point is that social policy has been systematically transformed so as to deliberately reshape the clearing mechanisms in the labour market.'

Financial support for the unemployed

A very specific but also often debated form of social welfare is the financial support for unemployed people. According to Frank Gaffikin and Mike Morrissey (1992) it has always been a problem for market economies to find the right level of unemployment benefits. A level which is too low might lead to social and political instability. In addition, it increases the danger that professional and social qualifications of the unemployed decline. The lack of a skilled, trained and motivated reserve force could have negative effects on the economy if the demand for workers will rise again in the future. On the other hand, a high benefit level has the effect that it undermines the motivation of people to work. Furthermore it increases the financial burden of the state, which can have serious effects on national, regional and municipal budgets, depending who is financially responsible for the unemployed. For employers and employees it means that they have to pay more in order to keep up the social system. 'Consequently, unemployment benefits are normally set below the level of income that can be obtained through working, but high enough to maintain very basic living standards.' (Gaffikin and Morrissey 1992: 31)

As financial support for the unemployed depends on the national social security systems, the following two paragraphs give some brief information about the benefit systems in Finland and Germany.⁴⁸ The descriptions reflect the situation in 1998.

⁴⁸ Further details can be found in the quoted literature. It should be kept in mind that there are many changes going on in this field. A good source for comparative studies is the Mutual Information System on Social Protection in the Member States of the European Union (MIS-SOC 2002).

The benefit system in Finland

In Finland people are entitled to a basic unemployment allowance from the *Kansaneläkelaitos* (KELA) if they have been employed for at least 43 weeks during the last 24 months before their unemployment (with a working time of at least 18 hours per week and payment according to the standard wage agreements). In order to receive financial support they have to register as unemployed at the employment office and fulfil certain employment criteria. A waiting period of one week is compulsory for all unemployed before any support is paid. In 1998, the basic unemployment allowance amounted to 19.8 Euro per working day. It is independent of the level of former income and rises if the unemployed have children.⁴⁹ Unemployed are entitled to this kind of support for a maximum time of 500 calendar days.⁵⁰

If an unemployed person has been a member of an unemployment fund for at least ten months before his or her job-loss, he or she has a pretension to earnings-related unemployment allowance, which is paid for 500 calendar days as well. In this case the level of financial support depends on the average monthly income during the last ten months. The earnings-related allowance consists of the basic allowance as well as an earnings-related part, and increases for children.⁵¹ According to KELA the support can equal up to 90 percent of the previous daily wage (*Kansaneläkelaitos* 1998).

If the unemployed cannot find a new occupation and remains unemployed for more than 500 calendar days, they lose their pretension to unemployment allowance (basic and earnings-related).⁵² For the next 180 calendar days, however, they can get labour market support, which in 1998 was as high as the basic unemployment allowance, but

⁴⁹ For further information see Additional Table 2 in Appendix 5.

⁵⁰ A person who has reached the age of 57 may be paid until the age of 60.

⁵¹ For further information see Additional Table 3 in Appendix 5.

⁵² There are some exceptions for older persons: for example unemployed who reach the age of 57 and get unemployment allowance can receive it until they turn 60 and have the possibility to retire afterwards (*Kansaneläkelaitos* 1998).

had a lower child increase. After this time, the authorities check the indigence of the unemployed. Savings, possession and incomes of the unemployed and his or her partner are now also taken into account. If the financial situation does not exceed a certain limit, and no work can be found for him or her, the unemployed can get labour market support until a maximum age of 65 years.⁵³

Unemployed who do not fulfil the criteria for the unemployment allowance can apply for labour market support (e.g. new job applicants). In their case, the financial situation is taken into account right from the beginning. If a pretension is stated by the authorities, unemployed with an education can get labour market support after one week, while people without any education have to wait five months before the money is paid. For unemployed, who fulfil neither the criteria for earnings-related unemployment allowance nor for basic unemployment allowance, the only chance to get state benefits is to apply for municipal income support. The income support is paid by the municipalities after a means test. In 1999 it amounted to 344 Euro per month. If necessary additional support is granted for children, housing or other things.

The benefit system in Germany

In Germany people have pretension to financial support from the *Bundesanstalt für Arbeit*, if they have contributed to the unemployment insurance fund for at least twelve months during the last three years.⁵⁴ In this case a person under the age of 45 can get earnings-related benefits for at least six but no more than twelve months. Unemployed who are older than 57 years have pretension to state support for up to 32 months if they fulfil certain criteria.⁵⁵

In 1998 the earnings-related benefits for people with children was 67

⁵³ For further information see Additional Table 4 in Appendix 5.

⁵⁴ Payments for the unemployment insurance are compulsory for all people who have a regular employment (more than 15 hours work per week or an income which is higher than 312 Euro in West and 266 Euro in East Germany). Half of the costs are paid by the employers.

⁵⁵ For further information see Additional Table 5 in Appendix 5.

of the last overall net income⁵⁶, and 60 percent for people without children. As extra payments like holiday pay, Christmas pay or profit-sharing of the employees are not taken into account in this calculation, Dieter Eissel (1995) estimates that the earnings-related benefits only run up to 50 percent of the last net income.⁵⁷ If the unemployed lose their pretension to earnings-related benefits, their entitlement to unemployment support is checked by the authorities through a means test. The level of the support and the duration of the payments depend on income, possession, savings and debts of the unemployed and his or her partners (Schütz 1996: pers. int.). Due to this fact, approximately only two thirds of the unemployed are entitled to unemployment support at all (Eissel 1995). Unemployment support is granted unlimited until the age of 65. Nevertheless, the unemployed have to apply for it every year and their indigence is checked again each time. If a person fulfils all criteria to receive unemployment support, which means he or she does not have any restrictions because of savings, possession, income, or the economic situation of his or her partner, the financial support runs up to 53 percent of the last overall net income. If an unemployed has children, the support is 4 percent higher (Bundesministerium für Arbeit und Sozialordnung 1998a). People who do not fulfil the pre-conditions for the earnings-related benefits, but have had a regular job where they paid social insurance for at least 150 days or have been an official for the same period of time can also get unemployment support if they are indigent and looking for work. However in this case unemployment support is granted only for 312 days (Bundesministerium für Arbeit und Sozialordnung 1998b).

Unemployed who do not have any pretension to earnings-related ben-

⁵⁶ 'Overall' means in this context that an average amount of money for taxes and contributions to the social insurance is subtracted from the average gross income a person had before becoming unemployed. Therefore the amount of the 'overall' net income, which is the basis for the calculation of the financial support, can vary from the amount of the 'real' net income.

⁵⁷ According to a decision of the German Federal Constitutional Court in June 2000 it is illegal that extra payments for which social contributions have to be paid are not taken into account in this context. Hence unemployed might get slightly more money from 2001 onwards.

efits or unemployment support (any more) can apply for income support from the local social welfare office. As the support is means tested, the economic situation of the unemployed is checked once again. Are possessions and savings higher than certain limits, they have to be used before any support is granted (Schütz 1996: pers. int.). In 1998 the normal income support ran up to 271 Euro per month. Additional support was paid for children and housing, as well as other things.

Comparison

The results of the present study indicate that the level, the duration and the type of payments in Finland and Germany depend very much on the individual situation of the unemployed before and during the time they are without work. Comparing the benefit system in Finland and Germany, it appears that the Finnish unemployed receive earnings related benefits for a longer period of time.⁵⁸ With regard to unemployment support, on the other hand, the German system has advantages for unemployed with a good income prior to the job loss, as unlike in Finland where the support is income dependent. All things considered, the financial situation of the unemployed in Finland seems to be slightly better than that of German job-seekers, although (long-term) unemployment is a risk factor for poverty in both countries. This result is underlined among others by the fact that in 1998 income related poverty in West Germany was three times higher in unemployed households than on the average (Bundesministerium für Gesundheit und Soziale Sicherheit 2003: 157). In the case of Finland, Veli-Matti Ritakallio comes to the following conclusion:

‘...despite the impoverishment (decrease in incomes) of a very large share of the population caused by unemployment, poverty did not increase because the unemployment benefit system compensated for the loss of earned incomes so that the unemployed did not fall under the poverty line.’ (Ritakallio 2001: 427)

⁵⁸ Due to a great number of influencing factors (e.g. age, duration of employment, number of children, height of former income, different purchasing power, etc.) a representative comparison of financial benefits in Germany and Finland is rather difficult and therefore renounced in the context of the present study.

Nevertheless poverty is ‘particularly wide spread among the unemployed’ (Ritakallio 2001: 427).⁵⁹

Concerning the structure of the Finnish and the German support systems there are some interesting parallels. Both countries possess a three-level-system (see Table 6). The highest level is the one of unemployment benefits. In the case of Germany people get entitled automatically to earnings related benefits if they have been employed for a certain period of time. In Finland, employees and workers have to become a member of a trade union insurance fund⁶⁰ or to effect a special insurance. The costs for the earnings related benefits are shared between the funds and the national state. There is the small but nevertheless existing risk that people do not join the fund in order to save money at the time when they still have a job. This can lead to lower incomes in the case of unemployment.

The medium level is the one of unemployment support or basic unemployment allowance. Although Finns can receive it without any declaration of their financial status in the beginning, it is regularly means tested like in Germany after a certain time. The unemployment support or the basic unemployment allowance is paid by the national state (in the German case via a semi-public agency). A big difference between the Finnish and the German systems, is the fact that the unemployment support in Germany is connected to the level of former income while all the unemployed in Finland receive the same amount of money, regardless of the level of their former earnings.

The lowest level is the one of income support, which is paid by the municipalities (or the regions). Like the medium level it is means tested. The most important point in this context is that the national state is not directly financially responsible for the job-seekers. This means that in the case of long-lasting economic crises the unemployment can become a financial burden for municipalities and regions in Finland and Germany, as the examples from Tampere and Giesen will show later on.

⁵⁹ See also Marja Riihelä et al. (2001).

⁶⁰ This is one explanation for the high trade union membership in the country.

Table 6: The 'social net' and its financing in Finland and Germany

Level	Financing in Finland	Financing in Germany
1. Earnings related unemployment benefits / allowance	unemployment funds + national state	semi-public agency #
2. Unemployment / labour market support	national state	semi-public agency #
3. Income support	municipalities*	municipalities/ regions

Note: * on the average the Finnish state subsidises approximately 28 percent of the income support, depending, among others, on the local economic and labour market situation (MISSOC 2001). # The *Bundesanstalt für Arbeit*; the payments are earnings related.

2.3. Concluding remarks

The comparison of the welfare state systems and the labour market policy in Finland and Germany indicates a number of differences between both countries. The strong role of the state in Finland or the medium participation rate of women in the German labour market are just some examples in this context. With regard to the topic of the present research, it will be interesting to see how the differences on the national level influence the regional employment policy as well as the situation of long-term unemployed people. Some points that should be kept in mind are the tradition of corporatism in Finland, and the historically strong involvement of municipalities when it comes to social security and labour market policy. It remains to be seen what that means in practice for the attempts to reduce unemployment in Tampere. Another focal point will be the fact that Finland used to be a low unemployment country with a strong commitment to get unemployed people back to work while Germans are used to high unemployment figures since many years. This may have an effect on the way in which unemployment is perceived and dealt with on the national and local level. The financial situation of the unemployed is also an interesting topic. Compared to the German long-term unemployed the Finns might be better off, as they are entitled to state support for a longer period of time.

3. Social and employment policy at the local level

Chapter 3 is of great importance for the present study, as it concentrates on local strategies against unemployment and its effects. After a theoretical approach to the topic, the employment policy of Finnish and German municipalities is analysed. In addition, one section is dedicated to non-governmental actors in the field of the local employment policy.

3.1. Local strategies against unemployment in theory

As national states are in the first place responsible for the legislative framework in the field of the economic and social policy, the reduction of unemployment and its effects is considered predominantly a national task. Hence, dissatisfaction and disagreement with the social and/or economic situation and policy – shown for example through voting behaviour or demonstrations – are mainly directed against the national government. Most of the discussions about appropriate reactions to increasing unemployment are also held on the national level and get broad media coverage. These facts may lead to the impression that national states are the main actors, which have to cope with the phenomenon of unemployment and its effects. However, according to Uwe Lübking (1997, 1998), Official in Charge of the *Deutscher Städte und Gemeindebund*, serious effects of unemployment can also be stated on lower political levels.⁶¹ As a result of the labour market crisis in the 1990s, for example, municipalities and districts were confronted with increasing social and financial problems. While tax receipts decreased, expenses in the field of social policy rose. Particularly, the effects of long-lasting unemployment had to be compensated by municipalities and districts, which led to increased spending for income support. Hence the local authorities had a direct interest in the improvement of the situation.

⁶¹ The statements of Lübking are based on the situation in Germany. Yet, the results from the research in Tampere indicate that his findings also apply to the situation in Finland.

According to Nigel Waters (1985) there are three reasons why municipalities get involved in the field of the employment policy: first of all, because of their responsibility for the provision of certain services and functions, which depend directly or indirectly on a prosperous economic development and a high employment rate. Secondly, because of their role as independent actors, which react according to their perception of local needs and resources. And thirdly, because of their role as agents for the delivery of employment policy programs, which are initiated on higher political levels.

With regard to the first argument, the experiences from the 1990s indicate that growing mass unemployment can be the beginning of a vicious circle for municipalities and districts: the more people become unemployed, the less money there is to spend in a region. This decline of purchasing power has a negative influence on the local economy. In order to remain competitive, local employers on their part react with job reductions and investment cuts, which again have negative effects on the purchasing power of the people as well as tax receipts, social expenditure and the voluntary investments of municipalities. As far as the unemployed are concerned, the absence of waged work for a long time means a destabilising of their social situation. This may also affect the communities. If a high number of unemployed people with social-psychological problems is concentrated in the same neighbourhood – often due to cheap housing prices – there is a high risk, that certain residential quarters will turn into social crisis areas. In general, long-term unemployment leads to higher spending in the field of local social policy, especially for hospitals, council flats and social work but also for security and the maintenance of public property.⁶² Additionally, the need for direct support measures (courses, projects, subsidised work etc.) and indirect support measures (sponsoring of projects, new administrative approaches, etc.) increases the more people in a region are out of work.

Lübking (1998) points out that municipalities (and also regions) have different potential ways of reacting to this development (see Figure 7). One of them is the *passive approach* (dominating feature: adaptation). In this case cities and communities consider unemployment as

⁶² Due to a lack of local statistical data, this connection may not be visible in all municipalities.

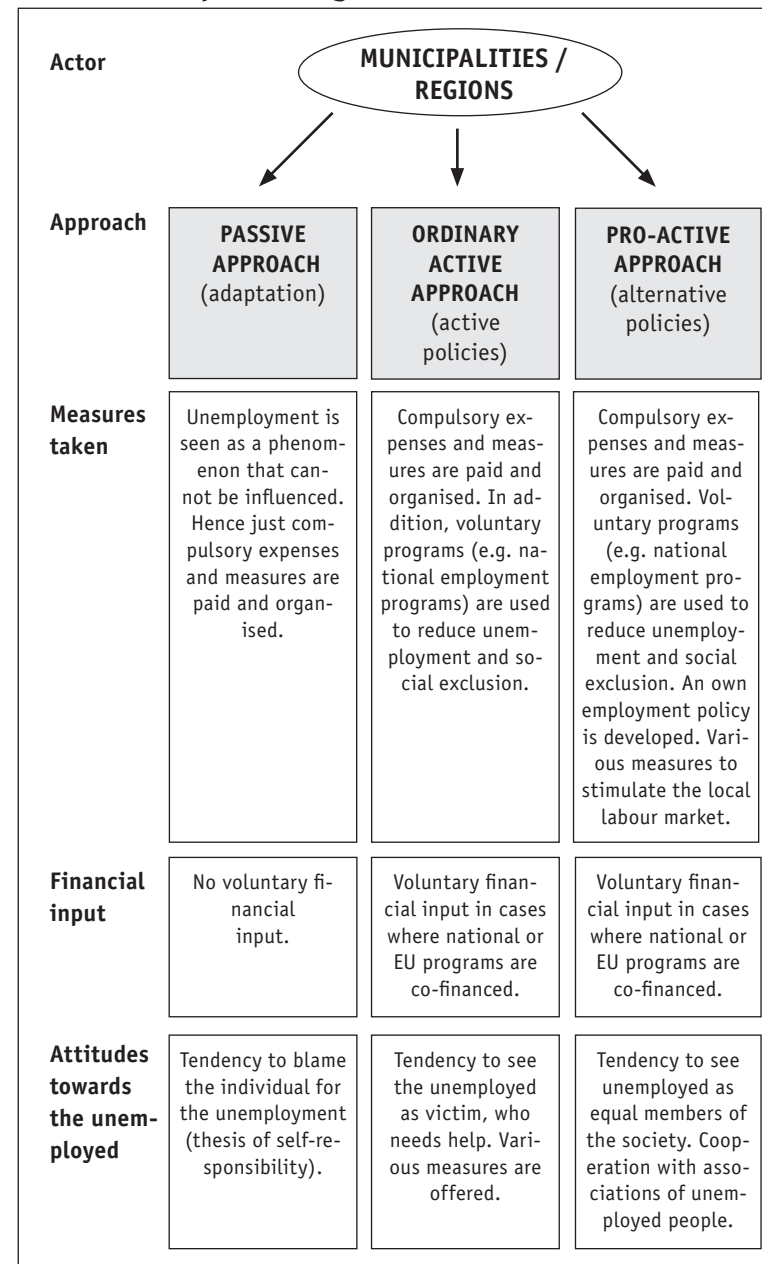
a phenomenon that cannot be influenced on the local level. Therefore the only thing they do is paying obligatory expenses and providing statutory services. The blame for the situation is very often laid on the individual jobless in this context (*thesis of self-responsibility*, see above), which helps municipalities to reject demands for a more active employment policy. In the opinion of other municipalities the acceptance of the situation is not the right way to deal with social and economic problems, as it neither helps to discharge local budgets nor provides any perspective for unemployed people. Hence, alternative approaches were developed. In this context Lübking distinguishes between an *ordinary active approach* and a *pro-active approach*. In the case of the *ordinary active approach* (dominating feature: active policies) municipalities use official possibilities, like state support programs, to create artificial jobs in order to reduce unemployment and its effects. In this context the unemployed are seen as people who need governmental help to overcome their problems. In the case of the *pro-active approach* (dominating feature: alternative policies) these measures are combined with own activities, which means in practice that the municipalities try to stimulate the labour market in their areas with a differentiated system of local measures. The *pro-active approach* is an integrated employment policy at the local level with close co-operation between municipalities, charity organisations and employers. Primarily the activities are located in the fields of social policy, youth policy, economic support, city development, staff policy and environment policy. In the case of the *pro-active approach* the unemployed are also seen as people who need help but instead of any victimisation there is the attempt to use the potential of the job-seekers and involve them actively in the employment policy. At the same time municipalities do not only act as mediators, but get directly involved in the employment policy. The most common measures in this context are counselling for the unemployed, limited additional employment, part time work for public employees, wage support for companies who employ long-term unemployed people, co-operation with various actors (e.g. employment offices or associations of unemployed people), qualification and education measures for employed and unemployed people, and apprenticeships in the public sector as well as a balanced staff policy. The municipalities can also promote the labour market through measures in the field of the economic policy, such local investments, counselling for enterprises, support for innovations, support

for new entrepreneurs, the arrangement of estates for enterprises, city marketing, own economic activities (e.g. the establishment of non-profit companies), a modernisation of the administration, the establishment of contact offices for enterprises or the publishing of regular local labour market reports.

According to Waters (1985), municipal employment policy should focus on these key production factors: land (the provision of premises and all kinds of infrastructure), capital (tax relief, loan guarantees, employment funds, grants, interest subsidies, etc. – measures which have become more difficult due to low budgets and aspects of unfair competition), entrepreneurship (information, advice, training and technical assistance for new entrepreneurs and existing companies), as well as labour (the influence of municipalities as employers and purchasers; training possibilities for unemployed people). This is not a contradiction to the above-mentioned suggestions made by Lübking (1998), but rather a more systematic approach. Maier (1986) refers to a strengthening of the supply side (by promoting business activities of small and medium sized enterprises as well as the establishment of new companies) and the demand side (by promoting investments, for example in the environmental field) as possible economic strategies to reduce unemployment on the local level.

Whatever approach municipalities and districts choose to deal with the unemployment, it must be noted that their scope is limited due to a number of reasons: first of all, local authorities have no means to influence general macroeconomic trends (such as recessions or international trade); secondly, the actions taken on the local level depend on the availability of financial and material resources (provided either by other political levels or the region itself); thirdly, local authorities have no or only limited influence on corporate decisions; fourthly, municipalities and districts have no means for intervention, if there are no public companies operating in the region, if there are no financial means allocated for business development, and if there are no public commissions due to high budget deficits; and finally, investment programs to promote research, development or education are beyond local reach in most of the cases (Einemann 1986; Wollmann 1986; Waters 1985) Against this background, measures taken by local authorities to counteract the effects of labour market crisis may appear as ‘swimming against the tide’ (Young and Mason quot-

Figure 7: Coping with unemployment on the municipal and regional level



Sources: Lübking (1998); the author; graphic by the author.

ed according to Waters 1985: 48) at first sight, but in fact they are an important contribution at large, as they prevent a further aggravation of the situation and represent a cornerstone for a sustainable labour market in the future.

3.2. The employment policy of Finnish and German municipalities

For a proper evaluation of the results from the field studies in Tampere and Giessen, it is essential to take a closer look at the employment policies of Finnish and German municipalities. The decisions taken on the local level indicate the historical, structural and normative framework in this field. Furthermore, they give hints as to what can be expected with regard to the investigation in the research regions.

The employment policy of Finnish municipalities

According to the Local Government Act, 'a municipality shall endeavour to promote the welfare of its inhabitants and sustainable development in its area' (Aronen and Salonen 1998: 2). Hence the local authorities in Finland run comprehensive schools, upper secondary schools and vocational schools; they provide adult education, libraries, cultural centres and leisure time services. Besides these, they are responsible for day-care centres, the care for the elderly and disabled, as well as the income support for needy members of the society. Another task is health care centres, which offer primary and secondary health care as well as dental services. Alongside this, the municipalities supervise land use and building activities in their areas. The street construction and maintenance, water supply and sewage, waste disposal, energy supply and protection of the environment are also planned, coordinated and realised at the local level.

Due to the strong engagement in all these fields as well as the provision of local services on a high level, local authorities are important employers in the Nordic welfare state model. However, the fulfilment of the tasks, as well as the great number of employees are also a financial burden. As the balance of the local budgets depends very much on tax receipts and spending in the social field, municipalities are vulnerable to economic crises.

If unemployment grows local authorities carry the burden. Local authorities are by law responsible to guarantee the basic income of their inhabitants. [...] If more and more people are without salaries and unemployment allowance, the costs of social welfare will grow. So in Finland local authorities are also one of the major actors in the development of employment policies. (Aronen and Salonen 1998: 4)

Jolkkonen et al. (1999) underline that local labour market policy has a long tradition in Finland. Until the end of the 1960s employment and social policy was considered the task of local governments and parishes. This changed, however, in the 1970s, when modern labour market policy started to develop. As a consequence, the state took over the responsibility in this field. Nevertheless the municipalities still played an important role concerning the implementation of employment and investment schemes. The new state approach to unemployment did not only influence the spheres of responsibility, but also the general attitudes towards the problem. In the beginning of the 1980s there has been the tendency to cope with unemployment by relying on economic growth and measures which ensured the survival of those stricken with the problem. This meant in practice that the unemployed got money from the state without many obligations or service offers while the authorities on the national and local level were hoping that unemployment would decrease automatically by higher demands for labour during future periods of economic growth. When the unemployment figures began to rise in the 1980s, the municipalities were forced by the national state to take more responsibility again. In areas where the unemployment rate exceeded the national average they had to find jobs for the unemployed. However, this policy failed due to two reasons: first of all, the state had reduced its support for the municipalities to a level that they were not able to employ more people, but had to cut back their existing staff; and secondly, the traditional strategies proved to be insufficient for the economic crisis at the beginning of the 1990s, with unemployment rates over 20 percent in some regions. In order to be able to introduce new measures to reduce unemployment and to encourage growth, more labour-intensive laws came into force in Finland in 1997. They contained ideas that were developed in connection with the employment strategy of the EU (Jolkkonen et al. 1999; Aronen and Salonen 1998;). The core of the new laws were the following points:

1.) To offer the unemployed more targeted and more individual services within limited/defined intervals; 2.) to develop services of employment offices; 3.) to clarify the rights and the duties of the unemployed; 4.) to launch special services to long-term unemployed to avoid social exclusion and to find new methods to improve their employability; 5.) to clarify the rules concerning the situation of an unemployed refusing a job, but also his/her rights. (Aronen and Salonen 1998: 5-6)

The main aim was to encourage new activities which would promote the employability of the unemployed and to avoid or counteract their social exclusion. Among the measures taken in Finland on the basis of the new law were possibilities for labour market and apprenticeship training, employment subsidies for employers, and experiments with part time supplement and job rotation schemes for employed people in order to give the unemployed a chance to work. Besides which, the services of the employment offices were restructured and improved with the aim of building individual pathways to reintegrate the unemployed into the normal labour market or to find employment for them in the third sector. The new laws also shifted the activities of the municipalities in the context of employment policy once again. Following the strategy of the EU, the Finnish state promoted initiatives and labour market measures on the local level.

...the growth in regional differences in unemployment has forced local authorities to take an even greater responsibility for employment for both financial and social reasons. Increased municipal investment in employment programmes in the 1990s and the creation of hundreds of new co-operatives and local employment initiatives, financed by local, state and EU funding prove this tendency. (Jolkkonen et al. 1999: 291)

The aim of municipalities and non-governmental actors was to find new ways to reduce unemployment by involving the supply as well as the demand side of the labour. As it was more or less up to the actors how to reach this aim, the measures taken were often unconventional.⁶³ The first step to develop new local strategies were usually negotiations between all actors in the field of the employment policy. Together they agreed on specific strategies for the region. According to Kauko Aronen and Mirja Salonen (1998) the aims and the actions

⁶³ A general problem in this context are restrictions caused by traditions, laws and rules concerning the labour market.

taken in the framework of the local co-operation can be defined in most cases as follows:

1.) Better match with the changing demand, co-ordination of education, vocational schools etc., 2.) services to promote the launching of new enterprises, 3.) local authorities give wide range of support to the various initiatives and activities to improve employment [...] [facilities as well as expertise], 4.) the fact that local authorities are the major service providers gives them also possibilities to offer meaningful employment, 5.) individually tailored paths for employment, 6.) workshops for youth employment. (Aronen and Salonen 1998: 7)

After a stage of experimenting in some towns, the new ideas and strategies were also used and promoted on a broader level. Until 1998 the local actors of 80 Finnish regions concluded territorial employment pacts, in which common measures and strategies to resolve the labour market crisis and its effects were laid down. 26 percent of the pacts are partly financed by the ESF; seven belong to a European pilot-network. The projects that were set up within the framework of the pacts range from small workshops to enterprise-like institutions.⁶⁴ The local co-operation model is also projected on the national level, where a group of various parties (employer's associations, trade unions, etc.) work together. They train people who work in projects, inform and consult government officials, and try to analyse the results of the local projects in order to find out the best measures to reduce unemployment in Finland. Aronen and Salonen (1998: 7) conclude that the Finnish employment policy was under a 'genuine learning and reformulation process' in the second half of the 1990s.

The employment policy of German municipalities

During times of full employment and steady growth the German municipalities did not intervene much in the economic process. They trusted in the self-regulating power of the markets and the decisions taken by the national government or the *Länder*. Hence the only activities on the local level were the provision of estates for enterprises and the building up of an appropriate infrastructure. However, this

⁶⁴ With regard to the fields in which new jobs could be created by local actors in Finland, Jolkkonen et al. (1999) refer to the potential areas that were picked by the European Commission (see Chapter 3.1.).

attitude changed in the presence of the increasing financial burdens resulting from the mass unemployment in the 1980s and 1990s.⁶⁵ As far as the perception of the local level is concerned, a first shift into the political focus can be witnessed already during the 1970s.

...in der Bundesrepublik ist die lokale Ebene aufgrund der Komplexität der hier kummulierenden Krisenerscheinungen seit Mitte der 70er Jahre näher in den Brennpunkt gesellschaftlicher Auseinandersetzungen gerückt. Selbst wenn die Kommunen bis weit in die 80er Jahre hinein kaum den Versuch unternahmen, planvoll und zielgerichtet in den ökonomischen Restrukturierungsprozeß vor Ort zu intervenieren, so kam schon allein ihrem faktischen haushaltspolitischen Verhalten vor dem Hintergrund niedriger Wachstumsraten und höherer Arbeitslosenziffern gesteigerte Bedeutung zu. (Bullmann 1991: 162)

With regard to the increasing economic and employment problems during the 1970s, the municipalities had to react sooner or later if they did not want to jeopardise their local self-determination. The first measures taken focused primarily on a balance of the local budgets and not on any long-term goals in the field of employment policy. One result was the stagnation of municipal full time jobs, which had grown between 1976 and 1982 by 11 percent. At the same time the share of part time jobs and state-sponsored artificial jobs increased. The idea behind this shift was a reduction of the personnel costs. In addition, the communities cut down their voluntary investments by about 10 percent at the beginning of the 1980s. In times of economic crises, when public commissions are urgently needed to stimulate the markets, the communities ran a pro-cyclic saving policy. Experts estimate that the drastic reduction of the local investments alone caused the loss of 200,000 to 300,000 jobs (Bullmann 1991).

The development has to be seen in the context of the local economic policy of the time. Until the 1980s the settlement of new companies was equated with more jobs and higher tax incomes in the region.

⁶⁵ According to Gerd Landsberg (1998), Chairperson of the *Deutscher Städte- und Gemeindebund*, the municipalities bear 20 percent of the costs of the unemployment. In 1998 the spending for social assistance and job creation schemes summed up to 5.6 billion Euro on the local level. In addition the municipalities are facing tax deficits as well as social problems caused by the great number of unemployed and income support recipients.

This is why cities and communities tried to attract as many companies as possible. Local economic policy was seen as competition between municipalities in the fields of infrastructure, taxes and contributions. Quite often the methods used to allure investors were at the edge of legality (Bullmann 1991; Eissel 1988). Many enterprises opened branch-establishments in other places in order to profit from the local offers and/or reductions. However, this policy could not be successful in the long run. First of all, most of the communities did not make any selections concerning the branches of the enterprises in their region, therefore synergy effects failed to appear; secondly, the economic potential for new or branch-establishments was not unlimited; and thirdly, rationalisation measures restricted the number of new jobs. The most important point, however, was the fact that the whole concept was based on a general economic growth. In times of crisis branch-establishments were closed as fast as they were set up originally. Hence it could happen that a flowering business area in a small town turned into an economic desert within a few years. In most cases this development caused serious financial troubles, as business taxes are the most important source of income for the local administrations. The situation was often made worse by the fact that other taxes and contributions also diminish during recessions.

However, the local authorities are not the only ones to blame for the financial situation, as the pro-cyclic financing system of the municipalities (much money to spend during booms/little money to spend during economic crises) depends on national laws. It should also be kept in mind, that the national state and the *Länder* delegated (and still delegate) more and more tasks to the local level without appropriate financial compensation. By doing so they try to pass on their own financial troubles to the municipalities. In times of crises this tendency becomes usually more obvious.

Der kommunale Handlungsspielraum wurde so seit Mitte der 70er Jahre zum einen durch neue Belastungen auf der Ausgabenseite, zum anderen aber auch durch die prozyklische Ausgestaltung wesentlicher Einnahmepositionen beschränkt. Das Leistungsvermögen der Kommunen blieb hinter den vorhandenen Aufgabestellungen zurück. So kam es zu hohen negativen Finanzierungssalden Anfang der 80er Jahre [...], auf die die Kommunen mit einer rigiden Sparpolitik reagiert haben. (Bullmann 1991: 171)

The solely finance-oriented policy to balance local budgets (*kameralistische Haushaltslogik*), which did not pay any attention to the general economic situation, was successful as far as the reduction of the municipal debts is concerned. Within a few years at the beginning of the 1980s the financial deficits were reduced from 5.1 billion Euro to 0.5 billion Euro and the height of the new debts went down from about 3.2 billion Euro to 0.6 billion Euro. At the same time the communities increased their financial reserves.

...[die] kommunalen Reaktionsmuster [waren] [...] bis weit in die 80er Jahre hinein überwiegend von gleichzeitig entpolitisierten wie in ihrer Wirkung entpolitisierenden Konsolidierungsanstrengungen dominiert. Selektive Budgetstrategien, die den Versuch unternahmen, etwa sozialpolitische Aufgabenfelder von Kürzungsmaßnahmen auszusparen oder durch Umschichtungen und die Erschließung zusätzlicher Ressourcen auch bei prekärer Finanzsituation neue Handlungsmöglichkeiten zu gewinnen, wurden lediglich in Ausnahmefällen durchgesetzt. (Bullmann 1991: 175)

With this kind of policy the municipalities neglected their responsibility for the local labour markets. 'Es zeigt sich also, daß die Kommunen im Durchschnitt der Konsolidierung höhere Priorität eingeräumt haben als ihrer Verantwortung gegenüber dem Arbeitsmarkt.' (Eissel 1988: 35-6) At the end of the 1980s, cities and communities began to realise the interdependence between their political and financial decisions on one side and the local employment situation on the other side. It became obvious that their short-sighted consolidation policy worsened the labour market crises and did not reduce the financial burdens in the long run. The mass unemployment had stabilised on a high level, national attempts to solve the problem successfully were lacking and economic differences between the regions increased. Hence, policy changes were inevitable. While some municipalities still referred to the exclusive responsibility of the national government for the employment policy, others came to the conclusion that nationwide programs alone will not be enough to tackle the problem. Therefore they developed their own employment policy and came up with new ideas and innovations concerning the question of how to counteract the negative effects of unemployment, how to create new jobs and how to maintain the existing ones. One of the consequences in the 1990s was that the care for existing enterprises became at least as important as the attraction of new investors. Besides

which, the communities paid more attention to the branches which they established in the region. It could also be noticed that many cities and towns did not consider economic support and employment policy measures as separated tasks any longer.

In the first instance the municipal actions must be seen as self-defence, motivated by increasing financial pressure. A common strategy to reduce this pressure was (and still is) to set up employment projects, where recipients of income support as well as long-term unemployed people are occupied for a limited period of time (Fuchs 1997; Eissel 1988).

Neben der Zielsetzung der Wiedereingliederung längerfristiger Arbeitsloser oder sonstiger Problemgruppen eröffnet sich für die Kommunen durch die Beschäftigung von Sozialhilfeempfängern in regulären, d. h. in tariflichen Arbeitsverhältnissen bei entsprechender Laufzeit der Verträge die Möglichkeit, aus der Sozialhilfe-Unterstützung für diese Gruppe zu Lasten des (Bundes) [...] auszusteigen, weil diese Personen einen entsprechenden Leistungsanspruch erwerben. Die sozialen Folgekosten der Massenarbeitslosigkeit werden damit [...] zurück auf die Bundesebene verwiesen... (Eissel 1988: 39)

The difficulties the German municipalities were facing in the 1990s must be seen in the context of their remits, which range from the provision of basic services to local development concepts. Focal points are the fields of social affairs, education, leisure, business development and environmental policy. One third of the municipal revenues derives from taxation, one third from government allocations, and one third from levies, contributions, and other sources of income. Due to the increasing mass unemployment and its negative effects on the municipal budgets, cities and communities were facing serious difficulties to fulfil their above mentioned tasks. 'Local authorities are suffering financially as a result of the substantial growth in social welfare costs caused by continued mass unemployment. At the same time, the past few years have seen a decline in local-authority tax revenues...' (Bullmann 2001: 92)

With regard to the local labour markets, Eissel (1995, 1988) points out that there is nothing like a lack of work in Germany as the example of the social and environmental sector indicates. Investments in these fields were considered necessary for many years but had been

prevented so far due to low budgets or political reasons. When the municipalities realised that they have to invest in order to stimulate the labour markets, they set up employment projects in these sectors. As the solving of social and environmental problems is seen as an important task in general, they often managed to get financial support for their measures. According to Eissel this kind of investment does not only improve the living quality and/or lead to additional jobs, but can also have positive effects on the image of the region which is a factor in attracting new investors. Another point is the model role of municipalities. If cities and communities invest money in the fields mentioned above or show a higher flexibility concerning working times or job-sharing ideas, their action may have a signal function for other public and private employers.

Gerd Landsberg (1998), Chairperson of the *Deutscher Städte und Gemeindebund*, underlines the fact that cities and communities have no other possibility than to become active in the field of the employment policy, if they do not want to lose the support of their citizens and still maintain their liberty of action. However, there seem to be some coordination problems on the local level. In the view of Hans-Gottfried Bernrath (1997), President of the *Deutscher Städte und Gemeindebund*, for example, the co-operation between employment offices in Germany and the municipalities is unsatisfactory, as far as the search and arrangement of jobs for unemployed income support recipients is concerned. ‘Sobald Anspruchsberechtigte aus dem unmittelbaren Bezug von Arbeitslosengeld und Arbeitslosenhilfe bei der Arbeitsverwaltung herausfallen und auf Sozialhilfe angewiesen sind, ist der Personenkreis für die Arbeitsämter nicht mehr von Interesse. Zudem fehlt den Sozialämtern häufig die Information über vorhandene offene Stellen...’ (Bernrath 1997: web doc.) Hence, he argues, it would be better if cities and communities take over the task of finding and arranging jobs for long-term unemployed people in general and income support recipients in particular. The advantage of the cities and villages in this context is their good knowledge of the local and regional economy. ‘Die Städte und Gemeinden haben ein originäres Interesse an einer erfolgreichen Arbeitsvermittlung, weil über 1/3 der von ihnen zu tragenden Sozialhilfeleistungen durch Arbeitslosigkeit bestimmt sind...’ (Bernrath 1997: web doc.) In order to finance municipal labour services Bernrath suggests that the state

pays the communities about 5.1 billion Euro instead of financing job creation schemes with the money. The support should depend on the level of unemployment in the respective cities and villages. Besides, more funding for pilot projects in the field of the employment policy is necessary, in his point of view.

Comparison of municipal employment policy in Finland and Germany

A comparison of the local employment policies in Finland and Germany indicates that the Finnish municipalities have a long tradition in this field. With the exception of the 1970s and partly the 1980s, when centralised measures were en vogue, the local governmental actors bore a great responsibility for the creation of jobs and the provision of the unemployed. When the centralised approach turned out to be counterproductive in the 1990s, the Finns recollected their old traditions. As a result, the position of the municipalities in the field of employment policy was strengthened and their responsibility increased once again. This strengthening of the regions was in full compliance with the policy of the European Union which secured the Finns immediate financial support when they gained membership in 1995.

Unlike in Finland, centralised employment policies were dominating in Germany which made it difficult for municipalities to develop their own approaches in this field. Furthermore, the situation in the past was aggravated by a restrictive budget policy, the ignorance of the coherence between fiscal and employment issues, and the sole focus on the quantity of new jobs instead of the quality. It took more than a decade until the mistakes were realised and even at the end of the 1990s there were municipalities which preferred to wait for higher growth rates and decisions taken on the national level instead of developing their own strategies to reduce unemployment and its effects. However, discussions like the one about the placement of income support recipients through municipalities indicate that a rethinking has started.

A striking resemblance between the situation of Finnish and German municipalities is their broad range of tasks concerning the local infrastructure as well as the provision of basic necessities for citizens and enterprises. This makes them particularly vulnerable for economic and social crises.

3.3. Non-governmental actors and activities in the field of local employment policy

When analysing employment policy at the local level, it is important to notice that municipalities and districts are by far not the only actors involved. Maier (1986) points out, for example, that with the stabilisation of the mass unemployment on a high level, an increasing number of charity organisations, churches, private actors, local companies, trade unions, employment offices, self-help organisations and others gotten involved in the employment policy on the local level in Germany. With regard to measures that counteract the negative effects of the labour market crisis in the 1990s, similar trends could be witnessed in other Member States of the European Union as well. Usually the grassroot activities of the local actors are constructive and practice-related, which means they offer concrete help for people who are stricken with unemployment. This does not mean that the projects are impolitic. An increasing number of demonstrations, congresses and other activities prove rather the contrary. Political engagement on the local, regional and sometimes even national level is an important part of the work in this field and an attempt to motivate unemployed to improve their living conditions.

In the institutional framework of the employment policy, all kind of different projects and initiatives can be found: *meeting points* are for example places which offer jobless people the possibility to talk about their problems with people who are in the same situation, or to organise common activities. In most cases the visitors decide themselves what they want to do. The simple chance to experience that one is not the only person who has to cope with social-psychological effects of unemployment can already have a positive influence on the morale of the unemployed. Very often possibilities to set up meeting points are offered by churches, trade unions, welfare institutions or communities.

Associations of unemployed people are founded and run by the jobless themselves. Self-organisation and self-help are in the foreground of the work. Like meeting points, they frequently get material and/or financial support from churches, trade unions, welfare institutions or communities. It is also possible that associations of unemployed people are founded in order to set up meeting points. In Germany

the first associations of unemployed people were founded in the mid 1970s. By the end of the 1980s their number had risen to 1200. Due to radical financial cuts in the 1990s, however, the future of many projects was unclear (Wolski-Prenger 1993). In Finland, on the other hand, there has been a sharp rise in the number of associations of unemployed people in the 1990s, which must be seen as reaction to the so far socially almost unknown phenomenon of mass and long-term unemployment (Kjellberg 1999: pers. int.).

Centres for unemployed people are characterised by their organisational structure. They offer relief programs, jobs, courses and consultations for the unemployed and have regular staff (e.g. social workers, psychologists or educators). Many centres originate from the activities of the above mentioned associations of unemployed people and were established with the help of national or European support programs or private donations. Remaining budget deficiencies are often filled by local actors (e.g. municipalities, districts, employment offices, trade unions, etc.).

Among the social actors in the field of employment policy are for example private and social institutes, which arrange training courses and projects for unemployed people. The motivation for their activities range from profit making to charity. While some of them offer social-psychological support, others concentrate only on the content of their mainly profession oriented measures. In addition, social actors can be found who have specialised in material support for unemployed, which includes the provision of food as well as furniture or clothes.

Despite organisational differences, most of the actors name the same aims for their work. One of them is to improve the situation for people who are stricken with unemployment. Hence, the focus is on the creation of jobs and occupation possibilities. Counteracting social isolation also plays a central role in the daily work of the actors (Kieselbach and Wacker 1995 [1991]). With demonstrations, actions and congresses especially, the associations of unemployed people try to form a lobby in order to increase the attention to the unemployment and its consequences. Good contacts to administrations, parties, churches, welfare institutions, self-help groups, the media and other institutions are important for the associations in this context. A precondition for successful lobbying is an increased feeling of solidarity among the

unemployed. Only if they act together and appear as group in public, do they have a chance to change something. From the view of the individual unemployed, care and consultation have the highest importance. Talks with social workers and other specialists, as well as the integration of unemployed in certain programs, are meant to reduce social-psychological problems (Wolski-Prenger 1993).

Due to the economic recession, the increasing unemployment and the cutbacks in welfare during the 1990s, the role of the third sector (including associations of unemployed people) has been in the focus of the social-political discussion. Martti Siisiäinen et al. (2000) points out, that the work of the third sector is located in a tension field between the state, the market and the civil society: the actors and their projects depend on state support or donations to finance their activities, they have to work as efficiently as possible without competing with normal enterprises, they need voluntary workers to keep their organisations going, and they are responsible for areas which are not or only partly occupied by other actors (state, enterprises or families). The exact tasks of the third sector depend on the priorities set by the state and the society. In the case of Finland, for example, the third sector played only a minor role during the booming years of the welfare state (1960s-1980s). Governmental institutions took over many social tasks (e.g. the care for children or the elderly), while third sector actors had only a complementary or supplementary function in the shadow of a strong state (Julkunen 2000). The labour market crisis of the 1990s as well as the decentralisation reform in 1993 represent a turning point in this development. As the Finnish welfare state was overtaxed to handle the situation alone, projects on the grassroots level gained importance and were seen by many as the solution for the problems. According to Julkunen (2000: 63), it is therefore consequent to acknowledge the role of the third sector by using the term 'welfare society' instead of 'welfare state' and by supporting local alliances between the third sector and other actors.

3.4. Concluding remarks

Municipalities and regions have different possibilities to react to labour market crises, ranging from passive behaviour to the development of their own employment policy. Financial incentives and support on

behalf of the national state or the EU can influence the decisions of local policy makers (e.g. pro or against an own employment policy) significantly in this context. Another interesting outcome of the investigation is the link between the employment policy at the regional, national and European levels on the one hand, and the stigmatisation of (long-term) unemployed people on the other. The more the reduction of unemployment and its negative effects is considered a social task which demands an active policy, the higher is the possibility that the unemployed will not be victimised or blamed for their situation, but rather treated as equal members of society.

As far as the local employment policy in Finland and Germany is concerned, the development has been quite different. With exception of the 1970s and partly the 1980s Finnish municipalities enjoyed a strong role in this field. The engagement of the local actors meets the demands of the EU for multilevel governance and is in accordance with the principle of subsidiarity, which means that problems are solved on the lowest possible level. In the case of Germany, the municipal employment policy was characterised by a strong role of the national state for many decades. Therefore the focus of local governmental actors was primarily on balanced budgets as well as an absolute increase in the number of jobs, yet without any qualitative considerations. This policy was counterproductive and had disastrous effects for some of the local labour markets. At the end of the 1990s there were the first signs of a rethinking in some municipalities.

Comparing the different development of the employment policies at the local level in Finland and Germany, it can be concluded that Finnish municipalities had a better starting point to solve the labour market crises at the end of the twentieth century. Unlike in Germany, the promotion of active employment policy measures was nothing new for the Finnish actors on the local level and allowed them the utilisation of national and European resources. The present study will indicate if this assumption also proves true with regard to the direct comparison between Tampere and Giessen.

4. Coping strategies of unemployed individuals and families

After an analysis of labour market policies and the effects of unemployment on the European, national and local level, the focus of Chapter 4 is consequently on the situation of unemployed individuals. The question is why some of the jobless are apparently able to get along with their unemployment, while others develop severe social-psychological problems. In this context it is interesting to notice that some of the problems can be influenced by the unemployed themselves, while others are the result of political decisions. Chapter 4 does not only round up the approach to unemployment and its effects on various levels but also concludes the first part of the book, which was intended to familiarise the reader with the theoretical framework of the study.

4.1. The influence of stressors on coping strategies

According to Philip Zimbardo et al. (1995) changes of biological, social, physical and environmental demands and the need of individuals to adapt to them are basic causes of stress. Stress itself can be defined as reaction patterns which are made in response to stressors (stimulus events that tax a persons ability to cope).

An accumulation of life changes and especially of chronic hassles in everyday existence can become sufficiently stressful to seriously affect functioning and health. [...] Chronic stressors of society, such as [...] our fears of anticipated [...] economic failure strain us biologically and mentally. (Zimbardo et al. 1995: 428)

With regard to the situation of many long-term unemployed, it can hence be said that the interaction of several factors, like the disappointments during the search for a new job, the lack of a useful occupation, uncertainty about the future or problems with friends and family, put them under enormous pressure. As a result, life becomes stressful. The way people handle this stress is generally described as coping. 'Coping refers to the process of dealing with internal or external demands that are perceived as straining or exceeding an individual's resources [...]. Coping may consist of behavioural, emotional, or motivational responses and thoughts.' (Zimbardo et al. 1995: 428)

In general, two main types of coping can be identified: *problem-focused coping* and *emotion-focused coping*. *Problem-focused coping* describes a change of the stressor or the individual's relationship to it. This can be done through direct actions and/or problem solving activities: fighting or fleeing the problem, seeking of options for fight or flight, and attempts to prevent further stress have to be mentioned in this context. *Emotion-focused coping* describes personality changes, like the development of different feelings and thoughts about a stressor, which make a person feel better, but do not change the stressor itself. This can be somatically focused activities, like the use of drugs or relaxation. In addition cognitively focused activities, like planned distractions, fantasies or thoughts about oneself as well as unconscious processes that distort reality (like blaming others for the unemployment) belong to this field (Zimbardo et al. 1995). It is important to know in this context, that coping strategies in general do not need to have positive effects or contribute to a reduction of the social-psychological burden automatically, although naturally it seems like that in the eyes of the acting person or group. In fact, sometimes the contrary is the case and instead of relieving individuals or the community, certain coping strategies increase the burden on other levels or for other people.

When analysing how people cope with long-term unemployment, different strategies can be created, depending on the acting individual or group (the long-term unemployed themselves, their families, the society, etc.) and their respective possibilities. For example in some fields the long-term unemployed (and their families) only react to what happens around them, as in the case of the worsening financial situation or their social stigmatisation (see Table 7). As these problems belong to the category of *non-controllable stressors*, the coping of the individual unemployed is mainly an adaptation to the situation. However, *non-controllable stressors* can be influenced by actors with social and/or political power, like parties, trade unions and so on. Hence one chance for the unemployed to change *non-controllable stressors* is to unite themselves in associations of unemployed people or similar organisations. The negative influence of *non-controllable stressors* can also be reduced to a certain extent if the unemployed get financial, material and/or emotional support from their family and/or friends. Yet, help is not necessarily seen as support by the unemployed but sometimes considered as charity or compassion and therefore rejected.

Controllable stressors on the other hand can be influenced by the unemployed individuals themselves. It is a chance to reduce at least some of the social-psychological effects and the pressure of the unemployment by a change of situation. The state and the community can support the unemployed by stimulating their social activities through financial reductions or free tickets for events (such as football games or concerts), institutions (like museums or theatres) or public transportation. The family and friends can keep the unemployed busy with all kinds of little tasks, remain in close contact to them and try to influence their behaviour in such a way that it will not become antisocial or self-destructing.

Table 7: Influence possibilities of different actors on stress-factors during long-term unemployment

Actors	Action level	
	<i>Controllable stressors*</i> (e.g. leisure time activities; social contacts)	<i>Non-controllable stressors*</i> (e.g. financial situation; stigmatisation; disappoint- ments during the search for a job)
Individual long-term unemployed	High influence	Low influence
Social environment (family, relatives, friends)	High influence (maintenance of social contacts, influence of the job-seeker's behaviour, keeping the unemployed busy with little tasks)	Influence depending on means and possibilities for financial, material and emotional support as well as contacts to support the search for a job
Associations of unemployed people; social and political organisations	Influence depending on the level of alternative social activities	Influence depending on the size of the organisation, political and social power, way of articulating the aims (e.g. radical or peaceful)
(Local) policy makers and (local) administrations; 'the state'	Influence depending on the level of organised activities, granted reductions and financial support for the unemployed	High influence on the national level as far as the financial support for unemployed and employment programs are concerned

Note: * controllable and non-controllable stressors are defined in the perspective of the individual long-term unemployed.

Gender differences in coping with the unemployment

When analysing gender-related coping strategies, it is important to recall the different participation rates of women in the Finnish and the German labour markets. While women in the Nordic welfare states are more or less expected to go to work, it is nothing unusual in the Continental welfare states if they stay at home (Kosonen 1994). This cultural difference led to the prejudice – in West Germany still wide spread – that men earn the money, while women care for the household, children and needy family members. In addition the social security system was built according to this role model. Therefore, (long-term) unemployed women have the socially accepted possibility to withdraw from working-life to become a 'housewife' – unless they are single and have no one to care for.⁶⁶ Hence it could be assumed that it is easier for women in the Continental welfare states to cope with the unemployment, as they profit by the anti-emancipatory prejudices of the society.

However, recent studies show that this assumption is wrong. The seeming advantage of female unemployed not to be under the same social pressure like men is equalised by the fact that they bend to an old and conservative world view and deny their right of self-determination if they become 'housewives'. Ursula Kerstein (1991) considers the hypothesis even as 'women-discriminating glossily'. 'Denn damit wird ignoriert, daß Frauen nicht nur mehrheitlich für ihren Lebensunterhalt selbst sorgen müssen, sondern auch ihr Leben selbstbestimmt verantworten und gestalten wollen.' (Kerstein 1991: 63)

Because of this fact, many women who have lost work are unsatisfied with their new situation and not willing to care for the household because of their unemployment (Burman 1988). This applies in the case of Finland as well as in Germany. Martin Roderick and Judith Wallace (1985), who carried out a study in Great Britain, confirm on one

⁶⁶ Theoretically, male unemployed have the possibility to take over the household work as well, but in most of the cases they are confronted with the stereotypes mentioned above, which detains most of them to play the role of the 'house husband'. In his research about long-term unemployment in Canada Burman (1988) mentions that in some few cases the society tends to accept unemployed men caring for the household.

hand that female unemployment does not lead to inactivity, while on the other hand they state a shift from interesting to less interesting activities (mainly towards domestic occupations) as well as a reduction of social contacts among unemployed women. According to Peter Kelvin and Johanna Jarret, (1985: 68) female unemployed suffer most from the restriction of their social life, as they miss the daily contact to the 'outside-family-world' (e.g. colleagues, customers, clients).

Another difference between men and women in coping with unemployment is that female unemployed tend less to self-blaming than men. Women think less often that the job-loss was their fault. With regard to psychological problems this can be a relief factor. However, female unemployed get more stressed if they consider themselves as burden for their partner or their family, a fact which applies especially to unemployed girls. Hence young women are more active to find solutions and ways out of their situation. Besides giving birth to children, many girls start to study or accept low-salary and low-status jobs, to break the vicious circle of unemployment, while young men remain more passive. An explanation for the higher activity of young women can be found in gender theory (Hammarström 1994).

Girls are brought up to value human relationships [whereas boys are taught other values]. When they become unemployed, they suffer not only from their own situation but also from the problems they cause to their boyfriends, their parents, etc. Compared to boys, girls are more sensitive to the needs of others and thus the girls are more willing [...] [and active to find solutions]. (Hammarström 1994: 704)

Although young women seem to have an advantage, as they manage to reduce the social pressure by the acceptance of low-salary and low-status jobs, it should not be forgotten that this way of coping with the problem is often a denial or repression of the girls' former conceptions, plans and wishes for life.

4.2. Coping strategies of unemployed individuals and families

Coping with financial problems

As it has been pointed out earlier, unemployment means a high financial burden for many people stricken with it. Although there are

some long-term unemployed who do not depend on their income, the majority are facing a steady economic decline. After months and years without waged work, some people may even end up in poverty. In order to ease the financial pressure and to avoid impoverishment, the unemployed have different possibilities to respond. Basically there are four different approaches: *immediate reactions*, *temporary changes*, *fundamental changes* and *illegal measures*. Theoretically it is also possible that the unemployed ignore their situation and continue with their way of life, but this kind of behaviour would most likely ruin their budgets within a very short time, unless they are wealthy enough.

At the beginning of the unemployment, when people still receive earnings-related benefits, most of the unemployed try to balance their shrunk budgets by using savings or postponing intended investments and purchases to maintain their normal living standard. These *immediate reactions* do usually not take a long-lasting economic crisis into account. However, a couple of months later, when the savings are used up or the earning-related benefits are reduced, further cuts in the private budgets become inevitable. At this stage the unemployed apply primarily *temporary changes*, which can be undone any time. They still consider their situation as a transition stage, which will not last very long. In order to maintain their general way of life people accept a lowering of their living standard in certain areas. Among the *temporary changes* are for example reductions of leisure time activities (like going to restaurants or concerts), a renunciation of holidays, trips and expensive hobbies as well as the further postponement of purchases and investments. Borrowing of money from banks, relatives or friends may also be considered in this stage. *Temporary changes* are successful measures for people who are without waged work for a medium-term as they improve the present financial situation. However, in the long run these measures have only little influence on the increasing financial pressure. Hence, long-term unemployed usually reach a point where they have to come up with *fundamental changes*, which often entail a drastic reduction of their living standard. These measures include the selling of goods and property or the moving into a cheaper accommodation. If the financial pressure becomes extremely high, unemployed with a family may also consider changes in the family structure or the accept-

ance of low status or low wage jobs in order to solve their financial crisis.⁶⁷ Another option is the appliance of *illegal measures* to improve the financial situation. While the committing of crimes represents most likely an exception, many people (employed and unemployed) consider illicit work and wrong statements at the employment or the tax office as peccadillo.

In practice, the coping process is not as linear as it may seem in theory. The economic situation before the unemployment has, for example, a big influence on the coping strategies. If an unemployed had debts and a low income, he or she may pass the stages of *immediate reactions* and *temporary changes* and fall back upon *fundamental changes* right away, whereas people with high savings will reach this point much later. It is also possible that some of the reactions and changes take place at the same time, like illicit work (*illegal measure*) and a reduction of leisure time activities (*temporary change*). Which measure is applied at which time depends on the individual economic situation, the disposal of social networks and the level of solidarity for unemployed people. Jobless who receive financial or material support from family members or friends can maintain their living standard usually for longer than people who are on their own. Public offers for the unemployed should not be neglected in this context either. Reduced prices for leisure time facilities and public transportation or possibilities to get cheap meals and food also ease the situation of these people.

Coping with the time problem

With regard to the attempts of the unemployed to deal with the surplus of free time and the lack of ingenious occupation, Brinkmann and Wiedemann (1994) distinguish three different coping types: active attempts to handle the situation and to make the best out of it (*entrepreneurs*), passive reactions, in the course of which people suffer very much under the unemployment (*sufferers*); and behaviour directed towards the future, used by individuals who consider their situation only

⁶⁷ The acceptance of a low status or low wage job is not only a coping strategy in connection with the financial situation, but may be also considered by long-term unemployed in order to escape social pressure and stigmatisation as well as problems that come along with having too much free time.

as a transitional stage (*survivors*). Of course changes from one group into the others are possible, whereas it is more likely that unemployed shift from the *survivor* group into the *entrepreneur* group or from the *entrepreneur* group into the *sufferer* group than the other way round. Compared to the *survivors* and the *entrepreneurs* the *sufferers* make up the majority of the unemployed. Their share is especially high among the long-term unemployed (see Brinkmann and Wiedemann 1994), hence the focus of this section is primarily on the latter type of coping and less on strategies of active time use that can be found in case of the *survivors* and *entrepreneurs*.

One characteristic of the *survivors* is usually a clear daily structure. Their suffering pressure in the presence of the unemployment is rather low and they show only few social-psychological problems. In contrast to the other groups they have professional perspectives and aims for their future. This way of working up the problem can be found mainly among people who are unemployed for a short time or managed to find alternative roles.

The *entrepreneurs* attend to some kind of regular and professional work during their unemployment, even if they have been without a job for a long time and cannot name any concrete plans for the future. In most of the cases their occupation is either located in the field of illicit work or they support family businesses, social organisations or their friends. Compared to the *sufferers* the *entrepreneurs* are a minority, however.

The *sufferers* develop nearly no own initiatives to handle the free time and the lack of occupation, and hence show the most social-psychological problems. High alcohol and drug consumption, which leads to a repression of reality, are widespread among this group. Watching TV is another attempt to 'kill' time (see Brinkmann and Wiedemann 1994). This behaviour must be seen in coherence with the withdrawal of the *sufferers* from society. According to Patrick Burman (1988), TV consumption becomes a compensation for reduced or missing social contacts and the absence of structuring elements in everyday life. Some people even change their day and night rhythm. They use the day time to sleep and get up in the evenings to watch TV all night long. Other unemployed simply hang around the whole day without doing anything. Attempts to 'kill' time, like drinking or watching

TV, are only 'successful' over a short period, like a few hours, during which the unemployed may forget reality. However they have no influence on the time problem in the long run. When the programs are over and the drunkenness has vanished there are new days with the same problems. As a consequence, the social-psychological situation of the unemployed does not improve at all. In fact, some of the attempts to 'kill' time (like drinking) worsen the situation of the unemployed, as they have negative health effects. With regard to the typical time-problematic of long-term unemployed people Burman (1988: 158-64) speaks of a 'multiple killing of time'. During the first 'killing' of time the society is acting, while the individual behaves passive. This period is characterised by a devaluation of people's working time, which can be traced back to the fact that no one wants to hire them (means no one wants to buy their time). During the second 'killing' of time, the time is 'acting' itself. After people have lost their work the surplus of free time starts to destroy their previously organised daily schedules. The unemployed individual still remains passive at this point. It is not before the last stage, that people finally become active; months and years out of work result in the fact that the unemployed have no use for their free time anymore and hence try to 'kill' it. This is the third 'killing' of time.

Of course, the descriptions of time use by Burmann (1988) are rather general and schematic and should hence be treated with caution. Wanberg et al. (1997) underline the importance of distinguishing between different groups of unemployed people, as Brinkmann and Wiedemann (1994) have done, for example. This approach does justice to the fact that not all of the unemployed have problems in using their time (Wanberg et al. 1997: 91-4). In addition to that, it is interesting to investigate in which way the unemployed spend their days. Time use studies are a helpful tool in this context. A research in Finland in the year 1999/2000 found out that unemployed people are more occupied with domestic work than employed people. Concurrently they spend more time on personal care, read more, do more sports and spend more time on hobbies. On the other hand, the jobless watch considerably more TV and sleep longer. While the unemployed socialise less with their family and spend less time on child-care than the employed population, they see their friends for longer periods (Statistics Finland 2003: web doc.).

Coping with social pressure, stigmatisation and isolation

The stigmatisation of the unemployed and the individualisation of the problem by the society leads to the fact that many job-seekers (especially the *sufferers*) feel ashamed because of their situation. To avoid pressure from their social environment, they try to keep their unemployment a secret by explaining to neighbours, relatives and friends their presence at home with a long holiday or short-time work. However these strategies ultimately fail in the long run. Unlike *survivors* and *entrepreneurs*, who very often remain in touch with the outside world, *sufferers* sooner or later withdraw from society. Reduced social contacts mean for them no questions about their situation, no excuses why they have not found a new job yet and no extra expenses for social activities. Although the withdrawal reduces the social pressure, it concurrently contributes to social-psychological problems. The lack of social activities and the presence at home increases depression, problems in using the free time and family troubles. Like drinking of alcohol or watching TV, the withdrawal from society must be seen as inadequate coping strategy, which may appear successful and reasonable in the eyes of the individual but enforces factors which prevent re-employment. While this self-destroying, as an extreme form of conflict resolution or conflict avoidance, is directed against the individual him or herself, criminal behaviour or the change of politic attitudes can be an expression of protest against the existing social systems and norms (Wacker 1976). Nevertheless there are also positive coping strategies. One of them is for example the establishment of associations of unemployed people. Other unemployed manage to reduce the social-psychological pressure by an individual new-valuation of the meaning of work. In this case culture, nature or other things become more important for the unemployed, than the question of having a job or not. The individual coping depends on emotional support as well as the social networks of job-seekers. People who get comfort and encouragement from their family and friends are less susceptible for negative effects of long-term unemployment than people who do not get any support. In this context the general culture and subculture of unemployment which among others is influenced by the development, the dimension and the perception of the unemployed plays an important role (unemployment as exception versus unemployment as

norm). Further influential factors on the coping strategies are the trust in society and its institutions as well as the feeling of the unemployed as a part of society (see Koistinen 1999; Kieselbach and Wacker 1995 [1991]; Wolski-Prenger 1993).

Coping strategies of families

With regard to the life of unemployed families, the financial situation plays an important role. Between 1973 and 1993, for example, the poverty of families and single parents in Germany increased, often due to the absence of waged work. At the same time the income mobility decreased between the mid-1980s and the beginning of the 1990s, which means that the number of people who stay permanently in the low income group rose. Although the trends slightly changed in the mid-1990s, they seem to underline the fact that for many long-term unemployed families who belonged already to the low income group prior to the unemployment, the slogan 'once poor, always poor' has become reality (see Bundesministerium für Gesundheit und Soziale Sicherheit 2003: 42). In Finland there was 'a declining trend in the average real disposable income of unemployed households' (Riihelä et al. 2001: 407) since 1991. Families were facing a particularly high risk of poverty in the second half of the 1990s if unemployed members of the household were dependent on income support (Ritakallio 2001: 416-7).

Concerning the life of unemployed families, Paul Jackson (1990) has done some interesting research. He points out that, while most of the studies focus on the adaptation of unemployed individuals to their new situation, only few researches take a closer look on the question of how families as a whole cope with the unemployment. With his research, Jackson tries to fill this gap by projecting individual behaviour patterns of unemployed on families stricken with the problem. According to Jackson's findings (1990: 32-9), the most common way of families to face long-term unemployment is the *resigned adaptation*. This means that after some time the families usually give up the hope for a better future and accept the job-loss as part of the family life. As a consequence they reduce their demands, whereas the emotional support for the unemployed is maintained. This strategy helps people stricken with unemployment to get along with their situation.

They can lower their own performance demands and do not have to try to archive something, which is impossible for them in their actual situation. According to Jackson, families which practice the *resigned adaptation* live just from one day to the next, without many concrete plans for the future; with less crisis than before the adaptation but also with less positive moments.

A more active way of coping with unemployment is the *constructive adaptation*, which can be found only among few families, however. In contrast to the *resigned adaptation* families do not give up hope, but try to compensate the job-loss with private occupations and activities. For example, family members motivate the long-term unemployed to take over volunteer jobs, to engage in clubs and associations or increase their hobbies. At the same time the unemployed get full emotional support. With regard to the constructive coping strategies of families, Jackson distinguishes between *first-* and *second-order changes*. *First-order changes* mean that there are changes in the family due to the unemployment (like the unemployed engage in neighbourhood help instead of going to work), but they have no influence on the family structures or the way of living in general. The unemployment is considered as short interruption of the gainful employment, without any need to change the distribution of roles or duties within the family. Daily life is quite similar to the time before the job-loss. *First-order changes* can be found very often among people who are frictional or seasonal unemployed or when family members are forced to do short-time work. If families which are stricken with unemployment realise that their situation will not change in the near future, *second-order changes* are possible, provided they do not give up hope and fall into *resigned adaptation*. *Second-order-changes* mean a radical reorganisation of the family structures with a new distribution of the roles within the family, such as the unemployed man caring for the household while the woman earns money in a full time job. There are different reasons why such kinds of radical coping can only be found in a few cases: first of all, most of the unemployed families do not take *second-order changes* into account, as from their point of view they are too far-reaching. Secondly, the whole family has to agree, if the restructuring process shall be successful. Thirdly, possibilities to restructure the family are limited. If for example a man becomes unemployed, his partner has been working full-time before and their children are too young to work or have found a job already, there

is little room for *second-order changes*, except the jobless is doing more work in the household than previously.

Dennoch gibt es genügend Familien, die grundlegende Veränderungen in die Wege leiten und erleben, so daß der Schluß zulässig ist, daß solche Veränderungen prinzipiell möglich sind und daß Arbeitslosigkeit für die betroffenen Familien auch die Möglichkeit bietet, gemeinsam als Menschen zu wachsen. (Jackson 1990: 39)

It should not be forgotten, that radical changes in the family structure may also have negative effects for some of the people involved; for example, if children cannot finish their education in the way it was planned, but have to work in order to earn money for the family or if older family members have to postpone their desired retirement. People may agree to these measures and accept the disadvantage, as the family puts them under pressure to do so. Another negative example is if people get divorced due to increasing tensions in their relationships after experiencing unemployment. Hence it is necessary to subdivide Jackson's model into *positive* and *negative coping strategies*.

4.3. Concluding remarks

The ability of people to cope with crisis situations such as long lasting unemployment depends very much on their individual situation. Gender, age, marital status, the existence of children and the financial situation are factors which have a decisive influence in this context. However, a research that is focusing exclusively on individual factors falls short on one important point: the socio-economic environment.

[...] researchers have given biased prominence to such factors as the individual characteristics of the unemployed and the way in which they seek employment, while paying less attention to other affecting factors, such as points of view related to community and the structure and functioning of the labour markets. Because of this, [...] essential factors have not been evaluated. (Koistinen 2002: 203)

Against the background of this criticism this study takes a close look at the structure and the development of the labour markets in the research regions (see Chapter 5). In addition, special attention is paid to the perception of the unemployment which according to Einemann (1986) is closely connected to the development of labour market crises.

With regard to the above-mentioned coping strategies, it is important to notice that some problems that arise during the involuntary absence of waged work can be overcome by the unemployed themselves. Voluntary activities, for example, are a good coping strategy with regard to the time problem. On the other hand, the general stigmatisation of jobless people or the level of benefits usually exceeds the influence capability of unemployed individuals, which leads to passive or defensive reaction patterns. In this case material, emotional and financial support from social networks of the unemployed is decisive. The great importance of the resources available for unemployed people is underlined, among others, in a study by Arja Kurvinen (2002). She argues that the behaviour of the unemployed is '...rational in relation to the resources they have at their disposal' (Kurvinen 2002: 251). The term 'resources' is understood in this context as age, health and vocational competence as well as social support. An interesting result of Kurvinen's study is the fact that the perception of resources, which influences individual job-seeking behaviour and coping strategies in general, is not constant but can be altered by outside influence factors. In a positive sense, improvements can be achieved with the help of employment projects, while the stigmatisation of the unemployed is a negative example.

Another important point to notice is that coping strategies of unemployed people do not automatically have positive effects on their social-psychological situation, although it may seem like that from a subjective perspective. Heavy drinking as a coping strategy can help to forget about unemployment and other problems for a while, but reduces the chances of finding a new job and in addition to that has serious health effects. Another example are involuntary structural changes in family life (e.g. other family members start working or work longer) due to the unemployment, which may improve the financial situation of the family as a whole but may represent an unintended change in people's planning of their life course.

Part II:

**Labour
market crises
and their
effects on the
local level**

5. Employment and unemployment in Tampere and Giessen

Starting with a short explanation of the data and the methods used for the following comparison, Chapter 5 takes a close look at the employment situation in Tampere and Giessen in the 1990s. The presentation of the unemployment figures in both cities is combined with answers to essential questions such as where did the unemployed come from, which economic consequences did the unemployment have for the municipalities or what the main characteristics are of the registered long-term unemployed.

5.1. Methods and data

The necessary data for the description and analysis of the economic development and the labour market situation in Tampere and Giessen originates from statistics kept by local and national institutions and authorities (e.g. the municipal administrations, the local employment offices or the Finnish and German Ministry of Labour). The official data has the advantage that it is usually sorted already and can hence be used straight away. However, in some cases the information might be too much or too little specified. Then the data has to be combined to new categories or completed with additional information, where the first option is easier than the latter. With regard to the labour market research in Tampere and Giessen, it was a big help that the employment offices automatically collect the basic data of their clients, like age, gender, education level or the duration of the unemployment. The information is reliable, at least as long the focus is only on the officially registered and available unemployed.

A disadvantage, especially for international comparisons, is the fact that authorities and institutions often have their own ways of gathering data.⁶⁸ General standards exist only in a few sectors. Hence it is not only important to analyse the information itself, but also the empirical methods that were used to collect them. In Germany, for example, problems occur already during comparisons on the national level, as unemployment data is not available for every municipal-

⁶⁸ For further information see Appendix 3.

ity, but in some cases only for certain administrative areas. If a city is the same size as the administrative area, the employment offices can provide unemployment rates and other information. This is the case for all large cities in Germany (*kreisfreie Städte*). However, if a municipality is smaller than the administrative area, the unemployment figures are sometimes only available for the area as a whole, which means they can include the data of several towns and villages, as in the case of Giessen. As a result, the unemployment rate for Giessen itself can only be estimated.⁶⁹ While Wolfgang Dohmen (1999), Head of the Employment Office Giessen, assumes that the rate in 1999 was about 14 percent, Sabine Kaufmann (1999: pers. int.), Project Manager of the *Arbeitsloseninitiative Giessen* (ALI), refers to a figure of 17 percent. Hence it is not possible to compare the unemployment rate of Giessen with the unemployment rate of Berlin or Hamburg. The fact that the authorities in Finland use the 'civil labour force' model to calculate their figures while the German unemployment rates are based on the 'dependent labour force' model⁷⁰ causes further difficulties. In order to avoid distortions, some of the direct comparisons in the following sections fall back upon the actual number of unemployed people instead of the unemployment rates. In cases where percentage figures are mentioned, the deviating calculation methods should be kept in mind.

5.2. The labour market situation in Tampere and Giessen in the 1990s

As a consequence of the economic development in Finland and Germany, the unemployment rates in Tampere and Giessen rose considerably during the 1990s. In the case of the Finnish region, the number of unemployed people was four times higher in 1994 than at the beginning of the decade. The rise of the unemployment rates to over 23 percent was an unknown development for the municipality as it

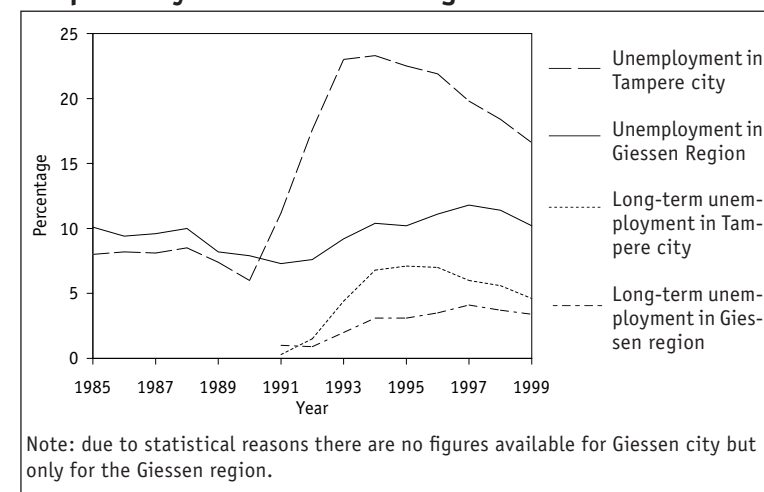
⁶⁹ Since the year 1992 an unemployment indicator for Giessen city is available (see Figure 12 in the Epilogue). It is meant for comparisons between the situation in Giessen and other municipalities in the regions. However, it is not an official unemployment rate and hence not used for the following comparison.

⁷⁰ For further information see Appendix 3.

was used to figures between 5 and 9 percent during the 1980s. The fact that within a few years about one fourth of the labour force lost their jobs and the regional unemployment was 6 percent higher than the national average made the structural crises visible for everyone. However, the situation relaxed in the second half of the 1990s, when the unemployment rate in Tampere dropped to 16.7 percent in January 1999.

In the case of the Giessen region, the rise has been slower and took place in smaller steps. The economic crisis of the 1990s caused a rise of unemployment from 7.3 percent in 1991 to over 11 percent in 1996. The development reached its peak in 1997 with 11.8 percent. Until summer 1999 the rate remained nearly unchanged on the eleven percent level. As the region had already experienced unemployment rates of more than 10 percent in the 1980s, there was no shock-effect like in Tampere. Nevertheless the situation became problematic after the unemployment stabilised on a high level with low evidence of a speedy change (see Figure 8).

Figure 8: Unemployment and long-term unemployment in Tampere city and the Giessen region 1985-1999⁷¹



Sources: Employment Office Tampere (2000); Employment Office Giessen (2000); author's calculations; graphic by the author.

⁷¹ For further information see Additional Table 6 in Appendix 5.

It should not be forgotten in this context that the official figures from Giessen represent the unemployment in the whole region, which includes the city of Giessen as well as a number of small surrounding communities. The situation in the city area is even worse than the one in the region.⁷² In 1998 the unemployment rate was estimated to be somewhere between 14 and 17 percent.⁷³ Despite the difficulties of the local experts in agreeing on the dimension of the unemployment, there is no doubt that Giessen is one of the cities with the highest unemployment rate in State of Hesse (Schäfer-Gümbel 1999: pers. int.; Kaufmann 1999: pers. int.; Dohmen 1999).

The development of the long-term unemployment in Tampere and Giessen was similar to the development of the unemployment rates in general, solely with the usual delay of one to two years, which can be explained by the fact that people have to stay without work for a certain time before they are registered as long-term unemployed. In the case of Tampere, long-term unemployment has not been known before the 1990s at all and there are no statistics available for the time before 1991. When the figures started to rise, however, the development was as dramatic as the one of the normal unemployment rate: the number of people who have been out of work for one year or longer went up from 223 in 1991 (2.2 percent of the total number of unemployed people) to 6099 in 1996 (31.9 percent). With a lag the number of people searching for work for more than two years increased as well. Although the absolute number of long-term unemployed began to decrease in 1997, their share of the total unemployment rate remained at a high level. Within only a few years, long-term unemployment developed into a serious challenge for the welfare state and the local employment policy (see Figure 8). In the Giessen region, the percentage of long-term unemployed among the total number of unemployed people was already on a high level in 1991 (26.8 percent) which indicates that, unlike in

⁷² One explanation for this could be the preference of rich and well educated people to live at the periphery (less traffic, more nature, etc.) instead of in the city centre (noise, bad air, etc.). Unemployed and poor people, on the other hand, often remain where the rents are cheap, which can lead to higher unemployment rates in certain areas.

⁷³ The deviation originates from the above mentioned lack of statistical data to calculate the unemployment rate in Giessen.

Tampere, it has not been a new phenomenon. Until the peak of development in 1997, the rate rose by about 8 percentage points. However, the bare percentages say little about the dramatic development of the labour market in Giessen if they are not put into relation with the absolute figures. The number of long-term unemployed increased from 907 in 1992 to more than 4200 in 1997; at the same time the figure of people who have been without a job for two years or longer increased from 473 to 2005.

If the development of the unemployment on the regional level is compared with the national trends in Finland and Germany, it is striking that there are many parallels. The situation in Tampere for example (low unemployment at the beginning of the 1990s; steep increase in 1993) is similar to the overall development in Finland. Giessen, on the other hand, represents more or less the typical trend of many regions in West Germany (slow but steady growth of unemployment over a long period of time). An analysis of the growth of long-term unemployment in the research regions comes to the same conclusion.

Where did the unemployed come from?

In order to understand the development of the unemployment in Tampere and Giessen it is important to analyse the population trends as well as the size of the employed labour force in the research regions. For example in the case of Tampere the increase of the unemployment figures by about 10,000 people within ten years must be seen in connection with the increase of the population by about 22,000 people at the same time (see Table 8). Naturally not all of the new inhabitants were looking for work, but it can be expected that many did and thereby increased the pressure on the anyhow restricted labour market. As the economy was unable to provide enough jobs, the unemployment in the city rose. Concurrently there were major economic restructuring processes going on in Tampere, which led to dramatic job reductions in, for example, the industrial and construction work sector. Only the positive development of the financial sector, the real estate sector and the service sector as well as the creation of over 5000 jobs in the public and social sector are responsible for the positive balance of 1300 additional jobs at the end of 1999.

Table 8:
Structure of employment in Tampere city 1989–1999

	1989	1993	1999	Balance 1989/1999
Population	171,168	176,149	193,174	+ 22,006
Unemployment figures	5283	20,221	15,513	+ 10,230
Employed labour force	82,920	64,623	84,263*	+ 1343
<i>Number of employees in selected sectors:</i>				
Agriculture and farming	715	476	384*	- 331
Industry	20,287	13,767	17,932*	- 2355
Water, gas and electricity	799	998	759*	- 40
Construction work	6001	2934	4552*	- 1449
Commerce, hotel and gastronomy	14,182	10,174	13,234*	- 948
Traffic	5347	4889	5925*	+ 578
Finance and real estate	10,953	8395	11,919*	+ 966
Public and social	22,349	21,196	27,462*	+ 5113

Note: * figures for 1999 are unconfirmed.

Source: City of Tampere (2000).

The population trend in Giessen was rather different than in Tampere (see Table 9). Between 1992 and 1998 the number of inhabitants in the German city decreased by over 1500 people. This development could have had a positive influence on the unemployment rate if the labour market situation would have been stable. However, the number of jobs in the Giessen region decreased by about 4800 at the same time, which must be partly seen in the context of the withdrawal of the American troops. At the same time the number of unemployed people in Giessen city increased by 1500 people, while the region as a whole witnessed an increase by 4700 people. The public and social insurance sector, the industrial sector and the commerce sector alone cut down about 5800 working places. The only positive trend with regard to the labour market was the growing service sector employment. Without the creation of 2400 additional jobs in this field the situation in the Giessen region would have been even worse.

Table 9: Structure of employment in Giessen 1992-1998

	1992	1995	1998	Balance 1992/98
Population (city)	74,029	73,889	72,471	- 1558
Unemployment figure (city)	2947	3953	4463	+ 1516
Unemployment figure (region)*	7383	10,193	12,102	+ 4719
Employed labour force (region)*	49,256	46,271	44,472	- 4784
<i>Number of employees in selected sectors (region):</i>				
Farming, forestry, fishing, energy and water supply	888	907	875	- 13
Industry	9911	8326	7399	- 2512
Construction work	2023	1816	1697	- 326
Non-profit organisations and private households	1394	1187	1141	- 253
Traffic and information transmission	2712	2612	2142	- 570
Finance and insurance	2269	2326	2055	- 214
Public and social insurance	7064	5212	4607	- 2457
Commerce	7524	7021	6646	- 878
Service	15,471	16,864	17,910	+ 2439

Note: * District of Giessen (without the community of Biebertal; from the 1st of April 1997 Biebertal is included).

Source: City of Giessen (2000).

According to Horst Hahn (1999: pers. int.), press spokesman of the Employment Office, Giessen, the municipality is partly responsible for the negative economic development in the region. Traditionally Giessen had been a centre of administration and trade, which led to a neglect of middle-sized companies and the producing sector. This was no problem in the 1960s and 1970s, when those branches were strong. However, when the middle-sized companies and the producing sector came under enormous pressure in the 1980s the city did not realise the crisis until it was too late. Due to a lack of competi-

tiveness, numerous companies had to reduce their staff and/or close their business. A development on which the city had no influence was the withdrawal of the American troops. Altogether the closing of the army bases cost the region about 3000 civilian jobs.

While the number of inhabitants in the City of Giessen shrunk, the District of Giessen registered an increase of its population from 231,000 in 1989 to 253,000 in 1999. In the first place there were native German migrants from Eastern Europe moving in. Due to the fact that many of them were not able to speak German and insufficiently educated, it was difficult for them to find jobs. Hence, some of the migrants went straight into unemployment and dependency on income support.

A comparison of the structural development in Tampere and Giessen indicates heavy job losses in the industrial sector in both research regions. Similarities can also be found with regard to the reduction of working places in the construction field (although it was much more dramatic in Tampere than in Giessen) as well as the commerce sector. One major difference is the considerable increase of the employment figures in the public and social sector, the finance and real estate sector, and the traffic sector in the Finnish research region, while the same sectors were among those with the most severe job losses in the case of the German region. One explanation for this fact is the strong engagement of the Finnish welfare state in reducing the unemployment, which led to the creation of more jobs in the public sector. In Giessen, on the other hand, the withdrawal of American and German troops was followed by a reduction of jobs in the public and social insurance sector. Only the creation of a considerable number of new jobs in the service sector prevented a worse imbalance of the labour market.

Economic consequences of the unemployment in Tampere and Giessen

The 1990s crises in Finland and Giessen did not only influence the employment situation of many people but also the local budgets. From the financial point of view the high unemployment rates meant a dramatic income decline for the municipalities (see Table 10). In the case of Tampere, the total amount of taxes and fees as well as selling and services proceeds dropped from 525 million Euro in 1991 to 327

million Euro only one year later, and did not cross the 387 million Euro limit at all during the following four years. Although the city reduced its per capita spending (which had steadily risen since 1985) from 2217 Euro in 1991 to 1828 Euro in 1994⁷⁴, the total expenditure of the city remained at a high level. One reason for this development was the increasing number of income support recipients, for which the city was financially responsible (see Table 11). As a consequence, the net difference between income and spending grew. It had to be balanced through national support and loans.

Table 10: Municipal tax revenues and expenditures in Tampere and Giessen 1991–1996

	Tampere		Giessen	
	Tax revenues (1991 = 100)	Expenditures (1991 = 100)	Tax revenues (1991 = 100)	Expenditures (1991 = 100)
1992	62	98	108	112
1993	66	96	95	109
1994	69	97	97	103
1995	74	108	90	102
1996	70	102	93	101

Sources: City of Tampere (1999); City of Giessen (1999).

Knowing that restrictive budget policy usually has negative effects on labour markets in times of crises, the City of Tampere began to increase investments again in 1995 in order to stimulate growth. Direct employment measures were stepped up considerably. With this kind of policy the city accepted the risk of a higher net difference. It became quickly clear that the attempts of the municipality alone were not enough, as there was a general lack of financial resources for direct employment measures and projects in the region. Hence, without any help from the outside, it would be very difficult to tackle local unemployment successfully. This view was shared by non-governmental organisations, which also tried to reduce unemployment and its effects in Tampere. The joint target of the local actors was therefore to find potential partners. As the labour market crisis was considered

⁷⁴ When analysing the per capita spending it should be kept in mind that the population of Tampere grew by more than 11,000 people between 1990 and 1995. This increase may distort the figures.

a social problem, the search was successful. Many actors like trade unions, employers, the church and the national state got involved in employment policy measures in the region. Concurrently, Tampere was classified as eligible for Objective-3 support by the EU, which secured further financial support (see below). This development led to the fact that there were far more than 25 employment projects going on in 1998.

Table 11: Income support and income support recipients in Tampere (selected years)

	1990	1993	1995	1997	1999
Number of income support recipients	11,867	17,727	21,010	22,420	20,711
Spending on income support (in millions of Euro)	8.6	13.1	16.0	19.5	18.7

Source: City of Tampere (2000).

The economic consequences of the labour market crisis in Giessen were similar to the ones in Tampere. Due to the high unemployment rates the tax revenue of the city declined considerably in the first half of the 1990s. The total sum went down from 60 million Euro in 1992 to 54 million Euro in 1995. In 1998 tax revenues were still under the level of 1992. In order to compensate the decrease of receipts and to keep the net difference in control, the city had to reduce its total spending from 207 million Euro (1992) to 187 million Euro in 1996. In 1998 the local budget had about the same level as in 1994.

Table 12: Direct employment measures of the City of Tampere 1993–1999

	1993	1994	1995	1996	1997	1998	1999*
Total number of additional jobs	750	825	1200	1250	1300	870	850
Total costs #	12	11	18	21	22	15	15
Costs for the city #	5	4	7	12	12	8	8
State support #	7	7	11	9	10	7	7

Note: amounts of money rounded to the nearest whole number.

* Figures for 1999 are estimated. # In millions of Euro

Source: Palola (1998: pers. int.).

Stephan Idel (1999: pers. int.), the official in charge of the regional Panel Department for Employment and Economic Support in Giessen, pointed out that the financial problems of municipalities and regions in Germany are not only a direct effect of the local employment situation, but also a result of attempts on the national level and the state level to shift the financial burden caused by the employment crisis to lower political levels (see above). This ‘communalisation’ of the problem decreases the independence of local and regional authorities and endangers their democratic self-determination.

Es wird sich wohl erst in den nächsten Jahren und Jahrzehnten zeigen, wie die Kommune angesichts veränderter Rahmenbedingungen – z. B. das Zusammenbrechen der Kultur- und Sozialhaushalte – ihrer Aufgaben und Funktionen weiterhin wahrnehmen kann. Klar ist jedoch, daß eine Stadt wie Giessen aus eigener Kraft den von außen gesetzten Bedingungen nicht gegensteuern kann. Erst die Veränderung des ökonomischen und sozialen Umfeldes wird zu neuer Handlungsfreiheit führen, auch für Giessen. (Brake 1999: web doc.)

In order to counteract the negative trend and to reduce the number of people depending on income support (see Table 13), the City of Giessen as well as the District of Giessen tried to improve their employment situation by various social and economic measures. An example of this is the financial support for local actors, who offer qualification courses, social-psychological counselling or employment projects for income support recipients.⁷⁵ Due to the fact that Giessen had been

⁷⁵ Similar attempts were made in the case of Tampere.

affected by a serious economic decline, the attempts to receive Objective-2 support from the EU were finally successful in the year 2000.

Table 13: The development of income support in the District of Giessen 1990-1997

	Social assistance recipients (total number)	Social assistance because of unemployment	District spending on income support (in million Euro)
1990	9436	1667	23.1
1991	10,026	1457	24.3
1992	11,703	1616	26.3
1993	13,806	2021	39.5
1994	10,972	972	56.5
1995	10,786	2522	59.8
1996	11,785	3102	60.5
1997	12,076	3539	55.0

Source: District of Giessen (1999).

152 Comparison

A comparison of the economic situation in Tampere and Giessen underlines the negative impact of the employment crisis on the municipal budgets. Both cities, for example, had to cope with severe reductions of tax revenues as well as increasing spending in the field of income support. However, there are also some differences between Tampere and Giessen. One of them is the above-mentioned EU support for the Finnish research region, which came about five years earlier and was located in a different framework (Objective-3 support versus Objective-2 support). Another one is the development of the net difference between tax revenues and municipal expenditures. While the net difference declined in the case of Giessen, it grew considerably in the case of Tampere. This phenomenon had effects on the employment situation. The maintenance of a high expenditure level prevented further reductions of municipal employment and contributed to the creation of new jobs. The budget- focused policy in Giessen on the other hand did not offer many incentives to stimulate the labour market. The net difference also indicates a high financial backing of the Tampere region by the national government and the EU. Otherwise, the municipality

would not have been able to spend more than twice as much money during the crisis than it took in taxes (City of Tampere 1999).

5.3. Who are the unemployed?

For the investigation of who the unemployed are in the research regions, a comparison of their characteristics (e.g. age or gender) with the national averages of the job-seekers in Finland and Germany is helpful. In the case of Giessen it was important to present also labour market data of the State of Hesse, as the national figures are distorted by the economic situation in East Germany.

A look at the Finnish figures indicates that the local unemployment rate in Tampere was about 2.7 percent higher in 1999 than the national average. With regard to the gender distribution, the share of men among the job-seekers was lower in Tampere than in Finland as a whole, which means that female unemployed had more difficulties in finding a job than male ones (see Table 14). The fact that there were less women than men participating in the labour force increased the problem further. Compared to the national average, the older unemployed were significantly and the very young job-seekers slightly under-represented in the statistics in Tampere, while the age group from 20 to 55 had more problems in getting work. The professions of the unemployed in the Finnish research region have to be seen in connection with the role of Tampere as one of the major industrial centres of the country in the past. Hence only few job-seekers with agricultural professions could be found, while there were many unemployed with an industrial background or an education in the social, public, health care, clerical or construction work sector. In addition, a considerable number of sales persons were looking for work. On the other hand, the unemployed in the service as well as transportation and logistics field had lower rates than the national average. The share of the long-term unemployed in Tampere was lower than in Finland as a whole, but job-seekers with health problems were clearly over-represented in the research region.

Table 14: Characteristics of the unemployed in Tampere and Finland in 1999

	Tampere [#]	Finland [#]
Share of unemployed women	51.5	49.0
Under 20 years old	2.9	3.2
20 to under 25 years old	11.0	9.9
25 to under 50 years old	56.8	55.6
Over 50 years old	29.4	31.2
Professional, technical and related work (e.g. social work) *	20.7	18.0
Clerical and related work *	12.7	11.2
Sales work *	9.4	7.7
Agricultural and forestry work *	0.8	4.0
Transport equipment operators *	2.9	3.8
Construction work *	12.2	8.2
Industry *	23.8	22.7
Service work *	12.0	12.6
Work not classified by occupation *	11.0	11.6
Unemployed for 12 months or more	27.5	28.6
Unemployed with health problems	14.3	10,0

Note: * the figures for Tampere represent the situation at the 31st of May 1999.

[#] All unemployed = 100.0.

Source: City of Tampere (2000).

In the case of the Giessen region the unemployment rate was 1.5 percent lower in 1999 than the German average, but 0.8 percent higher than the average of the State of Hesse. If the focus is exclusively on the unemployment rate in West Germany, the figures of the Giessen region were 0.3 percent above the average. With a share of 47 percent the situation of women among the unemployed in the research region was slightly better compared to the national level, but worse than the situation in Hesse (see Table 15). The nationality of the job-seekers played an important role. Nearly every fifth unemployed in the Giessen region was a foreigner, which is below the average of Hesse, but clearly above the national average. The distribution of unemployment among workers and employees goes to the debit of workers, who had a clear preponderance, but this phenomenon can also be witnessed in Hesse or Germany as a whole. A comparison of the professional

status of the unemployed indicates that specialised workers and employees in higher positions were under-represented in the Giessen region, while the share of the non-specialised workers and employees in normal positions was higher than the national or state average. This outcome emphasises the key role of education in the labour market. Nearly half of the unemployed in the Giessen region had no degree or completed vocational training, although the share of this group among the total labour force was only one quarter. While unemployed juveniles (15 to 24 years) as well as the age group 25 to 44 years were clearly over-represented in the Giessen region, the share of the older unemployed (45 to 65 years) was lower than the average in Germany and Hesse. The duration of the unemployment in the Giessen region was within the national margins, but compared to Hesse the share of the long-term unemployed was 2.1 percent lower and the figures for people who have been searching for work between three and twelve months, 2.1 percent higher. Unemployed with health problems are under-represented in the German research region.

Comparing the typical characteristics of the unemployed in Tampere and Giessen, it can be said that in the case of the Finnish research region there was a high share of middle-aged persons, people with health problems, as well as former employees in the industry, construction work, public, clerical and social sector among the job-seekers. In the Giessen region primarily foreigners, people with a working class background, no specialisation and a low education level as well as young and middle-aged person could be found among the unemployed.⁷⁶ While the figures of Tampere give a good image of the overall situation in Finland, the figures for the Giessen region differ partly from the German average. The latter phenomenon can be explained by the heterogeneity of the German labour market.

⁷⁶ The fact that there was a higher share of women among the unemployed in Tampere than in Giessen must be seen in connection with the improving economic performance in the Finnish research region. While male dominated sectors (e.g. industry or construction work) usually develop stronger at the beginning of growth periods, female dominated sectors (e.g. commerce or social sector) are lagging some time behind. However, during crisis the male dominated sectors are also the first ones to cut jobs.

Table 15: Characteristics of the unemployed in the Giessen region, the State of Hesse and Germany in 1999

	Giessen region [#]	Hesse [#]	Germany [#]
Share of unemployed women	46.7	45.1	49.0
Share of foreigners	18.0	21.1	12.2
Share of workers	59.8	59.7	60.4
Employees in higher positions	20.5	21.4	20.6
Specialised workers	17.9	20.6	26.6
Employees	18.9	17.7	14.8
Non-specialised workers	42.6	40.4	38.0
Under 20 years old	3.2	2.7	3.1
20 to under 25 years old	9.9	8.1	8.3
25 to under 45 years old	49.3	43.7	44.0
45 to under 55 years old	20.6	21.7	21.3
55 to under 60 years old	14.2	19.5	19.6
60 to under 65 years old	2.9	4.4	3.8
Less than 3 months unemployed	29.7	29.7	29.9
3 to less than 12 months unemployed	35.4	33.3	35.2
12 months and longer unemployed	34.9	37.0	35.0
Unemployed with health problems	23.6	27.5	25.0

Note: due to statistical reasons there are no figures available for Giessen city, but only for the Giessen region. The figures and percentages indicate the yearly average. [#] All unemployed = 100.0.

Source: Employment Office Giessen (2000).

Comparing the typical characteristics of the unemployed in Tampere and Giessen, it can be said that in the case of the Finnish research region there was a high share of middle-aged persons, people with health

problems, as well as former employees in the industry, construction work, public, clerical and social sector among the job-seekers. In the Giessen region primarily foreigners, people with a working class background, no specialisation and a low education level as well as young and middle-aged person could be found among the unemployed.⁷⁶ While the figures of Tampere give a good image of the overall situation in Finland, the figures for the Giessen region differ partly from the German average. The latter phenomenon can be explained by the heterogeneity of the German labour market.

Who are the long-term unemployed?

Analysing demographic data, it appears that certain characteristics prevent unemployed people from finding new work and cause them to become long-term unemployed. Onno Dannenberg and Horst Waldmann (1991) refer to high age, poor education and health problems as the main risk factors for losing the jobs and staying out of work for a long time. Their perception is confirmed by other researchers (e.g. Leeftang et al. 1992a). A study on long-term unemployment in East Germany, for example, indicated that 54 percent of the unemployed had no completed vocational training, 42 percent had health problems and 30 percent were between 55 and 60 years old (Kieselbach and Wacker 1995 [1991]). The results of Aila Mustonen (1998), who analysed the Finnish labour market, are similar. Accordingly, the risk of long-term unemployment is higher for older and less educated individuals. Besides, it is more likely that people who become long-term unemployed have been unemployed before. Mustonen also found out that unemployment tends to accumulate among couples. If one partner is long-term unemployed, the other one is very often in a weak labour market position as well. On the other hand, the risk of long-lasting unemployment is generally lower for young and well educated people or self-employed individuals. However, the economic crisis in the first half of the 1990s in Finland led to the fact that the share of these groups among the long-term unemployed increased as well (Eriksson 1996). Asko Suikkanen (1998) refers to a connection between qualification demands and mass unemployment in Finland:

At the beginning of the 1980's the standard of education of workers, job-seekers and vacancies was the same. This situation has changed rapidly. The level of education of the Finnish labour force was relatively

low in the 1980's. By the mid 1990's, employees had college or university degrees. Employers' requirements have grown quickly and the education structure of the unemployed is lagging behind the required level. Strong selection processes are underway within the labour market... (Suikkanen 1998: web doc.)

As far as gender differences are concerned, female unemployed in Germany are stricken more often with long-term unemployment. In Finland men have more problems finding a new occupation. Nevertheless, in the mid 1990s, the difficulties for Finnish women to get a job were increasing, although on the average, they were better educated than male job-seekers. One explanation for this could be that sectors which employ primarily women react with delays to economic developments (see above) (Mustonen 1998; Brinkmann and Wiedemann 1994; Dannenberg and Waldmann 1991). Another factor that influences the success of the search for a job is the social status of the unemployed. If they belong to social fringe groups, such as 'foreigners'⁷⁷, 'homeless', 'ethnic minorities' or 'former prisoners', it may be more difficult for them to find a new job. Besides age, gender, education level and social status, their chances reemployment are influenced by the duration of their unemployment, their social qualification, their financial situation and their health status (see below). Christian Brinkmann and Eberhard Wiedemann (1994) point out that very often it is not one certain characteristic which prevents people from getting (new) work and leads to long-term unemployment, but rather the accumulation of several risk factors.

The long-term unemployed in Tampere and Giessen

In both research regions the age of the long-term unemployed seems to play a decisive role: in 1997 more than 50 percent of the registered

⁷⁷ The chances of foreigners to find work depend very much on their nationality/descent and profession. Well educated people from western countries usually have fewer problems finding a job than lower educated refugees from Eastern Europe or Africa. On the other hand, low educated foreigners may be more willing to accept work with a low social status, which is rejected by better educated unemployed. This could be an advantage for them. However, long-term satisfaction with their work and their wages is another question.

job-seekers in Tampere and Giessen were over 45 years old. With 61 percent, the share of older unemployed in Tampere was 9 percent higher than in Giessen (see Table 16).

Table 16: The age of the long-term unemployed in Tampere city and the Giessen region 1997

	Tampere	Giessen
15 to 24 years	3	5
25 to 34 years	15	19
35 to 44 years	21	25
45 to 54 years	25	25
55 and older	36	27
	~ 100	~ 100

Note: percentages rounded to nearest whole number.

Sources: Employment Office Tampere (1998);
Employment Office Giessen (1998).

Regarding the influence of the education level on the duration of the unemployment the official statistics indicate that more than 50 percent of the long-term unemployed in the research regions had no completed vocational training, whereby the share of unemployed with vocational training in Tampere was about 7 percent lower than in Giessen.

The share of academics⁷⁸ among the long-term unemployed was low in both research regions (5 percent in Tampere and 4 percent in Giessen) compared to their share in the labour force (1997: 11 percent in Tampere and 8 percent in Giessen). Hence an academic education seems to be a good 'insurance' against long-term unemployment. The same applies for completed vocational training (see Table 17).

⁷⁸ People with a university or college degree.

Table 17: **The education level of the long-term unemployed in Tampere city and the Giessen region 1997**

	Tampere	Giessen
without completed vocational training	57	53
with completed vocational training	37	43
higher education	5	4
	~ 100	~ 100

Note: percentages rounded to nearest whole number.

Sources: Employment Office Tampere (1998);
Employment Office Giessen (1998).

The distribution of the long-term unemployment between men and women contradicts the thesis that women are affected more often by long-term unemployment than men – at least in the case of Tampere and Giessen. In both regions 44 percent of the long-term unemployed were female. It is interesting to compare these figures with the total number of female participants in the labour force. In 1996 the authorities registered 37,600 female members of the dependant labour force in the Giessen region, which embraced around 82,800 people at that time. This corresponds to a share of 46 percent. Hence it cannot be concluded that women (with 46 to 44 percent) are stricken more often with long-term unemployment than men. In fact, they seemed to have a slight advantage. In Tampere the situation was similar: the share of women in the labour force in 1997 was 48 percent. As a consequence, it can be said that long-term unemployment in general was not a typically female problem in the research regions (see Table 18).⁷⁹

⁷⁹ Theoretically, it is possible that women stay longer without work than men (e.g. men find work after two years on the average, while women have to wait for four years). However, this has not been investigated by this study.

Table 18: **The sex of the long-term unemployed in Tampere city and the Giessen region 1997**

	Tampere	Giessen
Men	56	56
Women	44	44
	100	100

Note: percentages rounded to nearest whole number.

Sources: Employment Office Tampere (1998);
Employment Office Giessen (1998).

Another point of correspondence between Tampere and Giessen was the fact that nearly 50 percent of the long-term unemployed stayed without work for more than two years, which enforces the assumption that the duration of the unemployment itself becomes a hindrance for a new occupation (see Table 19).

Table 19: **Duration of the long-term unemployment in Tampere city and the Giessen region 1997**

	Tampere	Giessen
One to two years	51	52
Over two years	49	48
	100	100

Note: percentages rounded to nearest whole number.

Sources: Employment Office Tampere (1998);
Employment Office Giessen (1998).

At first sight there seems to be a difference between the health status of long-term unemployed people in the research regions. In 1996, about 25 percent of the long-term unemployed in the Giessen region stated health problems (Employment Office Giessen 1998) while the percentage in the Tampere region was 13 percent (Employment Office Tampere 1998). One explanation of this difference could be that Finnish employment offices registered only diseases which were diagnosed by physicians. In Germany it was more or less an 'informing' of the employment offices about health problems. Only disabled people needed medical certificates. Therefore it is likely that the German unemployed stated problems which were not easy to diagnose and may have been not really serious, while the visit of a physician could have been a hindrance for the Finns to mention illnesses. In addition, the

development of the unemployment may have affected the number of people with health problems among the jobless. Due to the speed and the dimension of the economic crisis in Finland, dismissals were less selective than in Germany. Hence unemployment did not only hit weak members of the labour force.

The comparison of the officially registered long-term unemployed in Tampere and Giessen indicates great similarities. Especially striking is the high age, low education level and long duration of the unemployment. All of these features can prevent re-employment. High age and a low education level are potential risk factors for a job loss while the duration of the unemployment turns into a problem the longer people stay without work.

5.4. Concluding remarks

The outcome of Chapter 5 underlines that despite the different development of the unemployment (shocking increase versus steady growth) there are a number of similarities between the cases of Tampere and Giessen. One example are the severe financial consequences for the regional budgets and the increasing number of long-term unemployed who depend on municipal or regional income support. With regard to the economic situation, both regions saw heavy job losses in the industrial, construction and commerce sectors. Only growing employment figures in the service sector prevented a further worsening of the crises. The fact that the employment in the public and social sector increased in Tampere and declined in the case of Giessen can be interpreted as proof for a strong commitment to full employment on behalf of the local, regional and national actors in Finland. Compared to the national average there were more unemployed in the fields of professional, technical and related work as well as construction work in Tampere. In addition, the number of job-seekers with health problems was higher. In Giessen there were many foreigners as well as simple employees and non-specialised workers among the unemployed. The unemployment was less a problem of older workers than for the age group 25 to under 45 years. A considerable number of long-term unemployed in both research regions (often 50 percent or more) could be characterised by high age, low education level and two years or more without a job.

6. Local employment policy in Tampere and Giessen – an answer to the crisis?

Chapter 6 analyses the results of the field study among the local actors in Tampere and Giessen. The main focus is on the reasons for their engagement, the strategies of their work, the financing of their projects, their target groups and the main problems of their clients. Furthermore, the chapter includes some critical remarks concerning the evaluation of employment projects in general and the employment policy in Tampere and Giessen in particular. The chapter starts with a presentation of the methods and data used for the present research. The results of the interviews with the local actors are presented in separate tables. After the introduction, the study takes a close look at the employment policy in the research regions. The last part is a comparison of actors, strategies and projects in Tampere and Giessen.

6.1. Methods and data

Due to the heterogeneity of the local actors in Tampere and Giessen, flexibility was a key factor for the field study. This objective was achieved with the help of ‘unstructured interviews’⁸⁰ which were conducted by the author with local representatives of institutions, organisations and projects. ‘An unstructured interview simply means a face-to-face interview using an interview schedule with the topics listed but with few specific questions and no fixed questions; these interviews aim to be carried out ‘in-depth’. (Department of Primary Care and Population Science at the University College London 2003: web doc.) Unlike in the case of ‘standardised’ or ‘structured interviews’ the interviewer is free to ask questions whenever he or she wishes and can also bring up new topics if it is considered to be useful for the research. The idea behind the application of unstructured interviews for this study was – to say it in the words of John Lofland (1971: 76) – ‘to find out what kinds of things are happening’ in the field of the employment policy on the local level in Tampere and Giessen.

⁸⁰ Also known as ‘non standardised’ or ‘focused’ interviews (Fielding 1993b: 136).

There are a number of advantages connected to this kind of methodological approach (see Interviews-Types 2003: web doc.; Department of Primary Care and Population Science at the University College London 2003: web doc.; European Commission 1999d). For example unstructured interviews are flexible, they are context and subject sensitive, which means they take situational and individual factors into account; they provide rich data; they allow the respondents to answer in their own words; the nature of the responses is not limited; and the respondents can give their own points of view on the matter. However, there are a number of disadvantages as well: unstructured interviews require interview skills, a sound knowledge of the research topic, and actors that are willing to co-operate; they are lacking standardisation; they are difficult to analyse; they are time-consuming; and they risk ‘interviewer effects’ (Fielding 1993b: 144-5). In addition to that the researcher can never be sure if the interview partner is telling the ‘truth’ or if they want to present themselves in a better light or cover up mistakes or shortfalls (Fielding 1993b: 148). After balancing the advantages and disadvantages of unstructured interviews as a methodological approach for the field study in Tampere and Giessen, the conclusion was reached that the former outweigh the latter, especially if the results are not presented on their own, but cross-checked with other sources of information (data triangulation). Lacking interview skills and lacking knowledge of the research topic can be excluded as sources of error in the context of the present study, as the author has long experience as a freelance journalist and the research topic was thoroughly investigated prior to the field study. In addition to that, it was no problem to find local actors for the interviews.

As it would have been far beyond the scope of the study to analyse all institutions, organisations and projects in the field of the employment policy (in Tampere alone there were far more than 40), a selection was necessary (‘purposive sampling’⁸¹). With regard to the governmental actors, representatives of the cities, districts, employment offices and other institutions were interviewed. Another focus was on local net-

⁸¹ ‘Purposive sampling is a deliberate non-random method of sampling, which aims to sample a group of people, or settings, with a particular characteristic.’ (Department of Primary Care and Population Science at the University College London 2003: web doc.)

works, which were set up to reduce unemployment and its effects. In the field of non-governmental organisations, it was much more difficult to decide about the interview partners. Finally the selection was based on four criteria: first of all, all associations of unemployed people in the regions, as their activities indicate a specific way of how job-seekers cope with their situation; secondly actors, who had been involved in the local employment policy respectively the reduction of unemployment for a long time and were therefore able to assess the current situation; thirdly projects, which offer interesting and new approaches to the problem; and finally projects, which reflect the variety of approaches towards the unemployment in the regions. The field study was carried out between December 1998 and April 1999 in Tampere and between June and September 1999 in Giessen.

The interviews in the research regions were based on a number of guidelines⁸², that are described in the following. In order to find out something about the motives of the local actors for example, it was necessary to investigate their *general aims and activities* in the field of the employment policy. Likewise it was important to learn about *their history and the history of their projects*. A close look at the *target groups* helped to identify if there were sufficient offers for job-seekers with special problems in Tampere and Giessen, like long-term unemployed people, foreigners, juveniles without education, etc. Concurrently the interviewees were asked about *their target groups and the specific problems of their clients*. The answers allowed a comparison with the description of unemployment as it is found in the literature and the experiences of the citizen experts (see Chapter 7) in the research regions. A realistic perception of the individual problems on behalf of the local actors is a precondition for the development of suitable strategies to reduce unemployment and its social-psychological effects. The strategies once again are reflected in the *concrete measures taken by the local actors*. Another point of interest was the *composition of the staff* dealing with the unemployed. The involvement of civil servants, social workers or unemployed itself can influence the acceptance and the success

⁸² As the wide range of topics indicates, the analysis was not restricted to only one or two aspects but rather represents a multi-aspect approach. For further details see the Introduction as well as European Commission (1999b, 1999c, 1999d).

of an actor or a project. Likewise, the *financiers* of the local actors are a factor which should not be neglected. By connecting donations and support to certain (pre)conditions they have the possibility to affect local actors and to influence their projects and measures. In addition to the financiers, the *partners of the local actors* were in the focus. Their number and their influence reveals something about the level of regional networking. The evaluation also concentrated on the *problems of the local actors* and their *plans for the future* in order to assess the current employment policy in the research regions and to make suggestions for future interventions. Concurrently the actors were asked about their general *assessment of the employment policy* at the local, national and European level.

While it was not possible to discuss all points with each actor, it was necessary in some cases to come up with additional questions and topics. The actual course of the interviews depended to a great extent on the interviewees and their different backgrounds. During the interviews field notes were taken and later on, transcripts produced. The gathered information was processed with an content analysis approach (Writing Centre at Colorado State University 2003: web doc.). ‘One method [...] [of content analysis] is to search the whole data set for the categories created and make comparisons between each, as appropriate.’ (Department of Primary Care and Population Science at the University College London 2003: web doc.) Following this suggestion, a number of categories was created, the most important ones of which were: history/background, strategies and offers, target groups, partners/networks, financiers, success rates, problems, motives, future plans, the regional situation, and the problems of the unemployed. In a second step the gathered data was scanned for each category and the thereby-gathered information analysed, so that bit by bit a broad picture of the local employment policy in the research regions emerged. Hence it can be said that the topic was approached from practice to theory (inductive approach), which means the interviews with the local actors served as the basis for the analysis of the employment policy in Tampere and Giessen.

An overview of the local actors who were interviewed is presented in Table 21 and Table 23 while a brief description of the actors and projects, including the names of the interview partners, can be found in Appendix 4. The key features of the local employment policy in

Tampere and Giessen from the perspective of the local actors is described in Chapter 6.2 and Chapter 6.3 respectively. Finally Chapter 6.4 sets the individual results in relation to each other and comes up with generalisations. Due to the already mentioned heterogeneity of the actors and the lack of evaluation standards an expression of the findings in precise figures and percentages appeared as not useful. Rather, the outcome of the research has to be seen as an example for theories about regional employment policy in general and an assessment of the situation in Tampere and Giessen in particular. For reasons of simplicity it was renounced to mention the names of the interview partners in the following; instead, references to their organisations or projects were made where it was considered appropriate.

6.2. The employment policy in Tampere

Strategies, projects and actors in the Tampere region

Analysing the measures taken to reduce unemployment in Tampere in the 1990s one phenomenon can be noticed immediately: the economic crisis and the dramatic rise of unemployment led to a variety of new approaches towards the problem, including the redefinition of political strategies, the enlargement of existing employment projects as well as the creation of new ones. The enormous efforts that were made in this field are connected to the fact that unemployment had not been a serious problem in the past. Long-term unemployment, for example, was basically unknown in the region before 1992. Of course there had been crises, but usually they did not last very long and did not endanger the social and economic situation of many people. Hence the rise of the unemployment rate to more than 23 percent in 1993 and the increasing time people stayed out of work was a shock for the region. About two years after the beginning of the crisis the municipalities, the already existing employment projects and other actors had realised that their – so far mainly independent – efforts were not enough to improve the situation. Therefore broad and co-ordinated counter-measures were considered to tackle the problem. In the course of time networking became the new leading strategy in the field of the local employment policy. As a result political, economic and social actors in Tampere combined their efforts and knowledge in order to improve the situation. Nevertheless, their financial resources were limited. This

changed, however, when national and European programs to reduce the unemployment were launched in the mid 1990s.

Once the programs had begun, they had strong effects on the region and stimulated the creation of various employment and care projects. The most important results were the establishment of the Tampere-Pirkkala Territorial Employment Pact (see Table 20) and the Network Tampere 2000, which institutionalised the reduction of unemployment and social exclusion and became central pillars of the local social and employment policy. The broad engagement of social actors within the framework of both networks is an interesting phenomenon in this context. It can be explained by two reasons: first of all, the strong traditions of the political and social actors in the Nordic countries to cooperate in order to solve social problems (corporatism) and secondly, the changed nature of unemployment in the 1990s. Unlike before, the crises did not only affect some people or groups this time, but the workforce as a whole, disregarding branches, education or professional position of people. Therefore the unemployment was perceived less as individual but rather as social problem. As a consequence many different parties engaged in the regional networks, among them the local administrations, the church, the employment office and the *TE-Keskus*, education institutions, trade unions, employer's associations, cultural organisations and institutions, associations of unemployed people, health care institutions as well as sport associations. In addition to the local networks, there was also a tendency for more co-operation with actors and organisations outside the region. The activities of the *Pirkanmaan Liitto* with regard to the West-Finland-Alliance or the involvement of the Network Tampere 2000 in the European Anti Poverty Network are good examples in this context.

Table 20: Letters of Intent signed within the framework of the Tampere-Pirkkala Territorial Employment Pact between March 1997 and June 1998

Name of the institution or organisation that signed a Letter of Intent	Description and duration (*) of the project within the framework of the Employment pact / Number of unemployed involved (beginning of March 1997 until end of June 1998)	Old or new #
<i>Institutions involved</i>		
City of Tampere	Involvement of 7625 unemployed within strategic employment measures. Various projects and activities. (-)	-
City of Pirkkala	Involvement of 323 unemployed within strategic employment measures. (-)	-
Association of Evangelic Lutheran Congregations	Employment of 301 young people during the summer. The activities support projects, which deal with unemployment. (-)	-
Satakunta Wing of the Finnish National Defence Force	Provides subsidised employment, practical training and working life initiation in projects, which are connected to the local unit of the Finnish Air Force (like constructions at the airport). (-)	-
Tampere 2000 Network	Promotes the co-operation of various actors in order to prevent social exclusion of unemployed people. Co-ordinates the <i>Monet</i> project. (-)	-
Tampere Chamber of Commerce	Provides information about continuous personnel development programs for small and medium-sized companies; informs local training institutions about the companies' needs. (-)	-
University of Tampere	Evaluates the Partnership Project and carries out various research projects. (-)	-
<i>Sub-Projects of the Tampere-Pirkkala Territorial Employment Pact</i>		
<i>Oma Ura</i> project of Tampere City	Provides about 314 trainee and work places in various workshops for unemployed juveniles. (10/1995 – 1999)	Old
Workshops of Pirkkala municipality	Workshop places for unemployed juvenile under the supervision of older long-term unemployed. (1998 – 1999)	Old
Association of the Unemployed in the Tampere Region	Organisation of stimulating activities and meal services for unemployed people. (1998 – 1999)	Old

'Together Forward' project of the Association of the Unemployed in the Tampere Region	Provides practical training in workshops combined with labour market and application courses for 75 long-term unemployed people. (4/1998 – 3/2000)	New
Association of Häme Exercise and Sports	Employment and training possibilities for 94 young unemployed. The participants become sport teachers for different groups (children, senior citizens and so on). (3/1997 – 1999)	New
Pirkanmaa Apprenticeship Office	Training of 20 – 23 employees of Tampere and Pirkkala to guide unemployed which take part in subsidised employment projects of the municipalities. In addition the arrangement of 140 apprenticeship places for unemployed people. (3/1997 – the last project ends in 1999)	Old
Social and Health Care Organisations	Various actors arrange employment, trainee-ships and possibilities for voluntary work for long-term unemployed people. (12/1997 – 11/1999)	New
Monet project	Employment of 15 long-term unemployed, who are excluded or in danger of being excluded from society due to low professional skills or membership of minority groups. (1998 – 2000)	Old
Combined-support-project organised by the Partnership Project Office	Provide employment for 400 – 500 (figures estimated) unemployed in the third sector, in enterprises and in private households on the basis of the combined support system. (2/1998 – 2000)	New
Association of Youth Apartments in the Tampere Region	Employment training for 15 young people and their active participation in the renovating of flats from the planning stages to the practical implementation of the project. (10/1998 – 5/1999)	New
Tampere Engineers	Activation of 169 unemployed engineers and construction architects; support for a re-entry into the labour market. (3/1998 – 12/1998)	New
Confederation of Unions for Academic Professionals in Finland (AKAVA)	Training and personal guidance for 260 unemployed AKAVA-members in Pirkanmaa. (4/1998 – 12/1998)	New

Tampere Theatre	Organisation of the Rock Musical 'Virgo' with 170 unemployed juveniles. (4/1997 – 4/1998)	New
'Live and Learn' project of the Association for the Care of Criminals	Seeking paths towards independent coping with every day life and working life for about 30 unskilled juveniles and young adults with criminal records, likewise long-term unemployed ageing career professionals. Project: Repairing buildings. (1998 – 2000)	Old
Federation of Finnish Metal, Engineering and Electrotechnical Industries	Information of pupils about the labour market situation in this field; arrangement of apprentice- and trainee-ships. (4/1997 – 3/1999)	New
'One Stop Shop' for volunteer work of the Tampere Association of Evangelic Lutheran Congregations	Provides extensive support for all volunteer work communities, by commissioning volunteer workers and assisting organisations in developing their projects. (5/1997 – 4/1999)	New
The Tampere Region Co-operative Centre	Creation of about 200 (figure estimated) full or part-time jobs by setting up or helping in the setting up of operational co-operatives on economic bases. (1998 – 2000)	New
<p>Note: the list does not contain all Letters of Intent. The projects mentioned were mainly carried out between the years 1997 and 1999. * The duration describes only the time period of the project within the framework of the Employment Pact. Projects can keep on existing afterwards, if they manage to get financial support. # 'Old' projects existed already before the establishment of the Employment Pact; 'new' projects are a result of the Employment pact.</p>		

Source: Tampereen Seudun Kumppanuusprojekti (1999).

The fact that the local actors in Tampere could realise their own concepts led to a great variety of strategies and measures. Theoretically, unemployment and social exclusion was tackled in three different ways (which were often combined, in practice): first of all, there were projects to improve the social-psychological situation of the unemployed (e.g. the public offers of the *Työttömien Toimintakeskus* or the activities of the *Hervannan Seudun Työttömät*). Common strategies were attempts to counteract social isolation, the activation of people's self-help potential as well as the involvement of unemployed in the organisation of events and projects. Secondly, there were projects to

reintegrate job-seekers into the labour market with the help of short-term jobs and/or training places (e.g. the *Yhdessä Eteenpäin* project or the *Oma Ura* project). One important development, from the social-psychological point of view, is the realisation of many actors that it is not enough to provide long-term unemployed people with jobs or training places. Rather, professional and social guidance is also needed, to overcome the lack of qualifications and to achieve a successful reintegration. Thirdly, there were projects which aimed at the creation of more jobs in the first or second labour market. One approach was the arrangement of artificial employment possibilities (e.g. *Pubtia ry* or *Tammermet*), another one the improvement of services for entrepreneurs and companies (e.g. the activities of the municipal Business Development Centre or the *Ensimetri* project).

Despite the fact that the general aims of the actors in Tampere with regard to the unemployed were similar (e.g. breaking the isolation, improving the professional and social qualifications) different individual motives for their involvement could be found.⁸³ One of them was the belief in the principles of charity and the moral or ideological obligation to support needy members of society. Other motives were connected closer to the own interests of the actors. For local and national authorities, for example, it is a priority to maintain social peace in order to keep the state functioning. In addition, employment policy measures shall avoid the situation that the social and professional qualifications of the unemployed get totally stunted. This would prevent them from a re-entry into the labour market in times when more workers are needed and make them dependent on public support for the rest of their lives. The engagement of municipalities can also be seen as attempt to improve their budget situation. By employing income support recipients or long-term unemployed people they ensure that people gain or maintain a right to unemployment support, which is paid by the national state. Employed people are also an inferior burden for the welfare state on the local level and contribute to higher tax revenues. Private companies have the chance to gain financial advantages,

⁸³ As it is difficult to investigate the ‘real’ motives behind the action of a person or an organisation, there are no specific names or projects mentioned. However, the following description is based on the research in the Tampere region.

if they engage in the employment policy. Some of them earn money by selling courses, programs or other services for unemployed people to the authorities. Others are able to get workers, whose education or wage is (partly) paid by the state. In addition, some of the enterprises have the chance to win new clients or customers, if they help people to set up for themselves. From the trade union’s point of view a higher employment rate improves the position for wage negotiations and the prospects for more paying members. Besides, it should be recalled that the voluntary unemployment funds, which pay parts of the earning-related unemployment allowance during the first 500 days of unemployment, belong to the trade unions. Hence an improved economic situation with less unemployed people is positive for the development of the funds. A motive for existing employment projects to continue their work or to increase their efforts may simply be the ‘instinct of self-preservation’. The staff has found work through the projects and wants to keep their jobs. In addition non-governmental actors can gain influence in local politics through their activities.

Other reasons to engage in the field of employment policy is the possibility it raises to shape a certain social image in order to gain or maintain a particular reputation as well as the chance to spread certain ideologies: policy makers for example want to profile for the next elections; churches try to increase the belief in god and the values of the bible and trade unions strive for a fair wage policy. The perception of local deficits (e.g. in the environmental sector or the social policy) also played a role for some of the actors. Several officials in charge had experienced unemployment themselves and thus had a good knowledge of the local situation.

Theoretically, non-governmental actors in Tampere could freely choose their strategies and define own target groups for their measures. However, this freedom was restricted by certain conditions bound to national and European financial support (such as the measures having to involve juveniles or long-term unemployed people). In addition the definitions depended on the members, the interests and the fields of action of the organisations involved. For example, the associations of unemployed people had public offers for all unemployed, while some of their projects (e.g. *Yhdessä Eteenpäin*) or jobs (e.g. offered by *Pubtia ry*) were designed for particular target groups. In many cases the projects focused on long-term unemployed people, which was on one

hand due to the interests of the associations and on the other hand due to the interests of their financiers. Activities and support measures of trade unions, employer's associations or private companies were usually connected to certain business branches. The *Rulla* project for example, concentrated on unemployed with a technical or commercial education, the *Ensimetri* project got support from service companies and the trade unions offered projects in the framework of the territorial employment pact, which were closely connected to the profession of their members. The target groups of municipal, national and European projects depended in the first place upon political priorities. During the time of this study the focus was very much on the reduction of youth and long-term unemployment. The *Oma Ura* project and the direct employment measures of Tampere City can be mentioned as examples in this context. In addition the *Monet* project offered some special measures for women and foreigners. The *Ensimetri*, the *Tammermet* and the *Rulla* projects explicitly targeted people who were in the early stages of unemployment and showed no or only few social-psychological problems. The idea behind this strategy was to help people before they became long-term unemployed and lost their social and professional qualifications.

It should also be mentioned that there were non-governmental actors who tried to help the unemployed without receiving much support on behalf of the government or the EU. To some extent this fact makes plain the dispute among some of the non-governmental actors about the correct attitudes and approaches towards the state and the governmental policy. The *Tampereen Seudun Työttömät ry*, for example, was directly involved in the territorial employment pact and received money from the state and the EU for its projects. The organisation claimed not to do any political work and hence critical remarks towards the municipal or national employment policy were restrained.⁸⁴ The approach of the *Hervannan Seudun Työttömät ry* or the *Tampereen Evankelisluterilainen Seurakuntayhtymä*, on the other hand, was

different. They organised political discussions and events for unemployed people, criticised the government and articulated what they thought about the current social situation in Finland. It is interesting that both organisations got little if any direct support from the government for their work. The fact that actors, whose projects depend financially on the state are – at least in public – less critical towards the municipal or national employment policy than independent actors seems to confirm the idiom, which says that ‘people sing the song of the one who feeds them’.

⁸⁴ It is astonishing that an association of unemployed people claims to be unpolitical as its existence and the organisation of measures and projects is in most of the cases already a political act, which underlines the fact, that the measures taken by the governmental actors are not sufficient in the opinion in of the people stricken with the problem.

Table 21: Actors, networks and projects in Tampere 1998/1999 (selection)

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁶
							EU	State	City	Other ⁵	
Tampere-Pirkkala Territorial Employment Pact	Regional network (50 actors)	1997	4	Support of unemployed people, projects + enterprises	No own projects; 18 sub-projects (1999)	790,000 (03/97-12/99)	X	X	X		9800 participants in sub-projects (03/98-06/98)
Network Tampere 2000	Regional network (25 actors)	1996	1	Support + coordination of projects for socially excluded people	No own projects; sub-projects like 'Monet'	33,600 (until 01/99)	X				240 short-term jobs in various sub-projects
Centre for employment and Economic Development (TE-Keskus)	Governmental actor (national level)	1997		Planning, funding + administration of Objective-3-Projects in the region	Normally no own projects but there are 3 exceptions (1999)	86.8 million (1998) projects, wage support, loans, training	X				6033 participants in projects funded by the TE-Keskus (1998)
Employment Office Tampere	Governmental actor (national level)	1961	160	Advise, information for job-seekers	5 projects (1998), e.g. 'Sateenkaari'	420,000 ('Sateenkaari' project 1996-1999)	X	X			600 project participants ('Sateenkaari' 1996-1998)

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = Other sources, such as churches or private companies; 6 = the individual results should not be added up as actors and networks often support the same projects; * wages and salaries are not included.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁶	
							EU	State	City	Other ⁵		Own income
Council of the Tampere Region (Pirkanmaan Liitto)	Governmental actor (regional level)	1994		Co-ordination + implementation of EU Objective-1 programs; net-working	No own projects; support for 62 projects (1998)	2.9 million (1998)	X	X				Some concrete results ⁶
City of Tampere	Governmental actor (local level)			Additional jobs for long-term unemployed	No own projects	15 million Euro (1998)	X	X				870 additional jobs (1998)
City of Tampere: Social Services + Health Care Department	Governmental actor (local level)			Income support payment; day-care for children of unemployed parents	No own projects; support for various projects	841,000 ⇔ employment policy measures, 18.7 million ⇔ income support (1999)		X				Income support for 20,711 people; creation of 150 artificial jobs (1999)
City of Tampere: Business development Centre	Governmental actor (local level)			Promotion of investments in the region + support for enterprises	Tampere Region Centre of Expertise; 'Hermia'	1 million (1999)		X				'Hermia': evaluation of 144 business ideas (1998)

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = Other sources, such as churches or private companies; 6 = the individual results should not be added up as actors and networks often support the same projects; * wages and salaries are not included.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁶	
							EU	State	City	Other ⁵		Own income
'Rullaava Rekytointi'	Commercial project of a private company	1998	11	Courses for long-term unemployed with technical or commercial background		437,000 (03/98-06/99)	X	X			Some concrete results ⁶	75 project participants (1998-1999)
Association for Unemployed People in Tampere Region	Non-governmental organisation of unemployed people	1995	19	Services, projects, temporary jobs + support for unemployed people	'Yhdessä Eteenpäin' project; centre for unemployed with cafeteria	672,700 (1998)	X	X	X		119 artificial jobs; 10,000 visits/month of the centre for unemployed people (1998)	
'Oma Ura'	Non-profit project of Tampere City	1995	2	Work experience + motivation for unemployed juveniles		2 million (1998)	X	X	X		250 project participants; 20 temporary jobs (1998)	
'Tammermet'	Non-profit project of the TE Keskus	1995		Wage support + courses for short-term unemployed in the metal industry		5 million (1995-1999)	X	X	X		650 jobs offered by 120 companies (1999)	

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = Other sources, such as churches or private companies; 6 = the individual results should not be added up as actors and networks often support the same projects; * wages and salaries are not included.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁶	
							EU	State	City	Other ⁵		Own income
'Puhtia ry'	Non-governmental organisation of unemployed people	1998	1	Support + temporary jobs for long-term unemployed + juveniles	Second hand centre, own shop, editorial office	42,000* (1998)	X	X		X	24 temporary jobs (1999)	
'Ensimetri'	Non-profit project in the framework of the Territorial Employment Pact	1996	12	Business consulting + course for unemployed who want to set up for themselves		505,000 (1998)	X	X	X		Evaluation of 1753 business ideas; support for 377 new enterprises (1998)	
Evangelical-Lutheran Parishes of Tampere	Church			Reducing unemployment + its effects in the region	'Musta Lamas'; 'Ruoka Pankki'						420 short-term/summer jobs for juveniles + unemployed (1998)	
Association for Unemployed People in Hervanta Region	Non-governmental organisation of unemployed people	1995	2	Activities + courses for unemployed people in Hervanta	Dance, sport, + handicraft courses; political discussions	1350* (1998)	X		X			

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = Other sources, such as churches or private companies; 6 = the individual results should not be added up as actors and networks often support the same projects; * wages and salaries are not included.

The assessment of local employment policy measures in the Tampere region

It is rather difficult to assess the concrete influence of the local employment policy measures on the reduction of unemployment in the Tampere region, as other factors like the economic recovery in the second half of the 1990s have also to be taken into account. Fact is, however, that since the enforced engagement of the regional actors and the introduction of two big cooperation networks, the unemployment rate declined from 23 percent in 1993 to 16.7 percent in January 1999. Concurrently the difference between the local and the national unemployment rate went down. One reason for the positive development was the great number of subsidised jobs and training courses offered by the local actors.

Between March 1997 and June 1998 more than 9800 people participated in employment and training measures arranged in the framework of the territorial employment pact. This was a chance for the unemployed to improve their social-psychological situation and their professional qualification. This helped to keep the official unemployment figures low, as people were considered 'employed' or 'occupied' during their time in the projects. Three months after finishing the measures about 53 percent of the participants were no longer registered as unemployed (March 1997 – June 1998).⁸⁵

The success rates of some individual projects were even higher: *Oma Ura* referred to 65 percent (within one year), *Tammermet* to 75 percent and *Rulla* to 80 percent. However, the latter results should be analysed carefully. The participants of these three projects were not randomly chosen among the (long-term) unemployed, but had to pass interviews or tests before they were accepted. While the employment criteria were quite low for the projects of the employment office or the associations of unemployed people, they were rather high for projects like *Rulla* or *Tammermet*. The courses offered by the *Ensimetri* project for people who want to set up for themselves aimed also at the 'up-

⁸⁵ This does not necessarily mean that the unemployed found a job in the first labour market. It is also possible that some of them got subsidised work or took part in training courses. The same applies for the following percentage figures.

per-class' of the unemployed, which had good skills and/or a good education. Although low skilled and low educated people were not explicitly excluded from the measures, it seemed to be unlikely that they would succeed in this field. As a result of the selection processes the most capable unemployed were identified, while the ones with serious problems were left out. The higher the demands concerning the social-psychological situation and the qualification of the jobless, the higher the success rates usually were; high success rates once again are one of the preconditions for the continuation of a publicly funded project.

It should be kept in mind at this point that measures which train the professional skills of the unemployed can only help to reduce unemployment in the long run if there is a lack of skilled workers in certain branches, which was the case in the metal industry of Tampere, for example. From a social-psychological point of view success rates which measure the number of reintegrated unemployed into the labour market say little about whether a project was a failure or not; rather, they refer to a further evaluation problem: it is easy to find out if a person has got a job within a certain time after concluding a project or trainee-ship but difficult to assess social-psychological changes of people.

Another problem was to name the concrete number of actors involved in the regional attempts to reduce unemployment in Tampere. Of course the two big networks knew their members, but the figures cannot simply be counted together, as some of actors are directly involved in both projects, like the City of Tampere or the *Tampereen Seudun Työttömät ry*. The same applies for the number of projects or training places offered in the framework of the networks. In addition there were projects and institutions in the region, which did not offer any special services for (long-term) unemployed people, but had job-seekers as their clients (e.g. the *Musta Lammas* meeting point for alcoholics, the *Ruoka Pankki* or the debtor counselling service). Other actors worked with the unemployed, without being involved in any of the existing networks.

The future value of the created networks in Tampere is also difficult to assess. At the end of the 1990s there was still a large gap between the actual unemployment rate and the figures before the crisis. As-

suming that the political and social actors in the region are not satisfied with the situation, the objective to solve the employment crisis and counteract its effects in Tampere will remain on the agenda.⁸⁶ It can be expected that the existence of the local networks will help to further improve the situation. In addition they are important instruments with regard to future recessions; therefore it is necessary that the members of the pact continue with their co-operation also in times of prosperity and work out long-term development and employment strategies which help to prevent crises. Major fields of tension for the networking in Tampere (and also in general) are the different political powers of the actors, the different financial powers, the different knowledge levels (e.g. the knowledge of private companies about long-term unemployment versus the knowledge of associations of unemployed people), as well as the different individual interests (see above). Hence, communication is essential in order to assure a successful cooperation.

The 'millennium problem' in the Tampere region

The study at hand indicates that the ESF plays a key role as far as the financing of employment policy measures in Tampere is concerned. Without exception the actors presented in Table 21 received direct or indirect support from the EU. Either they profited from networks which were partly financed by Brussels or they got money for their projects from the ESF or other structural funds. It is interesting in this context to note that the EU is only co-financing measures and projects. However, in the case of Tampere this was enough to motivate local, regional and national actors to make own contributions and to set up various projects. It can be assumed that without the support from Brussels there would have been fewer measures in this field. Some officials and policy makers in Tampere had the opinion, that now that

⁸⁶ This brings up the difficult question, at what point an 'acceptable' unemployment rate is reached. The current figures would have caused severe political crises, if they had appeared for example in the 1970s. Nowadays much higher unemployment rates seem to be tolerated by the public. For the majority of the individuals stricken with long-term unemployment, however, the situation cannot be satisfying at all, no matter how high or low the unemployment rates are.

Finland pays contributions to the EU, the country should try to get as much back as possible. The unemployed as well as the region profited from this kind of attitude.

Yet, the dependence on just a few financiers can also cause difficulties. In 1999 many employment projects in Tampere were facing a 'millennium problem': the Objective-3 support which was granted in 1995 as well as the Partnership Project with the EU (dating back to 1997) expired with the beginning of the year 2000. In spring 1999 it became known that Brussels would continue to co-finance employment policy measures in Finland, but with about 27 percent less money than previously. As neither the exact figures nor the distribution of the support were clear at that point, the future of many projects was uncertain. It is most likely that the Finnish state will also continue its employment programs, but, like the EU, with less financial input. Because of this situation project managers and secretaries in Tampere used a large proportion of their time and energy in 1999 to work out new financing concepts and plans for a restructuring of their organisations. Employment or relief projects which receive support from local sponsors may have an advantage in this context. As the crisis is far from over, it can be assumed that their financiers will continue to provide them with money in the future.⁸⁷ Financial support from the EU on the other hand was mainly used to start additional projects. Hence, not all of the projects are equally endangered by the financial cuts. The same applies to actors which work independently and do not get any or only a little money from the ESF, like the *Hervannan Seudun Työttömät ry* or the *Tampereen Evankelisluterilainen Seurakuntayhtymä*.

⁸⁷ Despite the high financial support through the ESF and the Finnish Ministry of Labour the region itself (municipalities as well as local associations, organisations and companies) contributed a lot to reduce unemployment and to create better social and economic conditions for the people. However, it is unlikely that the local financiers will be able to compensate for the reduction in national and international programs.

The problems of the (long-term) unemployed in Tampere according to the local actors

During the interviews in Tampere, the officials in charge were asked about the main problems of their clients. It was no surprise, that the most specific information in this context was given by people who were directly involved in the work with the unemployed. According to their experience, high age and/or a lack of education prevents many job-seekers from a successful re-entry into the labour market. The bad financial situation of the unemployed was seen by the interviewees as key factor, as it influences the social exclusion and the with it connected problems. Alongside this, a collapse of the social and professional environment entails a loss of social and professional qualifications. Other problems that occur frequently are physical and psychological disturbances up to burn-out-syndromes, a lack of motivation (especially among the young unemployed who have no chance to start their own career), abnormal day rhythms, fatalism and passive behaviour, a lack of future perspectives as well as family troubles. Some of the interviewees referred to the fact that people do not automatically get social-psychological problems when they are out of work. Rather, the appearance of problems depends on individual influence factors. However, the number of long-term unemployed who are not or only little effected by their situation seems to be low.

Future projects in the Tampere region

Some of the actors in Tampere were planning interesting projects for the future. One of them is the establishment of social enterprises in the region, which was discussed in the framework of the Network Tampere 2000. The plans must be seen as a reaction to the increasing selection processes among the unemployed. While some of the long-term unemployed with minor social-psychological problems take part in employment or training measures and manage to find a place in the labour market afterwards, there is a high number of people who are not in work for several years and have little chance of getting a job, despite all re-integration attempts. In many cases they are stricken with addiction problems or bad physical or psychological conditions. The establishment of social enterprises would give some of these unemployed the chance to take up work under conditions (like extremely

flexible working times), which pay special attention to their social-psychological situation. Another interesting project is the opening of a café for unemployed people in Hervanta, which was considered by the *Hervannan Seudun Työttömät ry* as cooperation project with the church. It would offer the unemployed a public meeting place. On one hand, the measure targets the isolation of the people and on the other hand it provides some short-term jobs. In addition the project would allow the actors to influence the nourishment situation of the unemployed, by offering them healthy food at a reasonable price. The positive experiences of the *Tampereen Seudun Työttömä ry* and the *Oma Ura* project with their restaurants should be taken into account at this point. The enlargement of existing projects is also an interesting trend in Tampere. In the case of the city, the expansion of the employment measures for income support recipients means further savings in the long run, as people regain or maintain their entitlement to state benefits. The *Tampereen Seudun Työttömät ry* will try to spread its idea of activation courses for participants in subsidised work projects either by offering courses for other actors or by counselling interested organisations. The courses are an important step to improve the guidance for the unemployed during the stage of professional and social re-integration.

Some critical remarks⁸⁸

The reduction of unemployment and social exclusion is an ongoing process, which depends on many influence factors, such as the economic situation, the unemployment rate, national and international support programs or the general political climate in a region (how the actors get along with each other). Therefore there is nothing like ‘the perfect local employment or social policy’ and there are always points and developments which can be criticised. In the case of Tampere one of them is the great number of projects going on in the region. It is good on one hand, that there are so many actors involved, but on the other hand the situations became difficult to survey.

⁸⁸ The critical remarks are based on the interviews with the actors in the region as well as talks with people who are involved in the employment policy but not quoted in this book. In order to avoid problems for the informants, their names are not mentioned.

A demonstration of this is fact was that no one was able to give the exact number of projects, courses and measures in the city. Thus it is unlikely that any of the unemployed are aware of what is happening in this field and which possibilities are offered. The fact that Finland will probably receive less support from the ESF in the future may lead to a numerical reduction of the activities and measures in the region as well as a reorganisation of the existing projects. This is an ambivalent development. An advantage is that the reduction and reorganisation could make it easier to survey and handle projects. Furthermore the creation of bigger projects could improve the use of resources and hence raise the quality level of the offers. A disadvantage is that the existence of small alternative actors is endangered by this trend. Hence it must be ensured, that there is always enough free-play for actions which do not follow the mainstream – either within the joint projects or beside them.

It should also be mentioned that besides all cooperation, the research in Tampere still found evidence of competitive thinking and professional jealousy among the actors, especially in the non-governmental sector. As confidentiality was guaranteed, the interview partners did not make a secret of their opinion. In the first place, problems were connected to the fact that the actors were competing for financial or material support from governmental or private sources as well as political influence.⁸⁹ This refers to a very important point: it is easy to set up networks and get actors signing letters of intention, but it is much more difficult to fill the networks with life and create true partnership thinking. Hence it should be one of the most important objectives of the networks in Tampere to increase the quality of cooperation in the region in the coming years.

Another subject for critical remarks is the work of the employment office in Tampere. While some of the non-governmental actors criticised the board of the employment office as not being flexible enough, others said that it is doing good work and rather the conservative attitudes of the employees in the agency would create cooperation problems.

⁸⁹ Typical statements given in this context were ‘we do the work and they get all the money’ or ‘if we would get as much support as they do, we could also offer better projects’. In some cases the strategies of other actors were criticised, for example with regard to political activities.

Some of these deficits were also stated by the staff of the employment office itself. Unemployed people, on the other hand, were mainly criticising the service quality they experienced at the agency. However, to be fair it should be mentioned that the work of the office employees who are in direct contact with the unemployed is not easy. They meet many frustrated clients every day and can do only little during times of crises to improve their situation. As a state agency the employment office is usually the first target for critical remarks, which are actually directed towards policy makers and the economy. In order to improve the climate in the agency it is important that the staff is large enough to handle the situation, especially during recessions, and that the employees get sufficient psychological and professional training.

6.3. The employment policy in Giessen

Strategies, projects and actors in the Giessen region

Analysing the non-governmental activities in the field of the employment policy in the Giessen region (see Table 23) it becomes obvious, that altogether there are eight main actors involved. Most of them (e.g. the ALI Giessen or the IJB) have been founded in reaction to the increasing mass unemployment in Germany in the 1980s. In the following years their offers expanded and the quality of their projects improved. Hence the economic crisis of the 1990s did not catch the city completely unprepared. Of course the measures of that time were insufficient for the great number of people who lost their jobs, but the non-governmental actors could build on their experiences as well as their existing structures. Many actors presented plans for new projects at short notice, which were realised as soon as the governmental actors granted corresponding financing programs. Among the new measures were for example the recycling project for construction material of the IJB, the program for long-term unemployed people of the *Bildungs-*

⁹⁰ The *Bildungs- und Beschäftigungsträger* are non-public organisations (associations, institutes, non-profit making companies, etc.), that arrange various education, qualification, occupation and support programs for different target groups in the field of the employment policy as well as other areas. While some of them are working totally on a private basis, others are borne for example by trade unions, employer’s associations, churches or public actors (municipalities and districts).

werk der Hessischen Wirtschaft or the BAFF project of the ZELA. The so called *Bildungs- und Beschäftigungsträger*⁹⁰ in Giessen also demonstrated a high flexibility, when the German government launched its *100.000-Jobs-Programm* for juveniles in 1999. Within seven months the social actors set up so many new projects, that the employment office as financier ran out of money for any additional measures.

The crisis of the 1990s also had effects on the activities of the governmental actors in the region. Due to the negative economic development the City of Giessen alongside the District of Giessen got far more involved in the local employment policy than they had ever been before. Besides increasing financial contributions to the projects of the *Bildungs- und Beschäftigungsträger*, the city and the district developed their own activities in order to counteract the rise and the effects of unemployment. The city for example started an education and qualification project (AQUA) and set up the Department for Economy Support, while the district created the *Stabsstelle Wirtschafts- und Beschäftigungspolitik* and founded a job agency for unemployed income support recipients (ZAK). The policy of the local employment office has also seen changes, but they were primarily caused by decisions on the national level. The possibility to influence the labour market by financing certain projects was used by all governmental actors.⁹¹ Labour market programs were for example launched by the German government (e.g. the *100.000-Jobs-Programm*), the State of Hesse (e.g. the ‘Work instead of income support’ program) and the EU (e.g. financial support in the framework of the ESF). In the past the financial contributions from Brussels played a minor role in this context. Only the ZAUG, the IJB, the *Bildungswerk der Hessischen Wirtschaft* and the *Jugendwerkstatt* Giessen received EU money for some of their projects. For the respective measures the support may have been vital, but compared to the amount of money that was spent by the other financiers in this field, the influence of the EU was marginal. The City and the District of Giessen are financiers and recipients of money at the same time. If they offer certain projects (like AQUA), they have

⁹¹ It was cheaper for them to finance measures of third parties than to arrange projects themselves, as the responsibility for employees and the organisation of the projects was delegated to non-governmental actors.

to fulfil the same requirements like the *Bildungs- und Beschäftigungsträger* in order to get additional support from third parties. On the other hand, their direct financial contribution to the local employment policy measures totalled up to 14.8 million Euro in 1999. Most of the money (14.3 million Euro) came from the district.

The local employment office is a key actor in the region. It does not offer any courses or projects itself, but is financing all kind of measures, which are arranged by the *Bildungs- und Beschäftigungsträger*. If the agency considers a certain project as useful, it takes over the financing and sends jobless people there. Hence the *Bildungs- und Beschäftigungsträger* have a close co-operation with the employment office and depend to a large extent on the financial situation of the agency. In 1998 the Employment Office Giessen spent about 73.6 million Euro on employment policy measures in the *Mittelhessen* region⁹², among them 40.9 million Euro for qualification projects, 16.3 million Euro for professional rehabilitation courses and 6.1 million Euro for job creation schemes. The budget of the agency depends in the first place on political decisions made on higher administrative levels and not on the real situation of the labour market. One result of this is the lack of financial independence in times of labour market crises which retards counter or preventive measures (see Table 22).

Table 22: Spending of the Employment Office, Giessen, for employment measures in the region Mittelhessen in comparison to the unemployment rate 1993–1998

	1993	1994	1995	1996	1997	1998
Unemployment rate in <i>Mittelhessen</i>	8.0	9.2	9.0	9.9	10.9	10.5
Spending in the region <i>Mittelhessen</i> *	69.0	56.8	66.5	75.2	72.6	73.6

Note: * in millions of Euro.

Source: Employment Office Giessen (1999).

⁹² The *Mittelhessen* region includes the administrative sub-districts Alsfeld, Büdingen, Butzbach, Friedberg, Giessen and Lauterbach. Altogether there were about 600,000 people living in this area (1999), of which 280,000 were registered as ‘civilian person gainfully employed’.

With regard to the financial potential of the *Bildungs- und Beschäftigungsträger* the differences are enormous. While some of the small actors ran their projects with less than ten people and budgets under 300,000 Euro, others disposed of a couple of million Euro and had a staff of 30 people and more. The ALI for example, which offers a number of additional activities outside the framework of state sponsored projects, could hardly survive without private and alternative support. The financial situation of the ZAUG on the other hand is the opposite. Due to massive support of the district, the city as well as other financiers, the institution has a dominant position in the local employment policy and a budget of 13.3 million Euro. Of course this does not mean automatically that there are no financial worries, as simultaneously with the support, the social responsibility for employees and participants rises. However, the quality of the problem is different. While in the case of the ALI or other small projects the granting of sums like 50,000 Euro can decide about the existence of the institution in general, it would lead at the most to the closing of some projects in the case of the ZAUG but would not endanger the work of the actor in general.

If the *Bildungs- und Beschäftigungsträger* have no alternative sources to finance their work, they depend on the financial support of the state, which is usually connected with certain demands on the projects. This means for many actors, that policy makers indirectly define their target groups and the content of their measures. The fact that there was money available to reduce youth, female and long-term unemployment was reflected in the projects in Giessen. For example the *Bildungswerk der Hessischen Wirtschaft* and the ALI specialised on income support recipients, who have stayed out of work for more than a year and were stricken with multiple problems; the ZAUG, the *Jugendwerkstatt* Giessen, the IBS and the IJB offered special measures for juveniles; and the ZELA concentrated its work exclusively on young female unemployed. Special measures for women were also included in the programs of the ALI and the ZAUG. It is quite likely that the measures of the non-governmental actors would have aimed at these groups anyway, as most of the interviewees considered the labour market situation of juveniles, women and the long-term unemployed as particularly problematic.

Among the concrete measures to improve the social-psychological sit-

uation of the unemployed in Giessen were public offers for all unemployed or at least broad groups (like the meeting point and the workshops of the ALI or the Café 'FinA' of the ZELA), the possibility of apprenticeships (e.g. in the framework of the ZAUG or the DAA) and job preparation courses for unemployed juveniles (e.g. arranged at the IBS). The *Bildungs- und Beschäftigungsträger* also organised activation courses and workshops for people who had been out of work for a long time (e.g. the *Bildungswerk der Hessischen Wirtschaft*) as well as all kind of educational and professional qualification courses (e.g. the DAA or the City of Giessen). Short-term and medium-term employment in non-profit making companies (e.g. the ZAUG) were another important part of the local activities just as the creation of further artificial jobs. Preventive measures also played a role in the local employment policy. The IBS, IJB or ZELA organised projects and workshops for young people in order to enforce their orientation towards waged work and to help them to find the right job. The improvement of the local infrastructure for the economy, the support of new entrepreneurs as well as the extension of the inter-regional cooperation was seen as public task and hence left to the responsibility of the governmental actors. Many projects and courses arranged in Giessen included practical work or training periods, individual counselling, application training, lectures about practice related knowledge and/or pedagogic measures to improve the social-psychological situation of the participants. The motivation of the unemployed as well as the termination of their social isolation were key factors in the work of the actors. Several projects had a focus on the environmental and the social sector as well as the commercial, health and computing sector.

At this point it is interesting to take a look at the medium-term goals of the actors. In the opinion of the *Bildungswerk der Hessischen Wirtschaft*, for example, the re-integration of an unemployed individual can be only considered as successful, if he or she finds a place in the first labour market. This policy is based on the idea that the main problem of the employment crisis is not a lack of jobs, but a qualification deficit among the unemployed. The measures of the IBS were also aiming at the improvement of the professional qualification, but for the institution it was more important that people find an occupation in general than in which labour market it was located. Other actors like the ZAUG and the IJB came to the conclusion that it is not enough

to improve the qualification and the motivation of the unemployed, if they have no chance of finding places for training periods, apprenticeships or work afterwards. Hence they created possibilities to employ people for a certain period of time. The only actor who considered that people may not find any work, although they have successfully taken part in all kind of measures, was the ALI which developed survival strategies for the unemployed.⁹³

During the research in Giessen different reasons were found as to why certain individuals, associations or institutions engaged in the field of the employment policy.⁹⁴ In most of the cases the decision was not influenced by a single but rather a combination of several motives. Which of them finally settled it depended on the history, functions and interests of the actors. For example, some of the governmental actors in Giessen tried to promote the creation of more jobs in order to increase tax revenues and reduce spending on income support. A general motive for the engagement of political parties and policy makers was to demonstrate their ability to deal with crises in order to increase their chances for re-election. Another reason that could be found among governmental and non-governmental actors likewise was a kind moral and social obligation to help needy members of the society. Some of the actions taken by the *Bildungs- und Beschäftigungsträger* were motivated by negative experiences of the staff with unemployment and its social-psychological effects. In these cases people usually had come to the conclusion that the existing measures to reduce unemployment were insufficient and/or did not tackle the problem effectively enough. Other non-governmental organisations became active because of deficits in the local environmental and social sector. The

⁹³ It is interesting that the ALI did not receive any state support for this particular project. The political background is that any government that would finance this kind of measure, would indirectly declare the bankruptcy of its own employment policy and confirm that there are not enough jobs anymore and that the situation would not change in the near future.

⁹⁴ As it is difficult to investigate the ‘real’ motives behind the action of a person or an organisation, there are no specific names or projects mentioned. However, the following description is based upon the research in the Giessen region.

results were, for example, all kind of recycling projects (e.g. cars, furniture, construction materials etc.) as well as increasing activities in the social sector (e.g. meals for kindergarten children, renovation of council flats, care for parks in crisis areas of the city, etc.). The self preservation of non-governmental actors should also be mentioned in this context. Many of the non-governmental actors involved were not only offering measures for unemployed, but also appeared as employers (e.g. of social workers, educators, etc.). Hence, in addition to the unemployed in their projects, they were also responsible for their employees. In order to secure regular as well as artificial jobs, the *Bildungs- und Beschäftigungsträger* had to ensure that the state or other financiers would support their measures. An extension of the projects was considered by most of the actors as a useful means to consolidate their position in the field of local employment policy although this strategy may lead to competition problems with other actors. For local companies’ financial advantages played the main role. Enterprises which offered traineeships, apprenticeships or (short-term) employment for unemployed people received financial support from the state in order to reduce their wage costs.

Table 23: Actors, networks and projects in Giessen 1999

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁸
							EU	State ⁵	City ⁶	Other ⁷	
Employment Office Giessen	Governmental actor (national level)		450	Consultation, information, financial support for job-seekers	No own projects; support for external projects	73.6 million for employment policy measures (1998)	X				15,000 consultations and 18,000 placement of job-seekers (1998)
District of Giessen	Governmental actor (regional level)			Payment of income support; placement of income support recipients	'Zentrales Arbeitsmarktkontor'; engagement in various projects	9.2 million (1999) for employment policy measures	X	X			Income support for 12,100 people; 218 placements of income support recipients (1998)
City of Giessen: Department for Social Affairs, Youth + Schools	Governmental actor (local level)			Education of juveniles; application for regional support from EU funds	'AQUA project'; support for various projects	511,000 (1999) for employment policy measures	X	X			48 artificial jobs for juveniles (1999)

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = national or state level; 6 = city or district; 7 = other sources, such as churches or private companies; 8 = the individual results should not be added up as actors and networks often support the same projects.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				Some concrete results ⁸
							EU	State ⁵	City ⁶	Other ⁷	
City of Giessen: Department for Economy Support	Governmental actor (local level)			Support for companies; promotion of new businesses; networking	Engagement in various projects, e.g. 'Gründerzentrum'			X			About 120 jobs in the 'Gründerzentrum' (1999)
Association of Unemployed People in Giessen	Non-governmental organisation of unemployed people	1986	1	Services, courses + support for unemployed people	'Fit für den Wiedereinstieg'; centre for unemployed people with cafeteria	92,000 (1999) for the 'Wieder-einstieg' project; wage support	X	X			About 45 project participants (1998)
Academy of German Employees in Giessen (DAA)	Non-profit education institution (national level)	about 1970	17	Qualification + education for unemployed + unemployed people	'Heil-erziehungspflege'		X		X		About 450 course participants at the same time

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = national or state level; 6 = city or district; 7 = other sources, such as churches or private companies; 8 = the individual results should not be added up as actors and networks often support the same projects.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				
							EU	State ⁵	City ⁶	Other ⁷	Own income
Centre for Employment and Environment (ZAUG)	Non-profit vocational training company (regional level)	1988	100	Training + education for unemployed people (juveniles, women, foreigners)	'Valuable Waste Yard', 'Tischlein Deck Dich', 'New Way'	13.3 million (1998)	X	X	X	X	Some concrete results ⁸ 500 project participants (1998)
Institute for Occupational Sociological Pedagogic (IBS)	Private institution (regional level)	about 1980	about 70	Education + support measures for unemployed in the region	'Job preparation seminars'; 'Orientation courses for women'	6 million (1998)	X	X			About 1000 participants (1998)
Initiative for the Education of Juveniles in the Social Crises areas of Giessen (IJB)	Non-governmental organisation	1985	12	Social and professional re-integration of juveniles with disadvantages through work	Four projects in different fields	1.2 million (1999)	X	X	X	X	39 jobs for juveniles (1999)

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = national or state level; 6 = city or district; 7 = other sources, such as churches or private companies; 8 = the individual results should not be added up as actors and networks often support the same projects.

Name	Classification	Year ¹	Staff ²	Activities + target groups ³	Projects ⁴	Budget in Euro	Major sources of direct financial support				
							EU	State ⁵	City ⁶	Other ⁷	Own income
Educational Institute of the Hessian Economy	Independent education institute			Education and training for long-term unemployed or other problem groups	Program for long-term unemployed		X		X		About 180 project participants (1998)
Youth Workshop Giessen	Non-governmental organisation	about 1980	35	Practical help and consultation for (unemployed) juveniles	Several workshops; 'Jugend-Produktions-schule'	3.6 million (1999)	X	X	X		About 200 project participants (1998)
Centre for Learning and Work (ZELA)	Non-governmental organisation	1986	13	Social and employment projects for girls and women	'Mädchen' project; Café 'FinA'; BASS-project; BAFF-project	614,000 (1999)	X	X			Café: 100 regular visitors; 107 project places (1999)

Note: 1 = founding year; 2 = regular jobs; 3 = aims and target groups relevant for the study; 4 = selection of projects; 5 = national or state level; 6 = city or district; 7 = other sources, such as churches or private companies; 8 = the individual results should not be added up as actors and networks often support the same projects.

The assessment of local employment policy measures in the Giessen region

Analysing the measures taken in Giessen in order to improve the situation of the unemployed and to counteract the effects of unemployment, it becomes clear that the *Bildungs- und Beschäftigungsträger* are the backbone of the local employment policy. Without their engagement there would be hardly any measures taken at all in this field. However, the assessment becomes much more difficult if concrete figures are involved. It is for example hardly possible to name the concrete number of places that were offered in the various projects and workshops of the non-governmental actors in 1999. One reason is that there are no standards on how to count the participants in public measures, such as visitors of meeting points, discussion groups or exhibitions. Another reason is that some of the actors do not pay any special attention to people's employment status.

According to Schäfer-Gümbel (1999: pers. int.) the *Jugendwerkstatt*, the IJB, the ZELA and the ZAUG offered altogether 937 measures for unemployed people in 1997. One year later the figure rose to 1042. It should not be forgotten in this context, that these figures include visits of meeting points and regular apprenticeships for unemployed at the same time, which makes direct comparisons among the actors difficult and comparisons with other regions almost impossible. In addition the figures represent just a part of the measures in Giessen. With regard to the number of apprenticeships and artificial jobs for the unemployed the City of Giessen, the ALI, the ZAUG, the IJB, the *Jugendwerkstatt* and the ZELA offered about 820 places altogether.

As far as the year 1999 is concerned, it can be said that there has been a considerable growth of employment measures for juveniles in the region, which can be traced back to the launch of the *100.000-Jobs-Programm*. According to the information of the Employment Office Giessen (2000), more than 1000 of the approximately 1580 unemployed juveniles in the region were supported on the basis of the program during the first ten months of the year.⁹⁵ The City of Giessen (with its municipal companies), the District of Giessen the IJB, the IBS, the ZAUG, the DAA and the Jugend-Produktionsschule alone

offered together nearly 400 measures for unemployed juveniles in the framework of the program.⁹⁶ As far as the data was available, the rate of participants who left the measures early varied between 6 and 34 percent. The main reasons of the juveniles not finishing the projects or courses were: health problems, a lack of interest and motivation, a lack of reliability, absence from work without permission and the start of an apprenticeship or a new job (Idel 1999: pers. int.).

The *Bildungs- und Beschäftigungsträger* also created more than 250 regular jobs. The majority of the people worked in the organisational or educational framework of the non-governmental actors. Again the exact number is hard to name, as in some institutions it was not really clear how many people were responsible for the unemployed and how many people are responsible for clients who have jobs, while other actors hired a changing number of lecturers in addition to their permanent staff.

The fact that the unemployment rate in the Giessen region was growing from 7.3 percent in 1991 to 11.4 percent in 1998 (with the exception of two small decreases in 1995 and 1998) blurs all visible effects of the employment policy on the statistics. However, it can be said that the artificial jobs and training places offered by the *Bildungs- und Beschäftigungsträger* prevented a further increase of the official unemployment rate, as the participants and short-term employees are not considered unemployed. From the individual perspective of the job-seekers who profited from the measures, however, statistics are irrelevant. What counts for them is the fact that they managed to find an occupation, which most likely helped to improved their situation, even if only for a limited period of time. Other aims, like the attempts of the district to shift the financial responsibility for unemployed income support recipients back to the national level or to improve the qualification of the job-seekers, were reached to a certain extent.

It is also difficult to compare the success rates of the projects in Giessen. The figures for a successful re-integration of the participants into the labour market ranged from 63 percent (DAA) to 9 percent (*Bildungswerk der Hessischen Wirtschaft*). Yet, both values are not representative. The figures of the DAA included people who had not been

⁹⁵ For further information see Additional Table 7 in Appendix 5.

⁹⁶ For further information see Additional Table 8 in Appendix 5.

unemployed before and focused upon the commercial and social sector, which usually presupposes a certain level of education, while the measures of the *Bildungswerk der Hessischen Wirtschaft* aimed exclusively at the re-integration of long-term unemployed people with multiple problems into the first labour market. The success rates of the ALI (30 percent), the IBS (40 percent) and the IJB (45 percent) represent more or less an average in this context. The figures of the ALI are lower, as the target group of the measures are unemployed income support recipients with serious difficulties, while it seems to be easier for the young unemployed of the IJB to find work after they have finished a project. Whatever the real success rates of the measures are, it becomes clear that not everybody who takes part in the projects and courses will find a job afterwards.

The problems of the (long-term) unemployed in Giessen according to the local actors

According to the evaluation and experiences of the governmental and non-governmental actors in Giessen, the majority of the (long-term) unemployed in the region were facing similar problems. In nearly all cases a low education level, high age, low motivation, bad state of health and/or low self-esteem prevented people from finding a new job. Social and professional deficits as well as a long duration of unemployment worsened their chances. Very often the problems were connected to each other. For example the higher the age of the unemployed and the longer they have worked in a certain branch, the less flexible they are and the higher is their tendency towards resignation and fatalism. An exception in this context are young unemployed who grew up in a social surrounding of state support dependence and high unemployment. In these cases the juveniles have never developed an orientation towards waged work and usually adopted counterproductive attitudes of their parents, relatives or friends. The IJB as well as other actors that were involved in the work with juveniles of the social crises areas in Giessen witnessed this phenomenon, which is also known as inherited unemployment.

Other common problems of the unemployed were drug or alcohol addictions, the lack of a normal day rhythm and learning difficulties. Many foreigners as well as native German migrants from Eastern

Europe had problems with the German language. Most of the single educating mothers were confronted with the problem of getting an employment or an apprenticeship place which left them enough time to care for their children. The mobility of the people (driving licence/car) was another important factor in finding a new job.

However, the interviewees made clear that the problems mentioned above do not necessarily appear all the time nor in all cases. Whether the unemployed manage to cope with their situation or not depends on many factors. It is interesting to notice in this context how the social-psychological pressure, which is caused by the employment situation, depends on the housing area and the belonging to a certain social stratum. Among the people who lived in the crisis areas of Giessen and had a low social status, unemployment was the norm. Hence, no one had to be ashamed if he or she lost the job. Rather it had been a reason for discriminations in the past if someone found an apprenticeship place or was still employed. For unemployed of the middle class, who lived in other parts of the city, the situation was vice versa. They felt ashamed because of their unemployment and tried all means to avoid that someone finds out something about their situation. The result was that they played 'theatre' for their social surroundings in order to keep their unemployment a secret.

Some critical remarks⁹⁷

One of the most surprising results of the research in Giessen was, that despite the existence of the *Bildungs- und Beschäftigungsträger* in the region for many years, there has been hardly any cooperation between the non-governmental actors. The communication of the parties involved has been mainly two-dimensional. The first dimension are the contacts between the actors and their local financiers (mainly governmental actors, like the city, the district or the employment office). The second dimension consists of links to similar actors or projects as well as additional financiers outside the region. If the intra-regional communication among the non-governmental actors is considered a third

⁹⁷ The critical remarks are based on the interviews with the actors in the region as well as talks with people who are involved in the employment policy but not quoted in this book. In order to avoid problems for the informants, their names are not mentioned.

dimension, then there has been nearly nothing like that in Giessen in the past. Only some projects discussed some practical questions, like how to reach unemployed juveniles, who reject support attempts. The situation was a bit different in the case of the governmental actors. With regard to the first dimension the municipality, the district and the employment office discussed their problems individually and more or less regularly with the projects they supported. On the second level they had automatic (due to their position as administrations) or voluntary contacts with other towns, regions and/or administrations. However, there was also some communication in the third dimension partly due to necessary contacts between the administrations and partly due to attempts to improve the cooperation. While some of the officials in charge described the working climate among the authorities as good, others – referring to the same actors – considered it as counter-productive. In the opinion of the latter ones, the daily work as well as further co-operation attempts are hindered by permanent squabbling about responsibilities and competencies. This example indicates that there are different ideas about how close and in which ways the local actors should work together.

The terms ‘local networking’ and ‘regional solidarity’ seemed to be unknown in the field of the employment policy in Giessen. There were neither round table talks about the local employment policy in which all social actors of the region are involved, nor any institutions that would have functioned as decision making and/or representative bodies. In addition there was no neutral place from where the non-governmental actors could get help, if they were in trouble, or support, if they wanted to start new projects. The lack of the third dimension within the employment policy in Giessen is surprising, if the assessments of the officials in charge as well as other people involved are taken into account. Most descriptions of the situation ranged from bad to catastrophic. According to the interviewees, the actors could do whatever they wanted, as long as they found someone to finance their projects. Cooperation with third parties was not necessary. Strong competitive thinking as well as mobbing and back-stabbing were the consequence. Some smaller actors for example criticised the strong position of the ZAUG in the local employment policy. They argued that financial support goes primarily to big actors, disregarding the quality of their measures.

Despite the fact that many actors have perceived strong deficits in the employment policy in Giessen, there had been few attempts to change the unsatisfactory situation. The reason for this inactivity was the ongoing political ‘trench-warfare’ between some of the actors in the region. The *Bildungswerk der Hessischen Wirtschaft* with its exclusive orientation towards the first labour market is for example considered as ‘conservative’, while the ZAUG – founded by the left majorities of the municipality and the district – is labelled as ‘a child of social democracy’. Some of the people involved in the project-work were members of political parties, while others did not care much about party politics and organised demonstrations against whoever they thought responsible for the situation of the unemployed. Naturally this led to criticism of measures taken by the governmental actors as well as quarrels among the *Bildungs- und Beschäftigungsträger* themselves. But even within institutions, associations and authorities there were conflicts. As far as the City of Giessen is concerned, for example, some of the interviewees reported strong rivalries in the field of the employment policy between social-democrats and greens, who actually governed the city together.

The refusal of the local actors to overcome their disputes and to start a constructive cooperation has its price. The introduction of a coordinating body in the field of employment policy for example could have helped to improve the implementation of the *100.000-Jobs-Programm* in the region. Although the actors quickly set up a number of measures for juveniles, it had not been clear how many projects would be arranged. The result was that the employment office spent too much money on the measures during the first half of the year – probably expecting that the activities in this field would decrease – and then had to declare a budget stop later. Round table talks with all actors involved before the implementation of the program could have avoided this situation. An institution for the coordination of the employment policy in Giessen would have also been a useful instrument to gain more financial support for local measures from the EU. Many actors were complaining about difficult application procedures, while others did not really know for which projects they could get money from Brussels. Besides which there has been scepticism about the use of the European support programs in general. A regional institution could have informed the local actors about funding possibilities and done

lobby work for the region on higher political levels. In addition, the staff of the institution could have helped the actors to fill necessary applications and to evaluate the measures. More likely the financial advantage for the region would have been higher than the costs to run such an institution, especially as this kind of regional cooperation is supported by the EU.

6.4. Comparison

The local actors

The results of the study in Tampere and Giessen indicate that the key actors in the field of the regional employment policy were basically the same. On the part of the governmental actors the cities, the districts and the employment offices have to be mentioned. In addition, the national states as well as the European Union played an important role, whereas the latter had a much greater influence in Tampere than in Giessen. The *TE-Keskus* in Tampere and the State of Hesse round up the list of the governmental actors, but they were exceptional cases as they existed only in one of the regions and had no counterparts in the other. While all of the actors appeared as financiers of employment policy measures or administrators of national and European funds (see below), only some engaged directly in local projects; those were the cities, the districts as well as the Employment Office and the *TE-Keskus* in Tampere.

On the part of the non-governmental actors, trade unions, employer's associations, churches and charity organisations played a major role in the field of local employment policy. Concurrently there were a considerable number of measures and projects offered by private companies, private institutions and non-profit companies. Another inherent part of the employment policy in Tampere and Giessen were activities on behalf of local jobless, who organised themselves in associations of unemployed people. All things considered, the results of the study underline the great importance of non-governmental actors, not only with regard to the arrangement of concrete measures but also concerning the social work in the regions as such. In many cases long-term unemployed people with severe social-psychological problems have lost their faith in the ability of the state and its authorities to improve their situation. Hence they distrust public relief programs. If the un-

employed have only weak or no individual social networks at all, the offers of non-governmental actors may be the only way to get emotional and social support. As actors like churches or associations of unemployed people do not hold any power position and cannot impose sanctions like the state, the unemployed have the possibility to approach them as equal partners. A further plus point is the fact that non-governmental programs and institutions (like the meeting points or cafeterias in Tampere and Giessen) are often run with the help of people who have been without work themselves before, which reduces the inhibition threshold for potential clients and participants.

The strategies of the local actors

The individual strategies and the activity areas of the local actors in the field of employment policy in Tampere and Giessen were rather similar. The majority focused on consultation and the creation of jobs. Frequently used instruments for the reintegration of the unemployed into working life were qualification measures, training periods and activation courses. While for some actors the prevention of (long-term) unemployment played an important role, others focused on the social-psychological situation of the jobless. Among the non-governmental actors in the research regions a tendency to engage in politics could be observed, however, this phenomenon was much more distinctive in Giessen than in Tampere. Which and how many of the above-mentioned strategies the actors applied and in which combination, was down to their individual goals and target groups.

In cases where actors had set up projects or created jobs in the second labour market, the activities were primarily located in the cultural sector (e.g. theatre plays and exhibitions), the social sector (e.g. the maintenance of meeting points and cafeterias for the unemployed, the renovation of social flats or the provision of meals for kindergarten children), the environmental sector (e.g. recycling centres), the service sector (e.g. shops, repair centres for bikes or restaurants) and the leisure-time sector (e.g. workshops and leisure time projects). The focus of retraining and qualification measures with a professional background depended partly on the cooperating companies and educational institutions, and partly on the defaults of the financiers.

One main aim of the local and regional administrations was the im-

provement of the economic infrastructure in order to create more jobs in the first labour market. Departments for business support and the consultation of entrepreneurs existed in both regions. With regard to the attraction of new investors not only the amount of new jobs was important, but also the fact of whether a company fits into the region. Hence the departments paid special attention to synergy effects within the local business community and the compatibility of new enterprises to the supply of labour as well as the economic prospect of companies. In this context Tampere had a special focus on health care as well as information and communication technologies; Giessen tried to become a centre for new services, high tech production as well as biological and medical technology. The local authorities had realised that they needed more to attract investors than to provide cheap estates. Due to this fact, they changed their overall strategies. Regional marketing, tourism campaigns, consultation services for companies and special facilities to support (new) entrepreneurs became an important part of the local economic policy. Inter-regional cooperation and the presence on the internet are also common features in the case of Tampere and Giessen. In addition, the employment and the economic policy were not considered as independent fields any longer, which resulted in combined actions and new institutions in these sectors.

Among the projects in the regions were several ideas worth imitating. For example the *Initiative Jugendberufsbildung der sozialen Brennpunkte in Giessen* set up a recycling centre for used construction material, run by young people. Another interesting project in Giessen was the *Zentrales Arbeitsmarktkontor (ZAK)*, an agency of the district administration which tried to find jobs for income support recipients with the help of a special computer program. The computer compared the costs that arise from the income support for the district with costs for available training measures or subsidised work. If the latter costs were lower than the former, the unemployed got offered the job or traineeship. In the case of Tampere, the activation courses of the *Tampereen Seudun Työttömät ry* turned out to be quite successful. The association arranged two-week intensive consultation programs for long-term unemployed people, in order to motivate and prepare them for the participation in workshops and projects. In the culture field, a theatre project with unemployed people received much praise in Tampere.

Concerning the main target groups, both regions provided a great va-

riety of measures especially designed for the young and the long-term unemployed. However, there were considerably more projects for female jobless in the case of Giessen. The latter phenomenon may be an indication for a better labour market position of women in Finland, which makes special measures superfluous.

A more important difference between the employment policy in Tampere and Giessen was the level of cooperation and networking. In both municipalities the local actors supported inter-regional, national or international cooperation projects, but only the ones in Tampere joined forces within the region in order to set up local networks with the necessary institutions belonging to it. The result is the 'Tampere-Pirkkala Territorial Employment Pact' as well as the 'Network Tampere 2000'. By doing so the actors in the Finnish research region institutionalised the objective to reduce the unemployment and social exclusion. The board-members and employees of the networks coordinate local measures, consult actors in the case of problems and represent the region on the national and international level. In Giessen, on the other hand, only a few cooperation attempts were made among the governmental actors or between governmental actors and individual projects, while the relationships between the non-governmental actors themselves were dominated by strong competitive thinking and political disputes.

Financing and financiers of employment policy measures in Tampere and Giessen

Nearly all of the projects on behalf of the non-governmental actors in Tampere and Giessen were depending on public financial support. A large amount of money came from higher political levels, such as the State of Hesse (in the case of Giessen), the national governments, or the European Union (especially in the case of Tampere). This is no surprise, as the granting of financial support has become an important steering tool for governmental actors. As far as the EU is concerned, the possibility to influence the employment policy in the Member States with the help of financial instruments (like the ESF) plays a special role. Unlike governmental actors on the national or regional level, Brussels cannot act on the local employment policy by dint of legislation or own regional institutions – a fact which underlines that

Europe is still far away from a common social and employment policy. However, the case of Tampere makes clear how great the influence of the EU on the local level can yet be in practice. Basically, all actors in the field of the local employment policy profited directly or indirectly from European support schemes, which means they fulfilled the pre-conditions laid down by Brussels. This allowed the EU to influence regional structures (like the establishment of an employment pact), local strategies (e.g. increased networking) as well as the target groups of employment policy measures (e.g. special offers for the long-term unemployed). In the case of Giessen on the other hand, the EU was less successful and met widespread scepticism, which underlines the weakness of the strategy.⁹⁸ One particular problem for the actors in both regions was the fact that financial support programs on behalf of national governments and the European Union are often limited to a short time, which makes long-term planning rather difficult. In addition, many projects were facing problems when the framework conditions of the programs changed.

The results of the field study also point out that the research regions themselves provided high amounts of money for local employment policy measures. Many projects would not exist if it was not for the financing or co-financing of municipalities and districts. The reason for that is the dramatic development of the unemployment in the 1990s, which basically forced the local authorities to become more active in the employment policy field. The selling of products and services which resulted from employment projects was an additional possibility for some of the local actors to improve their budgets. In the case of associations of unemployed people financial support was also received in the shape of donations, grants and membership fees. The fact that in the case of Tampere a considerable number of private companies were backing local employment policy measures, enforces the assumption that in Finland – unlike in Germany – unemployment was seen as a social problem in the second half of the 1990s.

An interesting result of the study is the enormous difference between the financial resources of the non-governmental actors. Representatives of small projects in Tampere and Giessen were complaining that

⁹⁸ The reasons for that will be discussed later on in more detail.

the local employment policy is focusing too much on the few big actors in the regions. Due to their good financial situation they could offer a large number of measures, while small actors and alternative projects had to fight for every Euro. It does not seem to be a coincidence, in this context, that the projects with the worst financial situation in Tampere and Giessen were run by associations of unemployed people, who had extremely critical attitudes towards the national and local employment policy and tried to motivate the unemployed for political work and demonstrations.

Motives to engage in the local employment policy

In the opinion of Haris Martinos (1998), actors who engage in the field of the local employment policy, should not focus on their own advantages but on the common interests of the region. Therefore he made the following statement with regard to the implementation of regional employment pacts:

...the Pacts need to move away from a situation where each partner focuses on its own priorities and interests – including private enterprises focusing only on potential benefits to themselves. The partners should achieve an appreciation of ‘common interests’ and they should be pursuing actions which will be exploiting the dynamics of the whole territory, producing benefits for the whole area, its people and businesses. (Martinis 1998: web doc.)

This is a desirable but rather idealistic description of how local actors should co-operate on the local level. In practice it is rather unlikely to reach a situation of unselfish engagement on behalf of all parties. An important question in this context is if this is really necessary. After all, the possibility to achieve individual goals can function as an instrument to involve as many actors as possible in the process of reducing unemployment and its negative effects. Without it, the number of actors in the field of the regional employment policy would probably be much lower.

Analysing the situation in Tampere and Giessen, a number of general motives for the engagement of local actors could be found. They had primarily legal (e.g. welfare state regulations), moral (e.g. the conviction that it is a duty to help needy members of society) and ideological (e.g. solidarity with the unemployed) backgrounds. In addition there

was a number of individual motives. They can be briefly described as follows: financial advantages (e.g. wage support and profits in the case of private companies; higher taxes and less payments for income support in the case of municipalities and districts), justification for own actions and strengthening of own organisation (e.g. associations of unemployed people, charity organisations), influence on the local and regional policy (primarily non-governmental actors), the spreading of certain ‘ideologies’ (e.g. trade unions, employer’s associations, churches), gaining or maintaining of certain reputations (e.g. policy makers, churches, trade unions), overcoming of deficits in the local environmental and social sector (governmental and non-governmental actors), as well as the representation of the interests of unemployed people (primarily associations of unemployed people).

The problems of the (long-term) unemployed in Tampere and Giessen according to the evaluation and experiences of the local actors

According to the experiences of the local actors in Tampere and Giessen, the social-psychological problems of the (long-term) unemployed in the research regions were similar. Most of the jobless who participated in measures and projects had health and addiction problems, social and professional deficits, social problems (like family problems or social isolation), a lack of motivation and self esteem, as well as financial difficulties. Based on the statements of the local actors, jobless with a high age, poor health, a low education level and learning difficulties were at high risk to become long-term unemployed. In addition, the chances for a successful re-integration into the labour market were decreased usually with the duration of the unemployment.

Besides these similarities, there were also some differences between the situation of the unemployed in the research regions. For example, many local actors in Giessen referred to language problems of their clients, which can be traced back to the fact that a high number of native German migrants from central and eastern European countries had moved to the region. Due to their often insufficient education and little knowledge of the German language their way into unemployment and the dependence on state support was in many cases predetermined. In Finland, on the other hand, there has not been any major flow of

immigrants that would have affected the labour market significantly in the 1990s (Jolkkonen et al. 1999: 290). Another employment hindrance that could be found in Giessen but not in Tampere was a lack of mobility, which means that many unemployed did not hold a driving licence. Very often the ability to drive a car is not only a precondition to get a job but also a necessity to reach the work in the first place. It should be recalled in this context that Tampere is the biggest inland city in Scandinavia with a good public transportation system, while Giessen is a city in the German countryside. If an unemployed in Giessen is offered a job in one of the smaller villages in the surroundings, he or she may not have an alternative than to get there by car, as bus or train connections are poor or do not exist at all.

With regard to the problems of the long-term unemployed, the local actors in Tampere and Giessen pointed out that not everybody is necessarily confronted with difficulties; rather, it depends very much on the individual situation of the people at what time and what kind of problems they develop. Some of the problems (like health and addiction problems or a lack of social and professional qualifications) can be the reason for people’s unemployment as well as a consequence of the fact that they have stayed out of work for a long time.

The employment policy in Tampere and Giessen according to the experiences of citizen experts

Despite the attempts made in the regions to improve the situation of the unemployed and to create new jobs and employment possibilities, the local governmental actors as well as the parties involved in wage negotiations got mainly bad critiques for their activities, from the 90 citizen experts who were interviewed in Tampere and Giessen (see Chapter 7). This result is not surprising, as the respondents⁹⁹ had not directly profited from the measures or had just received short-term help without any long-term perspective. In this context it seems to be nearly a compliment, that the citizen experts attested the employees of the employment offices that they ‘endeavour’ to improve the situation. Local employers and local policy makers on the other hand were

⁹⁹ Due to stylistic reasons the term ‘respondents’ is occasionally used instead of ‘citizen experts’ in the following.

considered as ‘not doing much’. The trade unions of the regions were placed in between these two positions. However, the citizen experts were not only criticising the local actors but also making concrete suggestions of how the situation of unemployed people in Tampere or Giessen respectively could be improved (see Table 24).

One focal point in the Finnish research region were high prices for the use of municipal institutions and services. The citizen experts in Giessen asked for more employment projects and measures as well as a local alliance for jobs, which underlines the deficits of the local employment policy in the German region. In both cities there were demands for the arrangement of more jobs through job-creation schemes, which would give long-term unemployed people a chance to find work. It was also interesting to notice that some of the citizen experts suggested to improve the conditions for the employers, in order to enable them to hire more people. Other long-term unemployed simply demanded more jobs or a better education. Among the answers were also fatalistic opinions, which proceed from the conviction that the local actors cannot do much to improve the situation of the unemployed, to radical demands like cutting salaries of politicians and managers, the introduction of new economic systems or the distribution of local jobs only among local people.

Table 24: Suggestions from the citizen experts in Tampere and Giessen on how to improve their situation

	Tam- pere	Gies- sen
NUMBER OF CITIZEN EXPERTS WHO MADE SUGGESTIONS	29	16
<i>Suggestions in detail *</i>		
Suggestions which could be implemented on the local level		
- free use or cheaper prices for municipal institutions and services (pools, museums, gyms, transportation, health care etc.)	6	-
- local jobs only for local people	1	-
- more jobs through a local alliance for jobs	-	1

Suggestions which could be implemented partly on the local and partly on the national level	- preparation of jobs through job creation schemes	6	4
	- preparation of normal jobs instead of job creation schemes	1	-
	- better information about facilities and possibilities for unemployed people	1	-
	- better counselling and support for unemployed people	1	1
	- cheaper flats	1	1
	- more support for non-governmental actors on the local level	1	1
	- more courses, projects and institutions for unemployed people	-	3
	- employers should create more jobs	-	2
Suggestions which could be only implemented on the national level	- higher benefits for long-term unemployed people	1	-
	- a new economic system instead of capitalism	1	-
	- high salaries of managers and political leaders should be reduced to create some jobs	1	-
	- more support and better conditions for companies in order to create permanent jobs	2	2
	- reduction of over time work	-	2
	- a fair distribution of work	-	1
General demands	- employ, organise work, etc.	5	2
	- educate people in a way that they find work	1	-
	- jobs only for people who really want to work	1	-
	- listen to what the unemployed say in order to understand their problems	-	1
Fatalistic answers	- not much	1	1

Note: * although the long-term unemployed were asked to make suggestions how the local actors could improve their situation, some respondents came up with ideas, which can only be implemented on the national level. Due to the fact that the question was open and the citizen experts could make several suggestions, the number of suggestions exceeds the number of respondents.

Assessment of the local measures and some critical remarks

The evaluation of the employment policy in Tampere and Giessen is rather difficult when it comes to concrete figures. The data provided by the local actors was often inaccurate or incomplete, included only a certain area of activities and was in many cases not comparable due to different calculation bases. Problems like these demonstrate that it is not only difficult to calculate the unemployment rates, but also to get precise and reliable information about employment policy measures. While governmental actors usually try to keep official unemployment rates low, it can be assumed that with regard to employment policy measures the situation is vice versa. In order to underline their engagement and justify the receipt of financial support for their projects, local actors have an interest in producing a high number of successful participants. Another reason for statistical mistakes could be simply inexperience with empirical matters, especially on behalf of the non-governmental actors. As there are no statistical standards in this area a direct numerical comparison between the measures in Tampere and Giessen was renounced.

Nevertheless it is possible to make some general statements about the value of the local employment policy. For example it can be said without doubt, that the measures in the research regions had a considerable influence on the unemployment rates. Without the local engagement the number of officially registered unemployed would have been much higher. Concerning re-integration projects a positive effect can be assumed, although it is difficult to detect whether someone gets employed due to his or her participation in a certain project or due to the general economic development (like a sudden need of workers in a certain branch). The various preventive measures taken by the local actors in the research regions may influence the unemployment rates in the medium-term, while the projects which offer intensive counselling as well as special activation courses for long-term unemployed people produced positive short-term results. An important development with regard to the latter point is the fact that at least some of the actors paid special attention to the social-psychological situation of the jobless, before any reintegration attempts were made.

The research in Tampere and Giessen also made clear that the bene-

fits of employment policy measures go beyond the simple reduction of the unemployment as projects, and courses can for example influence the mental well-being of the participants. This result is supported by recent studies like the one of Iris Mikkonen (1999):

Women and the older participants in particular feel that the [labour market] training has most positively influenced their self-esteem. Of course, this does not even begin to solve the problem of unemployment. However, people are not able to plan their future or to find a job unless they have quite a lot of self-esteem. (Mikkonen 1999: 326)

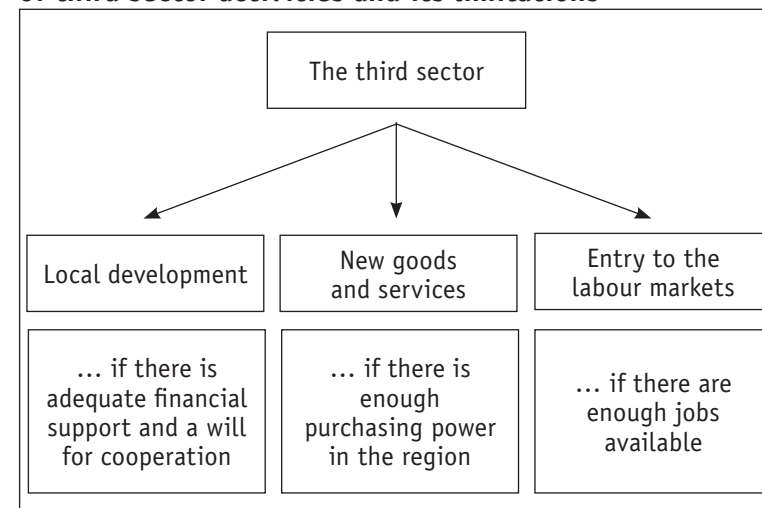
Antti Parpo (1999), who investigated the effectiveness of subsidised employment in the Turku area, refers to positive effects of employment measures for individuals as well. Accordingly, unemployed who participated in courses and projects felt better than unemployed without any occupation as far as mental well-being and daily leisure were concerned. However, no difference was found when it came to longer leisure periods, social relationships and political participation. The positive effects lasted only for the time of the subsidised employment and vanished in cases where the participants became unemployed again. With regard to the effectiveness of the subsidised employment, Parpo found out that it had neither a positive nor a negative impact on reemployment.

All things considered it can be said, that employment policy measures (courses, projects, workshops or subsidised work) usually have a positive influence on the social-psychological situation of long-term unemployed participants. It can even be assumed that it does not matter whether people take part in the measures voluntarily or not, as the only thing that counts is the fact that they are involved in additional social interactions (see Kelvin and Jarrett 1985). However, the local actors in Tampere and Giessen made clear during the interviews, that a voluntary participation is far more productive than forced one. The situation is different when the measures are over and the unemployed are still without a regular job. In this case their social-psychological situation may even get worse. This scenario applies especially for projects which motivate people to a high extent or have high success rates. The disappointment of not finding a job despite the participation in the measure can potentially increase inferiority feelings.

As an evaluation of employment policy measures with an exclusive fo-

cus on the situation of unemployed people is short sighted, structural effects on the region were taken into account as well. The conclusion is that various activities in the social, cultural and environmental field in Tampere and Giessen would probably not exist without the employment projects. Other measures led to the establishment of new services or increased the choice of consumers. These findings are in line with the results of a research conducted by the European Commission (2003) among 81 projects in the third sector. Accordingly, the ESF-funded measures were able to develop new markets, to promote social inclusion, to make services and goods available for people with a low income, to encourage entrepreneurial spirit and civic commitment and to develop region specific networks and strategies. 'Finally, and taking care not to exaggerate, the third system's impact on employment is a positive one.' (European Commission 2003: 29) However, there are limitations (see Figure 9). The study at hand pointed out for example that training courses and employment projects do not improve the labour market inevitably. As long as there are not enough regular jobs available, re-integration measures have limited success rates, as the third sector is not able to fully compensate for the lack of work in the first labour market. In this situation local actors take an indirect part through a selection process, which separates the unemployed with 'useful' skills and qualifications from the ones with skills that are considered as 'useless'. A small 'elite' of the unemployed may get normal jobs after the participation in training measures while a slightly bigger group will probably find a fixed-term employment in the second or third labour market. The rest of the people (in some projects over 70 percent) usually ends up unemployed again. This applies especially to long-term unemployed with multiple problems. Similar limitations can be found with regard to the fields of 'local development' and 'new goods and services'.

Figure 9: The regional impact of third sector activities and its limitations



Source: European Commission (2003: 13); modified by the author; graphic by the author.

Another point that should be critically discussed is the existence of associations of unemployed people. It is an ambivalent sign, when unemployed people start to organise themselves. On one hand it refers to a lack of social support for the unemployed. In Tampere and Giessen the associations set up projects and offered activities for unemployed people, as the existing measures did not correspond with the ideas and the needs of the unemployed. As most of the projects focused exclusively on their re-integration into the labour market (often due to the defaults of the financiers), there seemed to be a lack of social activities in both research regions (like voluntary workshops, discussion groups, etc.). The associations of unemployed people tried to close this gap as well as possible with their restricted financial means. On the other hand, the existence of the associations indicates the determination of the unemployed not to accept their situation as 'natural' phenomenon or personal fault any longer, as some groups of the society would like them to believe. In order to cope with their problems and to increase pressure for economic and social changes, the jobless decided to take the initiative. In this sense the engagement of associations of unemployed people is a very positive sign.

Finally, the frequent disputes between ordinary companies and employment projects have to be mentioned. Some of the non-governmental actors in Tampere (e.g. the *Oma Ura* project or *Puhtija ry*) and Giessen (e.g. the ZAUG or the IJB) finance themselves by selling products and/or services. According to their experiences small and medium sized enterprises are afraid that employment projects, which receive support from the national government, the European Union, and other sources, will become competitors as they are not subject to the economic laws of the market. This may be true in some cases, but it should be kept in mind that the existence of such projects is a reaction to the fact that the economy is not employing enough people any more and – in the case of Germany¹⁰⁰ – tries to shirk responsibility for the education of juveniles. The employer side would probably counter that the political and economic conditions prevent them from doing so. Nevertheless, it is difficult to resist the impression that for many companies, the present profit seems to be more important than investment in human resources for the future.

7. Coping strategies of the long-term unemployed in Tampere and Giessen

After the analysis of measures in the field of the local employment policy in Tampere and Giessen has been completed, the focus shifts to the actual strategies used by individuals in order to cope with long-lasting mass unemployment. Chapter 7 is based on information provided by 90 citizen experts (people who have been unemployed for more than twelve months). Hence, the outcome of the research does not claim to be representative, rather it gives an impression of the situation of long-term unemployed people in the research regions. Special attention is paid to individual coping strategies with regard to financial problems, social stigmatisation and a surplus of free time. Further topics are reactions in the field of health care, political behaviour and family life.

7.1. Methods and data

Based on the literature study concerning social-psychological effects of unemployment in Chapter 1.2 as well as the analysis of information provided by the employment offices in Tampere and Giessen (see Chapter 5.3), it could be expected that the long-term unemployed in the research regions are a more or less homogeneous group with similar social-psychological problems, but distinctions on the individual level. In order to investigate their situation more exactly it was necessary to get first hand information from people stricken with long-lasting joblessness. This task was complicated by the fact that social stigmatisation, combined with the feeling of shame and inferiority, does usually not motivate people to talk openly about their experiences. In order to solve this problem a questionnaire was designed which could be answered anonymously by long-term unemployed citizen experts in Tampere and Giessen (see Appendix 6). The questions in Finnish and German language covered the following fields:

- 1.) the course of the unemployment, 2.) money and living standard, 3.) the social surrounding, 4.) the health situation, 5.) habits and activities, 6.) political attitudes and opinions, 7.) the unemployment in general, 8.) a new job, 9.) the local situation, 10.) the personal data.

While the questions in the areas one to seven were meant primarily

¹⁰⁰ Finland has a different system of vocational training.

to investigate the social-psychological situation of the unemployed, number eight concentrates on their flexibility to find a new job. Section nine deals with the job-seekers opinion' about the local employment policy. The usual questions about the personal data round up the investigation.

The target group for the field study was defined as people who have been unemployed for more than one year (and hence possess a profound knowledge of involuntary joblessness), who live in Tampere or in Giessen respectively, and who are willing to share their experiences.¹⁰¹ The questionnaires were distributed in spring (Tampere) and summer (Giessen) 1999 with the help of the employment offices as well as several other actors in the research regions. In the case of Tampere the *Tampereen Seudun Työttömät ry*, the *Hervannan Seudun Työttömät ry*, *Puhtia ry*, the *Oma Ura* project, the Network Tampere 2000, the Social Services and Health Care Department and the *Rulla* project were involved. In the case of Giessen the ALI, the ZAUG, the *Bildungswerk der Hessischen Wirtschaft*, the *Jugendwerkstatt Giessen*, the IBS and the IJB supported the research.

Altogether 90 unemployed answered the questionnaire, 64 in Tampere and 26 in Giessen. As all of them have been without work (in the first labour market) for more than one year they are 'experts' (in the meaning of Saaristo 2000; see the introduction) concerning the situation of long-term unemployed people in the research regions. Hence their experiences will help to shed some light on the effects of unemployment on individuals and families in Tampere and Giessen at the end of the 1990s.

Despite the use of a questionnaire to gather the information, a qualitative approach was chosen for the analysis, which means there were no attempts made to compile a representative sample nor to increase the number of answered questionnaires after the initial distribution

¹⁰¹ It is important in this context that long-term unemployed people, who managed to get a short-term employment in the second labour market, were not excluded from the study. Many of them have been out of regular work for a very long time and the participation in employment measures means only a short break in the history of their unemployment.

of 300 copies. The processing of the obtained data was facilitated by the provision of different answer possibilities in connection with most of the questions. The answers were pre-labelled with coding numbers (see Appendix 6). In cases where the long-term unemployed made use of the 'other(s)' option, new codes were added to the given list. Concerning the few open questions categories were built along the answers (see Fielding 1993a: 227-31).¹⁰²

The data provided by the citizen experts was analysed from a conceptual point of view, which means the frequency of concepts (represented by words) was in the focus (see Writing Centre at Colorado State University 2003: web doc.). The idea behind this approach was to determine for example if the unemployment led to health problems among the long-term unemployed in Tampere and Giessen as suggested in the literature (see Hammarström 1994; Leeftang et al. 1992b; Stefansson 1991; Hayes and Nutman 1981), or to see if the amount of free time is a problem for jobless people as argued by Burman (1988). It is important to notice that the answers of the citizen experts do not reflect all aspects of the situation in the research region (see below), but rather present one of many sections of a life in unemployment. Hence the results of the analysis will only be used to describe trends that existed among the citizen experts. In order to increase the reliability of the field study, the findings are cross-checked (triangulation approach; see the introduction) with the results of the literature study (see Chapter 1.2) as well as the experiences and evaluations of the local actors (see Chapter 6).

The personal background of the citizen experts

For a better understanding of the information provided by the citizen experts, it is important to take a closer look at their personal backgrounds (see Table 25). By doing so, it becomes evident that the expertise of the interviewees covers a broad spectrum:

- Many citizen experts are in their 'middle-ages' which means they belong to a problem group which is too old to start all over again with their career and too young to wait for their pension.

¹⁰² See Table 24 for example.

- More than half of the citizen experts have a family and know what consequences the unemployment has for the family life.
- Many citizen experts have been three years or more without work and find themselves in a situation which can be considered as socially excluded.
- Some of the citizen experts have managed to arrange themselves with the situation of being unemployed.
- A considerable number of citizen experts have secondary or tertiary education levels, which promotes their ability to assess not only their own situation but also reflect on the situation of unemployed people in general.
- A considerable number of citizen experts were participating in employment policy measures and can hence assess the situation in this field.

Concurrently there are some fields which are not adequately covered by the interviews in Tampere and Giessen. Hence the following analysis has no or only limited validity for matters concerning the following groups:

- Young long-term unemployed (they were not represented in Giessen and under-represented in Tampere).
- Long-term unemployed with no school degree (they were not represented in Giessen and under-represented in Tampere).
- Long-term unemployed with serious social-psychological problems (it can be assumed that the citizen experts who answered the questions belong to the 'upper-class' of the unemployed, while serious problem cases did not develop enough interest to participate in the study).

Table 25: The citizen experts in Tampere and Giessen

	Tampere	Giessen
Total	64	26
Male	38	14
Female	25	12
<i>Currently participating in employment policy measures</i>		
Yes	39	11
No	25	15
15 to under 25 years old	2	-
25 to under 35 years old	11	7
35 to under 44 years old	24	13
45 to under 54 years old	24	4
55 years or older	2	2
<i>Education level</i>		
No school degree	4	-
Primary level	24	11
Secondary level	27	8
Tertiary level	7	6
Average duration of unemployment	40 months	36 months

Risk factors to become long-term unemployed

Although the risk factors to become long-term unemployment were not in the focus of the research, the answers of the citizen experts in Tampere and Giessen revealed some interesting trends, which will be briefly sketched in the following:

- *Duration of the unemployment.* Most of the citizen experts in Tampere and Giessen had been unemployed for two years or more. According to the literature this means that they have reached a point where their duration of the unemployment has become an employment obstacle itself.
- *Frequency of the unemployment.* Most of the citizen experts in Tampere and Giessen had been unemployed for three or more times during their working life already, which could be an indicator for a weak labour market position.

- *Last occupation.* A comparison of the original profession and the last occupation of the citizen experts indicates that many were employed in jobs that are less demanding and had a lower wage level. One possible explanation for this is a status decline in the past, for example due to previously experienced unemployment.
- *Job changes.* About two-thirds of the citizen experts in Tampere and Giessen stated more than four job changes during their working life. To some extent this tendency contradicts the theory that a high job mobility prevents unemployment, as people acquire more skills which improves their human capital (see Jolkkonen and Kilpeläinen 2002). This may apply for academics or specialists but not necessarily for ordinary workers or employees. In their case, frequent job-changes could be a sign of a weak labour market position. While academics or specialists often change their place of employment voluntarily as they look for new challenges or better salaries, most of the citizen experts were forced to do so in order to prevent or overcome unemployment.
- *Employment status of family members.* About half of the citizen experts in Tampere and one third in Giessen had partners, parents, children or sibling, who were also involuntary out of work. A higher result in the Finnish region could have been expected due to the higher unemployment rate, and along with it the higher statistical possibility of having unemployed family members. Depending on the labour market situation, widespread unemployment in a family can be a sign of a weak social position.

7.2. Coping strategies of long-term unemployed people in the research regions

Coping with financial problems

The answers of the citizen experts in Tampere and Giessen underline the key role of the financial situation for the course of unemployment and the well-being of people stricken with it (see Bundesministerium für Gesundheit und Soziale Sicherheit 2003, Gallie and Paugam 2001; Ritakallio 2001; Gaffikin and Morrissey 1992). When asked about their biggest personal problem besides finding work, more than half of the Finns and over one third of the Germans referred to their poor

financial situation. Only far beyond came answers like prejudices and pressure of the society or bad social relations. The great majority pointed out that their financial status is worse than before the job-loss. Most of them had to cope with income losses of about 50 percent.¹⁰³ The economic decline has drastic consequences for people's way of life (see Kelvin and Jarrett 1985; Rinehart 1988). In the case of Tampere more than half of the citizen experts reported a decrease of their living standard while another third suffered a significant decrease. In Giessen likewise more than half of the respondents referred to a decreased living standard and another quarter to a significantly decreased one. Considering these figures it is no surprise that only very few citizen experts in Tampere and Giessen were satisfied with their financial situation, whereas three-quarters of the Finns and Germans were not much or not satisfied at all.

However, it is not enough to analyse the economic situation of the unemployed only from the point of the reduced income; rather, savings and debts should also be taken into account. With regard to the former, the answers indicate that only one third of the citizen experts in Tampere disposed about savings when they lost their job. In the case of Giessen, still two-thirds had managed to save some money. Hence the use of savings as coping strategy was only possible for some of the long-term unemployed. The majority of the citizen experts who disposed of savings had spent their money because of their bad economic situation meanwhile.

With regard to debts, about half of the citizen experts in both regions owed money to creditors. While in Giessen every second respondent had incurred debts because of the unemployment, which confirms theories concerning the lack of waged work as one of the main reasons for indebtedness (see Bundesministerium für Gesundheit und Soziale Sicherheit 2003: 73), the big majority of the Finns were already encumbered with debts before the job-loss. This most likely exhausted their

¹⁰³ There were some Finnish and German citizen experts who said their economic situation was not influenced by the unemployment or even improved during the course of unemployment. Most of them did not have any income before their unemployment, and that is why benefits and support as well as money earned during projects and training measures improved their budgets.

credit-worthiness and was connected to the economic development prior to the 1990 crisis in Finland (see Ritakallio 2001: 413-4).

As far as their budgets were concerned all citizen experts reported attempts to reduce spending. Spending less on clothes was the most given trial to economise in both research regions, followed in Tampere by spending less on self-paid remedies, going out less and spending less on food. The citizen experts in Giessen attempted to go out less and spend less on food as well as on culture and entertainment. Some of the saving measures were dependent on the different socio-economic background of the research regions. For example, in Finland alcohol is quite expensive, which means that it is easy to save money by spending less on beer, wine and spirituous beverages. Also the subscription rate of newspapers is very high, which means that nearly every Finnish household takes in papers or magazines regularly. Hence in times of crises, the cancellation of the orders offers an opportunity to ease the budget. In the 'car-driver nation' Germany on the other hand, where many people possess a car, but fuel prices are high, the use of alternative transportation means or a renunciation of mobility helps to cut spending. More than one third of the citizen experts in Tampere had to sell some of their property and/or possessions. In Giessen one quarter of the long-term unemployed was forced into these kinds of *fundamental changes*.¹⁰⁴

About half of the Finnish citizen experts received financial support from their family, relatives or friends, while only a small number of long-term unemployed in Giessen were in the same position. Unlike in Germany, where the money came exclusively from partners and parents, some of the Finns also received support from siblings, children, grandparents and friends.¹⁰⁵ In addition, two-thirds of the citizen experts in Tampere and about one-third in Giessen received material support in the shape of food, clothing, furniture, newspapers

¹⁰⁴ The top three items that were sold by citizen experts in Tampere were cars, phones, and VCRs. In the case of Giessen the citizen experts disposed of cars, stereo sets, and furniture.

¹⁰⁵ It should be kept in mind that the number of sources does not say anything about the quality of the support. The same applies in the case of the material and emotional support (see below).

and magazines, invitations for meals and/or transportation offers from family members, relatives, friends and/or non-governmental organisations. Furthermore some of them had the chance to borrow household equipment and other things.

The financial pressure induced some of the citizen experts to change their attitudes concerning their employment in the future. Although the majority were unwilling to take a low wage job, most of them would work in a totally different field of employment, learn a new profession and accept irregular working hours in order to get re-employed.¹⁰⁶ On the other hand, jobs which are dangerous for the health or offered few social rights and little social security were clearly rejected. The Finns were more flexible when it came to work during the night and at the weekends, whereas the Germans would accept stressful jobs, a long distance to work, temporary separation from family and friends as well as moving into another city. Especially the two latter points are important for finding work in the first place.

In the case of Tampere every fifth citizen expert was officially earning money during the unemployment. Primarily the work concerned employment policy measures. In Giessen only one long-term unemployed had an official income. With regard to *illegal measures* one of the Finns admitted to committing crimes (thefts and selling of stolen goods) in order to improve his economic situation. In addition to that a few citizen experts in Tampere and Giessen reported about activities in the shadow economy; however, it is likely that some of the interviewees who had illicit jobs did not answer the question as they were afraid of sanctions.¹⁰⁷

¹⁰⁶ The statements are declarations of intent. People say they would do all kind of things to find a new job, but may actually not be able or willing to do so because of their state of health or their social situation. This is one explanation why in some branches, like the metal industry in Tampere or the gastronomy sector in Giessen, there is a labour shortage despite the high unemployment.

¹⁰⁷ According to a survey among unemployed people, participants in employment policy measures and early pensioners by the German Institute for Opinion Research 'INFO', 50 percent of the respondents in West and 33 percent of the respondents in East Germany were willing to take an illicit job (*die tageszeitung/taz* 1999).

Coping with social stigmatisation

For half of the citizen experts in Tampere and Giessen the negative attitudes and prejudices of the society towards unemployed people (see Wolski-Prenger 1993; Wolski-Prenger and Rothardt 1996) were a 'very high' or 'high' personal burden. Hence it is no surprise that some of them started to hide after they lost work. They felt ashamed because of their employment situation and considered it as a personal fault. During the course of the unemployment the social isolation of the interviewees grew, which was underlined by a large number of citizen experts spending more time at home than previously (see below). Before the job-loss, about half of the citizen experts in the research regions were involved in social activities (clubs, associations, political parties, etc.) Although the number of active people decreased only slightly during the course of the unemployment, there was a considerable drop in the number of activities. The fact that some of the citizen experts increased their social activities must be seen as an offensive way to cope with their situation. On the other hand there were also a number of long-term unemployed who were induced by financial pressure and social stigmatisation to reduce their social engagement. Especially trade unions, sport clubs or music groups saw a decrease in participation. It can be assumed that the reduction of social activities enforced the problem of the unemployed to get along with their free time.

In order to analyse the influence of the increasing financial pressure and social stigmatisation on the morale¹⁰⁸ of the long-term unemployed, the citizen experts were asked how they assessed their future prospects at different times during their unemployment.¹⁰⁹ In the case of Tampere, only a few reported about a major shock at the beginning of their unemployment, which can be traced back to the fact that the bad economic situation in Finland was visible to everybody and job-

¹⁰⁸ Morale should be understood as personal well-being and motivation in connection with the individual future aspects in this context.

¹⁰⁹ Distortions resulting from problems of recalling events and feelings in the past had to be taken into the bargain in this context. This applies also for other questions dealing with the activities and behaviour of the citizen experts before their unemployment.

losses could be expected. Although people were busy searching for work, occupied themselves with hobbies or used their free time to relax, a steady decline of their morale could be noticed. In most of the cases the development reached its low point when the citizen experts had to realise that they would not find any work soon. After the crisis point the situation changed clearly and there were even signs for an improving morale among the citizen experts. This phenomenon can be partly explained by fatalism (acceptance of the situation like it is) and habituation effects. In addition the prosperity of the Finnish economy at the end of the 1990s may have caused some optimism.

In the case of the citizen experts in Giessen, the development is similar to Harrison's four stage model (see Hayes and Nutman 1981). At the time of the job-loss, the morale suffered a strong decline. Half of the respondents answered that they were shocked or felt angry and disappointed. In the following weeks and months the situation improved, which was most likely related to practical activities like searching for a new job, work on the house or garden, occupation with hobbies, or relaxation from the stress of working life. However, in most cases the morale took another downward turn when the citizen experts realised that they would not find any work soon. This is the stage of crisis: two-thirds of the citizen experts in Giessen felt stressed because of their unemployment at that point. At the time when the study was conducted, the morale had stabilised a bit, which can be traced back to fatalism and habituation effects. More than half of the citizen experts answered they were currently depressed or resigned because of their employment situation.

With regard to the course of unemployment, two more results should be pointed out. First of all, signs could be found which underline the hypothesis that a job-loss is not necessarily a shock or burden for all people in the beginning, but can also have positive effects. A small number of citizen experts in Tampere and Giessen said they were relieved or happy when they learned about their layoff. Either they were dissatisfied with their work anyway or the final decision was a relief after a long period of stress and insecurity concerning their professional future (see Frese 1985). Secondly, it is interesting to note that only one-third of the Finnish and half of the German citizen experts used the first weeks and months of their unemployment to look for a new job. This means that many long-term unemployed 'wasted'

valuable time with other activities than searching for a job. Later on, when they finally increased their efforts to find a job, they were confronted already with the loss of professional and social qualifications. The answers in Tampere and Giessen thereby confirm theories about 'holiday feelings' and a repression of reality at the beginning of the unemployment (see Harrison 1978).

Concerning the social stigmatisation of long-term unemployed people as 'work-shy' and 'lazy' (see Grau and Thomsen 1985), the answers of the citizen experts disprove the usual prejudices. The great majority would start to work immediately if they could get a job, while only one long-term unemployed in Tampere and two in Giessen answered they would not start working at all.¹¹⁰ This result is in line with other studies (see *DIW Wochenbericht* 2002; *die tageszeitung/taz* 1999), according to which the actual number of 'shirkers' among the (long-term) unemployed is rather low. Despite the fact that the majority would like to start working right away, the citizen experts became more cautious about naming a specific time when they expect to find work. More than half of them are convinced they will not get any work at all anymore or not find any work within the next twelve months. This is a sign for fatalism and lost hopes for a better future. After previous disappointments the lowering of expectations is one way of avoiding stress.

Despite their situation, the citizen experts did not question the fundamental principals of the *Capitalistic ethic* (Weber 1995 [1930]) which is the ideological basis of their social stigmatisation (see Wolski-Prenger 1993, Hayes and Nutman 1981). An overwhelming number of the respondents can hardly imagine a satisfied life without waged work and the importance of having waged work grew after the citizen experts had lost their jobs. Non-materialistic values like culture, nature or to be occupied with something in general became also more important, but to a much lower extent. Another sign for the internalisation of the *Capitalistic ethic* is that many citizen experts agreed with the idea that 'everybody should earn his or her own living instead of taking money from the state', although they have experienced themselves that it

¹¹⁰ Even in the case of the latter group a general condemnation is not possible, as first of all the individual motives of the unemployed have to be investigated.

is not always possible. In Giessen more than half of the respondents were in favour of the suggestions that 'long-term unemployed should be signed on work in public utility in order to receive benefits' – usually a typical demand of the employed population. Although only few considered their unemployment not as individual problem (but as a social one for which the economic system is to blame), the majority of the citizen experts see themselves as burden for their family and partly also for society. The impression of not being 'worth anything anymore' – spoken in economic terms – lowered their self-esteem and indicates that not only the *Capitalistic ethic* but also social prejudices have been internalised.

It was also interesting to notice that for many citizen experts, the state has lost its former importance, despite the fact that they were financially depending on it. The outcome may be interpreted as an expression of disappointment that the state is not able to ensure full employment. Family and friends on the other hand had gained importance, which – besides the financial and material support (see above) – must be seen in connection with the emotional support the great majority of the citizen experts received from them. Compared to their German counterparts, the Finns had broader support networks in this context.

Coping with a surplus of free time

Unlike often described in the literature (see Burmann 1988), the increased amount of free time did not seem to be a problem for the majority of the citizen experts in the research regions. Only every fifth citizen expert in the Finnish and every third in the German region actually complained about too much leisure time, which seems to underline the research results of Wanberg et al. (1997) that there are also jobless people whose time structure is not negatively influenced by the unemployment. A small number of the long-term unemployed answered that they do not have more time than before the job-loss. One third thinks it is good to have more time than previously, while another third of the Finns and a few Germans could not make up their mind. However, before any conclusion is drawn, the problem should be analysed more carefully, as it is important to know what people do in their free time. For example the broad majority of the citizens spent more time at home than before their unemployment. Concurrently

many of them reduced their leisure time activities during the course of unemployment. The citizen experts went less to bars, restaurants, movies, museums, theatre plays and concerts. In addition, the time spent on day excursions and holidays was drastically reduced. Only for hobbies (and in the case of Tampere also for sports) more time was used, which is in accordance to the time-use study carried out by Statistics Finland (2003) in 1999/2000.

Most likely social isolation and financial pressure are the reasons for the retreat into the private sphere. At home, half of the Finnish and one third of the German citizen experts increased their work in the household, while at the same time more than half of the Finns and two-thirds of the Germans started to watch more TV, which in most of the cases can be considered as 'killing' of time (see Burmann 1988). However, there was also a number of people, who (officially or unofficially) took some jobs, increased their help for friends or worked in a family business, while others engaged in political parties, clubs, organisations and/or associations (see above). Usually these citizen experts were the ones who appreciated having more free time. They can be considered as *entrepreneurs* (see Brinkmann and Wiedemann 1984). The citizen experts who stated problems with the amount of free time and spent most of their time isolated at home watching TV or maybe caring for their hobbies without much contact with the outside world, were the *sufferers*. *Survivors* were those who did not have more time than before, as they were busy with something else. Some of the citizen experts who were not sure if it is good to have more time or not may also be counted to this category. The latter did neither increase their activities very much nor did they withdraw totally from society.

Reactions in the field of health and healthcare

As far as the citizen experts in Tampere and Giessen are concerned, the health status and the unemployment seem to have a mutual influence on each other (diseases as reason for and result of unemployment). This finding could have been expected against the background of the available literature in this field (see Hammarström 1994; Lee-flang et al. 1992b; Stefansson 1991; Hayes and Nutman 1981). More than two-thirds of the respondents stated, for example, that they had physical or psychological problems prior to their job-loss. The reduced

ability to cope with stress and/or to show a good performance has in some cases contributed to the fact that people lost work. During the course of the unemployment the number of citizen experts with health problems rose in both research regions. Their poor health level lowered their chances of finding a new job and may be one of the reasons that they became long-term unemployed in the first place.

Among the citizen experts in both regions there has been an increase in depression following the job-loss. Many Finns were reporting sleeping disturbances, stomach problems and headaches. In Giessen, on the other hand, heart problems, circulation problems, and stomach problems reduced slightly. Nearly half of the respondents in both regions had chronic diseases¹¹¹. As a result of these changes some of the 90 long-term unemployed considered their health situation at the time when the research was conducted better than previous to the job-loss while one third in Tampere and half of the respondents in Giessen complained about an increasing number of problems.

A similar development could be noticed concerning the health behaviour. While the unemployment had a positive influence on some citizen experts, others changed their lifestyles in a way that it is most likely making their physical and/or psychological condition worse. With regard to the consumption of alcohol, it can be said that there were many more Finns than Germans already drinking before their job-loss. Hence the rise among the citizen experts in Tampere was more modest on one hand, and the reduction of consumption higher on the other hand. Considering the fact that a large share of the citizen experts were smoking, this dimension of the problem seems to be underestimated in the literature. The consumption of cigarettes rose in both research regions more than it fell. Particularly among the citizen experts in Giessen, the increase was quite strong. The involuntary absence of waged work also influenced the use of drugs. One out of nine citizen experts in the research regions gave accounts of drug consumption. In half of the cases, the consumption had increased during the course of unemployment. While drinking and using drugs is most likely an attempt to forget reality for some time, the use of cigarettes

¹¹¹ Chronic disease were defined as long-lasting illnesses, which had been diagnosed by a physician.

can be seen in connection with the high level of stress and nervousness among the citizen experts.

Another interesting result is the increase of German citizen experts taking medicine and visiting doctors. This tendency underlines the bad health status of the interviewed long-term unemployed. Analysing the answers from Tampere on the other hand the situation seems to be different. Only one out of ten citizen experts took more medicine while some reduced their consumption in this area and only few visited doctors more often, while one third consulted them less. At first sight it could be assumed that the health status of the Finnish citizen experts has improved during the course of their unemployment, which is possible (see Frese 1985) but would contradict the general trends described in the literature (see Hammarström 1994). The results appear in a different light if the above mentioned development of diseases as well as the self-estimated state of health are taken into account. Furthermore some background information about the Finnish health care system is necessary for a proper interpretation: unemployed people have to pay small fees during the first three times¹¹² they consult doctors in the municipal health care centres, subsequent visits are free for twelve months. Additional financial contributions may be charged for the visit of specialists as well as prescribed medicine. Although the money involved is quite little for employed people, the obligatory contributions may mean a lot more for the unemployed. Hence it is no surprise that more than half of the citizen experts in Tampere tried among other measures to save money by reducing their spending for self-paid remedies. In Germany on the other hand unemployed people can visit doctors for free and do not have to pay any fees for medicine if they receive unemployment or income support (in Giessen this was the case for three-quarters of the citizen experts) or if their income is below a certain limit (AOK 2000). In this context the different health behaviour of the citizen experts in the two research regions is a good example for the importance of social policy measures in order to prevent a development which further aggravates the situation of an already vulnerable group of society.

¹¹² The amount and the time of the payments depends on local regulations, as the municipalities are responsible for their health care systems.

The high share of psychological illness, the social isolation and the high social pressure may have contributed to the fact that nearly half of the Finnish and German citizen experts were thinking to some extent about committing suicide. One long-term unemployed in Tampere and two in Giessen even said they are dealing very often with this matter. However, it is important to notice in this context that the employment situation is most likely not the only reason for this, rather private influences or incidents which occurred a long time before the unemployment may also play a role.

Reactions in the field of political behaviour

As far as voting behaviour and party preferences are concerned, the research in Tampere and Giessen produced similar results to other studies (see Friedrich and Wiedemeyer 1996 [1994]; Department of Sociology and Social Psychology at the University of Tampere 1994; Martikainen and Yrjönen 1991): if there would have been national elections the day the citizen experts answered the questionnaire, the political left would have got most of the votes. In both research regions the majority of the citizen experts had been voting for the political left before their unemployment already. The majority of those who changed their party preferences during the course of their unemployment tended towards more extreme left-wing parties whereas only very few turned towards the political right. This result underlines the hypothesis that long-term unemployment hits people with a working-class and labour movement background (traditional voters of the left) more often than members of higher social strata.

The outcome of the research did not indicate any clear signs for a radicalisation of the unemployed in a political (e.g. voting for extreme parties) or physical (e.g. violent demonstrations) sense, which corresponds to the findings of the literature review (see Friedrich and Wiedemeyer 1996 [1994]; Dürr 1984). For example, the majority of the citizen experts in both regions disagreed with the idea that the labour market situation would be better if there would be only one political party. As far as the question of a strong political leader with far-reaching power is concerned, the picture is less clear: while the Germans rejected the idea, the Finns were slightly in favour of it. However, their consent must be seen in context with the

political system in Finland, where a strong, directly elected president is the head of state.

As could have been expected from members of a social fringe group, the confidence of the citizen experts in the political and social system, institutions and actors was very low. In both research regions the distrust was strongest towards the employers, the national parliament and the government, which were apparently singled out as culprits of the labour market crisis. The social security systems and the churches on the other hand appeared to be much more trustworthy in the view of the citizen experts. In Tampere the trust was highest towards the media whereas in Giessen the trade unions had the best outcome. The overall impression was that the level of trust was lower among the German than the Finnish citizen experts, which could be connected to the development of the unemployment in the research regions. In the case of Germany mass unemployment has been a common phenomenon for many years and neither policy makers nor the society were able or willing to solve the problem. It is therefore consequent if the citizen experts do not trust them anymore. The situation is different in Finland where mass unemployment was not known in this dimension before the 1990s; hence the trust of the citizen experts in the systems, institutions and actors to solve the labour market crisis is shaken but not yet lost to an extent like in Giessen.

Despite the low trust in the political institutions, the general interest of the German citizen experts in politics was surprisingly high, which contradicts the results of the Marienthal study in this context (see Jahoda et al. 1975 [1933])¹¹³: the majority stated to be ‘very much’ or ‘much’ interested, which was underlined by the regular reading of newspapers or watching of political TV-programs. The citizen experts in Tampere on the other hand showed a lower interest in politics and the political media, and much stronger tendencies towards political disinterest. This fact leads to the conclusion that there might be a negative correlation between political interest and the level of trust – at least with regard to the citizen experts in Tampere and Giessen. The

¹¹³ One explanation could be that the unemployed became more independent and less obedient than they used to be in the 1930s. One indicator for this theory are the political activities of the associations of unemployed people in Giessen and also to some extent in Tampere.

lower the confidence in existing institutions and actors, the higher was the political interest of the unemployed. One explanation could be that the citizen experts, who distrust the state and its institutions, became more eager to obtain all kinds of information in order to develop their own view of the world. The higher education level of the citizen experts in Giessen compared to Tampere may be another reason for the stronger political interest. The latter assumption does not contradict the above mentioned hypothesis that low trust is the reason for high political interest, as compared to the rest of the citizen experts in Giessen, the confidence level of the interviewed university, college or high school graduates was significantly lower.

The research in Tampere and Giessen also indicated that political interest alone is not enough to motivate people to concrete actions. Less than one third of the citizen experts tried to call public or political attention to the situation of unemployed people. Most likely social pressure, stigmatisation, isolation and/or fatalism prevented the majority from any kind of protest. In cases where the citizen experts became active, they primarily joined events organised by associations of unemployed people. Among the Finns, writing letters to the press was a popular measure, whereas the Germans preferred to take their anger and protest to the streets.

The motivation of the citizen experts to increase public attention in the future was not very high either. Only one quarter of the long-term unemployed in Tampere and Giessen was sure or quite sure to take part if there was a demonstration against unemployment and even less were willing to engage in more radical events like blocking streets or occupying buildings.

Reactions in the field of family life

Despite the fact that in most of the cases the family relationships of the citizen experts were not significantly influenced by the long-term unemployment, the results of the study show some interesting trends. For example, the most tensions appeared in the relationships of the unemployed with their partners. If changes were reported, the relationships decreased (with the exception of a few cases in Tampere). As a consequence, one out of nine marriages got divorced or split up (*negative coping strategies*). In all cases the unemployment was named

as main reason. With regard to the relationship of the citizen experts to their parents, decreases outweighed improvements. The same holds true as far as siblings are concerned. In a few cases the long-term unemployment even had a negative influence on the relationship of the unemployed with their grandparents. Only with regard to children the improvement and the decrease of the relationships were balanced.

Concerning structural changes in the family life, one third of the Finnish citizen experts who had a family and more than half in Giessen implemented *second-order changes* and/or *negative coping measures* (see Jackson 1990). The most popular measure in both research regions was that the unemployed look after the household while other family members earn the money for the family. In one case in Tampere children had to enter working life earlier than originally planned. Additional measures taken were that other family members started to work or work more after the family was hit by the unemployment. If all people involved agreed on the structural changes, the measures can be considered *second-order changes* within the positive meaning of Jackson; if people were forced by their families to implement changes, the measures have to be seen as *negative coping strategies*. However, these tendencies were not investigated by the present study.

7.3. Comparison

With regard to social-psychological problems of long-term unemployed people there are four important lessons to be learned from the experiences of the citizen experts in Tampere and Giessen: first of all, the reported problems were the same in the research regions. In both cases numerous citizen experts complained for example about social stigmatisation and financial difficulties. Secondly, the problems found in Tampere and Giessen were often similar to the ones described in the literature (see Chapter 1.2). Thirdly, the problems of the citizen experts correspond with the professional experiences and perceptions of the local actors in Tampere and Giessen (see Chapter 6.2 and Chapter 6.3). And finally, not all of the long-term unemployed were stricken with social-psychological problems, which confirms theories that it depends very much on the individual situation of the job-seekers, if, when, and what kind of problems they develop (see Kieselbach 1995). Altogether about two-thirds of the citizen experts stated a negative

or very negative influence of the unemployment on their lives, while the remaining respondents did not notice any influence or reported improvements.

Due to the similarity of the social-psychological problems in the research regions it is no surprise that there were also many similarities found concerning the general coping strategies of the citizen experts. In both research regions, for example, the interviewees tried to reduce their spending in order to improve their financial situation. Financial problems and social stigmatisation also led to a reduction of leisure time and social activities. Although the majority claimed that the surplus of free time would not be a problem, only some came up with ingenious occupations that would improve their individual situation. In the field of health behaviour the general trends indicated increasing cigarette and drug consumption as well as a higher use of medicine among the citizen experts. With regard to the voting behaviour, a shift to the political left could be noticed. Analysing the influence of the unemployment on the family structures of the citizen experts, positive and negative coping strategies were found: while some long-term unemployed changed the breadwinner-role with their partners in order to deal with the job-loss, others got divorced or separated.

Due to the great influence of the individual situation on the course of the unemployment and the social-psychological problems, the coping of the citizen experts did not always correspond to the descriptions in the literature. For example their political interest increased although a decrease could have been expected. Likewise the number of citizen experts drinking less alcohol in Tampere after they became unemployed was quite high. However, both results are likely to be influenced by the fact that fatalistic alcoholics and other serious cases are not keen on participating in scientific research projects such as the present one.

The deviations found between the individual coping strategies of the citizen experts in Tampere and Giessen can be largely explained by cultural, economic and/or social factors. For example, the debts and the lack of savings among the long-term unemployed in Tampere must be seen in connection with the economic boom right before the crisis in the 1990s as well as a low tendency to save money in Finland. The financial situation limited the reaction possibilities of the citizen ex-

perts in Tampere and put them immediately under financial pressure. Another example is the different prices for alcohol and medical check-ups in Finland and Germany, which influenced the health behaviour. A very interesting phenomenon was the composition of support networks in the case of the Finnish citizen experts, which involved more different actors than in the German case. Although the quantity says little about the quality of the support (in this case the amount of money, goods or emotional encouragement), the networks can be interpreted as sign of solidarity. The reason for the broader networks in Tampere is most likely the shock-experience of the Finnish labour market crisis in the 1990s and its perception as social problem, while the slow but steady rise of the unemployment in Germany made it easier to blame the unemployed individual for his or her job-loss.

PART III:
**Same problems,
same reasons,
same strategies?**

8. Understanding the differences and similarities

Chapter 8 analyses the results of the present study. One of the key questions to be discussed in this context are the differences and similarities of the regional employment policy in Tampere and Giessen as well as the situation of long-term unemployed individuals and the municipalities in the research regions. Concurrently, the outcome of the study will be used to verify or refute the three hypotheses explored in the beginning.

This study set out to investigate employment policy measures and the effects of unemployment in the 1990s. The focus was on two points: first of all, the local level, which gained importance as a result of the increasing globalisation (see Giddens 2003 [1999]; Loughlin 2001a; Jolkkonen et al. 1999), and secondly, on the situation of long-term unemployed people, who are more affected by the involuntary absence of waged work than short-term unemployed job-seekers (see O'Connell and Russell 2001; Wolski-Prenger 1993; Frese 1985; Hayes and Nutman 1981; Harrison 1978). In order to gather in-depth information concerning labour market crises and their effects, the research was designed as comparative case study (see Ragin 1994, 1987).

For the field study, the Finnish region of Tampere and the German region of Giessen were chosen. Both regions have enough similarities to be compared but at the same time also a number of differences, which made the research interesting. To understand the differences and the similarities and their influence on the local employment policy and the unemployed was one of the key objectives of this study. As it was considered important to get a broad picture of the situation in the two research regions, data triangulation was applied as a research method (see Jacobsen 2003; Hilton 2003; Brewer and Hunter 1989). Therefore the field study was split into two parts: a questionnaire, which was distributed among a limited number of long-term unemployed people who are considered to be citizen experts (see Saaristo 2000), as well as interviews with local actors in the field of the employment policy. The obtained data is of a qualitative nature and was processed with the help of content analyses (see Writing Centre at Colorado State University 2003; Department of Primary Care and Population Science at the University College London 2003). The results were

complemented by information from official statistics and placed in a wider context by comparing them with a number of theories and other studies about unemployment and its effects.

The main task of Chapter 8 now is to verify or falsify the following three hypotheses on the basis of the available information:

- Hypothesis 1: *regional and local strategies and measures in the field of employment policy do not depend exclusively on European or national defaults but also to a large extent on region-specific factors.*
- Hypothesis 2: *regional and local actors can make a difference with regard to labour market crises.*
- Hypothesis 3: *the general effects of long-term unemployment are similar on the local and regional as well as the individual level in advanced industrial societies.*

As mentioned in the introduction, the hypotheses are partly derived from Putnam's theory about social capital (see Putnam 2003 [1993]; 1993). The findings of his study suggest that the level of networking, trust, and shared norms correlates positively with the development of a region. With regard to the research topic of the present study, this would mean that a higher level of social capital could help to overcome socio-economic crises such as unemployment and its effects.

8.1. Employment policy measures and the importance of the local context

The local employment policy in Tampere and Giessen

The engagement of the non-governmental actors in the field of the local employment policy has different traditions in Tampere and Giessen. In the Finnish region, unemployment had not been a serious social problem in the past, hence there was little action taken before the 1990s. However, when the employment crisis started, many new actors appeared on the scene while the existing ones changed their strategies. Together they set up different networks in order to counteract the negative effects of the unemployment and to create new jobs. The activities were promoted by the national state as well as local governmental actors. A regional employment pact served as institutional basis. Due to this preparatory work the region could take part in special

funding programs of the ESF, when Finland joined the EU. With the financial support from Brussels and the Finnish government, the non-governmental actors created numerous projects in Tampere.

In Giessen the engagement of the non-governmental actors has been growing slowly since the 1980s, when mass unemployment started to become a permanent phenomenon in the German labour market. Despite the long existence of the institutions and the parties involved, there has been practically no cooperation in the field of the regional employment policy. There were strong rivalries between the actors, which can partly be traced back to deviating political attitudes and partly to deviating financial support. The individual measures in Giessen were well prepared and in accordance with the national defaults in this field, but the regional employment policy in general could have been more efficient if the actors had set up similar networks like the ones in Tampere. Especially after the year 2000, when Giessen is entitled to financial support from the EU, the absence of any coordinating body could turn out to be a mistake. It will probably take a long time and lots of energy to overcome the opposition between the local actors in order to create a true regional identity.

As the results of the study indicate, the national level had a strong influence on the employment policy in both research regions. While the Finnish state (together with the European Union) supported a holistic approach to the problem in the case of Tampere (e.g. regional networking and interaction between different policy fields), the German state (together with the Federal State of Hesse) promoted more problem-centred approaches in the case of Giessen (e.g. special measures for young and female unemployed as well as unemployed native German immigrants). Compared with the national average, Tampere was performing better than many other regions (there is for example much higher unemployment in the north and the east of the country). In Giessen positive results were only reported with regard to some of the individual projects. A comparison with the national trend is difficult due to the special situation and the above average unemployment in East Germany. Nevertheless, it is possible to find regions in Germany with more convincing employment policy concepts and better labour market records, which suggests that Giessen did not at all perform above average (Kreis Giessen 2003: *web doc.*). The relative success of the employment policy in Tampere and the poor overall results in

Giessen is indicated by the capacity to attract and absorb EU support, the ability to promote local cooperation and to create synergy effects, the development of the employment and unemployment rates, and the economic restructuring. In all fields significant differences could be found between the two research regions.

How to explain the different strategies in the field of the regional employment policy?

According to the results of this study the reasons for the application of different strategies in Tampere and Giessen to reduce the unemployment and its effects is closely linked to the situation on the regional level. In this context a number of factors was identified, which serve as an explanation. They are located in the fields of history, culture, society, and economy.

- *Historical influence factors:* Finnish municipalities always had a strong role throughout the history of the country (see Lidström 2001). Hence they are also important actors in the field of employment policy (with exception of the 1970s and partly the 1980s). Their German counterparts on the other hand were used to relying on initiatives on behalf of the national state or the *Länder*. When the demands for more labour market responsibility increased as a result of the employment crisis in the 1990s, the actors in Tampere could fall back on their broad knowledge and experiences in this field, while the actors in Giessen were confronted with a rather new situation.
- *Cultural influence factors:* With regard to cultural influence factors, two important points have to be mentioned. First of all, the tradition of corporatism in Finland, which means a close cooperation between trade unions, employer's associations and the state in order to reach labour market agreements. This principle was adopted on all political levels. The intra-regional networking in Tampere stands clearly in this tradition. Attempts to institutionalise a similar approach in Germany with the help of a *Bündnis für Arbeit* have failed. Secondly, the tradition of consensus orientation in Finland, which means that political decisions are made amicably and on the basis of broad social support. The consensus orientation is closely connected to the principle of corporatism and not known as such in the case of Germany.

- *Social influence factors:* Another reason for the different approaches to the labour market crisis in the research regions are the diverging perceptions concerning the nature of the problem on behalf of the societies in Tampere and Giessen. In the Finnish region, the increasing unemployment rates were considered a threat for the social and economic system. Hence, after an initial shock, the governmental and non-governmental actors joined forces. In the German region, on the other hand, the steady growth of unemployment and its manifestation on a high level took the attention away from the fact that the actual issue at hand is a social problem. Instead, it enforced tendencies to blame the unemployed individual for not having a job (*thesis of self responsibility*). As a consequence, an overall attempt of society to reduce unemployment and its effects was lacking in Giessen. All things considered, the findings in the research regions support the hypothesis that the development of the unemployment has a great influence on the employment policy (see Einemann 1986). The different perception of unemployment in Tampere and Giessen in combination with the different possibilities for financial support partly explain why there were far more actors involved in the employment policy in the Finnish region.¹¹⁴
- *Economic influence factors:* Success and failure in the field of the regional employment policy also depend on a number of economic influence factors. In the case of Tampere, the strategy of the local actors was in full compliance with the employment policy of the EU, which secured early and far-reaching financial support. Substantial financial aid also came from the national level. In addition the actors in Tampere as well as in Finland as a whole managed to establish a good economic framework. High spending on education, research and development, as well as a clear shift of the Finnish economy towards the sector of information and communication technology (especially in the case of Tampere) are just some of the points which have to be mentioned in this context. For the actors in Tampere, it was an advantage that their attempts to reduce unemployment and its effects coincided with a general economic recovery in the country. Compared to that, the actors in Giessen were operating in a rather problematic economic environment. The scope of the Ger-

¹¹⁴ Another reason is the different size of the municipalities.

man governmental actors, for example, was increasingly limited by budget deficits and debts while reforms of the labour market and the social security system failed to appear.

Comparing the results from Tampere and Giessen with the study by Auer (2000) that was mentioned in Chapter 1.1, two interesting points should be noted: first of all, the factors for labour market success during the 1990s described by Auer bear a striking resemblance to the factors that account for the positive development of the employment and social situation in the case of Tampere. Equally these are exactly the factors that were lacking in the case of Giessen in order to improve the regional employment policy. Secondly, the success factors can also be found on the national level in Finland but not or only to a limited extent in Germany. This corresponds to the outcome of the analysis concerning the Finnish and German social and employment policy (see Chapter 2 and 3). Hence it can be said that Tampere and Giessen act very much according to their own national traditions.

The European level as a new dimension of the local employment policy

The aim of the European Union is to set social and economic standards for all Member States in consideration of cultural, institutional, geographical and other differences. A strengthening of the regional level turned out to be a suitable measure in this context, as the local actors know best what is good for their region. As a result, many different projects to reduce unemployment and its effects were created in the framework of regional employment pacts. The employment policy of the EU can therefore be considered a decisive step towards an integrated Europe with great regional varieties. It is important to notice in this context, that the principle of subsidiarity (solving problems on the lowest possible level) does not only increase the scope of the regions, but also means more responsibility and a need for more local cooperation and own initiative. It will probably take a while, until the latter point is realised by the local actors in Giessen. The fact that some regions are able to coordinate their employment policy, and thus manage to secure considerable financial support and to improve the labour market situation, underlines the great potential of decisions taken on the local level.

As far as the attitude of the local actors towards the EU and its support possibilities is concerned, it could be noticed that the Finnish side was much more open-minded and enthusiastic while the German side was mostly reserved and sceptical. There can be several reasons found for this difference: first of all, Finland is a small nation compared to its huge neighbour Russia, which has previously often threatened the independence of the country (see Kunz 1997). In order to underline their belonging to the western world and their status as sovereign state, the Finns try to be as much involved in European matters as possible (with limitations in the military field). The scope to do so has increased after the end of the cold war in Europe (see Lidström 2001). Secondly, the joining of the EU was considered as one of the means to overcome the labour market crisis of the 1990s. Thirdly, the ideas of the EU about the regional cooperation correspond with the Finnish principal of corporatism and the tradition of the Finnish municipalities to get involved in employment policy (see above). Finally, the actors in Tampere had good experiences with support from the EU in the past. In contrast to the Finnish region, there were not many projects in Giessen that received financial support from Brussels. The majority of the actors regarded the application procedures as too complicated and preferred to avoid cooperation, even if that might have led to more financial support.

It is important to underline in this context that the European Employment Strategy is no magic bullet. There is a lot of justified critics, such as the lack of financial support or binding agreements mentioned, among others, by Berndt Keller (2000) and Amparo Serrano Pascual (2001). Furthermore, the example of Giessen indicates that despite the existence of European programs to promote employment on the local level, their effectiveness is limited by the basic conditions in the regions. However, considering the general difficulties of the European integration process and the political decision-making in the field of social policy, the current employment strategy is as good as it can get. The shortcomings remain a challenge for Europe and have to be dealt with as soon as possible. First steps to improve the EES were taken in 2002, when the number of employment guidelines was reduced and closer links to the Broad Economic Policy Guidelines established.

8.2. Networking in Tampere versus individualism in Giessen

Third sector activities in the research regions

After the analysis of factors which influence the employment policy in Tampere and Giessen, there remains another important question, namely what makes the qualitative difference concerning third sector activities in the field of the regional employment policy. The results of this study indicate that it is not the third sector activities as such, as they led to good results in both cases, but rather the coordination of the local activities. While the non-governmental actors in Giessen approached the labour market crisis and its effects rather individually, their counterparts in Tampere joined forces. At first sight the creation of a strong civic society in the Finnish case is surprising as it contradicts the traditional description of the European welfare state models (see Esping-Andersen 1991). In theory the Nordic model is characterised by a strong state which provides all kind of service for its citizens and ensures a high level of equality. In the Continental model, on the other hand, governments decide only upon framework conditions and leave it to semi-public (e.g. insurance institutions, which receive state support) and non-governmental actors (e.g. trade unions, employers, church organisations, etc.) to provide services. Hence a higher level of networking among third sector actors could have been expected in the German rather than the Finnish case. However, on second glance the results are not that surprising anymore: the non-governmental actors in Giessen stand in the tradition of strong third sector actors, who do not see the need to cooperate with anyone (Continental welfare state model), while the actors in Tampere stand in the tradition of consensus orientation, which means they try to solve problems amicably (Nordic welfare state model). Another factor that should be mentioned in this context, is the strong commitment to full employment and a high level of welfare in Finland.¹¹⁵ It is institutionalised for example in the dialogue among the state, employer

¹¹⁵ Castells and Himanen (2002) consider the strong political commitment to full employment in the shape of consensus orientation and social dialogue in the Nordic welfare states as an alternative to the neo-liberal model of flexibility and labour market liberalisation.

associations and trade unions on all political levels (*corporatism*). According to Therborn (1986), the existence or non-existence of such a commitment accounts for differential impacts of labour market crises on countries.

Against this background it is possible to explain the networking in Tampere but not yet the development of a strong civic society. The latter must be seen in connection with two phenomena: first of all, the crisis feeling in Finland (see above), which resulted in strong third sector activities in the city, and secondly, the influence of the European regional policy as well as the employment strategy (see above), which promotes non-governmental activities on the local level. Both factors led to an enrichment of the Nordic welfare state model by a civic societal component – at least in the case of Tampere.

Regional employment policy in theory and practice

The employment policy of both regions stands clearly in their own national tradition (see above), which made it easier for Tampere to unite all relevant actors in order to solve the employment crisis. Comparing the theory of local employment policy measures (see Chapter 3.1) with the reality in the research regions, it can be said that many ideas of the EU for local cooperation were translated into action in Tampere. In Giessen, on the other hand, centralised measures had been more common in the past than local approaches to the problem. Although a rethinking process had just started with the result that the present situation was criticised by more and more actors, no major steps towards increased local networking had yet been taken. At first sight this is rather surprising, as the small size of Giessen (compared to Tampere) should facilitate joint action, but as mentioned above there were a number of other factors which were counterproductive. As far as the practical fields of the local employment policy are concerned, both regions stepped up their activities in the social and environmental sector, which is a positive development. Nevertheless, more should be done in order to create additional jobs in all the potential employment areas that were listed by Eissel (1988) and the European Union (1999a). However, this is not only a question of political willingness, but also of financial possibilities as well as a restructuring and redistribution of work.

Facing the crisis at the beginning of the 1990s, both municipalities ran a partly pro-cyclic budget policy at first, which means that they reduced their spending in order to balance tax deficits instead of promoting the local labour market through investments as demanded in theory. While the City of Tampere changed its restrictive budget policy in the mid 1990s, the City of Giessen decreased its expenditures steadily between 1992 and 1996.

A rather new trend was that the municipalities (and districts) did not exclusively rely on future economic growth anymore but stepped up their engagement in the field of the labour market policy. In this case both research regions were in full compliance with the new approaches to employment crises as discussed in theory. Additionally, Tampere and Giessen did not consider the employment and the economy policy as two separate tasks anymore, but tried to solve local problems with combined strategies.

The successful attempts of the District of Giessen to find jobs for income support recipients with the help of the ZAK supports the claims of the *Deutscher Städte- und Gemeindebund* (see Bernrath 1997), that it is possible for local governmental actors to find and arrange jobs for the (long-term) unemployed. Close cooperation between municipalities and/or districts and the employment offices is an important precondition in this context. This was the case in Giessen.

Regions can make a difference if the basic conditions are right

The examples from Tampere and Giessen indicate that regional employment policy can make a difference, but to what extent depends on three factors; first of all, the conditions in the region itself; secondly, influences from higher political levels; and thirdly, the general economic development (see also Figure 9). Hence the distance between chances and limitations in the field of the regional employment policy is not very big. This realisation is not new as a statement by Einemann from the mid 1980s documents:

Ein alternativer politischer Wille in der Kommune ist nicht in der Lage, die international und national geprägten gesellschaftlichen Realitäten außer Kraft zu setzen; die ökonomische Gesamtentwicklung schlägt auf die regionale Wirtschaft, die Branchen und Betriebe vor Ort durch

und bewegt sich z. T. [zum Teil] in Dimensionen, die durch lokale Politik nicht bewältigt werden können... (Einemann 1986: 259)

The case of Tampere is a good example of what can be done to overcome high unemployment and its effects. However, it is debatable if the local actors would have undertaken the same efforts without any crisis feeling and financial support from the national and European level. According to Einemann (1986), overall concepts are primarily developed in regions where employment crises have limited the scope of the local actors already, while preventive strategies are rare. With regard to the absence of any common regional strategy among the actors in the case of Giessen, this would mean that the economic and social pressure on the local actors is not yet high enough, to promote more cooperation. The importance of adequate financial support is not only underlined in the case of the research regions, but also by the Finnish employment policy at the end of the 1980s. At that time the state offered financial support for regions with above average long-term unemployment. While the level of long-term unemployment in the target regions was significantly reduced, it remained on the same level in the rest of the country (see Lilja et al. 1990).

In order to receive financial support, it is essential that local actors fulfil a number of criteria. First of all, they need to be flexible, to adapt quickly to new situations and the changing demands of the financiers. Secondly, their work should be innovative and feature a high quality, which can often be found in the case of small client tailored projects. Thirdly, they need persistence as it can take much time, several applications and many discussions before any support is granted. Medium-sized and large actors have better chances to receive support in this context, as they can work more efficiently and have a sufficient financial potential to face long application periods. From the financiers' point of view, medium-sized and large actors are the preferred recipients of support as it is easier to deal with a manageable number of big projects instead of a huge number of small projects. However, it has to be ensured that small and alternative projects (often the cradle for new approaches) are not taken over by larger actors or simply ignored when it comes to the distribution of the money, but rather integrated in the regional structures on an equal basis. A strengthening of local networks seems to be a good strategy in this context. Other alternatives such as the centralisation of projects or a strong role of

governmental actors may be efficient in certain cases and even necessary if the regional employment policy is not producing any results, but it should be kept in mind that it undermines the principle of equal actors on the local level. Hence, as a strategy, networking should be given clear priority.

The fact that regions can make a difference is also pointed out by the approach to the European Union. When it became clear at the beginning of the 1990s that Finland would join the EU, the municipalities organised special training courses for their staff and began actively to seek for information about EU policies and programs. The Finns understood the EU accession as opportunity for the country after the collapse of the Soviet Union, which had been an restricting factor in Finnish politics (see Lindström 2001). On behalf of the German regions, the engagement in EU matters was limited primarily to town twinning projects, while overall strategies like in Finland were lacking (see Bullmann 2001). This situation is reflected in the results of the present research and underlines once again the strong influence of national traditions and backgrounds.

8.3. The dominance of the Capitalist ethic

Problems and coping strategies in Tampere and Giessen

One of the most amazing results of the research project was the fact that two different regions in Europe, with completely different developments of the labour market crisis in the 1990s, had so much in common. Major differences, like they could have been expected, were only found with regard to the overall strategies in the regions to reduce unemployment and its effects (see Figure 10). The results of the present study indicate a broad correspondence of risk factors for long-lasting unemployment in Tampere and Giessen. Hence it was no surprise that the characteristics of the long-term unemployed (e.g. high age, a low education level, a long duration of the unemployment, etc.) were the same. As the data was provided by the regional employment offices, the results can be considered reliable, at least as far as the registered unemployed are concerned. The social-psychological problems described by the unemployed citizen experts in the research regions matched in many fields with the perceptions and experiences of governmental and non-governmental actors as the general descriptions

that can be found in the literature. Accordingly, financial problems, health problems, social problems, family problems, a lack of motivation and a low self-esteem are common phenomena among the long-term unemployed. The similarity of the social-psychological problems led again to similar coping strategies. As the official (governmental and non-governmental) perception of the problems caused by long-term unemployment corresponded largely with the experiences of the citizen experts, the individual employment policy measures taken in the regions had realistic and ingenious objectives. Many corresponding elements were also found with regard to the problems which the mass unemployment caused on the regional level (e.g. higher spending on income support or the development of social crisis areas).

How to explain the similarities?

One explanation for the great number of similarities especially with regard to the individual situation of the unemployed is the central role of work in the Finnish and the German society, a phenomenon which Weber (1995 [1930]) describes as *Capitalistic ethic*. Due to the internalisation of the values connected to the *Capitalistic ethic*, the labour market crisis in the 1990s did neither influence the meaning nor the functions of work¹¹⁶ in Tampere and Giessen, respectively in Finland and Germany. There can be no doubt for example about the great importance of work as 'source of income'. Unemployment funds and insurance systems may fulfil their tasks in the case of short-term unemployment, but in the long run they are not able to compensate the financial losses of the unemployed sufficiently to prevent social problems (see Bundesministerium für Gesundheit und Soziale Sicherung 2003; Ritakallio 2001). Concerning the 'structuring influence of work on everyday life', negative consequences were avoided only in cases where the unemployed managed to find alternative occupations or new roles to play (e.g. pensioner or housewife). A more general influence of the employment situation on the life course and the life planning was indicated for example by the great number of single and divorced long-term unemployed among the respondents in the research regions. As work still plays a major role for the 'creation of identity' and the status of people in society, long-term unemployment

¹¹⁶ See Chapter 1.2 as well as Giddens (1993) and Jahoda (1982).

often results in a low self-esteem and personality problems. According to the statements of the citizen experts and the local actors, 'regular activities' and a 'high frequency of social contacts', which are usually connected to waged work, were only casually replaced by alternative roles or voluntary participation in organisations and associations in the research regions. To some extent employment policy measures, like projects and meeting points, took over these functions. With regard to the 'participation in collective purposes', replacements were much more difficult, as the citizen experts did not consider themselves in a position, to contribute much to society or achieve any big goals; rather, they felt weak due to their dependence on social support. In cases where the respondents had given up hope of finding a new job, work had usually lost its function as a 'socialisation instrument'. This did not automatically cause people to commit crimes or break rules, but it was one factor less which prevented them from doing so. In the eyes of many policy makers, the unemployed appear as an ideal group for cuts in the fields of 'social rights' and 'social security' as they are rarely organised and often consider their situation as their own fault – both results of a successful individualisation and stigmatisation process by the society.

A positive development in this context are the activities of associations of unemployed people, which try to counteract these tendencies and to unite people stricken with unemployment. Currently, however, their influence is far lower than that of trade unions, employer's associations or other established non-governmental actors. If they are to become equal partners in the field of the employment policy their position needs to be strengthened. Thanks to the implementation of laws and regulations the function of work as an 'instrument of power' on the part of the employers is restricted to a certain limit. Some achievements in this field like employment insurance, such as the right of employees to have a say in company matters or the protection against unlawful dismissal, have become main pillars of many European welfare states. However, in times of labour market crisis, social acquirements (like minimum wages) are endangered as short term successes based on deregulation and the lowering of social standards seem to be a promising option for policy makers. In the long run the development can have serious negative effects comparable to the increasing number of the working poor in the United States of America

(see *Der Spiegel* 2002), or the 'hire-and-fire' policy practised in the British labour market.¹¹⁷

The decisive influence of the *Capitalistic ethic* is also underlined in another context: as work has gained a more or less universal importance in industrial societies, it is for example no surprise that international studies about the individual effects of (long-term) unemployment produce similar results. In addition some of the social-psychological problems witnessed in the 1990s were already described by researchers in the first half of the twentieth century. It proves that neither the importance of the *Capitalistic ethic* nor the functions of work have significantly changed since that time (see Brinkmann 1994; Wacker 1976; Jahoda et al. 1975 [1933]).

The similar problems of the municipalities and regional administrations have to be seen in connection with the existing political and administrative structures in Tampere and Giessen. For example, both regions were affected by heavy tax losses, which underlines the dependency of municipalities on economic trends and financial support from the national level. As the third level of the so called 'social net' the City of Tampere and the District of Giessen had to provide for an increasing number of income support recipients. Hence it is just consequent that they tried to shift back the financial burden of the unemployment to the national level (e.g. with the help of short-term employment for income support recipients). It is problematic that this approach is focusing more on the quantity of people who participate in a measure than the quality of the jobs they get. What counts for municipalities is that the income support recipients are employed until they are qualified for governmental unemployment support again.

The influence of welfare state systems and the local employment policy on individuals

An interesting result of the field study is the fact that the differences concerning the welfare state systems in Finland and Germany as well as the regional employment policy in Tampere and Giessen had only

¹¹⁷ This does not mean that the status quo in northern and central Europe should be maintained, rather, major structural changes are necessary in various fields (see Chapter 9).

a limited influence on the individual situation of the 90 citizen experts in these locations. The general feeling of the majority was similar: approximately two-thirds of the citizen experts in Tampere as well as in Giessen stated a strong negative influence of the long-term unemployment on their lives. One explanation for this is the above-mentioned importance of the *Capitalist ethic* in western societies. Another explanation is the individual or local point of reference. This means that unemployed compare their situation primarily with their life in the past or the life of people around them, and not with the situation of other unemployed in different European regions. Yet it should also be noticed that approximately one third of the citizen experts stated no or even a positive influence of the unemployment on their life, which underlines the hypothesis that it depends very much on the individual situation of the unemployed if they are stricken with negative effects.

Against this background, it is important that unemployed people do everything they can in order to improve their social-psychological situation themselves. In 1993 the *Stuttgarter Zeitung* (1993) published some advice which was given to job-seekers by the psychological service of the employment office. Accordingly people who lost their job should try to stay in touch with their former friends and colleagues. This may be a difficult task, as many unemployed feel ashamed of their situation and would rather stay alone at home, but regular contacts prevent them from the effects of social isolation. In addition the job-seekers should look for people who are in a similar situation. They will soon find out that they are not the only ones afflicted by the unemployment. The activities and the work of the associations of unemployed people demonstrates that the unemployed can reach certain goals, if they unite themselves. Permanent activity is also important. Therefore, psychologists advise job-seekers to work out schedules for everyday life and get up early in the morning, to maintain a certain time structure. Renovation work, neighbourhood help, voluntary work or gardening can be ingenious occupations. In fact it is less important what people do as long as they do something at all. The case studies in Tampere and Giessen confirm the importance of these recommendations.

8.4. Concluding remarks

The three hypotheses and their interrelation

From the analysis and the discussion in the previous chapters it is possible to draw conclusions concerning the validity of the three hypotheses that guided this study. Chapter 8.1 for example underlines that Hypothesis 1 applies in the case of Tampere and Giessen. Accordingly, *local strategies and measures in the field of employment policy do not depend exclusively on European or national defaults but also to a large extent on region specific-factors*. With regard to the two research regions the decisive factors were the historical role of the municipalities, the level of corporatism and consensus orientation, the perception of the unemployment as social crisis and the general economic framework. Despite the great importance of the national level (in both regions) and the European level (in Tampere), the implementation of programs and strategies can only be successful if the basic conditions in the regions are right. This realisation was supported, among others, by the difficulties of introducing elements of the European Employment Strategy in Giessen. On the other hand, the flexible approach of the European Union, which takes regional diversities into account, turned out to be rather successful in Tampere.

In contrast to the first hypothesis, Hypothesis 2 can only be verified under reserve. Chapter 8.2 indicates that *local and regional actors have the potential to counteract unemployment and social exclusion, but it depends on the local situation what they can actually make out of it*. While networking became a key strategy in the case of Tampere, the actors in Giessen tried to tackle the problem more or less on an individual basis. Although the employment policy measures had positive effects on both regions, the results of this study suggest a better quality of the local employment policy in the Finnish case. Thanks to massive financial support and a good economic climate, the actors in Tampere managed to reduce the unemployment considerably compared to the mid 1990s. Concurrently, the fields of information and communication technology as well as research and development became important pillars of the local economy. In Giessen, on the other hand, the situation remained difficult. The findings of the research also underline the importance of the basic conditions, such as the general economic development or financial support for regional

actors. To sum it up: regions can make a difference to a certain extent but only if the basic conditions and the attitudes of the local actors are right.

Hypothesis 3 is supported by the findings in Tampere and Giessen. According to the analysis in Chapter 8.3, *the general effects of long-term unemployment are similar on the local and regional as well as the individual level in both cases*, despite the existence of different welfare state systems in Finland and Germany. The reason for this is on one hand the importance of the *Capitalist ethic*, which influenced the meaning and functions of work in society, and on the other, the similar statutory tasks and the administrative organisation on behalf of the local governmental actors.

There are two further points that should be mentioned with regard to the results of the study: first of all, most of the research questions that served as the framework for the study (see Figure 11) were directly or indirectly influenced by the existence or absence of the success factors mentioned in Chapter 8.1 as well as the meaning and functions of work described in Chapter 8.3. This conclusion also applies in the case of the three hypotheses. The *Capitalist ethic* for example has a limiting influence on Hypothesis 2, which means it is rather difficult for an individual region to counteract the great importance which is ascribed to work in advanced industrial societies. The European dimension can also be mentioned in this context, as it plays a role concerning Hypothesis 1 and Hypothesis 2 at the same time. On one hand it is an important framework condition, and on the other a tool for the regions which – if it is applied – increases the scope of the local actors, as it offers additional financial support, international networks, information exchange (good practice), etc. Secondly, it became clear that the theoretical concept concerning the influence of unemployment and employment policy on different levels which was developed in the introduction of the book (see Figure 1) reflects very well the situation in the research regions. Accordingly, there is no exclusive top-down influence but rather a concurrent top-down and bottom-up tendency, which means all levels are interrelated.

Seen as a whole, the research results underline the importance of networking and trust for the solution of socio-economic problems, which

confirms the above-mentioned theory of Putnam (2003 [1993]) about the coherence of social capital and regional development. With regard to the research regions, it can be said that the higher level of social capital in the case of Tampere (in the shape of corporatism, networking, consensus orientation, etc.) led to better results than in Giessen. However, the outcome of the study made also clear that social capital alone is not enough if there is no financial capital involved and the basic conditions are not supportive. This does not mean that Putnam is proved wrong at this point, as the high level of social capital in the case of Tampere helped the region to attract financial support and to get restructuring processes on the way. The only point where the social capital reached its limit was the situation of the individual long-term unemployed, who were facing similar problems in the research regions. While the unemployed in total profited from the high level of social capital in Tampere, which led to more jobs, more training measures, more consultation possibilities, etc., the individuals who were despite all efforts not able to find a job felt as excluded from society as in Giessen. In this respect the level of social capital was not high enough in the Finnish region.

Unemployment and employment policy in the view of the research results

The outcome of the research in Tampere and Giessen underlines the already well-known but often disregarded fact, that long-term unemployment is anything else but a natural phenomenon. If people stay involuntarily without work for months or years it is a result of the current economic and social policy. The huge efforts made in Finland to reduce the unemployment rate from over 16 percent in 1994 to 9.1 percent in 2001 is a good example that the situation can be changed if there is the political will and the financial support to do so, as finally everything depends on which priorities are set. But policy makers, the economy and the society are not the only ones to blame for the unemployment. In some of the cases it was the free choice of people to quit their job and in other cases the lay-off was the justified consequence of individual misbehaviour. It is also true that some of the citizen experts are not looking for work, but registered purely to receive state support. However, despite the apparent dominance of these people in the public debate, they do not represent the majority of the

unemployed, as the experiences of the local actors and the statements of the citizen experts in Tampere and Giessen indicate.

On the other hand, it would be wrong to classify the long-term unemployed in general as helpless victims of the economic development. The political activities of the associations of unemployed people in the research regions underline that not everybody who loses work withdraws from society, and becomes fatalistic and depressed. Some of the long-term unemployed used the opportunity to re-orient themselves, to learn a new profession or to start a business of their own. This kind of positive approach to the situation is only possible with massive financial, material and emotional support from family, friends and society and should not take attention away from the fact that, even if some people manage to overcome the unemployment through their own initiative, there are many others who are not able to do so (e.g. due to their personality, their education, their financial background or other reasons). For them, the creation of new jobs or the redistribution of the existing work in connection with education and activation measures seems to be the only solution for the problem. However, it is an illusion to believe that full employment can be reached in Finland, Germany or the EU in the near future with the current employment policy measures.

A changed focal point on the European level

Despite the obvious continuity with regard to employment policy programs and political declarations on the European level, the general perception of unemployment has seen an important change in the year 2000. While the actual labour market situation and the problems of the unemployed were on top of the political agenda in the mid 1990s, the focus has moved to ambitious declarations of intent for the future. Optimistic prognoses were popular these days: the British prime minister Tony Blair for example expected the creation of 20 million new jobs in Europe within the next ten years (*Der Spiegel* 2000). Some senior officials of the *Deutscher Gewerkschaftsbund* (DGB) reckoned with full employment in Germany in the same period of time (*die tageszeitung/taz* 2000), and the German chancellor Gerhard Schröder was convinced that there will be less than 3.5 million unemployed in the country by autumn 2002 (*Frankfurter Allgemeine Zeitung* 2000).

The political message in the year 2000 seemed to be clear: 'the bad years are over, now we are looking and planning ahead'.¹¹⁸

No doubt, political aims and visions for the future are necessary and may encourage the involved actors to good performance, especially if the objectives are as ambiguous as the ones of the EU, but the increasing focus on the situation in two, five or ten years takes the attention away from a very important point, the present. According to official calculations there were still approximately 15 million people involuntarily without work in the EU in February 2000 (Eurostat 2000a). They were left behind during the outset of the twenty-first century and their social-psychological situation will most likely remain unchanged, until new jobs are actually created for them. This applies especially in the case of the long-term unemployed. The study at hand indicates what kind of problems unemployed people were facing in some European regions at the end of the 1990s, despite the various measures recently taken by governmental and non-governmental actors. It also underlines the necessity of further action in the field of the employment policy, in order to reduce the ongoing social and economic exclusion of the unemployed. If the efforts are not increased it may happen that in spite of a growing number of available jobs in the Member States of the EU, unemployed people cannot find work as they are lacking the required social, professional and/or educational qualifications. Therefore it is necessary that governmental and non-governmental actors on the local level are not left alone with their attempts to reduce long-lasting mass unemployment and its negative effects, but rather they should be encouraged to step up their activities in this field.

¹¹⁸ Concurrent with the economic recovery at the end of the 1990s, other problems, like EU enlargement, animal diseases or the introduction of the Euro as single currency displaced the unemployment in the public and political debate.

Figure 10: Reasons for similarities and differences in the research results

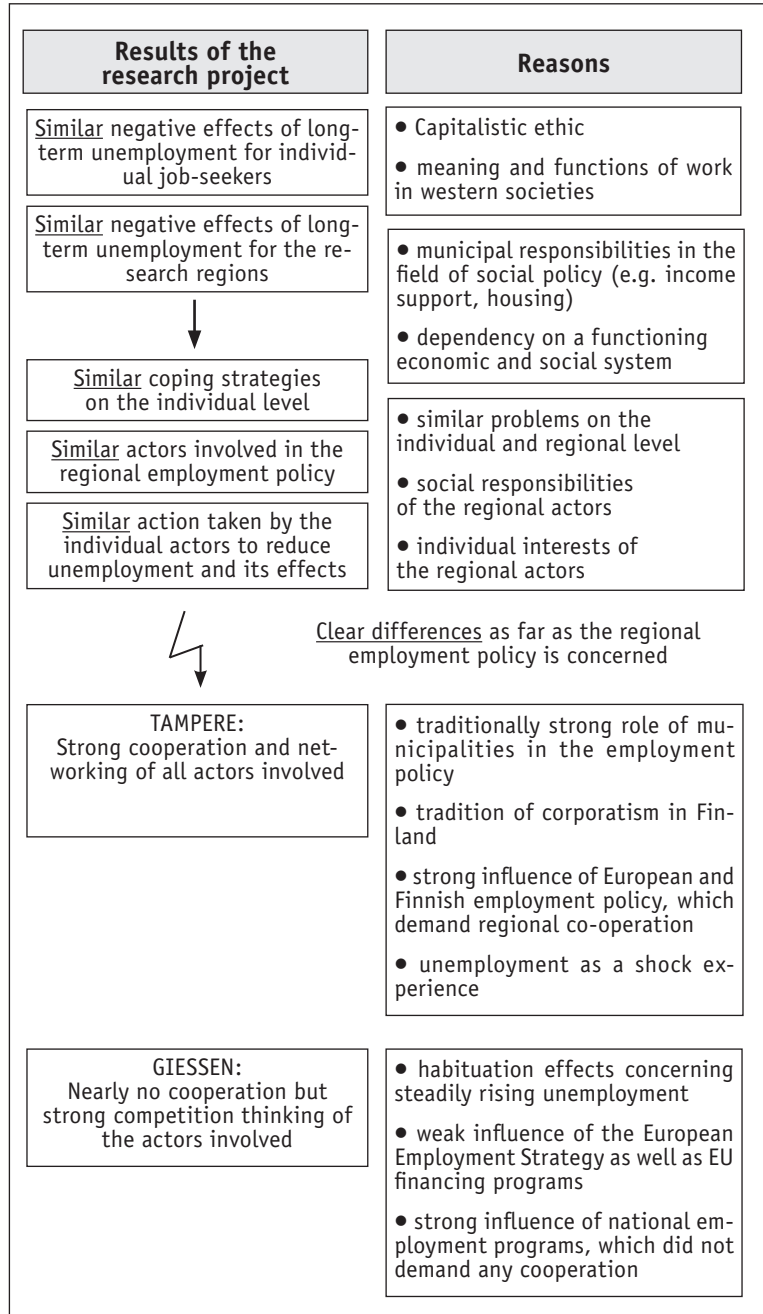
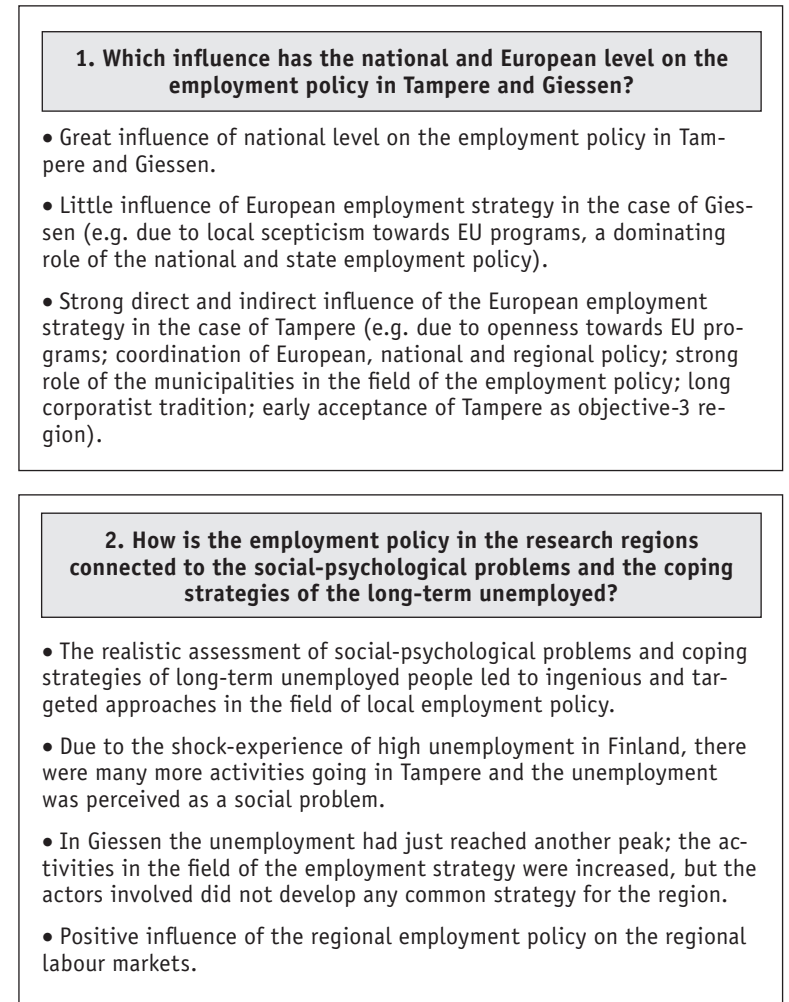


Figure 11: Answers to key research questions



3. What kind of social-psychological problems exist among long-term unemployed people in Tampere and Giessen and how do unemployed individuals cope with their situation?

Problems according to the citizen experts:

- Health problems.
- Social problems.
- Family problems.
- Low self-esteem.
- A lack of motivation.
- Financial problems.

Additional problems according to the social actors in the field:

- Social and professional deficits.
- Learning difficulties.

Special problems in Giessen:

- Language problems
- Lacking driving licences

Selected coping strategies*:

- Various attempts to save money (e.g. going out less, saving money for food and clothing).
- Use of savings.
- Sale of possession and property and incurring of debts.
- Withdrawal from society (e.g. spending more time at home, increased TV consumption).
- Changed voting behaviour (e.g. increasing political interest, political shift to the left).
- Changed health behaviour (e.g. increase of smoking, taking more medicine)
- Changes in the family structures (e.g. other family members work more, divorces)

* Note: In nearly all cases there could be citizen experts found who were acting against the general trend

9. Lessons from the cases of Tampere and Giessen

After analysing the results of the research project in the previous chapter, the remaining question is what lessons can be learned from the cases of Tampere and Giessen. The first part of Chapter nine is focusing on the fact that intervention in the field of employment policy is possible, while the second part deals with future employment policy measures in the research regions. The latter is followed by some considerations concerning the importance of the results for other European regions. The focus of the last part is on the national and European employment policy. Key topics are application and financing systems of employment programs as well as the development of indicators for the evaluation of projects and measures in this field.

9.1. Intervention is possible

Flourishing shadow economies, a high level of overtime work and thousands of job vacancies underline the fact that in theory there is enough work for everybody. Hence, the high unemployment rates in Europe have to be understood as distribution problem and not as a shortage of work or the result of the unwillingness of the unemployed to work.

‘...the low employment in many Western European countries does not reflect the wishes of the people involved, but rather a lack of adequate labour market opportunities. This lack of opportunity is at root a failure of policy, and reflects a political environment within which the interests of established groups have priority over the well-being of the community as a whole.’ (Jackman 2002: 24)

Following this line of argumentation it becomes clear that the situation can be changed if there is the political will to do so: lifelong learning, more research and development, a high level of education, more geographical and professional mobility, the reduction of non-wage labour cost, and direct incentives to create jobs are necessary to increase the employment rates. The realisation of these measures depends to a large extent on decisions taken on the national and the European level and will not bring any significant changes over night. However, this does not mean that the actors on the regional

level can lean back and wait until the unemployment figures start decreasing; rather, they should step up their efforts and do their part to make it happen.

Intervention is also possible with regard to the social exclusion of unemployed people. According to Schienstock (1999) it is essential that the measures are taken as early as possible before the final stage of the process is reached. Continuous training for people who have a stable employment, for example, reduces the danger of unemployment and increases the chances to find new work soon if someone loses his or her job. Precarious, fragile employment can be stabilised through protection agreements as well as training measures to overcome the mismatch between needed skills and existing qualifications. If someone has lost the job already, wage support and adjustment training can help to speed up their re-entry into the labour markets. In the case of the long-term unemployed, job guarantees, the promotion of employment outside the first labour market, further training and wage subsidies for firms to create new jobs are possible interventions. For people who have reached the stage of social and professional exclusion already, social support and training programs which maintain their employability play a key role. As the interviews with the local actors in Tampere and Giessen indicate, some of these points have been successfully implemented (e.g. wage subsidies or activation courses) while others need to be developed further (e.g. preventive measures or job guarantees for the long-term unemployed). Which concrete measures the research regions should take and what the outcome of the research means for the actors on the national and European level is discussed the following.

9.2. Looking ahead: towards a future employment policy in the research regions

The analysis of the employment policy in Tampere and Giessen indicates that, despite the attempts made by different actors, there are still many deficits, not only on the local but also on the national and the European level. Based on the results of the present research some recommendations can be made for future measures and strategies. For example in Giessen, the local actors should urgently create a regional employment pact (like the one in Tampere) and establish the neces-

sary bodies. The measure would help to coordinate local projects, to start or enforce co-operation and to create an institution that represents the region as far as the employment policy is concerned. It can also be expected that such a step would help to get funding for local projects and to promote the employment programs of the EU. The centralisation of some of the measures in Tampere in order to increase the efficiency is also worth discussion.

Further, the local labour market policy in the research regions could be improved by the implementation (and if necessary modification) of successful projects from other regions. In the case of Tampere, the establishment of a shop for used construction material or a special agency to arrange jobs for income support recipients would offer some new options. Due to the multitude of social-psychological problems connected to the long-term unemployment, many people stricken with it do not only need work but also intensive consultation and motivation. Therefore activation courses (like in the case of Tampere), which are arranged prior to the participation in other measures, should be promoted in general.

In order to help people to find their way through the ‘jungle’ of the local labour market policy, it would be a good idea if the employment offices in Tampere and Giessen, the municipalities or other institutions would regularly (e.g. once or twice per year) publish an information booklet and create a webpage about regional employment policy measures. The booklet should be free of charge and could be handed out for example in the employment offices and the municipal administrations. Besides addresses and descriptions of all actors, projects and workshops in the region, it should inform about special offers and reductions for unemployed people. In addition, the booklet and the homepage would give local actors the chance to advise the unemployed on how to cope with their situation (e.g. how to break the vicious circle of isolation or how to cook cheap but healthy meals). However, they should not be used as political ‘propaganda’ instrument and the information should be as much praxis-related as possible. In order to get financial support for such a project, it is imaginable that the booklet and the webpage are edited by unemployed people themselves, which would create some jobs and offer possibilities to apply for state or ESF-funding.

Another useful step in both research regions would be an increase of employment projects in the social, environmental and leisure time sectors, as they do not only provide jobs but also have positive effects on the society as a whole. Alongside this, the projects may help to increase the attraction of the region for investors. Measures to prevent long-term unemployment before it appears, like the consultation of school children or qualification projects for people who are still in work, should be likewise extended. After all, early prevention is more efficient than after care.

As none of the re-integration projects in Tampere and Giessen had a success rate of 100 percent, and a state of full employment will not be reached in the near future, the chances of many long-term unemployed to find work are quite low. Hence it is necessary that besides re-integration projects, there are sufficient alternative offers for them, like meeting points, cafeterias, workshops, sport courses and so on. They are important instruments for maintaining social qualifications and preventing antisocial behaviour. Although some of the local actors in the research regions were active in this field, there remains a lack of measures in both towns. It is interesting to note, that the existing projects were almost exclusively offered by associations of unemployed people; presumably other actors do not engage in this area, as there is hardly any funding available. The creation of permanent low-level jobs for long-term unemployed people and income support recipients, who are unable to find work in the first labour market, is also important in this context. It acknowledges the fact that not everybody can be trained and retrained and that retraining processes cannot be repeated endlessly. Plans to set up social enterprises in the regions should be developed further and realised.

In order to improve the local employment policy it is recommendable as well, to pay attention to suggestions made by long-term unemployed people. If job-seekers demand the free use or reduced prices for municipal institutions and services like the respondents in Tampere or more courses, projects and institutions for unemployed like the participants in Giessen, then these are signs for information deficits and/or real shortfalls of the local employment policy.

9.3. Can other regions learn from the cases of Tampere and Giessen?

The probably most important lesson coming out of the present study is that networking matters. As local actors in the field of employment policy are often not able to find their way through the jungle of regulations concerning national and European support programs, teamwork in the shape of regional networks is needed instead of lone-fighter mentalities. Strong networks do not only increase the chances to receive financial support, but also allow regional lobbying on higher political levels. This can improve the regional image considerably. Networking also has the potential to become a competitive edge to attract new investors. In addition it allows coordinated approaches to solve problems which threaten social peace, economic prosperity and stability in the region.

A functioning network may also enable quick reactions to future crises. Hence, networks should not only focus on one problem but be flexible to deal with all kinds of challenges (e.g. juvenile delinquency, the population ageing or ecological threats). Once the members of a network agree on a strategy, a high level of support from all participants can be expected. Consensus orientation and a fair treatment of all parties involved is an important precondition in this context. Local networks strengthen the corporate feeling in a region, they allow the quick flow of information between the participants, and they give local actors a fair chance to influence the regional development. However, networking is no magic bullet. Often it is easier to set up a network than to keep it running over a long period. Therefore, the process of networking can be considered as important as (if not even more important than) the results, with regard to the solution of one specific problem.

Besides intra-regional networking it is very useful for the actors involved to take a close look and learn from experiences (good practice) of other regions that are facing similar problems.¹¹⁹ The adaptation of successful measures and projects may be less personnel and capital intensive than tedious efforts to develop own approaches. Unfortunately

¹¹⁹ Key words in this context are inter-regional networking as well as networks of actors who are engaged in similar fields.

it seems that many actors are reluctant to adopt this kind of learning process, as they expect higher prestige and a better standing if they are able to come up with their own solutions which are distinguished from others. The dissemination of good-practice examples on the national and European level can help to overcome this problem.

Theoretically, regions have numerous possibilities to receive financial support for employment policy measures from the national and the European level. If they are not trying to do everything in their power to get their hands on the money, it is (at least partly) their own fault. Of course a simplification of application procedures and better information about available funding on behalf of national and European actors would make the life of regional actors easier, but unless this aim is achieved, networking seems to be the best solution to secure support.

9.4. Are there lessons for actors on the national and European level?

The positive economic results at the end of the twentieth century indicate that growth is possible even with a reduced number of employees. In the presence of this development, it is unlikely that millions of new jobs will be created without state intervention. For that, new political and social concepts are necessary to counteract the negative effects of labour market crises. Among others a fair distribution of work (e.g. by a significant reduction of overtime work), as well as appropriate prices for waged labour, energy and resources¹²⁰ should be in the focus.

The results from Tampere and Giessen underline the fact that employment policy programs launched by actors on higher political levels can have a big influence on regional policy. While national programs were equally important in the case of the research regions, considerable differences were found with regard to the influence and the perception

¹²⁰ According to Allan Larrson (2002) it is possible to combine environmental protection and employment growth. Higher prices for energy and resources, for example, would lead to investments in environmentally friendly technology on one hand, and decreasing costs for labour on the other. Such measures would protect the environment and create new jobs at the same time.

of the European employment policy. The problem was that, unlike in Tampere, the offers from Brussels were not very well received in Giessen. As the EU has no legal power to enforce its social and employment policy, it is crucial that there are enough incentives for the implementation, otherwise actors like those in Giessen will not get interested. A simplification of application procedures and a facilitation of the access to information would be an important step in this direction. Another point is a significant reduction of administration once a project has started. The high level of control (e.g. with the help of reports and accounting at short intervals) does not only keep local actors and civil servants busy but is also a sign of distrust between the different levels (e.g. the EU as financier on one hand and a project as recipient of support on the other). Once a project has been selected there should be as few obstacles as possible that prevent it from achieving its task until the final report has to be written. In this context less is definitely more. As paper does not blush, it is anyhow unlikely that aberrations are going to be detected during an ongoing project.

Another important point is that the EU and the national states should make their decisions about the financing of employment policy measures earlier. Up to six months before the regions were about to receive money, many actors in Tampere and Giessen did not know how much it would be. Early decisions facilitate project planning, which most likely has positive effects on the quality and efficiency of the measures. It should also be considered to grant support for longer periods. This would mean that the officials in charge can spend less time on finding financiers and concentrate more on their actual work.

As far as the evaluation of local and regional employment policy measures is concerned, it is necessary to introduce common and binding standards on the European level. This is the only way to obtain reliable information, which can be used for national and international comparisons. Generally accepted definitions like the one of 'unemployment' by the ILO could serve as model in this context. Clear indicators are for example necessary with regard to preconditions, actors, processes and results in the field of the regional employment policy (see Table 26). The section 'basic information' describes the development and trends in a region with the help of official statistics. This kind of information should be easy to obtain, as it is needed for other purposes as well. Concerning the 'actors' section, not only the participants in

certain programs but rather all governmental and non-governmental players in the field should be described. The ‘measures’ section provides descriptions and numerical information about concrete action taken in a region, ranging from networking to wage support. At this point it is important to ensure that existing measures are not labelled as new just because new financiers are involved or a project has changed its name. The ‘results’ section provides numerical information concerning the success rates of employment policy measures. This is the most problematic field, as there are no reliable indicators yet. In addition, local actors may have problems gathering necessary data or be tempted to manipulate the results in order to justify their activities. Hence, reliability must be one of the key factors. It is also important to find common ways to measure and describe positive side-effects for individuals and regions in this context, which cannot be easily described in concrete figures (e.g. possibilities for the unemployed to make social contacts or an improvement of the regional environment).

With regard to the social and employment policy of the EU Member States, major structural changes in the fields of politics (e.g. transparent and coordinated taxation systems), economy (e.g. an end of subsidies for ineffective branches, a real social dialogue and a concentration on fields with high growth potentials) and social security (e.g. an adoption of the welfare state models to social changes such as social exclusion or population ageing) are necessary to increase the employment rates. New innovations can also have positive effects on the labour markets; hence it would be consequent to increase financial support for education systems and research activities. As it is unlikely that these kinds of changes will take place in the short run and a certain level of unemployment is even considered necessary by economists, it can be assumed that there will be a considerable number of people without work in Europe even if the economic situation improves. Hence it is the task of the European Union and its Member States to ensure, that it is not the same group who stays permanently out of work, that the unemployment does not concentrate in certain regions and that social-psychological effects are prevented. If these targets are not reached the pessimistic prognoses of Jeremy Rifkin (1997 [1995]), Kari Vähätalo (1998) and other researchers (e.g. Martin and Schumann 1997), concerning a new social stratification based on people’s employment status, may become true. They worry about a possible split of the working age

population into a small group of highly educated, well paid specialists, who have full time jobs with regular contracts and a big group of people, who are either unemployed and dependent on social welfare or manage to survive only with the help of part time jobs, fixed term employment or several low paid jobs at the same time.

Table 26: The evaluation of regional employment policy measures

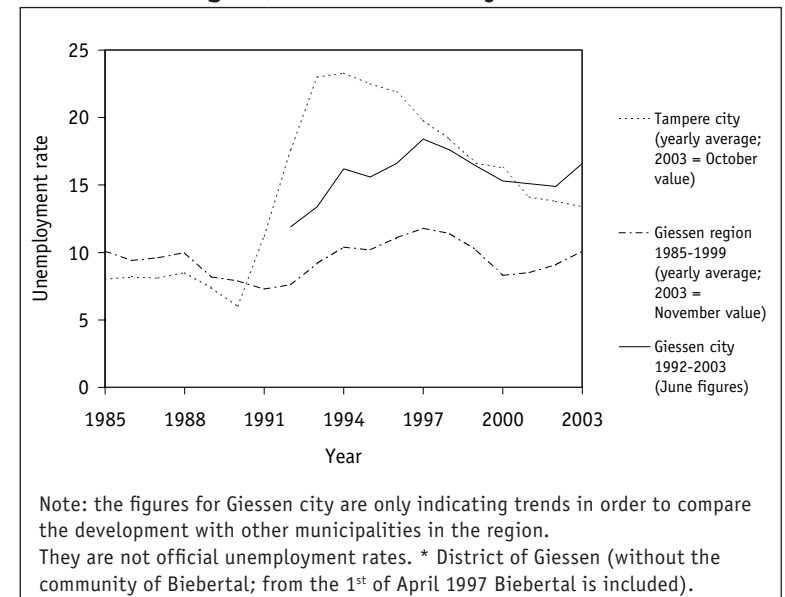
<i>Topics to be covered</i>	<i>Tools</i>	<i>Information to be provided</i>
Basic information	Official statistics and descriptions	<ul style="list-style-type: none"> •Economic and social development •Existing employment policy measures
Actors	Descriptions	<ul style="list-style-type: none"> •Local actors •Regional actors •National actors •European/global actors
Measures	Descriptions and numerical information	<ul style="list-style-type: none"> •Networking •Definition of target groups •Level and sources of financial support •Practical training periods in companies •Professional qualification and labour market training •Measures which support positive coping strategies •Preventive measures •Artificial apprenticeship places •Artificial jobs/wage support
Results	Numerical information (descriptions where appropriate)	<ul style="list-style-type: none"> •Comparable success rates (follow up studies) •Economic and social development •New employment policy measures •Additional regular jobs •Visitors and participants of institutions, workshops and projects •Positive side effects on the individual and regional level

Epilogue

Epilogue

Looking back at the situation in the research regions from the perspective of the year 2004 it is interesting to notice that nowadays, data concerning unemployment in Giessen city is available. This was not the case when the field study was carried out. However, due to statistical reasons¹²¹ the data should not be understood as official unemployment rates. The figures are a mere instrument for intra-regional comparisons between the situation in Giessen and the situation in other municipalities (Employment Office Giessen 2003). This is why the data was not belatedly included in the analysis. According to this 'indicator' the unemployment reached its peak in Giessen city in 1997. In June 2000 the figure stood about three percentage points lower.

Figure 12: Unemployment in Tampere city, the Giessen region, and Giessen city 1985–2003



Source: Employment Office Tampere (2000); Employment Office Giessen (2000); Employment Office Giessen (2003); Laakso (2003: pers. int.).

¹²¹ The problem is lacking components concerning the reference parameters (Employment Office Giessen 2003).

With regard to the local and regional development in Tampere and Giessen after the 1990s, Figure 12 offers some interesting insights. In the case of the Finnish research region the unemployment continued to fall, although at a lower speed compared to earlier years. In October 2003 the jobless rate stood at 13.4 percent, which on one hand is still far away from the level at the beginning of the 1990s but on the other considerably lower than the figures witnessed in 1994. The labour force in Tampere city grew from approximately 84,200 people in 1999 to 86,700 people in 2000, and 88,200 people in 2001. Concurrently the population increased from 193,000 in 1999 to over 200,000 in 2003 (City of Tampere 2003: web doc.).

The situation in the German research region looks different. According to the above mentioned 'indicator', the unemployment in Giessen city decreased between 1997 and 2002. At the same time the number of unemployed people went down from 4530 to 3890. The improvement of the labour market situation coincides with an economic upswing in Germany as well as Objective-2 support from the EU for Giessen (2000-2006). However, in June 2003 the unemployment 'indicator' for the city swung around and jumped to 16.6 percent. With 4330 people the number of unemployment in the city was above the level of 1996 (4170). The employed population in Giessen decreased from 22,600 in December 2001 to less than 21,000 in March 2003. Similar labour market trends can be found in the Giessen region: the unemployment rate dropped from 10.2 percent in 1999 to 8.3 percent in 2000 and went up to 10.1 percent again in November 2003. This corresponds to the values experienced already in 1985, 1995 and 1999 (Employment Office Giessen 2003). At the same time, the economic situation in Germany deteriorated once again, which underlines in which difficult environment the local actors were operating. A positive development in the perspective of Giessen city was an increase in the population: in October 2003 the number of inhabitants crossed the 74,000-people level for the first time since the beginning of the 1990s (City of Giessen 2003: web doc.).

To sum it up, the development in the research regions during the first years of the new decade seems to reflect the results of the labour market policy at the end of the 1990s. While the successful combination of economic growth and employment policy measures led to an easing of the situation on a sound basis in the case of Tampere, the prospects of Giessen were looking less bright.

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Personal interviews

(Name, year, position and company/organisation, time when the interview was carried out)

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Lang, Renate (1999) Member of the Managing Board of the Jugendwerk-statt in Giessen, August.

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Mäkiahho, Leena (1999) Project Manager of the Rullaava Rekrytointi project in Tampere, February.

Mattila, Tuula-Maria (1999) Special Employment Counsellor of the Em-ployment Office Tampere, April.

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Schäfer-Gümbel, Thorsten (1999) Academic Assistant and Official in Charge at the municipal Department for Social Affairs, Youth and Schools in Giessen, June.

Schreiner, Sabine (1999) Employee at the Bildungswerk der Hessischen Wirtschaft in Giessen, August.

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Appendix

Appendix 1: The geographic location of Tampere and Giessen



Appendix 2: Different states and types of employment and unemployment

Appendix 2 describes different states and types of employment and unemployment. Among others, categories are made according to people's wish and ability to work, the duration of the unemployment and the reason for the unemployment.

According to Peter Sinclair (1987), different states of employment and unemployment can be distinguished on the individual level (see Additional Figure 1). For example full-time or part-time workers, who are satisfied with the amount of time they work, are considered 'fully employed'. If someone has a job but would like to work more he or she is 'under-employed'. The term is also used for people whose education or training makes them over-qualified for the job they are doing. 'Strictly unemployed' is the condition of someone who is capable of working, actively seeking for work at the moment but unable to find any. The unemployed has to be an active member of the labour force and to look for remunerative work. 'Semi-unemployed' people are either looking for work without being able to start right away or they wish to work but are not searching for a job at present. People who would like to work but are not looking for work at all (e.g. early pensioners) as well as people who are not employed and do not wish to work (e.g. normal pensioners) are 'neither employed nor unemployed' (see Giddens 1993; *The New Encyclopaedia Britannica* 1989).

With regard to the duration of the unemployment, basically three main categories of people can be found: Short-term unemployed, who are only a few weeks or months without waged work; long-term unemployed, who have been registered at the Employment Office for at least twelve months¹²²; and the 'normal' unemployed, who have passed the initial phase but have not been without a job for a year.

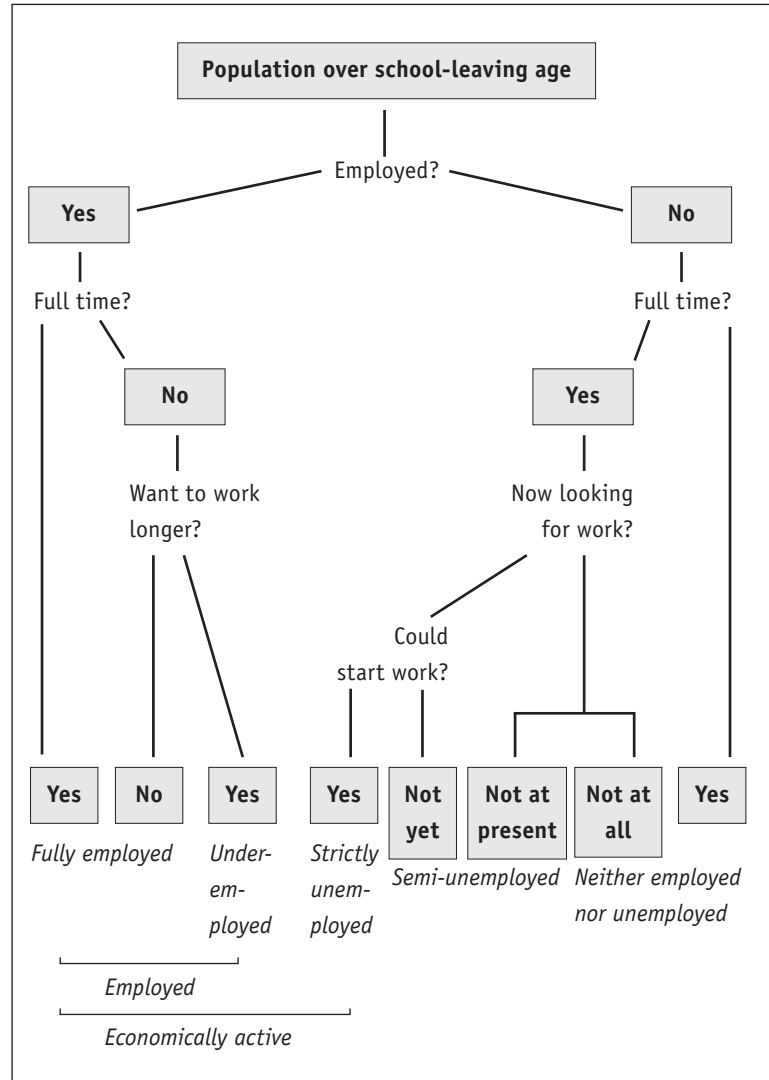
Besides these categories, there are definitions which take the general reason for the unemployment into account. 'Frictional unemployment' describes a short period of time during which people are out of work, for example due to job changes. 'Seasonal unemployment' is a phenomenon which appears regularly in certain sectors such as agriculture or construction work. As

there is less work during winter times than summer, workers are laid off in autumn. On the other hand people are re-engaged when the spring comes and the amount of work rises again. 'Seasonal unemployment' is actually no problem for a balanced economy. Often the seasonally unemployed manage to find part-time jobs or temporary jobs for the winter months. If 'seasonal unemployment' occurs, however, at the same time as other forms of unemployment (which means that there are not enough alternative jobs for seasonal workers), it pushes up the unemployment figures. 'Cyclical' or 'economic unemployment' is strongly connected to the economic situation. In boom-periods there is usually a great need for manpower or even a lack of workers, while during recessions employees are laid off, which results in rising unemployment figures. 'Cyclic unemployment' can be fought with a long-ranging economic, financial and tax policy. 'Structural unemployment' is the result of radical changes in population density, territory size or economic demand, which can be caused by wars, migration, natural catastrophes, technical inventions or changing consumer preferences. Re-settlement, economic restructuring, retraining of the unemployed or state investments are measures used to counteract structural unemployment (*Brockhaus-Enzyklopädie* 1993).

Some of these four categories are connected to each other: For example decreasing chances for investments or an increasing saving rate can lead to 'cyclic unemployment' changing to 'structural unemployment', as no money is invested to create new jobs and economic demand is low. As far as only the supply and demand of goods is concerned, it is also possible for an economy to become balanced despite a high number of unemployed people. If an economy is booming without the need for more workers the phenomenon is called jobless growth. The consequence in both cases is that some of the unemployed will not find work soon and become long-term unemployed. If the figures of long-term unemployed people remain unchanged on a high level the phenomenon is called 'base' or 'pedestal unemployment'. A situation, where many people are struck by (long-term) unemployment is known as 'mass unemployment' (*Brockhaus-Enzyklopädie* 1993).

¹²² This artificial classification by the employment authorities underlines the fact that unemployment is 'socially constructed' (Grint 1991: 45). It depends on political, social and/or individual definitions, if someone is considered (long-term) unemployed or not (see Appendix 3).

Additional Figure 1: States of employment and unemployment according to Sinclair



Source: Sinclair (1987: 2); graphic by the author.

Appendix 3: What are the right unemployment figures?

For most research projects in the field of the employment policy there are two important questions: first of all, what are the right unemployment figures; and secondly, how can the figures of one city, region or state be compared with the results of other cities, regions or states. Therefore the focus of Appendix 3 is on the problems that occur during the calculation and interpretation of unemployment figures.

How to make unemployment figures comparable?

As far as international comparisons of unemployment rates are concerned, problems occur due to different calculation methods. In the case of Germany the unemployment rate puts the number of unemployed people in relation to the 'dependant labour force', which is the sum of 'dependant civilian person gainfully employed' and the registered unemployed (see Additional Figure 2). The 'dependant civilian person gainfully employed' are all employees who pay social insurance including trainees plus civil servants (without soldiers) and people in low-paid jobs (Employment Office Giessen 1998).

Additional Figure 2: The unemployment rate based on the 'dependant labour force'

$$\text{UNEMPLOYMENT RATE} = \frac{\text{NUMBER OF UNEMPLOYED PEOPLE}}{\text{DEPENDANT LABOUR FORCE}}$$

$$= \frac{\Sigma \text{ of DEPENDANT CIVILIAN PERSON GAINFULLY EMPLOYED [all employees who pay social insurance including trainees plus civil servants (without soldiers) and people in low-paid jobs] and THE REGISTERED UNEMPLOYED}}{\text{DEPENDANT LABOUR FORCE}}$$

Source: Employment Office Giessen (1998).

In Finland the unemployment rate is calculated in a similar way (see Additional Figure 3). The only difference is that Finnish authorities number self-employed people and family-members who help in a family business as part of the labour force. This means that the unemployment rate is calculated on the basis of the 'dependant labour force', plus the self employed

and family-members who help in a family business. They are summed up under the term 'civil labour force'.

The calculation on the basis of the 'civil labour force' is not only used in the case of Finland, but also for international comparisons. For Germany, comparable data is only available on the national and the state level. On the local level calculations are still made on the basis of the 'dependent labour force'. If regional data of Tampere and Giessen is compared, for example, it should be kept in mind that they have a different basis. As the denominator in the Finnish calculation is bigger – due to the broader definition of the labour force – the unemployment rate is lower than it would be in Germany with comparable figures.

Another factor that makes comparisons of international figures difficult is the way in which the data is collected. Basically there are two different ways: on one hand the calculations can be based upon the official records of the employment offices or other institutions. The advantage of this method is that the data of all people registered is available at any time. However, people who are not registered for some reason but still seeking employment are not taken into account. In addition the registration method is highly susceptible to changes in the administrative regulations (Stille 1998). On the other hand, the calculations can be based upon labour force surveys. In this way the necessary information is gathered with the help of a representative sample, which also includes people, who are not officially registered at the employment offices. Therefore it can be assumed that the survey method is more precise than the method of the registered unemployed (Eriksson 1996). In Finland and Germany there are several surveys carried out every year among randomly chosen people in order to obtain data for international comparisons. However, this data is insufficient for the description of regional labour markets. Therefore local analyses are based on the statistics of the employment offices.

A very important factor in the calculation of unemployment rates and figures is the definition of terms. If policy makers, employers or trade unionists of a country are asked about the 'real' dimension of the unemployment, it is most likely to obtain totally different answers – each of them based upon individual definitions. The same applies at the international level. In order to avoid this kind of problems and to gain reliable data for comparisons between different states, the International Labour Office (ILO) has introduced certain calculation standards, which are used by the Statistical Office of the European Communities (Eurostat) as well as the Organisation for Economic Co-operation and Development (OECD). According to this standard, the data for international comparisons is gathered by regular labour force surveys and calculated on the basis of the 'civil labour force

method' mentioned above. The ILO defines an unemployed person as follows: '...he/she was (1) not in employment in the survey week (excluding temporary absence due to illness, etc.), (2) had actively looked for work during the previous four weeks and (3) was available to take up employment within two weeks' (Stille 1998: 4). The ILO standard allows comparisons of the unemployment rates of different countries, which are all based upon the same definition and the same method of calculation. However from the promotion of a more accurate survey method, this international approach contributes little to the discovery of the real dimensions of the unemployment. 'Die offiziellen Zahlen sagen wenig über den Umfang und das tatsächliche Ausmaß der Arbeitslosigkeit aus. Die Zahlen der von Arbeitslosigkeit betroffenen Personen ist erheblich größer, als es aus der offiziellen Statistik hervorgeht.' (Bayer and Dybowski 1985: 702)

Additional Figure 3: The unemployment rate based on the 'civil labour force'

UNEMPLOYMENT RATE =	NUMBER OF UNEMPLOYED PEOPLE
	—————
	CIVIL LABOUR FORCE
	=
	DEPENDENT LABOUR FORCE + SELF EMPLOYED PEOPLE AND PEOPLE WHO HELP IN A FAMILY BUSINESS
	=
	Σ of DEPENDANT CIVILIAN PERSON GAINFULLY EMPLOYED [all employees who pay social insurance including trainees plus civil servants (without soldiers) and people in low-paid jobs], SELF EMPLOYED PEOPLE, PEOPLE WHO HELP IN A FAMILY BUSINESS and THE REGISTERED UNEMPLOYED

Source: Employment Office Tampere (1998).

What are the right unemployment figures?

With regard to the real dimension of the unemployment problem, official statistics are hardly reliable. There are many undetected cases of unemployed people, which are simply not taken into consideration and therefore adulterate the data of the labour market authorities. This phenomenon can be

due to political reasons or recording problems. The 'hidden unemployed' for example are neither taken into account in the German statistics nor in Finnish ones. The 'hidden unemployed' are people who take part in employment policy measures, get retired earlier due to unemployment, find work in job creation schemes or are employed only for a short period of time. Although they have no occupation in the regular labour market and depend upon social support or have no secure jobs with future perspectives they are not counted as 'unemployed', as on the day when the figures are counted or the survey is conducted, they are officially not available for new employment. The same applies for under-employed people, who are involuntarily forced to do part-time work. As far as the 'hidden unemployed' are concerned, it can hence be said that it is primarily a political decision not to include them in the statistics.

It is more difficult, however, to estimate the size of the 'silent reserve', which is a description for people who are not registered as unemployed at all, but would start to work if they could find a job. One common reason of the members of the 'silent reserve' not to appeal to the employment offices is the fact that they would not get any financial support. Another one is that they do not expect the authorities to help them find work. The percentage of housewives, students and long-term unemployed people who are not registered anymore, is very high in this group.

According to Tor Eriksson (1996) the number of the 'silent reserve' in Finland has decreased since the Employment Act of 1972, when labour market support also became available for new job-seekers and payable until the age of 65, which induced more people to register as unemployed. Kieselbach and Wacker (1995 [1991]) refer to a different development in Germany: since 1988 the unemployed, who do not get any financial support from the employment offices, have to register every three months, to keep involved in the search activities of the office, otherwise they drop automatically from the statistics. This regulation leads to a falsification of the unemployment rates. In the first three months of 1998 for example 50,000 unemployed dropped out of the German statistics because they forgot to reregister in time. Another 200,000 were excluded from the official figures, as they were over 58 years old and had declared, that they are not looking for work anymore but would wait until they are old enough to retire. With these kinds of 'administrative and statistical tricks' the state was able to reduce the official number of unemployed by a quarter of a million, but could not get rid of the obligation to pay support for them in most of the cases (*die tag-zeitung/taz* 1998a).

The international labour market surveys carried out by Eurostat or the OECD make the same mistakes as the Finnish and the German system.

Although they gather data about the 'hidden unemployed' and the 'silent reserve' they do not include their findings in the calculation of the unemployment rates. Besides which the ILO standard neglects the existence of people who have been unemployed for less than four weeks. A further problematic issue is the fact that according to the international criteria a person, who is employed for one hour per week (e.g. as a cleaner) is considered economically active, which means he or she is not counted as unemployed. In some countries the unemployed are allowed to work for a certain amount of time without dropping out of the statistics. In Germany the limit is for example 15 hours per week. The different definitions led to the fact, that the surveys based on the ILO standard showed only an unemployment rate of 9.6 percent for Germany in 1996, while the official statistics referred to a figure of 10.5 percent (Stille 1998). This means that 0.9 percent of the unemployed dropped either because they had not been out of work for four weeks or had a minor occupation during the survey week. The weakness of the ILO standard can also be elucidated with another example: if all the unemployed, who work for one hour or more per week are considered as 'not unemployed', it would be easy to eliminate unemployment just by giving all the people employment contracts for one hour per week. According to the ILO standard, there would no longer be unemployment, although the amount of people seeking for employment would remain the same and all the now 'hidden unemployed' would continue to be dependent upon state support.

Miscalculations and doubtful definitions can also be found when the number of long-term unemployed people is ascertained by Finnish and German authorities or international organisations and institutions. The EU, the OECD and the ILO as well as the German and the Finnish state define long-term unemployed people as members of the labour force, who have been continuously without waged work for at least twelve months (Karr 1997b). The most problematic point in this definition is the word 'continuously'. If a person, who has been without a job for more than a year (and therefore counted as long-term unemployed), finds regular work for only one day and becomes unemployed again afterwards, he or she is not regarded as long-term unemployed anymore. These people appear in the statistics as 'normal' unemployed, until they have been without work for one year consecutively. Hence every short-term employment of long-term unemployed people distorts the statistics (Tarvainen 1998: pers. int.; Brinkmann 1985)

As a consequence of this practice it is difficult to ascertain the proportion of the long-term unemployed within the total number of the unemployed. Officially it is given as approximately 30 percent in Finland (Employment Office Tampere 1998) and about 32 percent in Germany (*Frankfurter*

Rundschau 1996; Schütz 1996: pers. int.). However, due to statistical miscalculations Brinkmann (1985) as well as Kaufmann (1995, 1996: pers. int.) estimate, that the share of the long-term unemployed in Germany is at least around 40 percent if short-term interruptions are neglected. Eurostat presented even a higher figure for Germany in 1996. According to its surveys the rate of long-term unemployed people in West Germany was about 48 percent. Werner Karr (1997a) explains this deviation between the official rate and the Eurostat rate with different inquiry methods. People who were asked during the surveys about the duration of their long-term unemployment, do not consider short breaks as the end of the old unemployment period, for the employment offices, however, every break in the duration means the beginning of a new unemployment period. It is highly likely the situation is similar in the case of Finland.

Even if the miscalculations due to problems of definition are not taken into account, the proportion of the long-term unemployed in the total number of unemployed people is still higher than the official statistics suggest. In order to prove this hypothesis Karr (1997a) developed a difficult, but interesting calculation method. While the employment offices or other institutions and organisations that carry out labour force surveys, focus upon the status (short-term unemployed/long-term unemployed) of people at a fixed date to determine the rate, Karr analysed concluded unemployment cases. His argument: at the time, when the employment status of people is investigated, it is not clear whether or not a short-term unemployed person may become long-term unemployed later on (potential long-term unemployment). Besides the officially registered and hence visible long-term unemployed in 1996, there were about 26 percent of potential long-term unemployed at a fixed date in Germany according to Karr's calculations. This means that approximately one quarter of the people will become additionally long-term unemployed within the period of a year.

It is shown, that the counting of long-term unemployed people currently practised in Germany and abroad [...] under-reports the volume of long-term unemployment systematically and on a considerable scale. In the past ten years in western Germany periods of unemployment lasting a year or longer constituted more than 50% of the total unemployment; at present (1996) it stands at 58.4%. Roughly it can be said that the volume of long-term unemployment is about twice as high as the figure officially reported. (Karr 1997b: summary)

Karr (1997a) points out however, that the fixed date calculation method can not be replaced by his concluded case calculation method, as in order to plan measures and therapies to help the long-term unemployed and counteract the effects of unemployment it is important to know how many people are long-term unemployed at the moment and not how many were

long-term unemployed in the past. However, his calculation indicates that with regard to medium and long-term measures and strategies it is not enough, to only act according to official figures.

The following examples show how high the unemployment figures would be, if the 'hidden unemployment' and other factors were taken into account. According to the official Finnish statistics, based upon the standard definitions of the ILO, the country had in the average about 373,000 unemployed in 1997. The figure rises by 174,000 if the people are taken into account, who were looking for work, but not registered at the employment offices (one reason could be that they took part in employment policy measures). A further 105,000 people have to be added to the statistics, of those who were looking for work but would not been able to start a job within two weeks, as the ILO definition demands (one reason could be that they have to find someone to care for their children first). Additionally there were about 91,000 under-employed people (70 percent of them were women in part time jobs) who were actually looking for a full time employment. Therefore the number of under- or unemployed people in Finland total approximately 743,000, which is more than double as many as officially reported. Besides there were some 233,000 people, who had only temporary jobs at the time of survey. It is highly likely the majority of them will start looking for work in the medium term, when their contracts expire (Koistinen 1999).

The situation in Germany is similar. In 1994 there were officially about 3.6 million people without a job. However, according to calculations of *Der Spiegel* (1994), which took the 'hidden unemployment' into account, the real number was much higher. About 564,000 people were not considered as unemployed for example, as they took part in qualification measures, another 443,000 employees had to do involuntary short-time work. 325,000 unemployed were not counted, as they had found temporary employment within the framework of job creation schemes and 525,000 older people had dropped out of the statistics, because they had declared that they were only waiting to reach the age limit for retirement. If the 'hidden unemployed' are added to the official figures, the number of unemployed and under-employed people sums up to about 5.5 million. The result would have been even higher, if the 'silent reserve' had been taken into consideration as well.

Three years after the *Spiegel*-calculations, Eugen Spitznagel (1998), Scientific Director of the *Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit* (IAB), referred to a total number of 6.3 million unemployed people in Germany. Besides the 4.4 million registered unemployed at that time, the figure includes about 1.9 million people, who were

not shown in the official statistics of the employment offices. According to Dieter Kübbeler (1998), Head of the *Arbeitsloseninitiative 2000*, it is necessary to take the dependant relatives of the unemployed into account as well, in order to record the real dimension of the problem – especially when long-term unemployment is the research subject. Suppose that all the long-term unemployed have only two dependant relatives the number of person who are stricken with the problem triples. Assuming that 40 per cent of the officially registered people in 1997 were long-term unemployed (which corresponds to 1.8 million people), this would mean that about 5.3 million people were directly or indirectly afflicted with the effects of the long-lasting unemployment. Although it is unlikely, that all the long-term unemployed have problems with their situation, the total number is probably higher, as this calculation does neither include the ‘hidden unemployed’ nor the ‘silent reserve’.

With regard to the statistical problems as well as the different definitions of (long-term) unemployment it must be said, that it is nearly impossible to obtain any reliable figures at present, which would describe the dimension of unemployment in an appropriate way. Despite the weak points mentioned above, surveys based upon the ILO standard are the best ones for international comparisons, as they are the only ones, which are calculated on the same basis. Nevertheless it seems to be necessary to work out new and more precise definitions for the future. As far as local and regional comparisons are concerned, statistical differences have to be accepted until the ILO or other standards are introduced on these levels as well.

Appendix 4: Brief description of the local actors

Appendix four offers some additional information about the actors and projects in the research regions. It is complementary to Chapter 6.2 and Chapter 6.3.

Actors and projects in Tampere

The Tampereen Seudun Kumppanuusprojekti¹²³

In order to overcome the labour market crisis and its effect the municipalities of Tampere and Pirkkala signed a local Letter of Intent with the employment authorities (employment office and *TE-Keskus*) in 1996. Two years later the Tampere region was selected to participate in a national as well as a European partnership project. They are based on the Tampere-Pirkkala Territorial Employment Pact. Until 1999 more than 50 local actors joined the pact, among them the neighbour communities of Tampere (Nokia, Ylöjärvi, Kangasala, Vesilahti and Lempäälä). The activities in the framework of the pact can be divided into four main fields: first of all, reducing long-term and youth unemployment as well as preventing social marginalisation; secondly, development and training activities that answer the needs of enterprises and increase competitiveness; thirdly investments supporting employment and development of the urban community; and fourthly, research and the provision of information. Networking became a key strategy to reach these aims. In order to coordinate their work, the local actors appointed a steering committee and set up a project office.

The Network Tampere 2000¹²⁴

In September 1996 the City of Tampere, the Evangelic Lutheran Parishes of Tampere, the Settlement Neighbourhood Association, the Mutual Support Network and the Association of Mother and Child Home Shelter founded the Network Tampere 2000. Its objective is the reduction of social exclusion and poverty in the region, the promotion of inclusion and the creation of synergy effects. The network is a ‘nerve centre’ for voluntary work, where

¹²³ All information were provided by Pia Björkbacka (1999: pers. int.).

¹²⁴ All information were provided by Jukka Sihvola (1999: pers. int.).

people can get information about what kind of aid is available as well as what kind of activities there are for those who want to work as volunteers. The more than 25 members of the Network Tampere 2000 have defined their strategy as follows: first of all, enforcement of self initiative, employment and social inclusion; secondly, help for socially excluded families and other groups with special needs (long-term unemployed, children, single parents, handicapped people, alcoholics, elderly etc.); thirdly, prevention, intervention and aftercare concerning young people who are in danger of being excluded; and fourthly, teaching of multi-cultural thinking by helping immigrants to integrate into society and promoting multi-culturalism in Finland. One of the projects of the Network Tampere 2000 is *Monet*, which offers workshops (recycling centre operations, transportation and moving services, car tune-up and welding, sewing, weaving and knitting, flea market activities, the re-use of old textiles, cooking of Finnish and ethnic dishes) and courses (language, computer work, the Finnish social system) for problem groups among the unemployed.

The Työvoima- ja Elinkeinokeskus in Tampere¹²⁵

The Employment and Economic Development Centres in Finland were set up in September 1997 as joint regional agencies of the Ministry of Labour, the Ministry of Forestry and Agriculture as well as the Ministry of Trade and Industry. The main reasons: to increase cooperation between the ministries, to improve the coordination of the EU structural funds, and to facilitate and simplify customer contacts in employment related and industrial matters. The objective of the centres is the planning, funding and administration of projects in the regions. Most of the work is done in the field of the employment policy. In the case of Tampere the *TE-Keskus* distributes the money, which the region receives from the ESF for the measures in the field of the local employment policy.

The Employment Office Tampere¹²⁶

The national employment offices were introduced in 1961. Their objective is to keep contact to the job-seekers on the local level, to advise them about the possibilities for a re-entry into the labour market and to arrange projects. Unlike in Germany it is not the task of the employment offices in Finland to pay benefits to the unemployed. If people are obliged to state support they

¹²⁵ All information were provided by Aino Jalonen (1999: pers. int.).

¹²⁶ All information were provided by Tuula-Maria Mattila (1999: pers. int.).

get the money from KELA. In 1999 the employment office in Tampere had a staff of about 160 people. 50 were doing primarily administrative work, while the remaining 110 held contact to the unemployed, who have to visit the employment office every five months to re-register and to report about their current situation. In 1998 the agency had five own projects going on. The biggest one was *Sateenkaari*, which combines activation courses with subsidised jobs, rehabilitation measures or vocational training.

The Pirkanmaan Liitto¹²⁷

The *Pirkanmaan Liitto* is one of 19 regional councils in Finland. The councils are responsible for the regional development since in 1994. The work of the *Pirkanmaan Liitto* is based on the regional development strategy, which has the following objectives: first of all, to establish opportunities for job creation and preservation, with an emphasis on private enterprise; secondly, to become a leading region in information society applications; thirdly to promote quality education and training and to benefit from innovation; and fourthly, to sustain a physically and socially attractive environment that makes the region a good place to live, with a reliable service structure, a functional business environment, and a home for thriving local arts and culture. One of the councils' main tasks is the planning, coordination and implementation of EU Objective programs. Altogether the *Pirkanmaan Liitto* supports 50-70 projects every year. In the field of job creation eight projects were financed at the beginning of 1999. The *Pirkanmaan Liitto* also co-operates with other councils in Finland, for example in the shape of the West Finland Alliance.

The City of Tampere¹²⁸

In order to reduce the unemployment rate and to improve the social psychological situation of the jobless in Tampere, the city enlarged its employment program in 1994 (after a previous diminishment). In 1998 about 1800 unemployed gained fixed-term contracts. The Department of Social Services and Health care had a special task in this context, as it arranges jobs for unemployed income support recipients. Altogether the local authorities spent 15 million Euro on active employment policy measures (1998). In addition

¹²⁷ All information were provided by Erkki Räisänen (1999: pers. int.).

¹²⁸ All information were provided by Pekka Palola (1998: pers. int.), Seppo Prunnila (1999: pers. int.), Pirjo Kuusilinna (1999: pers. int.) and Kari Löytty (1999: pers. int.).

the municipality supports non-governmental actors in the field of the employment policy. The municipal Business Development Centre has worked out a development strategy for the city until the year 2005. The concept aims especially at the settlement of new and the expansion of existing companies in the field of health care technology, tourism, information and media technology as well as mechanical engineering and automation. A good infrastructure and public relations are seen as key instruments to compete for investors. The Business Development Centre funds the Tampere Region Centre of Expertise, which tries to develop knowledge which is competitive at the world market, and cooperates with the Tampere Technology Centre *Hermia*, which is in charge of premises for enterprises in Tampere, as well as *Finn-Medi*, which commercialises ideas and inventions of local hospitals and health care institutions. Further more seminars to develop and improve the recruiting strategies of enterprises are organised.

The Tampereen Seudun Työttömät ry¹²⁹

In 1991 five unemployed established an organisation (*Tampereen Seudun Työttömät ry*) and a centre (*Työttömien Toimintakeskus*) for jobless people in Tampere. The latter was the first one of its kind in Finland and is still the biggest one in the country. The activities of the *Työttömien Toimintakeskus* can be divided into three main fields: public-offers (e.g. a cafeteria, a reading room and a service office), workshops and course (e.g. a textile workshop, a leather workshop, a furniture workshop, a carpentry workshop, a car workshop, a bicycle workshop and a car-sheet metal workshop), as well as the *Yhdessä Eteenpäin* project for people, who have been without work for more than 500 working days. With a budget of over 670,000 Euro in 1998 and 19 full-time employees the *Työttömien Toimintakeskus* is an important non-governmental institution in the field of the employment policy in Tampere. The activities of the centre are strictly non-political and have the aim to improve the life situation and the social status of the unemployed through practical support. The activation of self-help potentials plays a key role in this context. The *Tampereen Seudun Työttömät ry* tries to motivated the job-seekers to change their situation and to create their own social safety network.

¹²⁹ All information were provided by Jari Relander (1998: pers. int.).

The 'Oma Ura' project for young unemployed¹³⁰

The *Oma Ura* project for unemployed juveniles was set up in October 1995 with a limited term of four years. During a time period of six respectively 18 months (depending on their professional education) the juveniles are occupied in one of the 13 different workshops of the project. The workshops function thereby as normal employment places. The range of activities within the project is wide: the juveniles can repair or paint cars, do metal work, learn how to use computers, build or restore furniture, make cloth out of leather or fabric, work in a motorbike garage and use their journalistic skills in the media workshop. In the cyber-skill-department they can become teachers and instruct beginners in modern information and communication technology. In addition the unemployed run a public canteen and have the possibility to participate in an environment workshop. All services and products of *Oma Ura* can be bought or ordered in the project's own shop, which functions as workshop itself. In addition to their occupation the juveniles take part in courses, where they learn special professional skills.

The 'Puhtia ry'¹³¹

Puhtia ry is an association primarily for people who have been unemployed for more than 500 working days. It was founded by an unemployed in May 1998. Only eight months later there were 28 people working for the association on the basis of fixed term contracts. They got jobs in the second hand centre of the organisation, a shop for pictures and postcards, an editorial office for small newspapers and advertisement magazines, or an office for business cooperation, which helps unemployed to become self-employed. In addition there were also some jobless working in the administration of *Puhtia ry*. The association is strictly non-political, praxis-orientated, and has the objective to counteract the decline of human resources and to improve the life of the participants.

The 'Rullaava Rekrytointi' project¹³²

The *Rullaava Rekrytointi* project (*Rulla*) is a commercial attempt to improve the situation of unemployed people in Tampere. It is run by a private com-

¹³⁰ All information were provided by Pekka Peltonen (1999: pers. int.).

¹³¹ All information were provided by Kari Itkonen (1998: pers. int.).

¹³² All information were provided by Leena Mäkiäho (1999: pers. int.).

pany. The main aim of *Rulla* is to improve the chances of job-seekers for a successful re-entry into the labour market. The target group of the *Rullaava Rekrytointi* project are people, who have been unemployed for more than a year, and people, who want to re-enter the labour market after a longer break in their working-life (e.g. due to an illness or the bringing up of children). There are two conditions for a participation: the unemployed have to be over 25 years old and they need to have a commercial or technical background. The term of the project is restricted to one and a half years, during which *Rulla* offers five courses altogether. The courses focus on job-seeking and application training, language skills, as well as training for office work. At the end of the course the participants apply for internships or jobs, become self-employed or seek further education or training.

The Entrepreneur Service Point 'Ensimetri'¹³³

The Entrepreneur Service Point *Ensimetri* in Tampere is a business consulting project, which started its work in 1996 with a limited term of four years. It is a joint institution of the *TE-Keskus*, the employment office, the City of Tampere, the Association for Jobs and Society, the Enterprise Agency in the Tampere Region, the Federation of Entrepreneurs in the Tampere Region, the ESF and Finnvera (a state owned risk financing company). *Ensimetri* supports residents of the region, who want to set up for themselves. The service point customers get free advises concerning all questions and problems that occur in the context of establishing an enterprise. The main target group of *Ensimetri* are unemployed people in the Tampere region. In 1998 the experts of the service point evaluated 1753 business ideas, of which 21.5 percent (377) were finally good enough to establish an enterprise; 78.5 percent failed due to lacking knowledge or financial resources. In 1029 cases *Ensimetri* had arranged meetings with experts from its business network. Altogether the 377 new companies provided 465 jobs.

The activities of the Tampereen Evankelisluterilainen Seurakuntayhtymä¹³⁴

The *Tampereen Evankelisluterilainen Seurakuntayhtymä* are working with unemployed people already since the 1970s. The attempts of the parishes to reduce unemployment and its effects in the region can be divided into two main fields: *yhteiskunnallinen työ* as well as the provision of jobs for

¹³³All information were provided by Kaj Heiniö (1999: pers. int.).

¹³⁴All information were provided by Seppo Kjellberg (1999: pers. int.) and Seija Juvala (1999: pers. int.).

unemployed people and juveniles. As far as the *yhteiskunnallinen työ* is concerned, the parishes have regular contact with the unemployed. The main aim is to help the jobless to organise themselves. With the support of the church altogether five associations of unemployed people were set up in the Tampere region and the surroundings (the *Tampereen Seudun Työttömät ry*, the *Hervannan Seudun Työttömät ry*, the *Tesoman Seudun Työttömät ry*, the *Teiskon Seudun Työttömät ry* and *Puhtia ry*). In addition to that the church provided 305 fixed-term and summer jobs for unemployed people and juveniles. 15 long-term unemployed got work in the *Musta Lammas* (a tea-house, which functions as meeting point for alcoholics, homeless and other socially excluded people) or the *Ruoka Pankki* (a place that offers nourishment support for unemployed and homeless people).

The activities of the Hervannan Seudun Työttömät ry¹³⁵

The *Hervannan Seudun Työttömät ry* is an association for unemployed people in the Tampere suburb of Hervanta. Ever since its establishment in 1995 the scope of the association is limited by a low budget. The association approaches the unemployment by two strategies. First of all, there is the political work. The *Hervannan Seudun Työttömät ry* follows closely the national and the local employment policy and organises discussion rounds with experts in the field. The members of the association also articulate their opinions in articles and letters, which are written for books and newspapers. Suggestions about the content of new laws concerning the labour market policy are made as well. Secondly, there is the work in the social field. It is based on the principle of self-help and has the aim to improve the social-psychological situation of the unemployed. In this context the meeting point of the *Hervannan Seudun Työttömät ry*, oriental dance courses and gymnastics for women, walks and excursions, sport events as well as handicraft courses have to be mentioned.

The 'Tammermet' project¹³⁶

Tammermet is one of three projects in the Tampere region that is directly run by the *TE-Keskus*. It was established in October 1995 with a restricted term of five years and is especially designed for former employees of the metal industry, who have finished vocational training. The objective of

¹³⁵All information were provided by Aija Pettissalo (1999: pers. int.) and Heimo Turkkinen (1999: pers. int.).

¹³⁶All information were provided by Urpo Salkoaho (1999: pers. int.).

the project is to prevent people from becoming long-term unemployed. Hence most of the participants are in the early stage of their unemployment or have received some special training beforehand. *Tammermet* arranges four- to twelve-month trainee-ships in companies for them, which are combined with courses to improve the professional knowledge of the jobless. In spring 1999 about 120 companies offered 650 places in the framework of the project.

Actors and projects in Giessen

The Employment Office Giessen¹³⁷

The employment office in Giessen is responsible for the region *Mittelhessen*, which includes the administrative sub-districts Alsfeld, Büdingen, Butzbach, Friedberg, Giessen and Lauterbach. Altogether there were about 600,000 people living in this area (1999), of which 280,000 were registered as 'civilian person gainfully employed'. In 1999 the agency had about 450 employees. Their task was to support the financial, social and economic aims of the German government in the field of the employment policy. Main instruments of the employment office are consultation concerning the choice of jobs, the arrangement of apprenticeships and jobs, consultation for employers, promotion of professional qualification, payments for professional rehabilitation measures, payments for the maintenance and the creation of jobs as well as the payment of unemployment benefits and support. The reduction of illegal employment, and the payment of child allowance are another task. However, unlike in Finland, the German employment offices do not offer any courses or projects themselves, but finance all kind of measures, which are arranged by the *Bildungs- und Beschäftigungsträger*.

The District of Giessen¹³⁸

Because of the high welfare spending and its debts, which added up to 255.6 million Euro in 1998, the district of Giessen has a special interest in reducing the number of income support recipients. Hence it engages in the employment as well as the economic policy of the region. In order ensure a better coordination of the actions in these fields, the district combined its responsible units and set up the *Stabsstelle Beschäftigungs- und Wirtschaftsförderung* in 1997. It consults and supports existing and potential entrepreneurs. Key

¹³⁷ All information were provided by Hahn (1999: pers. int.).

¹³⁸ All information were provided by Idel (1999: pers. int.).

instruments in the field of the active labour market policy are the *Zentrales Arbeitsmarktkontor* (ZAK; a regional labour market agency which tries to find jobs for income support recipients with the help of a special computer program) and direct financial support for employment and qualification projects. Among others the District of Giessen is funding the *Zentrum Arbeit und Umwelt – Giessener gemeinnützige Berufsbildungsgesellschaft* (a non-profit making vocational training company) and the *Gründerzentrum* (a place where new entrepreneurs can set up their first offices).

The City of Giessen¹³⁹

The activities of the City of Giessen to improve the social and economic situation are mainly based on three pillars: first of all, education of young people in the city administration and the municipal companies; secondly, financial support for *Bildungs- und Beschäftigungsträger* (500,000 Euro in 1999); and thirdly, promotion of economic activities in the city. The latter is primarily the task of the Department for Economic Support, which has a special focus on companies in the field of environmental, biological and medical sector. The city hopes to produce synergy-effects in the medium-term and tries to enforce the process by locating most of the businesses in the *Europaviertel*, which is part of a former army base. Together with the District of Giessen, some local banks and enterprise, as well as the Chamber for Industry and Handicraft the City of Giessen has founded an agency for technology and innovation centres. The institution runs a *Gründerzentrum*, which provides office spaces for new entrepreneurs., The Department for Social Affairs, Youth and Schools on the other hand is responsible for most of the other municipal activities in the field of the employment policy. On the basis of the *100.000-Jobs-Programm* for example the city has set up the AQUA project, which offers juveniles a combination of artificial jobs and qualification measures in municipal departments and companies.

The Arbeitsloseninitiative Giessen¹⁴⁰

The *Arbeitsloseninitiative Giessen* (ALI) is an association for unemployed people in the region. It was set up by five jobless in 1986. The practical work of the association concentrates on two main fields: first of all the re-integration project *Fit für den Wiedereinstieg* (language courses combined with training periods in companies) and secondly all kinds of measures

¹³⁹ All information were provided by Thorsten Schäfer-Gümbel (1999 pers. int.) and Sabine Wilken-Görich (1999: pers. int.).

¹⁴⁰ All information were provided by Kaufmann (1999: pers. int.).

that shall help long-term unemployed people to cope with their situation. The latter are summed up under the title *Überlebenstrategien in der Arbeitslosigkeit*. This includes slide shows, culture workshops, painting courses, video and photo courses, a press and public relations workshop, a garden project, a cooking and nourishment workshop as well as courses during which people can strengthen their self-esteem and learn how to deal with conflicts. There are also special measures for female unemployed, like a weekly women-café or regular meetings. In the ALI-Café the unemployed can get a cheap lunch and meet other people. Political activities are another important part in the concept of the institution.

The Deutsche Angestellten-Akademie¹⁴¹

The *Deutsche Angestellten-Akademie* (DAA) in Giessen is a non-profit making education institution, which is part of the education system of the *Deutsche Angestellten Gewerkschaft*. Although the courses of the DAA are open for employed people as well, they are considered an active part of the local employment policy, as they give jobless people the opportunity to improve their chances to find work through qualification and can help to prevent unemployment in the first place. Usually the courses, like ‘office management’ or ‘practical business training’, last between six and twelve months. People who want to change their profession in order to start in the insurance sector, the publishing field, the tax sector or in the area of office trade need about 21 months time. In addition the DAA offers business computer courses (10 months) as well as a regular education in the field of *Heilberziehungspflege* (34 months). On the average there are 450 people who take part in the courses at the same time. In the case of the unemployed, the fee for the courses is paid by the employment office.

The Zentrum Arbeit und Umwelt – Giessener gemeinnützige Berufsbildungsgesellschaft¹⁴²

The *Zentrum Arbeit und Umwelt – Giessener gemeinnützige Berufsbildungsgesellschaft* (ZAUG) was founded in 1988 by the City of Giessen and the District of Giessen. Originally the idea was to counteract the lack of vocational training places in the region. With the increasing unemployment rates however, the ZAUG also got directly involved in the reduction of un-

¹⁴¹ All information were provided by Martin Hartmann (1999: pers. int.).

¹⁴² All information were provided by Monika Neumaier (1999: pers. int.).

employment and social exclusion. The focus of the activities is on young people, women, long-term unemployed people as well as ethnic German migrants from Eastern Europe. The institution tries to improve the qualification level of the unemployed with target-group orientated projects. At the same time the non-profit making company endeavours to establish new jobs and vocational training places in labour intensive fields as well as socially important niche-areas. This double strategy is reflected in the offers of the ZAUG, among them the ‘New Way’ project for female income support recipients with vocational training, special measures for women (like a laundry and tailor’s alternation service or a computer school) and young people without vocational training (like a café and training restaurant), as well as projects in the fields of the environment protection and ecological production (e.g. a ‘Valuable Waste Yard’, a biological-organic farm, a cultivation farm for leeches and a household appliances repair workshop).

The Institut für Berufs- und Sozialpädagogik¹⁴³

The *Institut für Berufs- und Sozialpädagogik* (IBS) in Pohlheim is a private institution, which offers education and support measures for unemployed in Giessen as well as other regions. Every year the IBS arranges about 50 seminars. They include qualification courses (duration three to eight months), retraining courses (two years), apprenticeships in cooperation with enterprises (two to three years) as well as seminars to continue one’s studies (three to six months). The institute has also special orientation courses for women, who have stayed out of work for a longer period of time and want to re-enter the labour market (three months). Young unemployed with educational deficits can take part in job preparation seminars (one year), where they have the chance to get a school degree. In addition there are support courses for handicapped juveniles (one to three years), special practice orientated measures for long-term unemployed people (six months) as well as seminars for unemployed with academic degrees (three months). The ‘job preparation seminars’, the support courses for trainees and the measures for juveniles make up 55 percent of the institution’s work. 20 percent of the courses are located in the commercial and the computer sector. The remaining 25 percent consist of qualification seminars, language courses as well as measures for various target groups. Besides their educational content the courses shall help to reduce the individual effects of unemployment and to motivate people to continue their search for a job.

¹⁴³ All information were provided by Elke Zimmermann (1999: pers. int.).

The Initiative für Jugendberufsbildung der sozialen Brennpunkte in Giessen¹⁴⁴

The *Initiative für Jugendberufsbildung der sozialen Brennpunkte in Giessen* (IJB) was founded in 1985 by local social workers. The main aim of the institution is the (re)integration of juveniles with social disadvantages into the labour market and the society. Therefore the IJB offers them the possibility to gather experiences with the 'working world', to find out more about certain branches, to acquire basic qualifications, to get employed for a certain time with the potential to gain pretension to state support in the case of future unemployment and to find a job, an apprenticeship place or a place in an educational institution. The main instruments in this context are internships and personal support programs. In 1999 the IJB was running four projects altogether, which were located in the fields of construction/redevelopment/metal, landscape cultivation, painting as well as recycling of construction materials. The latter is the latest measure of the IJB. The participants collect all kind of old, used and/or surplus building materials, which would normally have been thrown away. Besides their actual work the juveniles get general lectures about building materials and other subjects.

The Bildungswerk der Hessischen Wirtschaft¹⁴⁵

The *Bildungswerk der Hessischen Wirtschaft* is an independent education institute, which is borne by the *Vereinigung der Hessischen Arbeitgeber*. Its main activities in the field of the employment policy concentrate on the integration of unemployed people into the first labour market. Thereby the institute has a special focus on so-called problem groups, like long-term unemployed, with social deficits, little knowledge of the German language, and/or no school degree. In order to enable them to find normal work (again), the *Bildungswerk der Hessischen Wirtschaft* offers various measures, among them apprenticeships outside the framework of companies, support for trainees with learning difficulties, a program for long-term unemployed people as well as integration courses for female migrants and refugees.

The Jugendwerkstatt Giessen¹⁴⁶

The genesis of the *Jugendwerkstatt* Giessen is closely connected to the work of the Protestant Church in the field of the local employment policy, which began in the 1970s. In order to offer juveniles practical help combined with qualified consultation, the *Jugendwerkstatt* was set up as independent association. Nevertheless, the institution still has a close cooperation with the Protestant Church. The key objective of the *Jugendwerkstatt* is to facilitate

a successful entry of juveniles into working life by motivating them and by improving their qualifications. Hence training periods, courses and activation measures play an important role in the work of the institution. The workshops and projects of the *Jugendwerkstatt* are generally arranged in fields, where they are of additional social and/or ecological use for society. As far as the professional branches are concerned, the measures are located in the sector of service and household work as well as the economic-technical area. In cooperation with the *Theodor-Litt-Schule* – a vocational school – the *Jugend-Produktions-Schule* Giessen was set up. The project lasts for one year and gives juveniles, who left education early, the chance to qualify before starting an apprenticeship.

The 'Zentrum für Lernen und Arbeit'¹⁴⁷

The *Zentrum für Lernen und Arbeit* (ZELA) was founded in 1986 by female social workers of the crisis areas in Giessen as well as committed women of the region. One year later the association began its work in the field of the employment policy. Ever since it offered measures exclusively for girls and young women. In 1999 the institution was running four projects altogether. Furthermore, the ZELA had just started a cooperation with a vocational school in the region. About half of the measures have a preventive character. The other half is designed for girls and young women, who are unemployed already. Among the preventive activities is the *Mädchen* project, which tries to encourage girls in crisis areas or girls with learning difficulties to make up their mind about their professional future. Information about education and apprenticeships are also available in the Café 'FinA'. It is an informal meeting-point for girls and young women, who are in school or have an apprenticeship place or who are looking for work and have problems with their education. Young women with a difficult social background have the chance to get an apprenticeship place in the framework of the BAFF- respectively the BASS-project of the ZELA. The latter one is a special measure for girls and women who receive income support or whose parents depend on state support.

¹⁴⁴ All information were provided by Karin Kirschner (1999: pers. int.).

¹⁴⁵ All information were provided by Mathilde Schulze-Middig (1999: pers. int.) and Sabine Schreiner (1999: pers. int.).

¹⁴⁶ All information were provided by Renate Lang (1999: pers. int.).

¹⁴⁷ All information were provided by Gabi Keiner (1999: pers. int.).

Appendix 5: Additional tables

Appendix 5 presents a number of additional tables.

Additional Table 1: Daily rates of basic unemployment allowance and labour market support in Finland 1998

	Basic unemployment allowance	Labour market support*
Full amount	19.8 Euro	19.8 Euro
Child increase for one child	4.0 Euro	1.6 Euro
Child increase for two children	5.8 Euro	2.4 Euro
Child increase for three or more children	7.6 Euro	3.0 Euro

Note: * means tested.

Source: Kansaneläkelaitos (1998);
currency converted to Euro by the author.

Additional Table 2: Earnings-related unemployment allowance in Finland 1998

Earnings-related allowance = basic allowance + earnings-related part	
If monthly earnings are less than 1786 Euro (during the last ten months before the job-loss).	$19.8 \text{ Euro} + 0.42 \times (DE - 19.8) + \text{child increases}$
If monthly earnings exceed 1786 Euro (during the last ten months before the job-loss).	$44.8 \text{ Euro} + 0.2 \times (DE - 79.3) + \text{child increases}$

Note: DE = daily earnings = monthly earnings minus 4.5 percent divided by 21.5.

Source: Kansaneläkelaitos (1998);
currency converted to Euro by the author.

Additional Table 3: Unemployment security and labour market support in Finland in 1998

	Person who worked beforehand		New job applicants	
	Member of an unemployment fund	Not member of an unemployment fund	Person with education	Person without education
Qualifying period	1 week	1 week	1 week	5 months
Kind and duration of unemployment allowance	Earnings-related daily allowance for 500 working days*	Basic daily allowance (19.8 Euro per day) for 500 working days*	-	-
Labour market support, no daily allowance	19.8 Euro without means test for 180 days. If indigence can be proved support until the age of 65*	19.8 Euro without means test for 180 days. If indigence can be proved support until the age of 65*	19.8 Euro per day paid after means test until the age of 65*	19.8 Euro per day paid after means test until the age of 65*

Note: * if no job is found.

Source: Employment Office Tampere (1998);
currency converted to Euro by the author.

Additional Table 4: Maximum duration of earnings-related benefits in Germany 1998

	Duration of the employment	Maximal time of support
under 45 years	12 months	6 months
	16 months	8 months
	20 months	10 months
	24 months or more	12 months
over 45 years	28 months	14 months
	32 months	16 months
	36 months or more	18 months
over 47 years	40 months	20 months
	44 months or more	22 months
over 52 years	48 months	24 months
	52 months or more	26 months
over 57 years	56 months	28 months
	60 months	30 months
	64 months or more	32 months

Note: the duration of the pretension to earnings-related benefits depends on the age and the occupation of the unemployed during the last seven years. There are special regulations for East Germany.

Source: Bundesministerium für Arbeit und Sozialordnung (1998a).

Additional Table 5: Unemployment in Tampere city and the Giessen region 1970–1999

	Unemployment in Tampere city		Unemployment in the Giessen region	
	Percentage	Absolute	Percentage	Absolute
1981	5.2	4210	-	4363
1982	6.9	5504	-	6419
1983	7.3	5892	-	7916
1984	7.2	5769	-	8116
1985	8.0	6412	10.1	8123
1986	8.2	6981	9.4	7514
1987	8.1	6951	9.6	7664
1988	8.5	7238	10.0	8073
1989	7.4	5283	8.2	7604
1990	6.0	5254	7.9	7224
1991	11.2	9914	7.3	6917
1992	17.6	15,554	7.6	7383
1993	23.0	20,221	9.2	9069
1994	23.3	20,482	10.4	10,238
1995	22.5	19,362	10.2	10,192
1996	21.9	19,093	11.1	11,032
1997	19.8	17,574	11.8	12,144
1998	18.4	16,584	11.4	12,059
1999	16.6	15,511	10.2	11,421

Sources: Employment Office Tampere (2000);
Employment Office Giessen (2000).

Additional Table 6: Long-term unemployment in Tampere city and the Giessen region 1991–1999

	Tampere			Giessen		
	LTU percentage	LTU absolute	LTU over 2 years	LTU percentage	LTU absolute	LTU over 2 years
1991	2.2	223	29	26.8	902	454
1992	8.3	1304	47	26.5	907	473
1993	19.1	3875	476	21.5#	1972	808
1994	29.2	5981	1523	31.1	3043	1068
1995	31.5	6106	2088	31.4	3139	1529
1996	31.9	6099	2423	32.4	3503	1741
1997	30.4	5353	2768	35.0	4205	2005
1998	28.9	5089	2607	33.6	3955	2155
1999	27.5	4270	2328 *	34.9	3767	1972

Note: Tre = Tampere city. Gi = Giessen region. Due to statistical reasons there are no figures available for Giessen city but only for the Giessen region. LTU = Long-term unemployment. * Figure includes people living in Pirkkala. # The percentage drop of the long-term unemployment by simultaneous doubling of the absolute figures can be explained with the fact that the general unemployment rose faster than the long-term unemployment.

Sources: Employment Office Tampere (2000);
Employment Office Giessen (2000).

Additional Table 7: Measures in the framework of the '100.000-Jobs-Programm' in the region Mittelhessen and the District of Giessen in 1999

Kind of measures	Participants in <i>Mittelhessen</i>	Participants in the District of Giessen
Training programs	194	150
Apprenticeships outside of companies	135	104
Basic school degrees ('Hauptschulabschluss')	96	61
Work and qualification	98	48
Additional qualifications	171	124
Training measures	358	108
Wage support	213	103
Artificial jobs combined with qualification measures	205	163
Social care	254	151
<i>Altogether</i>	1724	1012

Source: Employment Office Giessen (1999).

Additional Table 8: Actors and participants in the framework of the '100.000-Jobs-Programm' in the District of Giessen until October 1999

Name of the measure and/or the organiser	Number of participants	Number of participants who quitted early
AQUA-project of the District of Giessen	75	8 (11 %)
AQUA-project of the City of Giessen	22	7 (32 %)
IJB	15	1 (6 %)
Wohnbau	6	1 (17 %)
Stadtwerke	10	2 (20 %)
Different measures of the IBS	95	27 (28 %)
Different measures of the ZAUG	118	- (-)
DAA	20	3 (15 %)
Jugend-Produktionsschule of the Jugendwerkstatt and the Theodor-Litt-Schule	29	10 (34%)
<i>Altogether</i>	390	- (-)

Note: the table does not include all actors involved and some of the actors mentioned in the table did not provide the data requested. Percentages rounded to the nearest whole number. Date of the information: 18th of October 1999.

Source: Stabsstelle für Beschäftigungs- und Wirtschaftsförderung (1999).

Appendix 6: The questionnaire for the citizen experts

Appendix 6 presents the questionnaire that was distributed among the citizen experts in Tampere and Giessen. The general layout of the questionnaire as well as the space for answers of open questions have been condensed. In cases where different questions were necessary for Tampere and Giessen (e.g. the preference of political parties), the questionnaire shows only the Finnish version. Note: not all of the answers have been used for the analysis.

1. COURSE OF THE UNEMPLOYMENT / MORAL

(☞ Please **X** the right answers and fill in the “...” parts)

1.1. *How long have you been unemployed now?*
..... year(s) and month(s)

1.2. *Have you had a paid job before you became unemployed?*
1☐yes, 2☐no

1.2.1. *If yes, how did you feel, when you heard that you will lose your job?*
(☞ Please **X** only one answer)
1☐disappointed, 2☐shocked, 3☐angry, 4☐resigned, 5☐relieved, 6☐depressed, 7☐happy, 8☐confident, 9☐others.....

1.2.2. *If yes, how would you describe your moral attitude in general the day you were told that you will lose your job?*
1☐very optimistic, 2☐optimistic, 3☐neither nor, 4☐pessimistic, 5☐very pessimistic

1.3. *What did you do during the first weeks of your unemployment?* (☞ More than one answer possible)
1☐excursions, 2☐holidays, 3☐spending more time for hobbies than usual, 4☐work on house or garden, 5☐relaxing, 6☐going out more than usual, 7☐visiting friends, 8☐visiting relatives, 9☐nothing, 10☐others.....

1.4. *How would you describe your moral attitude in general during the first weeks/months of the unemployment?*
1☐very optimistic, 2☐optimistic, 3☐neither nor, 4☐pessimistic, 5☐very pessimistic

1.5. *Did you feel as an “unemployed” during the first weeks/months?*
1☐always, 2☐often, 3☐sometimes, 4☐seldom, 5☐not at all

1.6. *When did you realise that you won't find new work soon?*
After month(s).

1.7. *How did you feel about it at that time?* (☞ Please **X** only one answer)
1☐disappointed, 2☐shocked, 3☐angry, 4☐resigned, 5☐relieved, 6☐depressed, 7☐happy, 8☐confident, 9☐others.....

1.8. *How would you describe your moral attitude in general at that point?*
1☐very optimistic, 2☐optimistic, 3☐neither nor, 4☐pessimistic, 5☐very pessimistic

1.9. *Besides finding work, what is your biggest personal problem at the moment?* (☞ Please **X** only one answer)
1☐your financial situation (reduced living standard, debts, too high rent, etc.), 2☐your social relationships (to partner, children, relatives, friends), 3☐your physical state of health, 4☐your psychological state of health, 5☐how to use your free time, 6☐addiction problems, 7☐prejudices and pressure of the society towards you as an unemployed, 8☐others.....

1.10. *Did you ever feel stressed because of your unemployment?*
1☐yes, 2☐no

1.10.1. *If yes, at what point of your unemployment did you perceive the most stress?*
I perceived the most stress.....month(s) after I lost my job.

1.11. *What kind of influence has the unemployment on your life in general?*
1☐very positive, 2☐positive, 3☐no influence, 4☐negative, 5☐very negative

1.12. *How do you feel at the moment about your work situation?* (☞ Please **X** only one answer)
1☐disappointed, 2☐shocked, 3☐angry, 4☐resigned, 5☐relieved, 6☐depressed, 7☐happy, 8☐confident, 9☐others.....

1.13. *How would you describe your moral attitude in general at the moment?*
1☐very optimistic, 2☐optimistic, 3☐neither nor, 4☐pessimistic, 5☐very pessimistic

2. MONEY AND LIVING STANDARD

(☞ Please ✕ the right answers and fill in the “...” parts)

2.1. *What kind of financial support do you get from the state?*

1☐earnings related unemployment allowance, 2☐basic unemployment allowance, 3☐labour market support, 4☐no support, 5☐others
.....

2.1.1. *If you get support, how much is it per month?*

.....FIM

2.2. *Do you receive any financial support from other family members or friends because of your unemployment?*

1☐yes, 2☐no

2.2.1. *If yes, from whom? (☞ More than one answer possible)*

1☐partner, 2☐parents, 3☐grandparents, 4☐brothers or sisters, 5☐children, 6☐friends, 7☐others.....

2.3. *Do you earn money during your unemployment?*

1☐yes, 2☐no

If yes, how do you earn money and how many hours per week? (☞ for example: additional work in a shop / selling insurance / washing cars. 5 hours per week.)

How:..... hour(s) per week

2.3.2. *If yes, is it official (known by the Employment Office or tolerated by law) or illicit work?*

1☐official work, 2☐illicit work

2.4. *Altogether, how much money do you/does your family have approximately per month for living now?*

.....FIM

2.5. *If you have worked before the unemployment, how much money did you/did your family have approximately per month for living?*

.....FIM ☐I did not work before

2.6. *If you have a family, how important was your income?*

1☐I earned all the money for the family, 2☐I earned most of the money for the family, 3☐my partner earned more money than me, 4☐I didn't earn money before, 5☐I have no family

2.7. *Did you try to reduce your spending?*

1☐yes, 2☐no

2.7.1. *If yes, how do you try to reduce your spending? (☞ More than one answer possible)*

1☐I am going out less, 2☐I am spending less money on clothes, 3☐I am spending less money on food, 4☐I have moved to a cheaper accommodation, 5☐I reduced my hobbies, 6☐I am using special offers for unemployed people, 7☐I am using the car less, 8☐I am using less public transportation where I have to pay, 9☐I reduced my leisure time activities, 10☐I buy less things for my children, 11☐I try to save energy/water/heating, 12☐I gave up memberships in clubs/organisations/parties, where I had to pay a fee, 13☐I gave up newspapers and magazines, 14☐I reduced my spending for health measures, which are not prescribed or really necessary, 15☐others.....

2.8. *Do you get non-financial support from your family, friends or any organisations because of your unemployment?*

1☐yes, 2☐no

2.8.1. *If yes, from whom and what kind of support? (☞ 1☐=from the family, 2☐=from friends, 3☐=from some organisations)*

1. clothes	1☐	2☐	3☐
2. food	1☐	2☐	3☐
3. transportation offers	1☐	2☐	3☐
4. shared newspaper	1☐	2☐	3☐
5. invitations for meals	1☐	2☐	3☐
6. invitations to spend some days together	1☐	2☐	3☐
7. offers to borrow household or other equipment	1☐	2☐	3☐
8. others	1☐	2☐	3☐

2.9. *Are there things you had to sell or give up because of the unemployment?*

1☐yes, 2☐no

2.9.1. *If yes, what? (☞ More than one answer possible)*

1☐TV, 2☐VCR, 3☐own house, 4☐own apartment, 5☐own summer cottage, 6☐own car, 7☐own boat, 8☐own motorbike, 9☐own bike, 10☐video-camera, 11☐photo-camera, 12☐stereo set, 13☐normal phone, 14☐mobile phone, 15☐computer, 16☐microwave, 17☐washing machine, 18☐furniture, 19☐others

2.10. *What kind of influence had the unemployment on your life standard?*

1☐improved significantly, 2☐improved it, 3☐had no effects, 4☐decreased it, 5☐decreased significantly

2.11. *Are you satisfied with your current financial situation?*
1 completely, 2 very much, 3 more or less, 4 not very much, 5 not at all

3. SOCIAL SURROUNDING

(☞ Please ✕ the right answers and fill in the “...” parts)

3.1. *Are other members of your family unemployed as well?*
1 yes, 2 no, 3 I have no family

3.1.1. *If yes who? (☞ More than one answer possible)*
1 partner, 2 parents, 3 grandparents, 4 brothers or sisters, 6 children

3.2. *Are some of your friends unemployed as well?*
1 yes, 2 no, 3 I have no friends

3.2.1. *If yes, how many? (☞ for example: 5 of my 12 friends are unemployed)*
..... of my friends are unemployed

3.3. *Has your general relationship to your partner, your children, your friends or your relatives changed during your unemployment?*

(☞ 1 = improved significantly, 2 = improved, 3 = remained the same like before, 4 = decreased, 5 = decreased significantly, 6 = I have no partner/ children/friends/ relatives)

1. partner	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
2. children	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
3. friends	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>
4. relatives	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>

3.4. *If you have friends, do you have more or less contact since you lost your job?*
1 much more, 2 more, 3 as much as before, 4 less, 5 much less, 6 none, 7 I have no friends

3.5. *If you have children who go to school, has their performance changed during your unemployment?*
1 improved significantly, 2 improved, 3 remained the same like before, 4 decreased, 5 decreased significantly, 6 I have no children who go to school

3.6. *From whom do you get emotional support during your unemployment?*
(☞ More than one answer possible)
1 partner, 2 children, 3 parents, 4 brothers and sisters, 5 friends, 6 church, 7 others.....

3.7. *Have there been changes in your family structure because of your unemployment?*
1 yes, 2 no

3.7.1. *If yes, what kind of changes? (☞ More than one answer possible)*
1 family members work more to earn the money for the family, 2 family members started to work, 3 children started to work earlier than it was planned to support the family and/or become independent, 4 family members postponed their retirement and keep on working, 5 I do the household now while other family members earn the money, 6 others..... 7 there have been no changes

3.8. *What kind of influence had the unemployment on the quality of your life?*
1 very positive, 2 positive, 3 no influence, 4 negative, 5 very negative

3.9. *Do you enjoy life more, now that you are unemployed?*
1 enjoy it much more, 2 enjoy it more, 3 enjoy it as much as before, 4 enjoy it less, 5 enjoy it not at all

3.10. *Do you think it is good to have more time now, than you had when you were working?*
1 very good, 2 good, 3 neither nor, 4 bad, 5 very bad, 6 I do not have more time now than before

3.11. *Has your social status (the way the society looks at you and behaves towards you) changed after you lost your job?*
1 my social status is significantly better now, 2 my social status is to some extent better, 3 my social status remained the same, 4 my social status has decreased to some extent, 5 my social status has significantly decreased.

4. HEALTH

(☞ Please ✕ the right answers and fill in the “...” parts)

4.1. *Did you have health problems before you lost your job?*
1 yes, 2 no

4.1.1. *If yes, what kind of?* (☞ *More than one answer possible*)
 1☐ Sleep problems, 2☐ stomach problems, 3☐ depression, 4☐ nervousness, 5☐ headaches, 6☐ indigestion, 7☐ back problems, 8☐ heart problems, 9☐ circulation problems, 10☐ allergies, 11☐ cancer, 12☐ diabetes, 13☐ asthma, 13☐ others.....

4.2. *Do you have health problems now?*
 1☐ yes, 2☐ no

4.2.1. *If yes, what kind of?* (☞ *More than one answer possible*)
 1☐ Sleep problems, 2☐ stomach problems, 3☐ depression, 4☐ nervousness, 5☐ headaches, 6☐ indigestion, 7☐ back problems, 8☐ heart problems, 9☐ circulation problems, 10☐ allergies, 11☐ cancer, 12☐ diabetes, 13☐ asthma, 13☐ others.....

4.3. *What of the following items do you do more or less since you are unemployed?*

(☞ 1☐ = much more, 2☐ = more, 3☐ = as much as before, 4☐ = less, 5☐ = much less, 6☐ = I do not do this at all)

- | | | | | | | |
|---------------------|----|----|----|----|----|----|
| 1. drinking alcohol | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 2. smoking | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 3. using drugs | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 4. taking medicine | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 5. visiting doctors | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |

4.4. *How many diagnosed chronic diseases do you have?* (☞ *for example if you have heart problems, back problems and diabetes and all of them are diagnosed by a doctor, then you have three chronic diseases*)

1☐ one chronic disease, 2☐ two chronic diseases, 3☐ three chronic diseases, 4☐ four chronic diseases, 5☐ more than five chronic diseases, 6☐ I have no chronic diseases

4.5. *Is your current health situation in general better or worse than before your unemployment?*

1☐ much better, 2☐ better, 3☐ it is the same as before, 4☐ worse, 5☐ much worse

4.6. *Did you ever think of committing suicide because of your actual situation?*

1☐ very often, 2☐ often, 3☐ sometimes, 4☐ seldom, 5☐ never

5. HABITS AND ACTIVITIES

(☞ *Please X the right answers and fill in the "... parts*)

5.1. *Do you read a newspaper regularly?*

1☐ yes, 2☐ no

5.2. *Do you watch (TV) or listen (radio) to news regularly?*

1☐ yes, 2☐ no

Do you watch more or less TV, since you lost your job?

1☐ much more, 2☐ more, 3☐ as much as before, 4☐ less, 5☐ much less, 6☐ I do not watch TV at all

5.4. *Do you spend more time at home, than before you lost your job?*

1☐ much more, 2☐ more, 3☐ as much as before, 4☐ less, 5☐ much less, 6☐ I have no home

5.5. *In which of the following organisations have you been actively involved before you lost your job (means you did more than just paying a membership fee or being a member)?* (☞ *More than one answer possible*)

1☐ church, 2☐ politics (not trade union), 3☐ sport club, 4☐ leisure club, 5☐ environmental group, 6☐ trade union, 7☐ music club or group, 8☐ theatre club or group, 9☐ social organisation (e.g. the Red Cross), 10☐ women's organisation, 11☐ human rights organisation, 12☐ self-help group (e.g. Alcoholics Anonymous), 13☐ work related groups or organisations (not trade union), 14☐ others....., 15☐ nowhere

5.6. *In which of the following organisations are you actively involved (means you do more than just paying a membership fee or being a member) now?*

(☞ *More than one answer possible*)

1☐ church, 2☐ politics (not trade union), 3☐ sport club, 4☐ leisure club, 5☐ environmental group, 6☐ trade union, 7☐ music club or group, 8☐ theatre club or group, 9☐ social organisation (e.g. the Red Cross), 10☐ women's organisation, 11☐ human rights organisation, 12☐ self-help group (e.g. Alcoholics Anonymous), 13☐ work related groups or organisations (not trade union), 14☐ others....., 15☐ nowhere

5.7. *Do you do the following things more or less often than before you were unemployed?* (☞ 1☐ = much more, 2☐ = more, 3☐ = as much as before, 4☐ = less, 5☐ = much less, 6☐ = I do not do this at all)

working or helping in the household 1☐ 2☐ 3☐ 4☐ 5☐ 6☐

working or helping in a family business 1☐ 2☐ 3☐ 4☐ 5☐ 6☐

helping or working for friends 1□ 2□ 3□ 4□ 5□ 6□

5.8. Please compare your habits before the unemployment and now. Have they changed? (☞ 1□=much more often, 2□=more often, 3□=as often as before, 4□=less often, 5□=not at all anymore, 6□I do not do this at all)

going to a bar 1□ 2□ 3□ 4□ 5□ 6□

going out for dinner 1□ 2□ 3□ 4□ 5□ 6□

going to the cinema 1□ 2□ 3□ 4□ 5□ 6□

doing sports 1□ 2□ 3□ 4□ 5□ 6□

going on day excursions 1□ 2□ 3□ 4□ 5□ 6□

going to museums 1□ 2□ 3□ 4□ 5□ 6□

going to the theatre 1□ 2□ 3□ 4□ 5□ 6□

going on holidays 1□ 2□ 3□ 4□ 5□ 6□

using time for hobbies 1□ 2□ 3□ 4□ 5□ 6□

spending some days (e.g. a weekend) away 1□ 2□ 3□ 4□ 5□ 6□

6. POLITICS

(☞ Please X the right answers and fill in the "... parts)

6.1. Are you interested in politics?

1□very interested, 2□interested, 3□sometimes interested, 4□not interested very much, 5□not interested at all

If there were national elections today, for which party would you vote?

1□Vasemmistoliito, 2□SDP, 3□Vihreät, 4□Keskusta, 5□Liberaalinen Puolue, 6□RKP, 7□Perus Suomalaiset, 8□Kokomus, 9□Nuorsuomalaiset, 10□others....., 11□I would not vote

6.3. Which party did you vote for at the last national elections before your unemployment?

1□Vasemmistoliito, 2□SDP, 3□Vihreät, 4□Keskusta, 5□Liberaalinen Puolue, 6□RKP, 7□Perus Suomalaiset, 8□Kokomus, 9□Nuorsuomalaiset, 10□others....., 11□I did not vote, 12□I could not vote

6.4. Are you member in a political party?

1□Vasemmistoliito, 2□SDP, 3□Vihreät, 4□Keskusta, 5□Liberaalinen Puolue, 6□RKP, 7□Perus Suomalaiset, 8□Kokomus, 9□Nuorsuomalaiset, 10□others....., 11□I am not a member of a political party

6.5. Have you done anything to increase public or political attention for the situation of unemployed people?

1□yes, 2□no

6.5.1. If yes, what? (☞ More than one answer possible)

1□wrote letters to politicians, 2□wrote letters to the press, 3□took part in demonstrations, 4□worked in unemployment organisations, 5□others.....

6.6. Would you take part if there would be a demonstration against unemployment next week in your city?

1□yes, 2□probably, 3□maybe, 4□probably not, 5□no

6.7. Would you take part in more radical events to increase public attention about the situation of unemployed people, e.g. occupying local buildings, blocking streets and so on?

1□yes, 2□probably, 3□maybe, 4□probably not, 5□no

6.8. How much do you trust in the following person(s) or institution(s)?(☞ 1□=very much, 2□=rather much, 3□=cannot say, 4□=rather little, 5□=not at all)

- 1. national government 1□ 2□ 3□ 4□ 5□
2. national parliament 1□ 2□ 3□ 4□ 5□
3. local politicians 1□ 2□ 3□ 4□ 5□
4. trade unions 1□ 2□ 3□ 4□ 5□
5. local Employment office 1□ 2□ 3□ 4□ 5□

6.9. Do you think the following persons or institutions do everything they can to help the jobless? (☞ 1□=they do everything they can, 2□=they do a lot, 3□=they endeavour, 4□=they do not do much, 5□=they do nothing at all)

- 1. national government 1□ 2□ 3□ 4□ 5□
2. national parliament 1□ 2□ 3□ 4□ 5□
3. local politicians 1□ 2□ 3□ 4□ 5□
4. trade unions 1□ 2□ 3□ 4□ 5□
5. local Employment office 1□ 2□ 3□ 4□ 5□

7. UNEMPLOYMENT

(☞ Please X the right answers and fill in the "... parts)

7.1. Have you been unemployed before

1□yes, 2□no

7.1.1. *If yes, how many times?* (☞ for example: 3 times)
.....times

Are you registered as unemployed at the Employment office?
1☐yes, 2☐no

7.2.1. *If no, why not?*
.....

7.3. *In your opinion, what is the main reason for your unemployment?* (☞
Please ✕ only one answer)

1☐higher competition due to increasing globalisation, 2☐bad management in your former company/office, 3☐personal reasons or faults (health problems, dissatisfaction with the job, insufficient education) 4☐employment of foreigners, 5☐bad national (economic) policy, 6☐bad European (economic) policy, 7☐too much import of foreign products, 8☐structural problems of the Finnish economy, 9☐economic crisis in Eastern Europe, 10☐rationalisation, 11☐others.....

7.4. *How much do you agree or disagree with the following statements?* (☞ 1☐=agree, 2☐=agree to some extent, 3☐=cannot say, 4☐=disagree to some extent, 5☐=disagree)

- | | | | | | |
|--|----|----|----|----|----|
| 1. Unemployment is an individual problem | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 2. Unemployment is the problem of the government | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 3. Unemployment is a problem of the economic system | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 4. Unemployment is a problem of the media | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 5. Unemployment is a problem of society as a whole | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 6. Unemployed people are a burden for society | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 7. Unemployed people are a burden for their families | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 8. Unemployed people are a burden for their friends | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 9. Everybody should earn his/her own living instead of taking money from the state | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 10. Long-term unemployed should be forced to work in public utility in order to receive benefits | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |

7.5. *Are you actively searching for work now (means you make own efforts to find a new job)?*

1☐very actively, 2☐actively, 3☐more or less actively, 4☐not very actively, 5☐not actively at all

7.6. *For how many jobs did you apply until now (approximately)?*
I applied for jobs until now.

7.7. *How many job interviews have you had, since you are unemployed (approximately)?*

I had job interviews since I am unemployed.

7.8. *Did you take part in training courses since you are unemployed?*

1☐yes, 2☐no

7.8.1. *If yes, do you think you have better chances now of finding a new job?*

1☐much better, 2☐better, 3☐maybe better, 4☐same as before, 5☐not better

7.8.2. *If no, would you take part, if you would get the chance?*

1☐yes, 2☐probably, 3☐maybe, 4☐probably not, 5☐no

7.9. *Did the following items become more or less important for you, since you are unemployed?* (☞ 1☐=became significantly more important, 2☐=became more important, 3☐=remained as important as before, 4☐=became less important, 5☐=became significantly less important, 6☐=has never been important to me)

- | | | | | | | |
|--|----|----|----|----|----|----|
| 1. to be occupied (in general) | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 2. to have waged labour (in general) | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 3. to work in your specific profession | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 4. your family | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 5. your friends | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |
| 6. the state | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ | 6☐ |

7.10. *In your opinion, how should unemployment be fought?* (☞ 1☐=agree, 2☐=agree to some extent, 3☐=can not say, 4☐=disagree to some extent, 5☐=disagree)

- | | | | | | |
|--------------------------------------|----|----|----|----|----|
| 1. shortening of the working hours | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 2. cuts in wages | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 3. cuts in social rights | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 4. forcing unemployed people to work | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 5. introduction of a right to work | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |
| 6. division of work | 1☐ | 2☐ | 3☐ | 4☐ | 5☐ |

7. changing honorary jobs into normal paid jobs 1 2 3 4 5
 8. creating more artificial jobs by the state 1 2 3 4 5

8. NEW JOB

(☞ Please ✗ the right answers and fill in the “...” parts)

- 8.1. *If you would get a new job and could choose, when would you like to start working?*
 1immediately, 2next week, 3within two weeks, 4within a month, 5later than a month, 6I would not start working at all.
- 8.2. *Would you do some of the following things in order to get a new job?*
 (☞ 1=yes, 2=probably, 3=maybe, 4=probably not, 5=no, 6=I had no job before)
1. working longer than before 1 2 3 4 5 6
 2. moving to another town 1 2 3 4 5 6
 3. working in a field which has nothing to do with your former employment 1 2 3 4 5 6
 4. accepting less social security than before 1 2 3 4 5 6
 5. accepting less social rights than before 1 2 3 4 5 6
 6. accepting lower wages than before 1 2 3 4 5 6
- 8.3. *When do you think you will find a new job?*
 1very soon, 2soon, 3after three months, 4after six months, 5after twelve months

9. LOCAL SITUATION

(☞ Please ✗ the right answers and fill in the “...” parts)

- 9.1. *What kind of organisations/projects for unemployed people exist in your city (beside the Employment office)?*

- 9.1.1. *If there are some, have you joined or visited them?*
 1very often, 2often, 3every once in a while, 4seldom, 5never
- 9.1.2. *If there are some, how satisfied are you with their offers and activities?*
 1very satisfied, 2satisfied, 3more or less satisfied, 4not very satisfied, 5not satisfied at all, 6I have never been there.

- 9.1.3. *If there are none, would you go there if there would be some organisations and projects for long-term unemployed people?*
 1yes of course, 2probably yes, 3maybe, 4probably no, 5by no means
- 9.2. *Do you think organisations and projects for long-term unemployed people are in general useful?*
 1very useful, 2useful, 3more or less, 4not very useful, 5not useful at all
- 9.3. *How could the city improve the situation of long-term unemployed people?*

10. PERSONAL DATA

(☞ Please ✗ the right answers and fill in the “...” parts)

- 10.1. *Your sex?*
 1male, 2female
- 10.2. *Your age?*
 years.
- 10.3. *Your marital status?*
 1single, 2married, 3divorced, 4widowed
- 10.4. *How many children do you have?*
 child/children.
- 10.5. *Your nationality?*
 1Finnish, 2other:
- 10.6. *Your profession?*

- 10.7. *What level of education have you received?*
 1no education or school degree, 2completed elementary school, 3completed vocational training, 4completed high school degree, 5completed college degree, 6completed academic education

