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The Research
Programme
of the Academy
of Finland:
Conference 1999



Government Institute
for Economic Research
The Academy of Finland

1990s economic crisis

The Research Programme of the
Academy of Finland:
Conference 1999

Edited by Jaakko Kiander

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Government Institute for Economic Research
Hämeentie 3, FIN-00530 Helsinki, Finland
Email: firstname.lastname@vatt.fi

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Introduction

This volume consists of a selection of papers presented at the second conference of the Academy of Finland's research program on the economic crisis of the 1990s in Finland. The conference was held in 7-8 of June, 1999, in Helsinki.

Finland experienced in the first half of the 1990s an exceptionally severe economic crisis. The economic collapse of 1991 - 1993 was, in terms of output and employment, more serious than had ever been witnessed by any industrial state since the World War II. It may only be compared to the situation in the countries hit hardest by the Great Depression of the 1930s. During 1991-93 the Finnish GDP shrank by 12 percent. The unemployment rate rose from 3.5 percent in 1990 to 18.4 percent in 1994.

Notwithstanding its exceptional deepness, the Finnish crisis has also many common patterns with the experiences of other countries. First of all, there was a relatively deep recession in the early 1990s in other European countries, too. The European crisis was connected with the European system of fixed exchange rates and high interest rates imposed by the Bundesbank, and a central part of it was the European currency crisis in the autumn 1992. The recession was deepest in the UK, Sweden and Finland.

There are also many factors in the Finnish crisis which are common with the later crises of South-East Asia and Latin America: fixed exchange rate and overvalued currency, more inflationary pressure than in core countries of the exchange rate system, credit expansion, current account deficits, and asset bubbles. In such circumstances, most countries are almost bound to suffer from any interest rate shock or sudden capital outflows. It also follows that indebted firms and households cannot survive financially, if interest rates are punitive, as they tend to be in financial crises.

These experiences give rise to some research problems and potential lessons. There are points which have been neglected in traditional mainstream macroeconomic analysis:

- The importance of indebtedness and liquidity constraints, which may lead to forced savings and decreasing demand
- The importance of asset prices as collateral values and their impact on the stability of banking system under risk
- Possibility of destructive debt deflation
- Fixed exchange rate systems may not be sustainable and are potentially dangerous.

Furthermore, for advanced welfare states such as Finland and Sweden, macroeconomic crises have also large fiscal effects, since due to high tax and benefit ratios fiscal multipliers are high and fiscal balance moves closely with unemployment rate.

The picture of the recession at either the level of the economy as a whole or in terms of average figures is, however, only the partial truth. The economic downturn did not affect all people or sectors equally. Those who kept their jobs did not experience the recession as badly as those who lost them. Different age-groups and generations also experienced the recession in different ways, partly because of their different wealth and labour market positions. The regional and sectoral consequences of the crisis also varied due to structural differences in production and population.

As a consequence of the crisis the Finnish society faced new problems in the 1990s: a realisation of a systemic risk in banking, large scale long-term unemployment and social exclusion, and the question of the sustainability of advanced welfare provisions. The importance of these problems makes it obvious that the crisis and its consequences form an important challenge to economic and social research. The crisis produced such sudden changes and large variation in socio-economic time series that they offer exceptional and interesting material to research. In addition to this, the need for crisis research has become even more pronounced with the emergence of other financial crises in the world. The severity and the exceptional character of the Finnish depression and the large shocks and their long-lasting consequences make the depression years an interesting social laboratory for economic and social research.

The Academy of Finland decided in 1997 to start a three-year multidisciplinary research programme for years 1998-2001 on the causes and consequences of the Finnish economic crisis. The Research Programme on the Finnish Economic Crisis was initiated by the Board of the Academy in 1997 to promote multidisciplinary, problem oriented, and applied research dealing with the socio-economic crisis of the early 1990s and its consequences. The Academy channelled FIM 25 million (equivalent to 4.2 million euros) to the programme for years 1998 - 2001. The programme is the largest research programme in social sciences in Finland. The programme is managed and coordinated by the Government Institute for Economic Research.

The papers of this volume concentrate on the economic and social consequences of the crisis. Many papers deal with the questions related to unemployment, employment, income distribution and social exclusion. The consequences of the crisis are also studied on individual level, which can be seen in the papers of this volume, too.

The second joint conference of the research programme

June 7-8, 1999

The Academy of Finland, Vilhonvuorenkatu 6, Helsinki

Conference program

Monday, June 7

Opening session

Chair: Paavo Okko

Paavo Okko: Opening

Plenum

Olli Kangas: Does the tide sink all boats similarly?

Parallel session

Session 1a

Chair: Paavo Okko

Economics: Regional aspects and unemployment dynamics

Heikki Loikkanen: The economic crisis and regional development: an introduction

Risto Sullström: Income differences between and within regions in Finland 1966-96: results based on household survey data

Vesa Vihriälä: The significance of the post-depression migration

Discussants: Paavo Okko, Tor Eriksson

Session 1b

Chair: Raija Julkunen

Economic sociology: Women's entrepreneurship

Guje Sevón: Women's entrepreneurship - crisis management and survival strategies: a general description of the project

Anne Kovalainen: Women's entrepreneurship in Finland - trends and developments during the recession

Annika Åkerberg: The Finnish recession in the 1990s and its consequences on social identities: the construction of entrepreneurial identities

Discussants: Raija Julkunen, Jeff Hearn

Session 2a

Chair: Tor Eriksson

Economics: Regional aspects and unemployment dynamics 2

Aki Kangasharju: Long-run trends and the effects of depression on regional production and employment

Seppo Laakso: Regional development of housing markets in boom and depression
Tomi Kyyrä: Household economic incentives, the unemployment trap and the probability of finding a job
Discussants: Paavo Okko, Tor Eriksson

Session 2b

Chair: Pertti Alasuutari

Media research

Leif Åberg – Ullamaija Kivikuru: Media coverage versus citizens' experience: a state-of-affairs report

Sanna Valtonen: Mainstream newspaper horizon

Inka Moring: Regional newspaper horizon

Minna Aslama: Television & Audience horizons

Discussants: Pertti Alasuutari

Session 3a

Chair: Jaakko Kiander

Economics: Macroeconomy and income distribution

Erkki Koskela: Causes and consequences of a financial crisis in Finland

Matti Tuomala: Determinants of the distribution: a framework

Ilpo Suoniemi: Factoring the gini and the variation coefficient by income sources and income recipients

Discussants: Tor Eriksson, Hannu Piekkola

Session 3b

Chair: Riitta Hjerppe

Social history: Earlier crises

Jorma Kalela: The contribution of a historian in explaining the depression of the 1990s

Mikko Laitamo: The national past, understood as history, as a resource in surviving the depression

Antti Häkkinen: The Finnish rural community, poverty and the short-term and long-term effects of the Great Depression

Matti Hannikainen: The duration and timing of unemployment among the construction workers in Helsinki 1928-38

Discussants: Olle Krantz

Tuesday, June 8

P arallel session

Session 4a

Chair: Jussi Simpura

Social policy: Social and health services

Jussi Simpura: Social and health services as a remedy to and a victim of the economic crisis: an introduction

Linda Gekman: The economic crisis and the expenditure on social and health services

Peter Blomster – Jussi Simpura: Reflections of the economic crisis in the demand for social and health services

Heikki Hiilamo: The standard of living of families with children in the crisis years

Discussants: Raija Julkunen

Session 4b

Chair: Eila Helander

Sociology of religion

Eila Helander: Introduction

Paavo Kettunen: Pastoral care and counselling as means of helping recession victims

Sari Kokkonen: Social and spiritual resources of unemployed family fathers

Liisa Lampela-Kivistö: Religiousness of bankrupt entrepreneurs

Liisa Mäkelä: The morality and change of society's incentive structure

Hannu Sorri: Recession and mental distress. Conversations at the telephone counselling services as indicators of unwell-being

Teemu Laajasalo: Prostitution and morality in the context of economic depression

Session 4c

Chair: Hannu Piekkola

Economics and finance

Stefan Sundgren: Payments to creditors in bankruptcy and factors affecting the magnitude of payments

Eva Liljebloom - Anders Löflund: External shocks and leverage effects as determinants of equity price behavior in the recession

Johan Knif: The economic crisis in Finland: the role of volatility structure and the exposure to information shocks

Eva Liljebloom - Anders Löflund: Housing investments and the option to wait in a recession

Discussants: Hannu Piekkola, Tor Eriksson

Session 5a

Chair: Risto Alapuro

Social policy: Unemployment and welfare

Heikki Lehtonen: Cuts in social security and the Finnish welfare state regime

Simo Aho: Employment regime, recession and the employment patterns

Jarmo Peltola: The Great Depression in an industrial city - New approaches

Mika Renvall: Patterns of representing unemployment and welfare

Discussants: Risto Alapuro, Raija Julkunen

Session 5b

Chair: Jorma Kalela

Economic history

Sakari Heikkinen: A comparative analysis of the Finnish economic crises in the 20th century

Jon Hirvilahti: Finnish currency crises in historical perspective

Hannu Salmi: The crisis, the individual and the mentality of subsistence

Discussants: Olle Krantz, Timo Myllyntaus

Session 6a

Chair: Risto Alapuro

Sociology: Trust and disability

Anne Kovalainen: Trust and the restructuring of welfare services

Kaj Ilmonen: Social capital: problems of the concept and its applicability

Antti Teittinen – Tanja Vehkakoski: Characters of disability policy in Finnish communes

Discussants: Risto Alapuro, Jouko Kajanoja

Session 6b

Chair: Olli Kultalahti

Employment and families: Job insecurity

Jouko Nätti – Mika Happonen: Perceived job insecurity and later work career

Ulla Kinnunen – Saija Mauno: Perceived job insecurity among dual-earner couples

Kathleen Valtonen: Perspectives on immigrant employment strategy

Olli Kultalahti – Ilari Karppi – Heikki Rantala: Approaches to labour market matching problems in Tampere region

Plenum

**Does the tide sink all
boats similarly?**

**Economic positions
of different income
groups 1985 - 1995**

Does the tide ink all boat similarly? Economic position of different income groups 1985 - 1995

Olli Kangas, University of Turku and University of Bremen
ollikan@utu.fi

Introduction

According to Graubard (1986), there is a special "passion for equality" in the Nordic countries, and if there exists such a thing it is especially strong in Finland where the general public will redistribute income and wealth more than in most other countries (see e.g. Forma 1999). Therefore, changes in income distribution are very sensitive issues in Finland. No wonder then, that changes that have taken place during the years of recession are of special interest and they have been discussed from the point of distributional justice.

Everyone probably agrees that there should be some kind of justice in the distribution of societal resources. That is the smallest common denominator between different ideological camps in the discussion, but what soon splits the consensus is putting the principle of just distribution in practice. What should be distributed? To whom? How much? How large inequalities would be acceptable? Even a quick glance at politics – the Primus motor of distribution of common resources – shows that all sorts of distributional demands are being backed up by calls for justice. Justice is in everyone's bag of tricks. (See also Arthur and Shaw, 1991; Campbell, 1990; LeGrand, 1991; Miller, 1976; Nussbaum and Sen, 1993.)

Probably the most well-known treatise of justice is served by John Rawls (1972 and 1996). His so-called difference principle is a heuristic starting point in this short essay on distribution of income in a handful of advanced countries during the period of 1985 - 1995 that was characterized by slackening economic growth.

The difference principle states that the division of all primary goods, including income and wealth, should be equal unless there are no reasons why the unequal distribution of those benefits will help the worse off. Since there are severe incentive problems in strictly equal distribution, it is unreasonable to stop at flat-rate division (Rawls 1996, 282-283). Social institutions responsible for the distribution of societal goods must be built up in such a way that they encourage efforts and that at the end these efforts will also help the worse off.

This principle of justice would allow economic inequalities so long as these differences improve everyone's situation. Special care must be taken of the lot of the worse off. Income differences, for example, are acceptable on the condition that they

cause people to work harder, and because of this hard work national wealth is increased more rapidly and the increase will gradually diffuse also to the worse off. Thus inequalities generate growth and improve the circumstances of the poor. According to Rawls, inequalities are permissible if they make a functional contribution to the expectations of the least favoured.

In economic discourse a similar idea is presented in the form of the so-called trickle-down theory. According to that theory, we must create incentive structures that encourage people to take individual responsibility, to work harder and to contribute to economic growth as much as they can. In societies where people have such incentives – i.e., where we do have real income differences and the threat of poverty, where the welfare state has not taken away individual responsibility and weakened the incentive structure – the economy will grow more rapidly and this economic tide will also lift the worst boats (For a discussion, see e.g., Saunders 1994; Schmidt 1998; and for an empirical analyses see e.g. Gottschalk & Smeeding 1997; Bradbury & Jäntti 1999).

The purpose of this article is to present preliminary considerations of how Rawls's ideas, especially the difference principle, could tentatively be used in empirical comparisons of the distribution of monetary rewards in some OECD countries in the late 1980s and in the first part of the 1990s. In many countries that period was a time of slackening economic growth and, therefore, it is interesting to try to see how the burdens of the recession were distributed in different countries. Is Finland exception in its treatment of the poor and rich? How did the other countries react on the recession? At a more general level the questions the paper seeks to answer are as follows:

- 1) To what extent does the difference principle hold true in cross-sectional analyses on poverty? To justify higher poverty levels we should find a positive relationship between the incidence of poverty and the economic well-being of the poor.
- 2) To what extent did the economic tide lift / or economic ebb sink all boats? Here we could justify higher income levels for the rich providing that in countries where the rich are really rich, the position of the poor is better or has been improved more than in countries with smaller income disparities.

The first research task maps the cross-sectional situation, while the second one is more dynamic in its orientation and concentrates on changes. Data used in the subsequent analyses is derived from the Luxembourg Income Study (LIS). The selection of countries is partially dictated by the availability of data. Despite the fact that there are more than 30 countries included in the LIS, data for several points in time is available only for a limited number of nations. The countries are included in our sample. There is also a socio-political motive: countries represent different kinds of welfare states that are at different levels of economic prosperity. Therefore, it is interesting to see how the economic tide or ebb has affected the poor and the rich in different countries.

In the first section of the study we analyze the cross-sectional relationship between poverty rates and the level of income of the poor. Thereafter, we take a close look at changes in time: how poverty and richness rates and changes in the income of the poor and the rich are related to each other. The second part of the paper depicts how the economic tide has improved the lot of the worse and best off. Have the rich taken all the money and run? Is there anything left for the poor? The last section of the paper discusses just distribution of income and presents some tasks for future research on the topics.

Relative poverty rates and the absolute income level of the poor

The Rawlsian difference principle as well as the trickle-down theory allow inequalities if those inequalities improve the lot of the worse off. In other words, the difference principle would allow higher proportional poverty rates for a country if the real income level of the poor in that country is higher than in a country with lower proportional poverty.

The same idea is expressed from another perspective in the trickle-down theory. It argues that the economic tide is not an external and independent force but people themselves form and contribute to the tide. In countries where there are real incentives to work, the economic growth will be stronger, and in the long run the economic standard of the poor will be higher than in such countries where such incentives are weakened or totally taken away by redistributive policies. Therefore, it is just to let income differences expand, and in fact, this expansion also is the most effective way to help the poor (Schmidt 1998, 6).

We can try to operationalize these statements in a couple of different ways.

- 1) We can think that the fulfillment of these criteria demands that income levels of the poor should be higher in countries with high relative poverty rates, or to put it more technically, the correlation between poverty rates and the absolute income levels of the poor should be positive. The higher the poverty rates the higher the level of income of the worse off. Only then can we accept higher relative poverty rates as just.
- 2) Alternatively we can approach the situation from the other end of the income ladder and take the rich as our starting point. Let us suppose that there are two societies, A and B. In society A there are lots of rich and poor people, and all income distribution indices display high levels of inequalities. Due to high incentive to work, the average income levels both for the rich and the poor are high. In society B income distribution is very egalitarian and differences are very small but the average income level is low (no incentive to work). According our ideas we can say that society A is just and it fulfils the difference principle and proves the validity of the trickle-down theory.

The issue is tentatively assessed in Table 1. The table presents both relative poverty rates (poor are all those people whose OECD-equivalent incomes are below 50 % of the national median) and absolute income levels of the poor (measured as a median income for those persons who are classified as poor according to the aforementioned criteria) in 18 OECD countries. Moreover, we have also calculated richness rates (percentage of those whose income is more than 300 % of the national median) and median income for those classified as rich. The absolute income levels are converted into a common currency – U.S. Dollars – by using two different methods: 1) current exchange rates and 2) purchasing power parities (PPP). To put the rich, the mediocre and the poor in a wider context we also display the Gross Domestic Products per head for each country. Also GDP figures for 1991 are converted to U.S. Dollars both using exchange rates and purchasing power parities.

*Table 1. GDP per capita (GDPUD = US Dollars; GDPP = in PPPs), median income (MDUD = US Dollars; MDPP = in PPPs), relative poverty rates (%; POVRAT) and the median income levels for the poor (POORUD = US Dollars; POORPP = in PPPs), richness rates (%; RICHRAT; rich = income more than 3*median) and the median income levels for the rich, 1991*

Country	GDPUD	GDPP	MDUD	MDPP	POVRAT	POORUD	POORPP	RICHRAT	RICHUD	RICHP
Australia	16879	16192	10583	9919	9.6	4219	3080	1.7	37868	35491
Austria	21114	17576	12097	9947	4.1	5335	4387	0.3	43538	35799
Belgium	19925	17540	10384	9046	4.5	4653	4060	0.3	36923	32923
Canada	19976	18579	14054	12485	10.6	5445	4837	1.3	50497	44860
Denmark	26235	18133	15661	10912	5.3	5844	4072	0.6	67772	47219
Finland	24966	15543	16267	10442	3.7	6726	4317	0.3	57104	36656
France	21115	18245	10543	9138	8.3	4163	3608	1.9	38742	33577
Germany	21087	17045	12759	10171	5.2	5026	3992	1.0	43921	34885
Hungary	3046	7396	1626	3727	7.6	547	1258	1.9	6068	13912
Italy	19493	17197	10041	8517	9.8	4032	3423	1.4	37344	31652
Luxembourg	28377	24378	16593	14345	3.3	7398	6396	0.9	59327	51288
Netherlands	19254	16491	10812	9274	4.7	3946	3369	1.6	41117	35270
Norway	27933	18663	16779	11331	3.6	6455	4359	0.9	65573	44282
Poland	1435	4532	1121	2497	10.4	314	711	1.9	4965	2141
Spain	12926	12784	6324	5974	9.6	2485	2350	2.9	22258	21043
Sweden	26365	16891	16674	10144	5.2	6376	3879	0.4	57869	35205
UK	16541	15636	10404	9290	12.7	4335	3871	3.0	38291	34191
USA	21765	22605	12605	12605	17.3	4414	4414	3.9	44023	44023
Mean	19357	16413	11407	9431	7.5	4540	3688	1.5	41844	34092
St.dev	7441	4594	4659	2927	3.8	1915	1285	1.0	17530	11905
R-Poverty	-.40	-.10	-.38	-.15	-	-.45	-.28	.89	-.40	-.20
R-poorUD	.97	.83	.98	.90	-.45	-	.92	-.52	.96	.89
R-poorPP	.89	.93	.88	.96	-.28	.92	-	-.32	.85	.93

Source: LIS, GDPs, exchange rates and PPPs are derived from OECD 1998.

There are substantial variations both in the poverty rates between nations – the rates vary from 3.3 % in Luxembourg to 17.3 % in the U.S. – and in the absolute income levels of the poor. As can be seen in Table 1, the picture of the absolute level of income depends heavily on the method of converting national currencies into U.S. dollars. As a rule, all other countries will lose in comparison to the U.S. if PPPs are used instead of exchange rates. PPP-transformations also squeeze cross-national differences.

In some cases the PPP and exchange rate calculations give substantially and strikingly different results. For example, according to the exchange rates, the income of the poor in the Nordic countries is 1.5 times higher than that of the poor in the United States, whereas in the PPP comparisons the American poor perform as well as their Nordic "colleagues"¹. In another words, in PPP comparisons the difference between Scandinavia and the U.S. is condensed in the prevalence of poverty instead of the deepness of poverty. According to both absolute measures the situation of the Canadian and Luxembourgish poor is very good in comparison to the other countries, and these results are not sensitive to currency transformations. The poor in Luxembourg seem to be very bourgeois!

The "enbourgeoisment" is true also for the rich people living in Luxembourg: comparatively speaking they are rich on all measures. The same goes for the Northern Americans and Norwegians, whereas the thick purse of the Finns and Swedes fades away if we use PPPs comparisons.

Table 1 also presents bivariate correlations² between various indicators. The GDP measures, the median income and the income levels for the rich are negatively related to the incidence of poverty. Among plenty, poverty is an uncommon phenomenon. Due to the rising tide all boats float. However, the validity of our interpretation depends heavily on two factors. First, the method to convert national currencies to the U.S. Dollars plays a decisive role. In current exchange rate inspections, rich countries, especially Sweden, Norway, Finland and Luxembourg, have eradicated poverty, whereas PPP inspections suggest clearly non-significant – yet negative – relationship. Second, our results are sensitive to the sample of countries. If we omit poor countries – Hungary, Poland and Spain – our result yield a bit different conclusion. Exchange rates still affirm our previous interpretation: the richer the

¹ Obviously the exchange rate conversion tend to neglect high costs of living and exaggerate the material well-being in the Scandinavian countries, while PPPs tend to work in the other direction. Moreover, PPPs are based on an assumption on certain consumption baskets and the underlying assumption is that the utilization of the basket is evenly distributed in society and between nations. In reality this is seldom true. The more uneven the income distribution, the more inaccurate the basket procedure is to describe the situation of the worse off. The true picture of purchasing power is found probably somewhere in between the two currency conversions. (for a closer discussion, see Bradbury & Jäntti 1999).

² Since the number of countries is small, correlation coefficients are used a heuristic device to squeeze data. An alternative, and perhaps a better and clearer option had been to use bivariate scatterplots, but because of space considerations we will only use correlation coefficients (the story told by these two methods is exactly the same).

country, the less poverty, but now the testimony given by PPPs is more ambiguous. The wealth of a nation seems to have nothing to do with the prevalence of relative poverty. Some boats float, some boats sink, and the high tide is not that important.

In the Rawlsian spirit it is very hard to justify our first statement that we could forgive a high incidence of poverty if the absolute level of the poor is high enough. Correlation coefficients go in the opposite direction, as anticipated, and instead of positive relationship we find a negative one: the correlation coefficient between the poverty rate and exchange rate based income levels for the poor (POORUD) is -.45 and -.57 without Poland, Hungary and Spain. Neither does the inspection of the PPP based correlations improve the fit of the theory ($r = -.28$ or $-.21$ if we exclude the three outliers). The trickle-down theory does not seem to work that well in cross-sectional analysis of poverty. The absolute income level of the poor is not improved if the poverty rate is high; on the contrary, the results hint that the lower the poverty rates, the better the absolute position of the poor. Moreover the incidence of poverty and richness go hand in hand (correlation between richness and poverty rates is .89). Thus, we must refute our first hypothesis.

An alternative way to look at the same situation would be to study the relationship between income of the poor, the general affluence of society e.g. measured by the GDP or by the median income for the total population. Furthermore, the prevalence of richness in a society gives some tools to assess the validity of the trickle-down theory. Increases in the GDP, and in the medians for the total population and the rich are supposed to pull the poor into affluence. Therefore, we should expect a positive relationship between the various affluence indicators (GDP, medians for the total population and medians of the Rich) and the income level for the poor. This is precisely what we find. The higher the GDP and the more affluent the median population and the richer the rich, the more affluent the poor. So far so good. Our results seem to give qualified support to the trickle-down theory that also fulfills the Rawlsian criteria for just distribution.

The only problem is how to put our results together. On one hand economic prosperity does not eradicate poverty but on the other hand prosperity is strongly associated with the income level of the poor. The solution is pretty simple and obvious. The high absolute income levels of the rich and the poor are overall indications of high prosperity in a country (here our hypothesis 2 is true), but the overall high-income level does not automatically guarantee high economic well-being to the poor. Conditions apply: a closer inspection of Table 1 reveals that the path to secure high absolute incomes for the poor combines richness with a low incidence of relative poverty. The same story is told by Table 2 that presents results from regression models that have been used as heuristic devices to visualize relationships between different indicators.

Table 2. The relationships between the absolute level of the poor and some indicators of richness, regression coefficients

Variable	U.S. Dollar Conversions				PPP Conversions			
	18 OECD countries		15 OECD countries		18 OECD countries		15 OECD countries	
	Coeff.	T-statistics	Coeff.	T-statistics	Coeff.	T-statistics	Coeff.	T-statistics
Constant	460	1.48	907	1.52	92	.26	116	.167
Median	.55	6.04***	.52	4.76***	.54	4.08***	.57	3.50**
for the total								
Poverty rate	-49.30	-2.28*	-56.50	-2.28*	-51.67	-2.28*	-53.19	-2.11
Median	-.04	-1.81	-.04	-1.56	-.03	-1.00	-.04	-.97
for the rich								
Adj. R sq		.97		.91		.93		.77

In our equations median income for the total population has been used as a measure of an overall prosperity level of a nation. In addition we have included the poverty rate and the absolute income level for the rich in regression models. The significant and positive coefficients for the median income indicate that high national income level is a decisive factor determining the level of economic well-being of the worse-off³. That is the main story, but that is not enough. The relative poverty level has some impact upon results. The higher the incidence of poverty the lower the absolute income level of the poor. To use the tide metaphor: the flow is necessary to rise the boats but also the worst boats must be in such a condition that they can float.

The cross-sectional analyses presented above are static in the sense that they only map the cross-sectional situation, whereas the Rawlsian idea and trickle down theory are more dynamic in their orientation. We should concentrate also on the changes of economic well-being not only study a static cross-sectional picture of one point in time. Therefore, it is interesting to take a short look at the correlation between poverty rates⁴ and changes in the economic well being of the poor in different countries at different periods in time. The period in time studied is from the mid-1980s to the mid 1990s, but unfortunately, due to the availability of data, we must here restrict the number of countries. Again, we would expect a positive correlation between the poverty level and the improvement in the income level. Otherwise it is hard to justify higher poverty rates by referring to the difference principle.

³ A tentative path analysis showed that the volume of social transfers (as a percentage of the GDP) is significantly connected to the incidence on poverty (the bigger the transfer budget, the lower the poverty rate) but transfers had no direct associations with the absolute income level of the poor.

⁴ A better indicator had been a change in poverty rate but since the rates are pretty constant over the time period studied, the picture would have been more or less the same as here.

Diagram 1. Poverty rate (%) and change (from the mid-1980s to the mid-1990s) in the median income for the poor

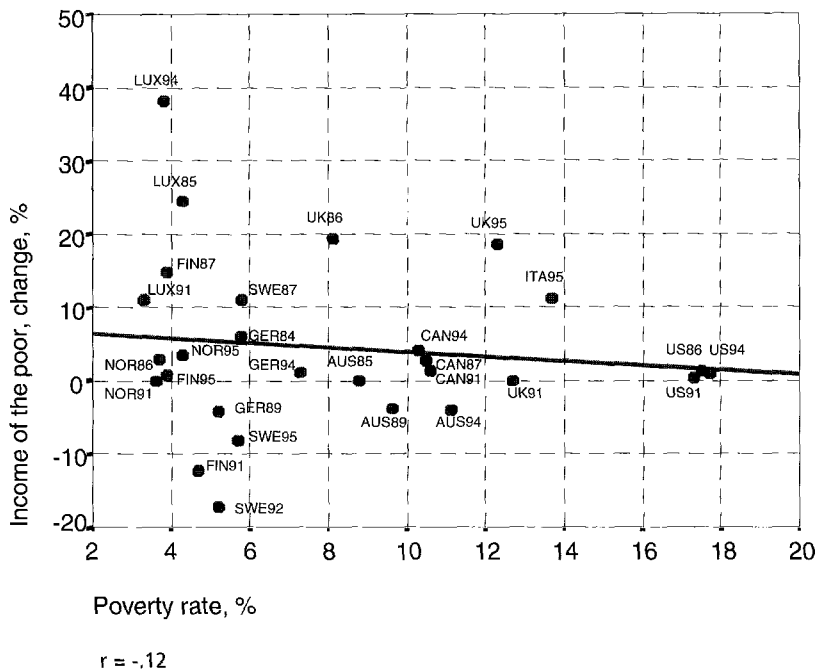
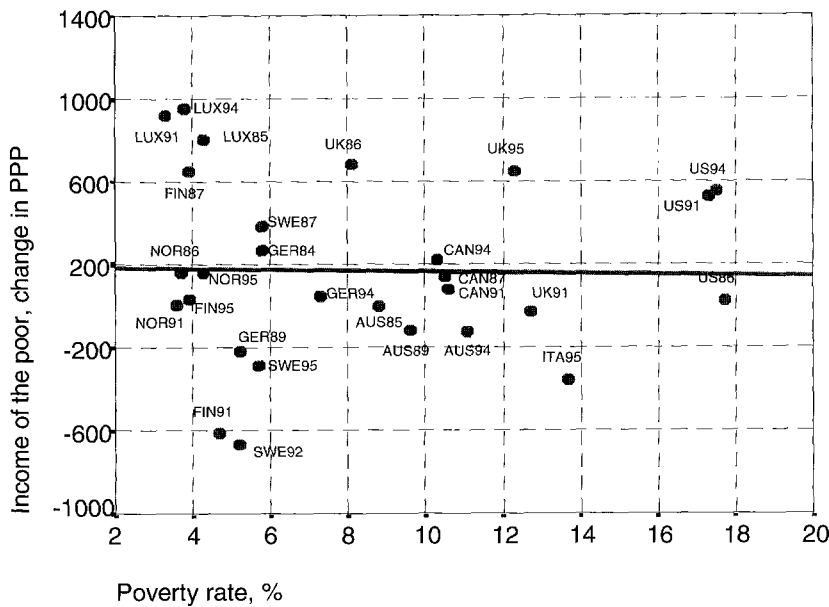


Diagram 1 does not lend much support to the hypothesis that a higher incidence of poverty is linked to bigger improvements in the livelihood of the poor. Correlation between the variables is negligible. As is evident from the diagram, Luxembourg is a deviant case that may determine the direction of the relationship. Indeed, the exclusion of Luxembourg turns the relationship to slightly positive (r for PPP = .19 and r for the percentile change = .42). However, if we exclude the Luxembourgish case, Finland and Sweden in the 1990s became outliers, and the simultaneous removal of these two influential observations with Luxembourg will bring the coefficients back to their initial level. In sum, it is hard to apply the difference principle to motivate higher poverty levels.

Economic tide and the position of the poor

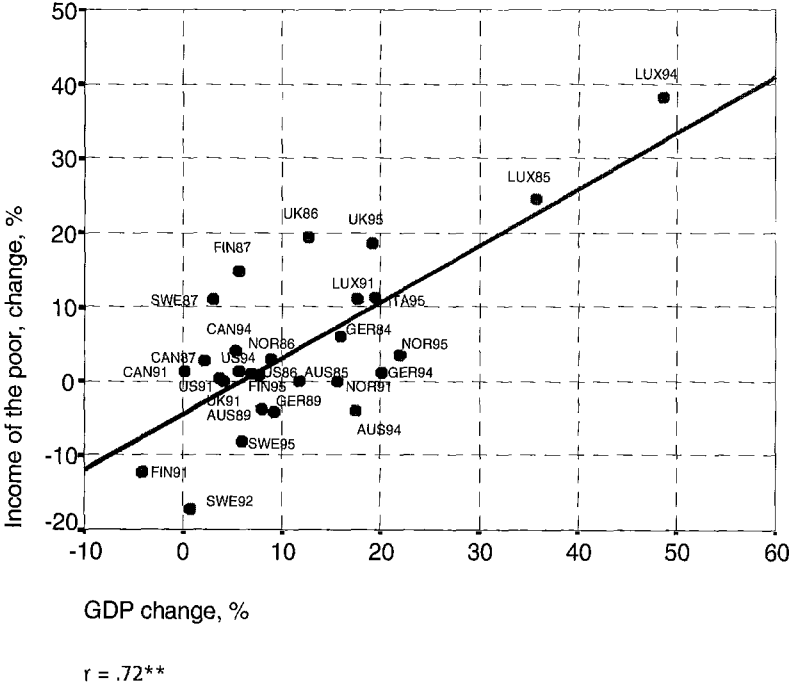
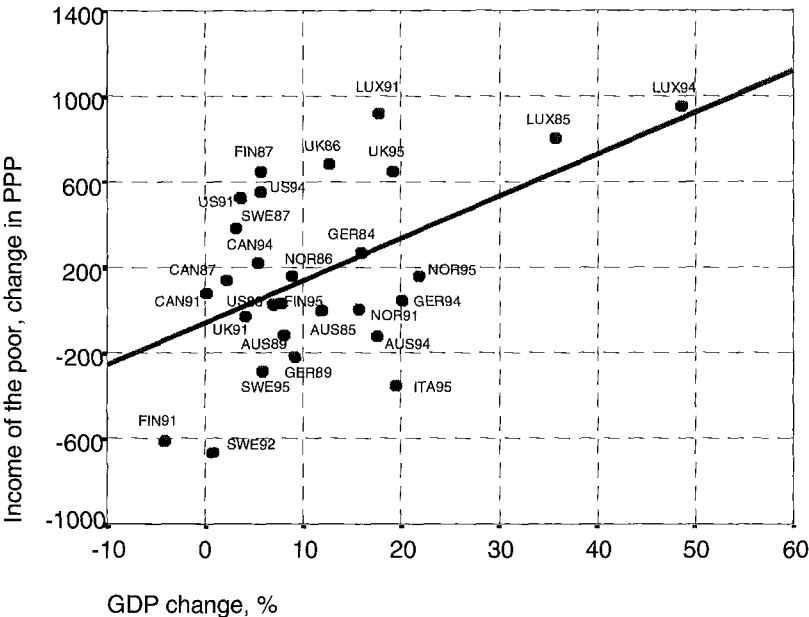
The emphasis in the trickle-down theory and difference principle is on the dynamic changes or increases economic growth causes in the income level of the poor. In order to evaluate the validity of the theory, in the subsequent section we will concentrate on the impacts of economic growth upon the economic well-being of the poor. The economic tide is operationalized as the growth of GDP in a given period of time (diagrams 2-3). The economic indicators are derived from OECD statistics (OECD 1987). The effects of the tide are also measured as changes of the medians for the poor (diagrams 2-3) and of the median income for the total population (diagram 3).

The analysis is based on absolute and percentile changes. Numbers after country labels pertain to the period under inspection; e.g., SWE87 refers to changes in Sweden during the period of 1987 - 1992, SWE92 to 1992 - 1995, and the third label SWE95 to 1987 - 1995. The labels for the other countries are interpreted in an analogous way.

Both pictures in diagram 2 indicate that the improvement in the position of the poor is highly dependent on the overall economic growth. If the economy is growing, the income level of the poor will increase more rapidly than during an economic downturn. This is true both in absolute and relative terms. The economic development has been rapid in Luxembourg and consequently, the poor there have improved their lot much more than in any other country included in our study.

At the other end of the continuum we find Finland (1991) and Sweden (1992), where the economic performance was very bad and the deterioration of the lot of the worse off was most severe. However, there are some deviations from the general pattern. For example, in Finland (1985), Sweden (1997), and in the U.K. in 1986 and 1995, the economic growth gave more to the poor than more rapid economic growth did in some other countries. This is in line with what was said above about the relationship between the median income of the poor to the GDP per capita: in some countries (in Canada, Finland and Luxembourg) the poor are getting more of the national wealth than the poor in some other countries (in Australia and the U.S.).

Diagram 2. The growth of the GDP and the change of the median income for the poor



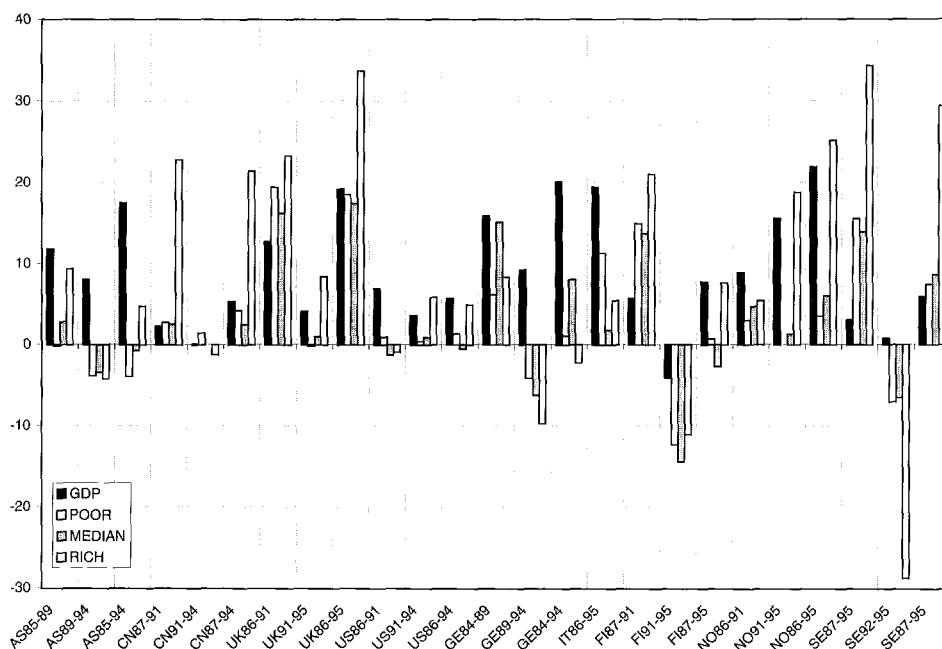
Because of its extreme values Luxembourg again is an outlier that determines the strength and the direction of the relationship between the variables. Indeed, the exclusion of Luxembourg will weaken the correlation but the exclusion does not change the direction of the relationship ($r = .19$ for the growth and PPP change; $r = .42^*$ for the growth and percentile change). Precisely in the same vein as in the previous correlations, the exclusion of Luxembourg indicates that we also have to omit Finland 1991 and Sweden 1992. If these two cases are omitted from the analysis the correlations turn out to be non-significant (r for PPP is $-.12$, and for percentile change $.22$).

We could then read at least two contradictory stories from Diagram 2. The first one, based on the sample of all countries, speaks in favor of the tide hypothesis. The flow is necessary to lift the poor boats, while the second story, based on a smaller sample, hints that economic growth is not that important. Histories from national experiences, especially from Finland and Sweden, give more evidence to the former story: the economic ebb will also sink the poor boats. The results are very much in accordance with cross-sectional results from Tables 1 and 2. Economic growth is necessary to improve the income level of the poor, but it is neither enough nor the whole story. The lifting capacity of the tide may vary between nations. In some countries economic growth may benefit some sections of the population, whereas in other countries some other social groups are taking the money.

In Diagram 3 we try to visualize the interplay between the economic growth (changes in real GDP per capita), the increase of the income level of the poor and rich, and the median income of the total population. The bars in the diagram represent changes in these three variables. The longer the bar above the zero-line, the more rapidly the medians or the GDP have improved, and similarly, the longer the bar below the zero-line the more severe the decline in median incomes. The first group of bars for each country represents growth in the late 1980s, the second one in the early 1990s and the last one depicts changes over the whole period.

A couple of interesting patterns can be distinguished. First of all, the Luxembourg case is extraordinary – even so extraordinary that it is omitted from the visual presentation (This is mainly for scale reasons. If the high Luxembourgish growth rates had been included in the figure, they had flattened bars for the other countries and the whole point of the bar diagram had been nullified.) All economic indicators exceed indicators for the other countries. In Luxembourg, there is a slight tendency that the poor are lagging behind the average, but nevertheless, the position of the poor both in relative and absolute terms have improved more rapidly than in any other country. Luxembourg, perhaps better than any other nation, fulfills the Rawlsian difference principle. The improvement of the lot of the best off has also improved the lot of the poor.

Diagram 3. Growth (%) of GDP and changes (%) in the median for the total population, median for the poor, and median for the rich



British development has also been positive, and in fact, the U.K. is the other country that to some extent supports the trickle-down theory: in the U.K. relatively high poverty rates (as displayed earlier) are attached to rapid GDP growth (with the exception of the early 1990s), improvements in the median incomes and the position of the poor.

In Australia, the USA, and to some extent also in Norway, the GDP growth has not improved medians that much. Especially in Australia and Norway, the economic flow has been strong but the boats have not been lifted at the same pace. In Norway smaller fishing boats are lagging behind the fancy cruisers. In the North American countries, increases in the GDP and medians have been slow or even negative. In Canada, the improvement of the position of the richest stratum has been quite satisfactory.

Since the Northern American countries have often been portrayed as "American job machines" and examples of successful employment policy, the situation is somewhat surprising. To exaggerate a bit: the Americans are working hard but that hard work does not create growth, whereas the Europeans have not been that successful in creating full employment but nevertheless the economic growth has

been as good as in the U.S. In Europe, there is growth without employment, whereas in the U.S. there is employment without growth.

Germany also displays strong economic growth but the position of the poor has not improved, while the median for the total population has increased somewhat during the late 1980s and from 1984 to 1994.

Finland and Sweden form their own interesting group. The economic recession hit these countries most severely and the effects of the economic ebb can be seen in the decreasing median incomes. Up to the early 1990s the poor in these countries did pretty well in comparison to other groups and during the recession the relative position of the poor did not deteriorate that much. Here our finding is to some extent contradictory to some other results (Heikkilä et al. 1999) arguing that in Sweden the recession hit more severely the poor than in Finland. In Sweden, the greatest losers seem to be the rich, but on average they had maintained and even increased their lead from 1987 to 1995.

In Finland, despite the fact that the median for the poor decreased during the deepest recession of the early 1990s, the income level of the poor in 1995 was about the same as it was ten years earlier (see also Heikkilä et al. 1999). Moreover, the poor managed to maintain their income level as well as the population on average, while the contrary is true for most of the other countries. However, on average, the rich managed to go through the recession smoother than other groups and their income in 1995 is clearly higher than it was in 1987. There are also indications that the rapid economic growth during the latter part of the 1990s has changed the picture: now the flow has lifted the best boats, while the poor are left behind and consequently, income differences in Finland have increased and they are back at the level they were 25 years ago (Uusitalo 1999).

Discussion

The aim of the paper was to try to evaluate from the Rawlsian perspective how just or unjust the societal development in a number of OECD countries has been. The main conclusion was that it is very hard to justify social inequalities by referring to their beneficial effect on the poor. The absolute level of the well being of the poor is not higher in countries with higher poverty rates, neither is their position improving more rapidly than in countries with smaller inequalities.

The trickle-down theory is correct in that the flow lifts boats and the ebb sinks them, but the tide does not necessarily affect all boats similarly. There are huge national variations in the lifting capacity of the tide and the capacity depends on the national set-ups of social policy programs (see, e.g., Björklund & Freeman 1997; Korpi & Palme 1998).

The survey presented above is very preliminary and tentative and it suffers from a number of problems. First, our comparisons say nothing about the composition of

the poor in different countries. We don't know who the poor are. On the basis of previous studies (e.g. Kangas & Palme 1998) we know that the incidence of poverty in the Nordic countries is highest among the age bracket 18-25. In some countries (especially in the U.S. and the U.K.) families with children and the elderly are most exposed to poverty. It is the task for future studies to figure out in which way the incidence of low income has changed during the ebbs and flows in different countries. Particularly from the perspective of social justice, it is important to study to what extent poverty is only a transitional phase e.g., for young people or to what extent it is a long lasting fate for certain groups of people (Hedey et al. 1997). In the former case an increase in the poverty rate would simply indicate that there are more young people studying and therefore having low incomes, whereas in the latter case, elements of social injustice may be involved. During the economic high tide some boats seem to float nicely, whereas some boats have been desperately fastened in mud and for those the tide is just not enough.

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Economics: Regional Aspects and Unemployment Dynamics

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- 1. What is happening to economic inequality in Finland during the 1990's?**

What is happening to economic inequality in Finland during the 1990's?



Marja Riihelä, Government Institute for Economic Research
marja.riihela@vatt.fi

Risto Sullström, Government Institute for Economic Research
risto.sullstrom@vatt.fi

Matti Tuomala, University of Tampere
ktmatuo@uta.fi

For a long time in the post war period in many industrialised countries income differences were gradually declining. This was just as Kuznets (1955) hypothesised that, following an initial widening of the income distribution, income differences in advanced countries would move towards greater equality. The recent experience from the beginning of the 1980's shows that the process described by Kuznets has gone into sharp reverse in many advanced countries. Income inequality did not, however, increase in all countries, included Finland, in the 1980's. Moreover, income inequality in Finland was lowest in OECD countries in the 1980's. The most interesting questions are what happen in the 1990's when Finland was forced into the deep recession and how the Welfare State got out of the situation. Can we say that the trends of inequality in past have changed?

Figure 1 shows what has happened to the Gini coefficient in Finland between 1966 and 1997.¹ Three periods can be distinguished from the figure. The first, between 1966 and 1976, saw a very remarkable fall in inequality of disposable income. The inequality remained almost constant until the turning point in the beginning of the 1990's. Inequality of consumption fell too, but not so hasty than income. It was lowest in the previous recession of 1976. Since 1981, after the recovery, the Gini coefficients of consumption stayed constant to 1990.

Since then, from the beginning of the 1990s, there is little doubt that income inequality has increased. Figure 1 supports this suspicion. Inequality, measured by the Gini coefficient, has significantly increased from 1990 to 1997. Both data estimates confirm this result. Inequality of consumption fell from 1990 to 1994 and began again to increase together the recovery. The summary of the main points are given in Table 1.

¹ There are two data behind the estimates, the Household Surveys in 1966, 1971, 1976, 1981, 1985, 1990, 1994-1996, and the yearly Income Distribution Statistics in 1990-1997. The consumption estimates are given only to the years of the Household Surveys. The adjustment for household size are carried out by transforming income and consumption series by the so called OECD units in which the first adult in a household has the weight one, additional adults after the first have weights of 0.7 and children 0.5. The population estimates are weighted by the household specific size and sampling weights.

Figure 1. The Gini coefficients in 1966 - 1997

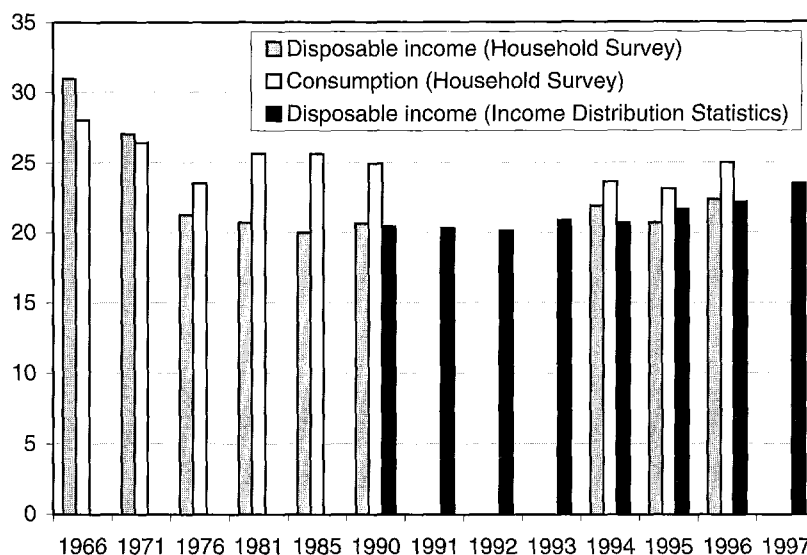


Table 1. The Gini coefficients in selected years

	Year	Household Survey			Income Distribution Statistics		
		Gini	Std	ΔG^1	Gini	Std	ΔG^1
Consumption	1966	27.96	0.45	3.01	..	..	..
	1990	24.95	0.27	0	..	..	..
	1994-96	23.93	0.29	-1.02	..	..	..
	1997	..	..	..	..	..	..
Disposable income	1966	30.98	0.53	10.33	..	..	..
	1990	20.65	0.30	0	20.43	0.20	0
	1994-96	21.69	0.44	1.04	..	..	..
	1997	..	..	..	23.50	0.42	3.07

¹The differences of the Gini coefficients (ΔG) from 1990 are statistically significant at 1% level.

Average real incomes have grown significantly since 1994, but at the bottom of the scale there has been little or no rise in real income, whereas top incomes have risen a great faster than the average. This rise of income inequality is departure from the pattern of previous decades in Finland. The trade-offs in the sample years between the Gini coefficients of disposable income and consumption with the real average (OECD unit weighted) disposable income (1990=100) are given in Figure 2. We see that 1966 to 1990 the trade-off was decreasing: means increased and the Gini coefficients decreased. But the situation changed in the 1990's. Figure 3 describes

this. The curve describes the trade off between the Gini coefficient and mean (1990=100) of disposable income. Starting from 1990 the curve of mean first increase with a small fall in the Gini coefficient. The mean index was lowest in 1994 while the Gini coefficient was close to its 1990 level. After that the recovery has happened with increasing means and increasing inequality opposite to the development from 1966 to 1990. The trade-off between median and the Gini coefficient supports the conclusion. We have also find that the distribution of income has become more skew to the right.

What can explain this rise in inequality? Why has the previous trend been reversed? There are strong grounds for believing that the rise in income inequality in Finland in the 1990's was associated with a fall in the proportion of households with income from work. According to the Household Survey, the largest source of household income comes from work (=labour income plus entrepreneurial income) over the period considered. Between 1966 and 1997 there was a declining trend in the importance of work. Most importantly between 1990 and 1994 there was a significant reduction in the proportion of household income from work, resulting mostly from unemployment.

Figure 2. Trade-offs between the Gini coefficients and real disposable income in 1966 - 1996

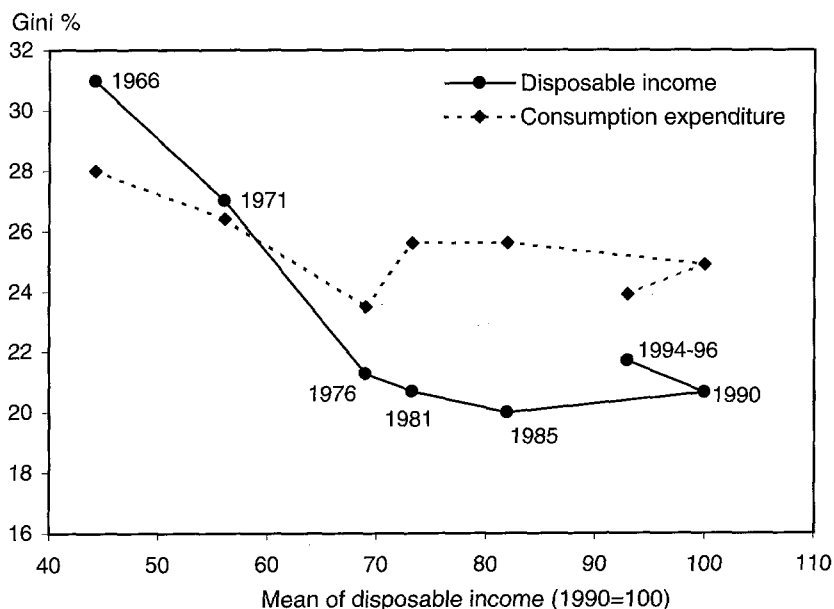
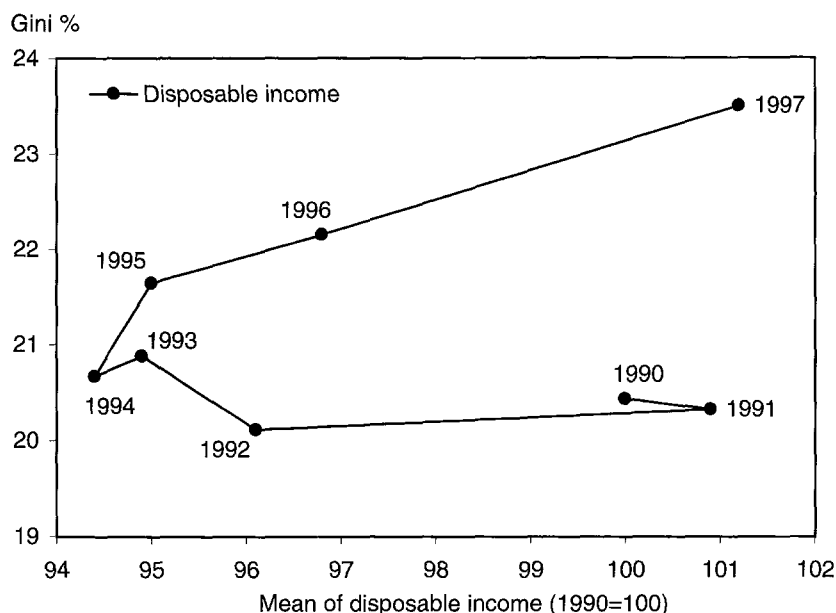


Figure 3. Trade-offs between the Gini coefficients and real disposable income in 1990 - 1997



This paper is an introduction to our work that is going on and where we are concerned in particular with the economic circumstances of people who do not work versus those that do. If we look at the distribution of earnings, we observe great inequality. There is considerable inequality not only those who belong to the labour force, but there are large number of people without any labour income. People without labour income may still have a reasonable standard of living. The reason is not only that we have welfare state programs but the consumption is not only determined by current income, but also by past and future income. The distribution of lifetime income would almost by definition shows less inequality than that of annual income. These are important considerations in assessing consequences of the deep recession we experienced in Finland in the 1990s.

It is clear that if we are concerned with inequality, what really matters is not the distribution of income per se, but the distribution of the standard of living between individuals and households. At a more general level we can raise an important question what is precisely the difference between income inequality and economic inequality. As has been argued most notably by Amartya Sen (1997) the distinction is of considerable importance for economic practice as well as economic theory.

"Income is, of course, a crucially important means, but its importance lies in the fact that it helps the person to do things that she values doing and to achieve states of being that she has reasons to desire".

There may be substantial differences between the income-based view and non-income indicators of quality of life. In particular inequality comparisons will yield very different results depending on whether we concentrate only on incomes or also on the impact of other economic and social influences on the quality of life. For example, it may be so that an over-concentration on income inequality alone has permitted greater social and political tolerance of unemployment in Finland or other European countries that cannot be justified if we have a broader view of economic inequality.

Standard of living is not an easy concept to make empirically operational. It clearly depends on the level of consumption of private goods, on the supply of public goods and publicly provided private goods such as education, health care and social services. There is no single, correct way of measuring the standard of living. Therefore both income and expenditure inequality need to be considered in forming a comprehensive view of inequality. The majority of empirical studies concentrate on income as the primary measure. In most cases this reflects the availability and reliability of data. Nevertheless, there are a number of important insights that can be gained by looking at expenditure as well. This is why we focus on both income and expenditure inequality.

We employ a decomposition analysis of inequality by income(expenditure) source and by population groups to understand and explain particular aspects of economic inequality in Finland. Making use of decomposition allows answers to questions as how much is contributed to inequality by different population groups? and how much is contributed by different income(expenditure) sources? There are numerous ways of decomposing the population to reveal its constituent parts and their contribution to the overall picture of economic inequality. The choice of categories for decomposition will be determined by the object of the analysis. Because our main aim is to explain how the shift from work has affected economic inequality turned out to be very useful to consider two categories, those in work and those not in work.

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Table 2 Data in the Figures 1-3

Year	Disposable income ¹			Disposable income ²			Consumption ¹		
	Mean	Median	Gini	Mean	Median	Gini	Mean	Median	Gini
1966	44.2	41.2	31.0	..	..	..	49.6	47.6	28.0
1971	56.1	53.8	27.0	..	..	..	60.4	59.9	26.4
1976	69.0	70.4	21.3	..	..	..	70.4	72.8	23.5
1981	73.3	75.5	20.7	..	..	..	76.9	77.8	25.6
1985	82.0	83.9	20.0	..	..	..	86.7	87.9	25.6
1990	100.0	100.0	20.7	100.0	100.0	20.4	100.0	100.0	24.9
1991	..	..	..	100.9	101.6	20.3	..	..	..
1992	..	..	..	96.1	96.1	20.1	..	..	..
1993	..	..	..	94.9	93.5	20.9	..	..	..
1994	91.7	89.5	21.9	94.4	93.4	20.7	92.6	94.3	23.6
1995	92.1	91.7	20.7	95.0	92.8	21.6	95.0	96.6	23.1
1996	95.0	92.7	22.4	96.8	94.7	22.2	97.1	96.7	25.0
1997	..	..	..	101.2	97.8	23.5	..	..	..
1994-96	93.0	91.3	21.7	..	..	..	94.9	95.5	23.9

¹ Household Survey, ² Income Distribution Statistics

Economic Sociology: Women's Entrepreneurship

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- 1. Women's entrepreneurship
- crisis management and
survival strategies**
 - 2. Women's entrepreneurship
- trends and developments
during the 1990s recession**

Women's entrepreneurship - crisis management and survival strategies



Guje Sevón, Swedish School of Economics and Business Administration
guje.sevon@shh.fi

The economic recession was most serious in 1991 - 1993 in Finland than perhaps in any other Western industrial countries since the Second World War. The GNP declined by about 11.5 %. The number of employed decreased with 18 % to the beginning of 1994 and the unemployment increased to more than half a million Finns. Interesting, though, Finnish women's self-employment and entrepreneurship have increased, and new forms of businesses have emerged during the recession. However, very little is known of this development of women's entrepreneurial activities in Finland during the recession. The project studies the various aspects of the phenomenon of women's entrepreneurial and professional actions, conditions and contexts as well as self-employment during recession and periods of crises and transformations.

The recession of the 1990s did not only change the structure and nature of paid employment but also the structures, forms and ways of how self-employment and entrepreneurship became important in society, not only in Finland but also elsewhere. While we know of the development in women's self-employment during the 1960s and 1990s in Finland, the development during the recession period is to large extent unknown. Therefore, this project examines the emergence of these new, to large extent unknown trends in self-employment and entrepreneurship and discusses them in relation to changes in the employment and societal arrangements concerning the welfare state, gender and employment contracts.

Part of the study is devoted to the understanding of how people can be supported to start their own businesses, as entrepreneurs. A basic assumption is that changes in people's life-situations seem to require re-definitions of social identities. Hence, we look at the process of identity construction and more particularly on the process of how identities are transformed and new entrepreneurial identities constructed after a period of unemployment. However, as there seem not to be a definite understanding of the concept entrepreneurial identity, the study will likewise explore meanings of entrepreneurial identities. For women in male-dominated contexts, what becomes crucial is how a women's professional identity is combined with male identity of the work organization. Consequences of a clash between

individual and context identities for creation and change of identities of individuals and work organizations may influence the practice of women. We are searching for the creation of possible hybrid identities, and consequences of multiple individual (and marginal) identities for the individual to act as a professional person. One point of departure is that there are reasons to believe that a multiplicity rather than one of marginal identities in some conditions makes the professional work easier as it may confuse the institutionalized order of interaction.

Public discourses about female entrepreneurship offer individuals symbolic and linguistic resources for entrepreneurial identity construction. During the 90's entrepreneurship has gained a lot of media coverage in general and along with the boom also women business owners and women starting their own have attracted more publicity than before. It is typical for the coverage that women are explicitly treated as gendered entrepreneurs compared to other, seemingly genderless, entrepreneurs. We assume that representations of women entrepreneurs in public discourses are sites where gender is constructed and where meanings of gender are interwoven with meanings of entrepreneurship and professionalism. Our aim is firstly to reveal how gender is constructed in the media representations of female entrepreneurship and secondly what kinds of representations of women's entrepreneurship and professionalism are enabled by the emerging gender constructions.

Another important part of the project is to study the management/entrepreneur's role in surviving enterprises. The focus is on the crisis management in knowledge intensive SME's that survived the recession. The interest in knowledge intensive organizations, as for example management consultancy and educational organizations, stems from the fact that these were among the first to cut down costs during the recession, and thus they can be assumed to have been severely struck. These particular organizations are also interesting due to the fact that their produced and sold service is dependent on the knowledge of the workforce. Lay off of personnel would, hence, be a short-sighted solution to cutting costs. An alternative solution to the crises would be to engage the personnel to participate in the survival strategies of the firm. A starting point is that leadership style and communication as well as the organizational structure are important factors for maintaining a highly educated and motivated employees during crises. An important question is whether management style and communication has been similar in organizations in crises led by male and female managers/entrepreneurs. Furthermore, how is management able to both teach and learn from the employees through, among other, an open and multi-dimensional dialogue? Is an open communication of a dialogue type possible during times of crisis, or will a management style and communication change into more centralized authority during such a crisis?

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Anne Kovalainen, Swedish School of Economics and Business Administration
anne.kovalainen@shh.fi

Introduction

The widespread view concerning the structural change in the Finnish economy is that not only the nature of employment, such as length and duration of employment contracts but also the relationships between employment and self-employment have changed. While there is relatively much knowledge of the changes in the economy as measured with the decline in the GDP and rising unemployment, we know relatively little of the various coping mechanisms of the working life during the recession. I am not referring here to individual psychological coping mechanisms but to those more indirect, structural ways of job creation, of which entrepreneurship has become to mean one of the solutions in lack of the paid employment opportunities. As we by now have information of the changes in employment, a crucial question remains to be asked, to what extent have these changes concerned work arrangements at the public sector, and to what extent other new arenas for flexible work arrangements have been opened up.

The literature concerning the effects of the economic crisis has to large extent focused on the effects of the crisis, e.g. to income transfers, changes in the expenditure structure of the welfare services, regional aspects and the unemployment effects, some most important ones to mention. So far, less is known of the context and changes in the labour market arrangements, especially the relationships between paid employment and self-employment. In general, the pattern of full-time lifetime employment has changed as the nonstandard work arrangements, such as independent contracting, short term contracts, working for temporary help agencies, part-time work and self-employment, are growing more prevalent. The reasons for the growth of the nonstandard employment are still in dispute but the prevailing view is that demand is the primary factor for the growth.

We know from the development of entrepreneurial activities from earlier decades that the development of entrepreneurial activities follows closely to the general economic and societal development, and is thus country-specific.¹ It has been

¹ As a percentage of total employment self-employment varies in industrialised countries, ranging from c. 10 % (Canada) to c. 30 % (Italy) in the 1990s.

suggested that the broader category of "flexible work" takes different forms (self-employment, temporary work, part-time work) depending on the countries' labour regulations and fiscal arrangements (Kovalainen 1995). Some researchers (e.g. Castells 1996) have formulated a hypothesis that even if the majority of the labour force in the advanced economies are under salaried conditions, it is the diversity of the levels, the unevenness of the process and the reversal of the trend in some cases, that calls for a differential view of the patterns of evolution in occupational structure by sectors. It does seem probable, that as the networking and flexibility become the main characteristics of the new industrial organisations, with increasing outsourcing, and as new technologies make it possible for smaller units to be effective, we will be witnessing a resurgence of self-employment in various forms.

Theoretical threads and empirical viewpoints

Even if we would know the general trends for employment patterns during the economic crisis, less is known of some aspects of the effects of the recession. By this I mean the effects of the recession especially on the changes within the gender order and gender contract in Finnish society. The present gender contract in Finland, as well as in other Nordic countries, is structured around the very fact that women constitute the majority of the public sector paid employment, which in Finland means by and large full-time work, but e.g. in Sweden less so. Occupational groups belonging into health care and other social services, such as child care and care for elderly, education, etc. are among the largest occupational groups. In the Nordic context, the changes in the state service provision already implemented inevitably alter the basis of the employment structure for women. My intention in this part of the project is to address the question of what will happen to women's work and to typical full-time public sector employment when new forms of work, that is self-employment, come into the picture. This is closely related to the basic structure of the existing Finnish gender contract, and to current and increasing changes in the welfare state structure triggered by the economic crisis.

I will include in these changes mainly the restructuring of welfare services from the state model into various mixed-economy models, where the purchaser of the services is not the same as the service provider. The quasi-marketisation of the welfare services affects women at many levels: as 'consumers' of welfare services, as employees within the welfare sector and as new private providers of these services. The ongoing changes undoubtedly affect the gender contract in society as well, by influencing the employment structure, the structure of service provision and qualifications within the welfare services employment. The inherent problem with the theoretical framework related to the quasi-market discussion and 'the mixed economy of social welfare' -discourse is the theoretical neglect of gender, which will be addressed in this subproject as well.

Diversification in employment patterns for women is bound to change the nature of women's employment position in society, and will result in different kinds of outcomes for women, who cease to be homogenous group at the labour markets. The nature of the present gender contract in Finland, which is based on clear divisions, and above all, on women's high and homogenous participation rates in full-time employment, especially so at the public sector, could be facing major changes because women enter different employment positions in growing numbers. Will the gender contract change and what are the visible signs of it? The project will focus on some sectors and look at the major changes with the help of the empirical material. It may be obvious that the change takes place gradually: the current development has so far created differing positions for women in welfare service employment and has thus lead to pressures for renegotiating the present Finnish gender contract anew (Kovalainen 1999). The main basis of that contract will undoubtedly lie in women's paid employment but the variety of development in employment positions for women may result in differing and even contradictory needs in contract making and in the ultimate weakening of the negotiating position of women in future gender contracts.

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Media Research

1. Media coverage versus citizens' response

Media coverage versus citizens' response



Ullamaija Kivikuru, University of Helsinki
ullamaija.kivikuru@helsinki.fi

The title already reveals the core of the project of the Department of Communication, University of Helsinki. We focus on the Finnish economic crisis of the 1990s from a citizen's perspective and hence cannot avoid the media, which form quite an essential part of an 'ordinary person's' life in present-day Finland. The mediascape (Appadurai, 1995) provide an arena for various social forces, but it also frames the issue for the ordinary people.

Still, we do not assume that a citizen accepts anything presented by the media agenda, because the experience of the economic crisis on the individual level might be totally or partly different from that offered by the media. It might well be as the case was in a previous study on the Finnish EU publicity, done partly by the same group: the issue, presented as a national issue on the national level tended to slip away from a far more concrete life experience of ordinary citizens. In that case citizens claimed that the economic crisis they were experiencing on the individual level was far more relevant and important for them than a potential membership of the EU. (Kivikuru, 1996.)

The economic crisis touched the Finns on several levels, national, regional and individual. We consider the Finnish economic crisis in the 1990s as a test case for democratic activity. Have citizens during the early 1990s been able to operate actively to form a public sphere, or have they been "audienced", simply made into groups that either suffice to receive information fairly passively or feel totally marginalized from social activities?

The aim of the project is study both the public and general opinions about the economic crisis. By public opinions we mean opinions referring to assumptions and opinions expressed by the public, that is large -- organised or non-organised -- groups of citizens. We assume that the public opinions are far from uniform; they rather resemble a mosaic. The underlying assumption is that what will be found is something similar to the modular man (Gellner, 1987), a citizen still carrying traits of steady, unifying national identity, but equally characteristics of conflicting and passing

loyalties. These loyalties rarely but occasionally reflect social class, but more often family and peer groups, locality, globality, gender, profession, and age. We assume that some of these loyalties are under continuous change, while others are very stiff. This dimension we try to catch partly by analysing polls and interviews of individuals assumed to reflect more general traits of thinking, but partly also by analysing the reflections of such values as locality in media contents focussing the economic crisis (Moring). We also plan to study the rollercoaster attempts of organised publicity efforts, trying to even up the financial ups and downs of enterprise operations (Åberg).

General opinions refer to opinions expressed by the media. This dimension we try to touch with content analyses, quantitative as well as qualitative. Our starting point was that the general opinion about the economic crisis is considerably more uniform than the public opinion, and the first results in this area seem to give support to such thinking (Parikka, Valtonen).

We thus accept as our basic line of thinking the reasoning of the French lawyer and psychologist Gabriel Tarde (1869/1898), who wrote extensively - but admittedly quite heuristically also - about participatory democracy. According to him, participatory democracy is made possible first when the politics, administration, institutions based on representative democracy and voluntary associations of citizens are linked together with the help of the media and the public space. According to Tarde, public opinion became feasible first with the media, that is when large numbers of people met the same information either via the media or individuals which have received the media information and operated as opinion-leaders by discussing these topics with others.

Tarde's ideas are by no means unique; several classics of communication research base their argumentation on similar ideas. What differentiates Tarde from the rest is the minimal volume of normativeness embedded in his thinking. He anchors his reasoning in everyday life, discussions in such public spaces as coffeehouses and market places. Tarde emphasises the need for regulation and control, but also entertainment, joy, and pleasure. He does not make a clear-cut differentiation between information and the profane. It is exactly here where Tarde departs from another classic of our field, that is Jürgen Habermas. Habermas is far more normative and formal than Tarde, though they share most of each other's grand ideas. In one particular sub-project (Aslama), we plan to reach the combination of information and pleasure; in another (Kantola), the sphere of various elites.

The study thus includes several sub-projects, which focus on both media contents and citizen discourses (Aslama, Kivikuru). Citizens are approached both via opinion polls and theme interviews; furthermore focus group interviews using memory talk methods will be tested (Parikka).

We wanted to study the struggle of various social forces in the media and hence a longitudinal approach was required. We study media contents of 1988-97, the

mainstream media throughout this ten-year period, alternative media primarily around certain "breaching points" of discourses found out by the analysis of the mainstream media. It was necessary to include in the study both mainstream and alternative media, national as well as local, because we wanted to catch both dominant and deviant discourses. Alternative voices might become significant especially during such breaches, change phases of public discourses. The poll material runs through the same years, while the theme interviews have so far been carried out in 1994 and 1999, and additional interviews will be held in 2000. Theme interviews focus on ordinary citizens from several locations as well as national elites, media and publicity professionals.

It is the mediascapes we are after; that is both media structures and contents together. We do not assume that particular type of structures produce particular types of contents, but there does exist a link between the two. Accordingly, we have to study also changes, which have taken place in the mediascape itself, and in fact the Finnish media structures have gone through radical changes within the 10 years studied. The Finnish media have always been quite eager to accept innovations and hence the new technology has conquered the field in different forms, but there have also been changes in media ownership and basic production practices. It could even be said that a kind of "new deal" has taken place in the mediascape. The regional press has weakened, while the electronic media have strengthened with a new TV channel. Both on the Finnish and Swedish side of radio broadcasting, a drastic new channel design has been accepted. In general competition between various channels and media companies has become harsher during the ten-year period studied for this purpose.

Two partly contradictory comments deserve attention here. First it should be reminded that still the print media still dominate the field quite strongly in Finland. About the annual turnover, only one-third comes from the broadcast side. On the other hand, from a receiver perspective, one can say that towards the end of the sample period, Finnish receivers did have a chance for such a strengthening of space and weakening of place which many researchers of time/space contradiction talk about. In any case the reception side of the mediascape has become far more fragmented than before. Still in the beginning of the 1980s, it was possible to reach practically the total population with the 8.30 PM television news bulletin. Now such coherence is impossible. Simultaneously, media consumption has increased considerably. By the late 1990s, an average Finn spends more than 8 hours daily with the media, but a relatively extensive proportion of this time is "tapestry reception". The receiver does not pay much attention to the media presence, but at particular moments such as during news bulletins, s/he becomes more alert. The relationship of the media and the receivers has become more superficial, but still it is steady in the sense that most newspapers and journals are subscribed to and television licences paid on an annual basis.

In the course of the exercise, even a new mode of communication has caught our eyes: online discussions provided nowadays almost by all media. Quite often a media product only serves as a point of departure for this new form of mediated discourses.

At the first phase, the researcher group has approached the multitude of materials via a quantitative approach, and the focus during the first year has been predominantly on media substance; the time of both qualitative studies and especially receiver studies will come first at the second phase. In the following, the five doctoral students (Aslama, Kantola, Moring, Parikka & Valtonen) working for the project give their individual accounts of how far they have come during the course of the first year. It should be reminded, however, that two of them (Aslama, Kantola) have hardly started their work for the project, because their "time slots" begun just recently.

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Religious Communities and Recession Survival Strategies

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Church and social studies , practical theology and theological ethics and philosophy of religion



Eila Helander, University of Helsinki
eila.helander@helsinki.fi

Religious communities have played a part in helping people to survive in the recession and to manage its consequences. The help provided by the religious communities is not only material. It includes also the mobilization of mental and spiritual resources. The economic crisis has also brought up the question of what ethical principles and problem solving patterns are guiding society's decisions.

The aim of this project is to study the role of the religious communities in helping people to survive the personal crises caused by the recession, and the alternative actions people resort to in related problem situations. This will be examined from the viewpoint of sociology of religion, practical theology, and theological ethics and philosophy of religion.

The project consists of seven studies. One of them maps out the mental and spiritual distress caused by the recession. Three in depth studies focus on the changes and problems caused by recession in individual lives and on people's various survival strategies. The economic crisis has created certain gaps in the social welfare system, and various religious communities have been attempting to meet the needs created by these gaps. One of the sub-projects focuses on this area. Two studies aim to chart the changes, which have taken place in the ethical thinking in Finland due to the recession and to design ethical guidelines for the future.

Pastoral care and counselling as means of helping reception victims



Paavo Kettunen, University of Helsinki
paavo.kettunen@helsinki.fi

The purpose of the present study is to examine the ways in which the pastoral care given by diaconal workers of the Church has responded to and helped in the distress caused by the economic crisis. The study pays special attention to the extent to which diaconal work has succeeded in giving pastoral help. Also, it asks whether this traditional function of diaconia has perhaps been discarded. Hypothetically, economic support may either have advanced or inhibited the realization of the pastoral function of diaconia.

In key position are such issues as: The effect of economic aid given by diaconal workers on the pastoral function of diaconia; the quality of help clients expect to receive from their parish and their experiences of having been helped; the characteristics diaconal workers consider central in their work and their experiences of being able to help; job perseverance.

The aim is to collect the source material from both diaconal workers and their clients. The survey subjects are five parishes from the Diocese of Helsinki. The diaconal workers concerned are requested, during one month, to give all their clients a questionnaire inquiring about their reasons for contacting the worker, the nature of help received, and their experiences of having been helped. Based on their answers, a portion of the respondents are invited to a thematic interview. To assure an adequate diversity of the source material, the selection criterion is the nature of the distress and anxiety expressed.

The diaconal workers participate by writing an essay (framework story). The themes of the essays include questions concerning their successes or failures as pastoral caregivers, how they cope with work pressures, and the objectives they have set for their work. If necessary, the diaconal workers are invited to personal interviews at a later stage.

The survey parishes were selected in spring 1999, and so far one meeting of the diaconal workers has been arranged. The study will be carried out in October 1999. In early November 1999 all of the diaconal workers are meeting again. On this occasion their experiences of their client contacts during the survey month are collected by the written essays.

In early November 1999, from 15 to 20 diaconal clients will be selected for the thematic interviews, which will be conducted by students of the Diaconia Institute in November 1999.

The aim is to simultaneously examine the effects of the economic crisis in both densely populated and sparsely populated areas. Another investigation will be carried out in parishes to be selected from Eastern Finland. A researcher from the Diaconia Institute will conduct the latter study.

Social and spiritual resources of unemployed family fathers

3

Sari Kokkonen, University of Helsinki
sari.kokkonen@helsinki.fi

Previous research on the values and individual resources of the Finnish unemployed is scarce. Thus, the story of the unemployed family father is still to be written, although some literature on the conflicts between family and unemployment is obtainable internationally (e.g. Liem - Liem 1988). Also, research on men who have chosen to stay at home and look after the children partly illuminates the world of an unemployed father. Because the spiritual and cultural aftermath of the recession still affects a large portion of the Finnish population, the viewpoint of an unemployed father is another insight into an affluent society hit by an economic crisis.

The present study examines how family fathers left jobless experience their unemployment, and what are the resources - spiritual, functional, social, etc. - which enable them to cope with the situation. Also, religion is known to be a significant supportive resource in life crises. Religiousness manifests itself in a great variety of forms in the lives of individual people, which requires a multifaceted examination of the subject.

The present study defines unemployment not only from the angle of negation. Unemployment in itself is seen as a potential resource generating new possibilities especially within the family. Consequently, the family - and more particularly the children - provide a specific approach to the examination of the father's coping process. Thus, essential questions are the extent to which the children are a source of strength to their unemployed father, and how family interdependencies reflect in how the male parent experiences his fatherhood.

The study looks at all of the social and spiritual resources referred to in the interviews exclusively from the viewpoint of the father: all these resources are categorized in terms of the father's own experiences and definitions. Thus, an event of apparent similarity may have different meanings for different people. According to Roos (1987), control of one's life depends on the degree to which people feel they are "masters" of their lives in different everyday situations. On the other hand, in terms of a given individual an externally "irresponsible" life may signal a good grip on life or vice versa.

The Finnish culture is characterized by sacrifice through which self-esteem is gained. Finnish men make this sacrifice on the altar of work. (Kortteinen 1992; Kortteinen - Tuomikoski 1998) Such knowledge is necessary for the understanding of the predicaments of Finnish unemployed fathers.

Finland is a highly Lutheran country with a cultural heritage permeated by Christianity, Lutheranism in particular. In many contexts, the Lutheran religion has been condemned for its insistence on high work morals. The idea "if you don't work you don't eat" is deep-rooted in the Finnish soul. The present study seeks to find out to what extent the unemployed fathers have internalized this. Do they feel guilty about not being able to place their offering on the altar of work? However, with the ongoing mass unemployment this shame has been increasingly attributed to society as a whole. How has this change affected the traditional thinking according to which the father is the breadwinner?

J.P. Roos's studies on the dynamics between different generations provide a good method of approaching these questions. In addition, the research done by Lazarus and Folkman (1984) offers techniques for studying survival strategies used to combat unemployment and personal stress. Further, the Parsons & Bales model is utilized for the describing and understanding of the changes in the family and gender roles brought about by unemployment.

The present study is based on the interviews of unemployed family fathers who have been jobless for a minimum of 6 months and have at least one child under 18 living at home. The interviewees are sought through associations of the unemployed operating in the Greater Helsinki area. The interviews were initiated in June 1999 and they should be completed by the end of the year.

In addition, this study includes a survey of the clientele of the food bank and service center operated by volunteers in cooperation with Herttoniemi parish in Helsinki. This survey, carried out in May 1999, was the first study of the clientele of food banks. Another aim was to locate unemployed family fathers willing to be interviewed on their personal experiences of unemployment. Surprisingly, of the 218 respondents only ten met the criteria and none wanted to participate in the interview inquiry. Is this an indication of the family's protective influence even in the grip of an economic crisis?

The lag influences of the recession present the most important challenge to the present study, because only now is it possible to see how the recession continues to affect people's lives. The interviews can open up insights into the lives of those who have permanently fallen off the wagon of affluence and provide answers to the question of how it feels to be left beyond the pale of the new economic boom.

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Religiousness of bankrupt entrepreneurs from identity perspective

4

Liisa Lampela-Kivistö, University of Helsinki
liisa.lampela@helsinki.fi

In their opinion, Finnish entrepreneurs are more religious than other Finns (Koiranen 1993, 45). However, in the research conducted up to now religiousness has mostly been left in the periphery. The present study wishes to take up this challenge and take part in the Finnish discussion on entrepreneurship by examining the role of religion and religiousness when bankruptcy forces enterprisers outside their customary role experiences.

This study is based on the concept of entrepreneurship as an institutional role, which enterprisers adopt when they start in business. This role involves certain qualities that the would-be enterprisers either possess or will have to acquire along with the role. These include: pursuit of control, need to perform, quest for economic gain, and ability to take risks (Huuskonen 1992, McClelland 1961, Vesala 1996). In addition, the entrepreneur's social network is important. It provides a possibility of

finding a place of one's own in society and strengthens the entrepreneur role by furthering its internalization as part of identity (Johannisson - Gustafsson 1984). The present study looks at identity as an individual's internalized roles (Liebkind 1988). The entrepreneur role is especially strong, and enterprisers are highly committed to it.

Second concept is the concept of an involuntary passage from the role of entrepreneur. Rituals are an integral part of a voluntary passage clarifying and facilitating it, whereas leaving the status and the related role does not usually involve any rituals and this transition is experienced as quite problematic (SanGiovanni 1978). In bankruptcy enterprisers have to leave their entrepreneur role and related social networks; sometimes even their most intimate relationships. Giving up this internalized role against one's will is difficult and it involves mental pressures: anxiety, fear, and guilt added to by economic instability, embarrassment, and insecurity.

This study defines religiousness through such concepts as "supernatural", "sacred", and "fundamental concern". I approach the subject through the interviewees' notions and the religious phenomena emerging in other ways from the material.

The study is biographical, albeit only a short period in the interviewees' lives is examined. The enterprises selected were small or medium-sized and had operated for at least five years before bankruptcy in the 1990s. The 44 interviewees were either owner-managers of the 31 enterprises or their spouses. In addition, the account books of six enterprises were made available.

The primary challenge is the examination of the entrepreneurs' identity. As all of them have been in business a long time, their identity as enterprisers is strong despite individual variations. The stronger their internalization of entrepreneurship as part of their identity is, the greater are the mental pressures related to giving up this status and the difficulties in adapting to a new role. The answer to this problem must be constructed from a good many pieces and from the overall picture the interviewees impart of themselves.

The present study examines religiousness in all of its manifestations in the entrepreneurs' lives during the crises brought forth by bankruptcy. The study utilizes the theories of the dimensions of religiousness (Glock - Starck 1969) as well as those of religious orientation based on motives (Allport - Ross 1967; Batson 1976). Six of the respondents do not feel themselves at all religious. The remaining 38 are more or less religious. Since the present study also examines the differences between religious and non-religious experiences, the six non-religious respondents provide a sufficient basis for this comparison. In addition, the aim is to look into the importance of a religious community in a bankruptcy situation, for example, whether its impact is similar among the members of the same religious community. The four owner-managers belonging to the conservative revivalists serve well this purpose and many entrepreneurs are respected members of the community.

The greatest asset of the present study - and simultaneously the biggest obstacle in its way - is its interdisciplinary genre. Enterprise, entrepreneur, and family form a whole of complex interdependencies. Their experiences cannot be understood without a profound knowledge of what happened in the enterprise and why. To comprehend these angles, an understanding of the financial administration of the enterprise and of Finnish economy and law is necessary. In one way or another, the bankruptcies of the 1990s are connected with the economic situation which originated from the economic boom of the late 1980s. Hence, the present study observes the interviewees' lives in terms of the stage at which their enterprises are. The experiences of bankrupt entrepreneurs encompass stress, anxiety, fear, and insecurity, and all these have an impact on their family relationships. Knowledge of social psychology, psychology and sociology of religion is essential for the understanding of what bankrupt enterprisers and their families have to live through. The fitting together of the pieces and the selection of the viewpoints best in the interest of the objective is a huge challenge.

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Morality of and changes in the incentive structure of society



Liisa Mäkelä, University of Helsinki
liisa.m.makela@helsinki.fi

The present study belongs to the field of theological ethics and philosophy of religion. By analyzing concepts, theories, and argumentation, it examines the socio-ethical questions related to the recession and the changes in the incentive structure. The basis of the study is evaluation of the 1990s economic crisis, from where it goes on to the recent discussion on the Finnish recession and the research conducted on the Finnish society and economy. In the light of the relevant ethical-philosophical theories, situation analysis is utilized to identify and examine the moral problems brought to the surface by the recession. It has provoked socio-ethical questions, which have not been analyzed or discussed previously in the Finnish welfare society. Socio-ethical theories are resorted to study the unvoiced moral problems of the welfare policies of the 1990s.

The present study was initiated at the beginning of 1999 and it comprises four thematic parts: a) concept analysis of the concept of incentive, b) definition of the incentive structure and social incitement, c) evaluation of the incentive systems in different social policy models, and d) economic crisis and morality of incentive. The methodical idea of this study is based on a concept analysis looking for tools to define the patterns and mechanism of the incentive structure and morality prevalent in the Finnish economic crisis. The subject is studied by using models of socio-ethical theories like social liberalism, neoliberalism, and communitarism.

The concept of incentive is analyzed in three sections. This analysis represents a conceptual construction. Section 1 includes a three-level definition of the incitement situations: Incitement means that rational individuals are made to act without external force in accordance with 1) their own interests, 2) the ambitions, goals, and principles of the external intentional inciter, or 3) by exploiting the circumstances which incite to act toward something other than the inciter has intended. Section 2 defines six terms involving the concept of incentive: rational individual, intentional external inciter, incentive, reward, the good/the goods, action toward the goal, and welfare addition. Section 3 is based on practical syllogism and the theory of intentional action (von Wright). This conceptual analysis creates a theoretically comprehensive model, which aims to clarify the moral-theoretical connections in social policy problems.

Incitement means that an individual is made to act in accordance with the inciter's ambitions by being promised a reward. It does not always require a conscious agent but the cause or system can act as incentive. Incitement is also negative incitement or fear of punishment. Social incitement encourages to act for economic purposes. Individuals are goaded to act for the benefit of others by incentive, which is the only justifiable reason for the differences in the division of prosperity. Only the socially inducing socio-economic differences are just. The demand for incentive structure means that it is unjust to not implement differences in income or otherwise, which would act expediently as incentive.

The incentive system is a complicated technical system of the welfare society, where the rewards and sanctions are used to control and motivate individuals toward the goals defined by the intentional inciter. How are individuals incited to engage in the lifestyles defined by the inciter? The incentive structure can either decrease or increase an individual's freedom and rights. The more possibilities, abilities, and opportunities to act individuals have, the better their autonomy is respected by the inciter. Individuals possess different sensibilities to act according to external incentives and to shape their own motives on the basis of them. Individuals, who for some reason or other are in a weaker position to resist and evaluate manipulation efforts, are at the mercy of the rulers. How can the motives of the supplanted be influenced so that they can benefit from it themselves? Different models for rational and moral collective action influence behind incentive structures.

In national economy earnings function as incentives. However, disparities of income can also be incentives affecting the contribution individuals make to the common enterprise. The national income is a reserve from which dividends are distributed in different directions. Thus, the supposition is that changes in the incentive structure affect the size of the dividend.

From among the changes caused by the recession the present study aims to find connections to changes in incentive. Below are listed some socio-ethical questions provoked by the recession in the discussion on incentive structure and incentive traps.

Has the Finnish recession developed a group of unmotivated individuals, who can no longer be encouraged toward goals of common usefulness and welfare? Has the social technology failed in product development, when the result is displaced social groups? Has the recession actually affected the development of new classes? How should people be incited to organize their lives so that they would be able to take care of themselves? Are the economic incentives modeled after an individual's class level - some encouraged by options, others by blackmail? What alternative system would enable life without shame and becoming a victim of bureaucratic supportive systems? Toward what social activity should people be incited? Do the norms of working life paralyze people, because everybody's work no longer has a functional meaning? How do we create meaningful roles for those supplanted from working

life? A meaningful life should include leisure, practice of arts, sciences, and meditation, and pleasure giving small occupations.

The present study hopes to contribute to the redefining of the moral values of society. It strives to outline new lifestyles on the basis of the economic and spiritual influences of the recession. To what goals should people be incited? In addition, the study seeks to enhance the importance of ideological values in the development of social policy.

Mental and spiritual ill-being in light of calls made to crisis hotlines



Hannu Sorri, University of Helsinki
hannu.sorri@evl.fi

The purpose of this study is to examine the relationship between the economic recession and the ensuing mental and spiritual ill-being in the light of the telephone calls received on the crisis hotlines operated by the Finnish Church. In addition, investigation focuses on the changes in the number and type of their clientele in the course of the 1990s.

Previous studies have established that the calls made to the telephone counseling services reflect the state of society: they have a way of describing the changes taking place in the social structure. Furthermore, they bring up influences working underneath the surface of society (Sihvo 1971, Sorri - Sihvo 1994).

Because of the principles on which they are run, the telephone counseling services could be characterized as a "mirror" of society. Callers and workers alike stay anonymous, and the conversations are confidential. The callers are not force-fed opinions or solutions; the workers respect their freedom to choose the topics about which they want to talk. (Charter Norms Statutes 1994).

The material of the present study comprises the structured forms filled in about incoming calls. The data consist of the gender, age, marital status, job situation etc. of the callers as well as their central problems, which are grouped into categories of loneliness, sexuality, human relations, external circumstances, existential questions, illness, drugs, and suicide. Each category is divided into subcategories. For example, the category of human relations is divided into courtship, marriage or live-in partnership, children/parents, other relationships, violence, and significant loss.

The present material consists of 10 % of all calls received in 1991-1996, on the average 58,000 contacts annually. The crisis hotlines selected are located in Greater Helsinki, Southern, Northern, and Middle Finland. The sample consists of the calls made in March, July, and October of each survey year. The nature of the material is quantitative, and it is analyzed by statistical methods.

Primarily, the standard forms were produced to serve practical purposes like developing and updating the training of staff, but the needs of research were also taken into account. Because these forms are mainly filled in by voluntary workers, this study is based on their observations and interpretations of the conversations. This sets limitations to the use of the material and presupposes critical evaluation. On the other hand, the expertise of the staff as collectors of the data assures the trustworthiness of the material. Another advantage is the broad regional diversity of the material and the long duration of the survey period. Other such material describing as widely the mental and spiritual state of people hit by the recession is difficult to find. For this reason the present material has a significant part in charting the "mental and spiritual recession".

The broad diversity of the material enables an examination of the year-to-year changes and regional differences in the phenomena under study. Also, the results can be clarified by comparing them to the findings of previous research. In addition, the national and regional annual statistics of the Telephone Counseling Service provide another method of comparison. Another important viewpoint is the examination of the relationship between economic crisis and mental and spiritual ill-being. The dimensions of the research findings make it possible to describe this phenomenon when they are examined in the light of the results of studies on economic development.

The annual statistics of the Telephone Counseling Service of the 1990s increasingly indicate that the spiritual and economic distress of the callers is growing. This may imply that pressures of various types are accumulating and that the difficulties involved with getting rid of these pressures are increasing. The purpose of the present study is to establish the validity of the hypothesis and to investigate the more specific characteristics of the phenomenon.

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Prostitution and morality in the context of the 1990 recession in Finland



Teemu Laajasalo, University of Helsinki
teemu.laajasalo@helsinki.fi

The public supply of sexual services increased significantly in the early 1990s at the outset of the economic recession and simultaneously with the political and social changes in Finland's neighborhood areas. This increase engendered a large-scale public discussion on prostitution.

The present study analyzes from an ethical point of view the changes that have taken place in the supply and demand of sexual services and in the social reaction to prostitution.

Firstly, I scrutinize the source material by specifying and identifying the arguments used in the dialogue. Secondly, I analyze these arguments by asking, for example, what implicit assumptions and values they possibly reflect and whether the argumentation is consistent. Thirdly, I utilize meta-reflection to explicate the nature of the underlying sexual ethics. Do such social situations exist as enable the evaluation of prostitution from justified viewpoints? Also, this question embraces an interesting theoretical question: What does the examination of the changes effected by the recession contribute to sexual ethics in general and to the ethical problems of prostitution in particular?

The present study consists of five parts. Part 1 seeks to clarify the status and nature of Finnish research on prostitution, to justify the need for such research, and to define prostitution by conceptual analysis. Since most research published in the field has a strongly opinionated bias, the chapter is a valuable point of reference. Also, the analysis of the language of the research material may reveal the sexual political and ethical hypotheses suppositions inherent in the argumentation.

I hope that parts 2 and 3 will create an adequate and sexual-ethically relevant set of research tools for the Finnish dialogue on prostitution. To develop these tools, I introduce seven conceptual models of prostitution based on an analysis of international literature. These models cover a wide variety of views and may serve as a useful tool for classification.

Part 4 describes prostitution in Finland through a summary of various reports and studies and a history of Finnish prostitution since the 1980s. Part 5 concentrates on identifying and examining the argumentation from an ethical point of view using the models created in parts 2 and 3.

Seven conceptual models of prostitution

a) Liberal model

Prostitution is not immoral *an sich*. It is a profession and a practical, not a moral problem. Prostitutes sell sexual services, not themselves.

b) Paternalistic model

Individuals must be protected from prostitution by society. In addition, society has an obligation to legally restrict prostitution, because it increases and spreads venereal diseases.

c) Conservative Christian Model

Sexuality belongs to marriage, the only context in which vulnerable human sexuality can be exercised safely and for the purpose of reproduction.

d) Romantic model

Partners in sexual intercourse should always encounter the entire other person, while in prostitution partners usually encounter only the body of the other. Marriage is not necessary, love is the most important thing.

e) Radical feminist model

Society continues to be dominated by patriarchal values. (Women are subordinated in all social institutions). Since it is impossible to clean it, prostitution must be abolished.

Society has an obligation to intervene.

f) Model of humanistic feminists

The discussion should focus on the welfare of the women providing sexual services. Although wrong, prostitution is indispensable. The laws are efficient only in discriminating the prostitutes.

g) Model of the Union of Prostitutes and the liberal feminists

This model criticizes radical feminists of a mythic attitude toward prostitution. The problem is the working environment, which is the consequence of social, socio-political, and legal discrimination. Empirical studies are needed.

Preliminary results

Internationally, the most active philosophical dialogue has been conducted between the liberals and the feminists. Equally, the Finnish discussion is strongly influenced by the feminist approach. Interestingly, the socio-political decisions in the Scandinavian countries are generally justified in feminist terms. The Finnish discussion refers less often to moral standards, focusing primarily on the disturbances of public order bred by street prostitution. However, many ethical problems visible in street prostitution are clearly rooted in the consequences of the recession. Furthermore, the nature of the Finnish research on prostitution has been predominantly political.

The present study strives to examine the moral problem of prostitution in a new light. The Finnish discussion comprises many arguments commonly held to be true - without the benefit of scrutiny or analysis. For example, let us take the following contention: "Prostitution is immoral, because it is not a profession based on free choice."

The most recent ethical discussion argues that the fundamental issue is the question of free choice. Anti-prostitutionists disclaim free choice, because prostitutes are made to debase their intimacy in impersonal and even disgusting relationships. According to them, even those contending to be on the street of their own free will are driven to prostitution by social, psychological, or economic pressures.

Even the liberal model concedes that prostitution can be repugnant for many in the trade. But does the repulsiveness of a job automatically make it immoral? Not unnaturally, many consider doing autopsies or taking care of the hygiene of the handicapped repulsive jobs. Nonetheless, very few would regard the work of pathologists or assistant nurses as immoral. Also, the objects of disgust vary greatly and free choice is only seldom pertinent to job selection.

By exploring examples of the above kind, the present study strives to shed new light on sexual ethics by scrutinizing the ethical impact of a phenomenon like the recession.

Love in recession: the effects of the 1990s recession on marital and partnership relations



Jouko Kiiski, University of Helsinki
jouko.kiiski@aicom.fi

The 1990s recession has affected the lives of Finnish families in a variety of ways. The statistics speak for themselves: For example, the number of clients seeking help from the Centers for Family Issues (CFI) run by the Church has steadily grown from the 54,930 consultations in 1988 to 63,056 in 1991, 72,425 in 1994, and to over 78,000 in 1997 (CFI annual reports 1988-1997).

The purpose of this study is to examine how these recession-related issues, breeding economic, mental, as well as spiritual deprivation, are reflected in partnership relations. Related questions are:

- 1) How have unemployment, increasing indebtedness, bankruptcies, and repayment of personally guaranteed loans, etc. affected partnership relations?
- 2) How do the clients themselves analyze the importance of these issues in their personal partnership crises?
- 3) How have they coped with these crises? and
- 4) What are their expectations of the future?

A system theory model examining the family as a psychosocial system provides the theoretical framework for the present study (Goldenberg - Goldenberg 1991, Esko 1990). In addition, a narrative model of thinking is applied, exploring human life as a texture of stories. Using these models, the study analyzes the stories told by the interviewees. These stories are seen as interpretations of reality, not objective truths. The qualitative approach was chosen because it provides the best means of communication on the level of personal experiences, emotions, and life histories.

I interviewed 31 CFI clients from different parts of Finland in May 1998 - March 1999. The interviewees had personal experience of the concrete consequences of the recession and had come to the centers looking for help in their partnership problems. Techniques used in family therapy were applied. The interviews were basically liberally structured thematic interviews with emphasis on the following issues:

- 1) Examination of partnership history using a partnership line segment.
- 2) The effects of the recession on interaction between spouses, their domestic life, social relationships, emotional relations and sexuality, and financial situation.
- 3) Their survival strategies. In addition, the research material includes 25 pictures drawn (in color) by the interviewees on "Recession and my partner relationship".

Eleven of the 31 interviewees are men, and over two-thirds are in the age group 30-49. Ten of them were satisfied with their relationship, another ten dissatisfied. The remainder was divided between partly satisfied - partly dissatisfied. I categorized the interviewees into 1) terminated, 2) renewed, 3) durable, and 4) fragile type of love. In Type 1 all are divorced, and the recession contributed to all divorces. Two considered the change wrought in their lives by the crisis the sole cause. For the durable type, despite the obvious problems, their relationship is primarily a supportive resource amidst their financial difficulties. Type 3 had survived a crisis and managed to solve their problems and were, in some cases, even happier in their present relationship. In Type 4 relationship satisfaction was fragile. They had discussed divorce.

The effects of the recession on partnership relations are not linear but more of a chain reaction. For example, bankruptcy has brought along financial and mental deprivation contributing to disillusion and depression, which have forced the victims into isolation and caused problems in partner relationships. Financial difficulties, due for example to inability to repay personally guaranteed loans, have led to excessive use of alcohol, which has precipitated partnership crises.

This chain reaction with many contributory factors makes it impossible to deduce an objective truth of the consequences of the recession on partnership relations. At times, even to distinguish cause from effect proves to be difficult. For example, depression may be caused by unemployment; on the other hand depression may contribute to unemployment. Consequently, the present study examines people's stories using a systematic concept of the family as the theoretic background. However, albeit reality can be looked at from many angles, the stories people tell are always anchored in real events.

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Social Policy: Unemployment and Welfare

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- 1. Cuts in social security and
the finnish welfare state**
 - 2. Employment regime and labour
force segmentation**
 - 3. The Great Depression
in an industrial city
– new approaches**
 - 4. Patterns of representing
unemployment
and welfare**

Cuts in social security and the Finnish welfare state



Heikki Lehtonen, University of Tampere
sphele@uta.fi

As the first step of our research project we have tried to evaluate on the basis of former studies, whether the cuts in social security in the 1990s have changed the Finnish welfare state model.

In the 1990s Finland has experienced many cuts that have been documented in several studies. According to them there have been many changes in the Finnish welfare state. However, it has proved to be very difficult to evaluate the further effects of the cuts on the welfare state (Alestalo 1994, 77; Kosunen 1997, 93-94; Huuhtanen 1998, 98). Does the development of the 1990s also mean the change of the Finnish welfare state model? The conclusions of the studies are quite modest and confusing. According to most studies the basic structures of welfare state have remained unchanged in spite of the recession and cuts (Heikkilä and Uusitalo 1997; Uusitalo 1997a, 22; also Alestalo 1994, 77). At the same time, they describe radical changes inside the structures of the welfare state and in its economic basis.

It is clear that the changes in the welfare state are gradually modifying the welfare state model. But it may also be so, that the welfare state models themselves are too unsensitive to change. The welfare state regimes or models are ideal types, the equivalence of which with the empirical world may be weak (Hänninen 1993, 137; Cox 1998, 2-3; Esping-Andersen 1999), and it takes more than only a few years to find out radical changes of the models (Kosonen 1998, 351; Heikkilä and Uusitalo 1997a, 221).

For the survival thesis of the Finnish welfare state model we can say that there were no political discussions or conscious plans to dismantle the welfare state during the recession (Kosunen 1997, 93; Kosonen 1998, 347). In spite of cuts, the social security costs grew in the times of the recession by 23 percent from 1990 to 1994 (Kosonen 1998, 358).

However, the income level of the population decreased at the same time and there seems to be general agreement that at least the recession meant the end of the developmental era of the welfare state in Finland (Alestalo 1994, 82; Heikkilä et al. 1993). There are several trends refer to that direction. The first of them is

- 1) the weakening of the economic basis of the welfare state because of the state (foreign) debt and high unemployment (Uusitalo 1998, 425; Hellsten 1996, 120-122). Cuts did not succeed in stopping the growth of the state debt. From that point of view they were a failure (Uusitalo 1999, 4). It is said that the social security system was financed during the recession by the state (foreign) debt and, following that line of argumentation, the success of the welfare state may be just an illusion. The economic preconditions for running the welfare state are worse than before the recession (Kosunen 1997, 48; Pierson 1995).
- 2) Another field reshaping the welfare state are the changing principles of employment policy and the weakening of the unemployment security system. Full employment is one of the central features of the Scandinavian welfare state model. Large scale unemployment means hardships for the economy of the welfare state (Kosonen 1998, 385). The unemployment security system has changed time after time and, from the point of view of the benefit receiver, the cuts have damaged it as a social security system (Kosonen 1998, 375). The system has been worsened during the recession and the increase in the number of living allowance (social assistance) recipients is one symptom of the problems of unemployment policy and social security policy (Haapola 1996; also Sakslin 1996, 898-899).
- 3) One of the central findings of the studies is the crisis of social services. This is a crucial point because the social service system is seen as a prominent feature of Scandinavian welfare states. From the year 1993 the social service production has had difficulties, payments from the state have diminished and the costs of municipalities and clients have risen (Lehto 1997; Kosonen 1998a, 26; Wilding 1995, 61). This is a symptom of a shift from a service-centered welfare state towards the Central European (earnings-based) income transfer state.
- 4) A sign of the weaker functioning of the welfare state during the recession are the growing flaws in the social safety net of the social security systems. The increase in the number of living allowance (social assistance) recipients means a structural shift towards the residual welfare state (Paul Pierson 1995, 48). The increase is 86.7 % from 1990 to 1995 (Lamminpää et al. 1997, 105; Heikkilä and Sihvo 1997, 183). Of people receiving living allowance, the allowance was granted to 74.9 % as a supplement to some other social transfer in 1995 (Lamminpää et al. 1997, 108-109). The unemployment insurance was then insufficient for living (Kosonen 1998a, 27). Even social assistance system as a last resort did not hold during the recession. In 1994 there were 142 000 people without adequate nourishment (Heikkilä and Sihvo 1997, 194). Food banks are a new phenomenon in Finland and indicate severe problems in the basic livelihood of a considerable part of citizens, and a new division of labour between local governments and voluntary organizations (Karjalainen 1997).
- 5) Very important to the evaluation of the welfare state's future are the changes in the principles of welfare distribution. One of them is

- a) the principle of universalism (Kosonen 1998, 351; Kosonen 1998a, 27; Uusitalo 1999, 4), which is said to be an important feature of the Finnish welfare state. The development during the recession has weakened this principle (also Wilding 1995, 62; Cox 1998, 1). The weakening has not however taken place only in the times of the recession but its relative importance has been decreasing in Finland from the 1970s on (Kosonen 1998a, 25).
- b) The growth in income tests and means tests (Uusitalo 1997a, 22; Uusitalo 1999, 4) may mean a shift towards the residual welfare state. All Scandinavian countries have moved towards this direction during the recession (Kosonen 1998a, 380). Alestalo (1994, 76) claims that we are moving from the corporatist state to the neo-liberal state.
- c) The growth of the earnings-related benefits can be seen as a shift towards the Central European welfare state. Since cuts are more structural than before (Kosonen 1997, 95), the employment history as a basis for access to social security systems is a more important precondition than before. Although the changes are minimal from the point of view of the whole system, Kosonen (1997, 95) supposes that we are gradually moving from universal to selective benefit systems (also Cox 1998, 1).
- 6) The structure of social expenditure has changed (Kosonen 1998, 358). Unemployment costs have gone up (from 5.5 % to 15.9 %) and sickness insurance costs have gone down (from 28.5 % to 21 %). Can this be a symptom of a crisis in the welfare state? It may be so, because now the state uses more money just for basic living and less to the promotion of the welfare of citizens.
- 7) Finally we may ask what has happened to the democratic and politically governed welfare state development and planning. The absence of political discussion about cuts may be a symptom of a development in which political interest structures and actors are excluded by technical, administrative and economic-oriented argumentation (Paul Pierson 1995). According to Paul Wilding (1995, 62-63) an essential part of this process in Britain was the growing untrust in political planning and development. Kiander and Vartia (1998, 151) have same kind of ideas when they say that the planning of cuts was left to officers silently blessed by politicians. This kind of attitude is harmful in reaching social goals (Wilding 1995, 64-65).

As I said before, the studies are quite careful in evaluating the effects of cuts in the Finnish welfare state. There are good reasons to be careful because it is not easy to see how far-reaching processes we are dealing with. However, at the same time - as I have tried to show - there are several processes which make Finnish practices move away from the central identification marks of the Scandinavian and Finnish welfare state models: the loss of universalism, the crisis of social service sector, and the change of principles of social division. Perhaps they are only preliminary symptoms, but they are already changing the Finnish system, however.

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Employment regime and labour force segmentation

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Simo Aho, University of Tampere
ttsiah@uta.fi

Theoretical Context

Esping-Andersen's "Three worlds of welfare capitalism" (1990) started what perhaps can be called The 1990's Theoretical Discussion about the Welfare States, and inspired a flood of empirical comparative analysis. In this discourse both the theoretical model and empirical conclusions of Esping-Andersen are if not totally falsified at least fundamentally criticised, and several revisions to the typology of the

"three worlds" have been presented. What - according to my opinion - remains the most important achievement of Esping-Andersen and the discussion inspired by him is to raise the qualitative variation (in time and in the political geography) of the fundamental principles and essential consequences of the welfare states on the agenda (instead of the purely quantitative variation in the development of the welfare states). Another important (although not original) aspect is the choice of the concept of "regime" as the core tool of conceptualisation of this variation. This concept combines the structural and political and even cultural aspects of variation, and is clearly historical – trying to avoid the sins of functionalism and voluntarism.

In his "three worlds", Esping-Andersen considers "the employment/labour market regime" as at least as important if not more important as "the distribution/welfare regime":

"... welfare state and employment regimes not only coincide, but welfare states have a direct causal impact on how employment-structures and, as a result, new axes of social conflict, evolve. We return therefore to a key thesis in this book: the contemporary welfare state is not merely a passive by-product of industrial development. With its institutionalisation, it becomes a powerful societal mechanism which decisively shapes the future" (1990, 221).

I wonder why so numerous of Esping-Andersen's commentators have bypassed this aspect of his theory and discuss only welfare/distribution regimes.

Esping-Andersen compared the employment regimes with three measures: the participation rate of elderly males (early retirement), rights to paid absence from work, and the share of public social, health and education services of all employment. There are surely several other institutions that can be defined as constituting the employment regime. Of the consequences of the regime, Esping-Andersen has been most interested in the impact on social stratification. There are surely other phenomena that can be claimed to be affected by the employment regime.

Without any further theoretical discussion (not possible within the limits of this paper), I now define my problem in the most general level: to what extent the employment regime (and its variation) explain important social phenomena (and their variation).

Being unable to grasp the total area of the problem field here, I take up one limited part of the problem, which I find important in Finland in the 1990's: The impact of two characteristics of the Finnish employment regime, unemployment compensation system, and the active labour market policy system on the labour force segmentation. With the concept of labour force segmentation I refer here to a division of labour force into segments defined by the stability of employment career and incidence of unemployment.

Institutions and their changes

In Finland the active labour market policy measures (different forms of subsidised employment and labour market training) have been very widely used already in the 1980's, and the volume doubled in 1990's. As far as I know, the volumes are second only to those in Sweden. The official aim of these measures is to raise or keep up the qualifications of the unemployed and thus help them to get employment in the open market. However, when this policy co-exists with the Finnish employment insurance system, it has had an other more or less openly recognised function: it has helped the unemployed to gain or renew the right to earnings related unemployment benefit.

The maximum duration of earnings related unemployment insurance is 500 days (about two calendar years) and the precondition of the right to it was until 1996 (in addition to paying the insurance fee) six months employment during the last 10 months. So, a subsidised job of six months, which is typical duration of these jobs, could create or renew the right to earnings related benefit for the next two years. The opportunity to this was limited in 1993, when the right to a subsidised job after twelve months of unemployment (established by employment law of 1987) was abolished. A further limitation took place in 1996, when the employment condition was changed to 10 months during the last 24 months. Now one subsidised job alone can not any more create or renew the right to the earnings related benefit. (Introduction of the "combined employment support" in 1998 included a further limitation of this opportunity for the long term unemployed that are given a subsidised job in the third sector – only one third of the support period is accepted as adding to the employment condition).

Having repeatedly subsidised jobs without open market employment between them has been rather common in Finland. So, in addition to serving its official aim, this system has perhaps reproduced or normalised a continuous belonging to the marginal segment of the labour force – although at the same time decreased poverty.

A characteristic of the Finnish employment regime has during the last twenty years been the unemployment pension system. Originally, it gave to the unemployed an opportunity to move into an early pension at the age of 55. This was clearly more generous form of social security than unemployment benefit of the early 80's. During the last half of the 1980's, the age limit was gradually raised to 60, but at the same time the so called "retirement tube" was created: those who have the right to earnings related benefit at the age of 55, keep this right until the age of 60. The limit age was raised to 57 in 1997. The change of the unemployment compensation system in 1994 has caused an other important change in the conditions of this alternative. The right to the unemployment pension was totally abolished from those who do not fill the condition of not expired 500 days of unemployment insurance at the limit age. This creates a scenario, where a number of ageing long-term unemployed must live on minimum means-tested social security for ten years or even more, and also their old-age-pension is low because shorter than average employment history.

The unemployment pension system has to a smaller or larger extent been used as a voluntary and legitimate alternative way of ending one's work career (from the point of view of employees) and a means to minimise the conflicts and costs related to redundancies that are related to economic rationalisation (from the point of view of employers). It has opened an other means of normalising belonging to the marginal segment – in this case however for those who often have earlier had a stable work career. No surprise that now when the large age-cohorts of after the war born generations are reaching the start age of the "retirement tube", new changes of the conditions of access into the "tube" are being planned.

To what extent the above described opportunities for normalising and reproducing marginal segment of the labour force have been used, and how the recent changes of the regime will change this, is one of the questions I try to answer in our project. At this phase, I can only provide some figures to preliminarily define the size class of the problem.

L bour force segments: a classification

In the following empirical analysis I have classified the labour force into six segments:

- 1) stable employment (core segment, the "normal" employment pattern of a "full employment regime"): no unemployment periods
- 2) unstable employment ("flexible" segment, employment is interrupted with shorter or longer unemployment periods): free market employment more than 50%, participation into active labour market programmes none or once or maximally 6 months
- 3) risk group (seriously haunted by unemployment): free market employment 1-50 % or repeated participation into active labour market programmes, not belonging into the marginal segment
- 4) marginal segment (excluded from free market employment): no free market employment during the period or no free market employment during the last two years of the period + repeated participation into active labour market programmes during the period
- 5) "tube" (formal right to benefit until retirement into unemployment pension): over 53 years old and unemployed at the end of period; for the period of 1991 - 1994 also receiving unemployment benefit = 500 days limit not exceeded
- 6) unemployment pension: retired into unemployment pension during the period

Classification into the fifth or sixth segment is independent of other conditions.

First empirical results

In the following I compare the segmentation of the labour force history during the four years before the recession 1987 - 1990, and during the recession years 1991 - 1994. (The data for the recovery period 1995 - 1998 is not yet fully available.) The data base is 5 % sample of population (longitudinal panel enabling the follow-up of individuals), including rich data combined from various administrative registers.

In Table 1, the division of the labour force into the segments defined above, and also the shares of those who have participated into active labour market policy programmes, are presented. In Table 2 are the corresponding figures for those who experienced shorter or longer unemployment during the period. The analysis is restricted to those who belonged into the labour force at least half of the studied period. (Differing from the official statistics, participating into labour market training or unemployment pension are included in the belonging into the labour force.)

Table 1 Labour force segments and participants of active labour market policy (ALMP) measures 1987 - 1990 and 1991 - 1994 (Age 15-64 at the end of period, in labour force at least 24 months or unemployment pension during the period)

	1987-90	ALMP	1991-94	ALMP
Stable	76.1		61.8	
Unstable	16.2	5.3	17.5	4.7
Risk	4.2	3.7	13.0	9.8
Marginal	0.5	0.4	3.1	2.5
"Tube"	0.7	0.3	2.8	0.9
Ue-pension	2.3	0.0	1.8	0.2
Total	100	9.7	100	18.1

The share of those who experienced at least some unemployment during the period before the recession was 24 per cent. During the recession years this share was as high as 38 per cent (over 50 % increase). The added share of risk and marginal segments (free market employment less than 50 %) three-folded from five to 16 per cent. Of those who experienced unemployment in 1987 - 1990, two thirds were employed at the free market more than half of the period (unstable employment segment), while during the recession years this share was only 46 per cent. During the earlier period 10 per cent of the labour force and 41 per cent of the unemployed participated into the active labour market policy measures; during the later period the corresponding shares were 18 and 47 per cent.

Table 2 *Labour force segments and participants of active labour market policy (ALMP) measures 1987 - 1990 and 1991 - 1994 inside the group that had experienced unemployment (Age 15-64 at the end of period, in labour force at least 24 months & experience of unemployment during the period)*

	1987-90	ALMP	1991-94	ALMP
Unstable	67.7	22.0	45.9	12.3
Risk	17.7	15.5	34.0	25.7
Marginal	2.1	1.8	8.2	6.6
"Tube"	3.1	1.3	7.2	2.3
Ue-pension	9.5	0.0	4.7	0.4
Total	100	40.6	100	47.3

The share of those who were "recycled" between unemployment and participation into the active labour market policy programmes was during the late 1980's 0.5 per cent and during the early 1990,s three per cent of the labour force. Of the unemployed, the corresponding shares were 1.8 and 6.6 per cent. Of all active labour market policy programme participants, the share of the "recycled" was during the earlier period 4.4 per cent and during the later period 14 per cent.

The share of labour force in employment pension or in the "tube" leading to it was before the recession three per cent and during the recession almost five per cent. Of the unemployed, this share was about twelve per cent during the both periods.

In Table 3, the division into the labour force segments during the recession years is presented by the segmentation of the previous years. (Those who were retired by the end of 1990 are excluded. The length of time belonged into the labour force during the later period is not restricted.)

Table 3 *Labour force segments 1991 - 1994 of those in various segments 1987 - 1990 (Age 15-64 and not retired at the end of 1990, in labour force at least 24 months 1987 - 1990)*

Segment 1991-94	Segment 1987-90					
	Stable	Unstable	Risk	Marginal	"Tube"	All
Stable	75	33	10	1	1	65
Unstable	14	29	11	3	3	16
Risk	6	27	40	19	7	11
Marginal	2	6	28	55	12	3
"Tube"	2	3	6	10	26	3
Ue-pension	1	1	2	4	48	1
Out of labour force 1991-94	1	1	3	9	3	2
Total	100	100	100	100	100	100

Of those who belonged into the stable employment segment before the recession, one fourth experienced unemployment during the recession years. About one tenth fell into the risk, marginal or "tube segments" or retired with unemployment pension.

Of those who belonged earlier into the unstable employment segment, one third achieved stable employment, 29 per cent remained in the same segment, and the rest fell into other segments. Of the risk segment of the late 1980's, ten per cent achieved stable employment and four of five did not improve their position. Of the marginal segment only one per cent achieved stable employment, but almost one fourth improved their position at least somewhat, although mainly only one step into the risk segment.

It is interesting to notice that at least some of those who were in the "tube" in 1990 were at least partly employed again during the following four years. In fact, the total share of the re-employed was as high as 34 per cent, but only few returned into stable employment. Of the re-employed, as many as 70 per cent were again in the "tube" or retired with unemployment pension by the end of 1994. 24 per cent had retired with other pension forms or otherwise left the labour force, and only six per cent (2 % of the whole segment) were employed at the end 1994 (table not presented here).

Although only three per cent of the stable employment segment of the late 1980's were in the "tube" or retired with unemployment pension in 1994, they were the majority of all those who belonged into these categories then. Of all those in the "tube" or unemployment pension in 1994, 62 per cent had a background in the stable employment of the late 1980's, and another 13 per cent were in the tube already in 1990. Only nine per cent had belonged into the risk or marginal segments before the recession. This confirms that the "tube" is mainly a way of ending one's work career for those with stable employment background.

Summarising conclusions

The dramatic rise of unemployment in the early 1990's increased the share of those experienced more or less unemployment into 38 per cent of the labour force, in comparison to the 24 per cent of the late 1980's. The share of those seriously suffering from unemployment (employed less than 50 % of the time they belonged into the labour force during the period) increased from five to 16 per cent of the labour force (from 20 % to 42 % of the unemployed).

The share of those whose situation was characterised by "recycling" between unemployment and participation into active labour market policy programmes increased from 0.5 to 2.5 per cent of the labour force (from 1.8 to 6.6 % of the unemployed). Approximately the size of this group was 10,000 persons before the recession and 60,000 persons during the recession years.

The share of those who retired with unemployment pension or were in the "tube" leading into it (mainly having stable employment career backgrounds) increased from three to almost five per cent of the labour force. Their share was about 12 per cent of the unemployed during both periods. In the late 1980's, about 72,000 persons belonged into this group, and in early 1990,s their number was about 108,000.

Although the position in the labour market before the recession strongly predicted the position during the recession, improvement was not impossible: one third of those who belonged into the unstable employment segment in the late 1980's (51-99 % free market employment) did not experience unemployment during the recession years. Of those who earlier belonged into the risk segment (1-50 % free market employment, not "recycled"), this share was ten per cent. Of the marginal segment, only very few were in stable employment during the later period, but one of four improved their position at least a little.

The Great Depression in an industrial city – new approaches



Jarmo Peltola, University of Tampere
ttjape@uta.fi

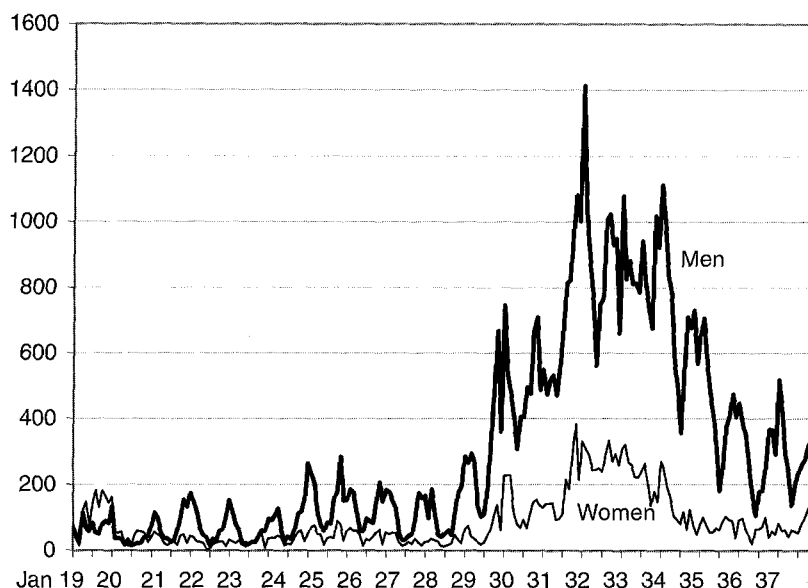
Tampere, an industrial city

In 1920 the city of Tampere had 46,401 inhabitants. In 1930 there were 54,179 of them. In 1930, 49,2 % of the population were industrial workers and 9,8 % were general workers and construction workers. 16,0 % of the families gained their livelihood from commerce and traffic. Out of the actively working population, 63 % made their living in factories, construction sites and various jobs that did not require professional skills.¹ The reforms of municipal legislation also resulted in a shift in political power in the city. The Reds, who had lost the Civil War, took up the management of Tampere municipal policy.

After the crises of 1917-1918 unemployment did not constitute a major problem in Tampere before the autumn of 1929, when the city's unemployment began to rise steeply. Until that time, unemployment had occurred on a regular basis during the winters, when approximately a hundred men lacked work at the same time and were in such a serious economic situation that they had to seek help from officials.

¹ Väestön elinkeino, Väestö elinkeinon mukaan kunnittain vuosina 1880-1975, Suomen Virallinen Tilasto, Tilastollisia tiedonantoja 63, Helsinki 1979.

Figure 1 Persons who were taken to official unemployment register in Tampere, by gender monthly 1919 - 1937

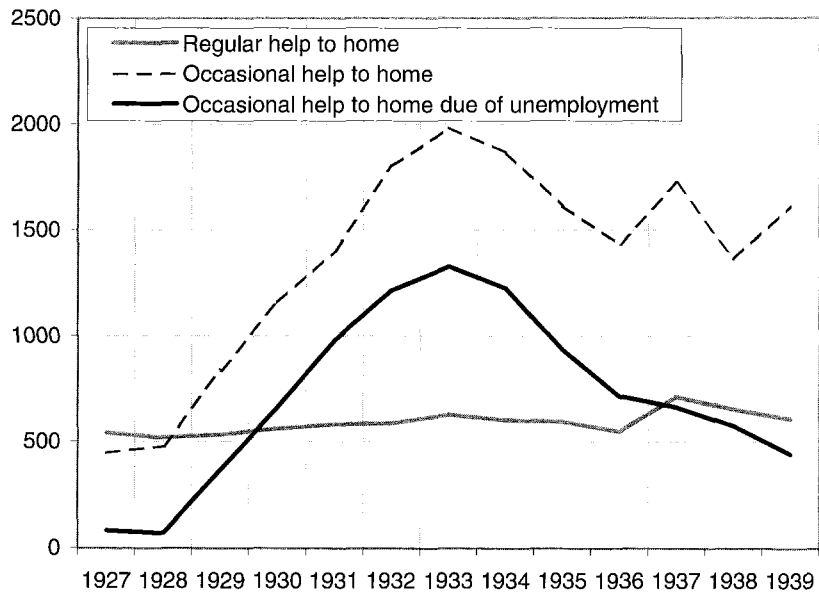


Sources: Annual reports of the employment exchange board 1918-1939.

What the officials had to offer was digging water and sewage pipes in the frozen ground. The city's unemployment peak dates to the winter of 1932 (Figure 1.), which fits the overall picture of Finland's unemployment quite well: the unemployment peak in towns came later than the unemployment peak in the countryside. The unemployment figures in the countryside were the highest already in 1930 and 1931.

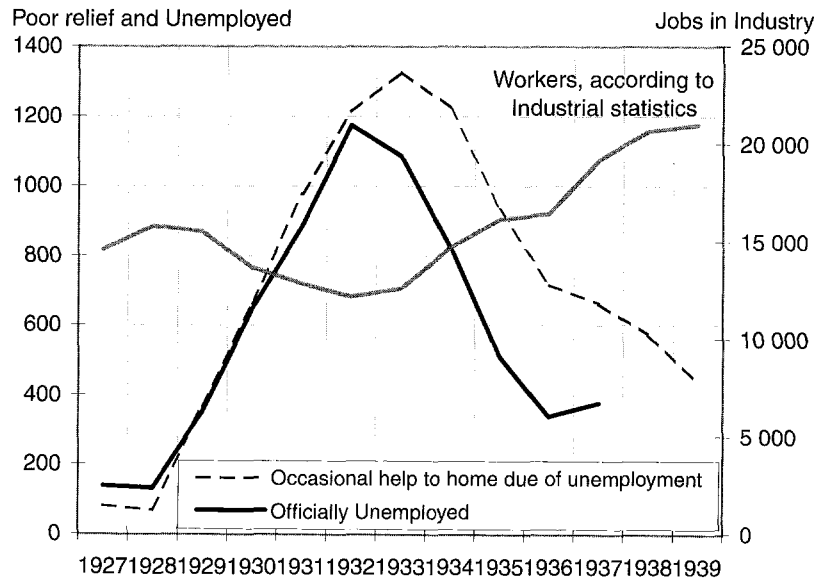
Naturally, the unemployment register was not the only place where people suffering from the depression and unemployment got help from the society. In addition to the normal relief work the unemployed were provided with food rations against payment: if you wanted your family to eat food provided by the city, you had to be prepared to shovel snow three days a week. Food assistance was quite extensive between 1932-1934; for example in December 1933, 2,218 food rations were delivered to the unemployed and their families. The recipients of the food rations were those who had officially registered themselves as unemployed. Poor relief was not free of charge, either. The dire situation caused by the depression can also be seen in the poor relief statistics (Figure 2.)

Figure 2 *Poor relief in Tampere, 1927 - 1939, persons*



Sources: Annual reports of the poor relief board 1927-1936; Annual reports of the social assistance board 1937-1939.

Figure 3 *Employment in industry, Poor relief and officially unemployed in Tampere, 1927 - 1939*



Problem setting

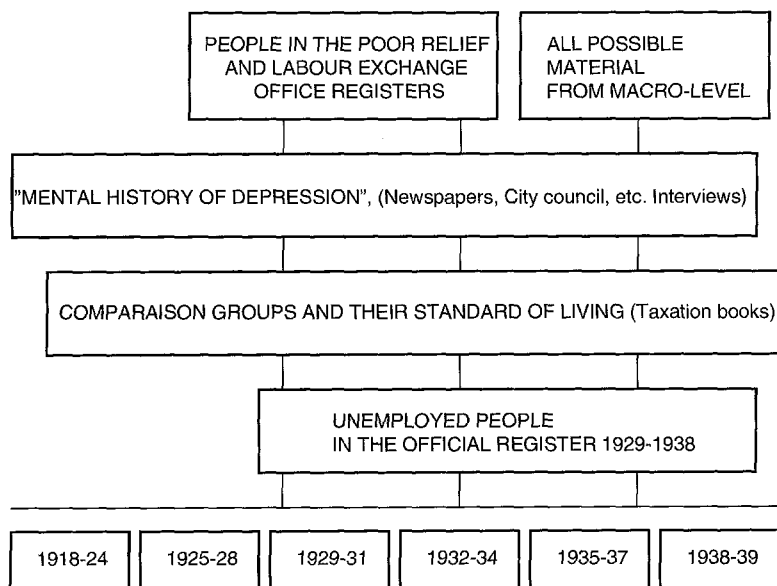
The intention is to study the following issues:

- 1) The economic situation of the unemployed individual and his family, and how it has changed with the changes in society and its structures and institutions.
- 2) In order to clear the relationship between unemployment and publicity we delve into the question of how an unemployed person and his position has been handled in publicity at different times and what does this handling reveal to us about the change of values, attitudes and meanings within society.

The relationship between unemployment, the situation of the unemployed and the changes of values within society are analysed with the help of a framework formed by the concept of regime, the temporal duration of the depression and the long temporal continuum. The results of the analysis are compared with existing research results on unemployment in other countries, gained through international co-operation.

This paper presents the materials used in the analysis about the 1930's and pays attention to new research results gained by combining new types of materials (microhistorical materials) with old materials. At the same time this paper can be regarded as a report of the current phase of the research.

Figure 4. Research setting of the 1930's depression



"New" sources

Qu al i t a t i v e m a t e r i a l

City administration

In the course of this project I have gone through the decision-making process of Tampere city's city board, employment exchange board and city council concerning the depression and unemployment. Together with the minutes of the discussions this decision-making process constitutes a versatile group of reference materials providing a picture of what the city administration and the different political parties thought about what caused the depression and how necessary the measures to help the people suffering from the depression were. The annual reports of all central boards, city board and city council have also been analysed.

Newspapers

Aamulehti, Kansan Lehti and Työväen Lehti (1927-1930) (not studied yet)

Other qualitative materials

The annual reports of local banks and co-operative retail society Voima. It would also be necessary to go through the SOK co-operative retail society (Osuusliike Tuotanto) annual reports. Particularly the annual reports of Voima and Hämeen Työväen Säästöpankki (Häme Workers' Savings Bank) have proven extremely practicable in the analysis of the depression. The reason for this is that the customers of these institutions suffered from the depression very severely. It is important to use the annual reports of competing institutions as a comparison group. On the basis of the annual reports it is possible to analyse for example the consumption of coffee, bread, milk and meat among the customers.

Microhistorical materials

Employment exchange office customer register (completed 1927-1929)

An employment exchange office was founded in Tampere in 1904. Initially the employment exchange office largely operated as a place where the unemployed inhabitants of the city could register themselves as unemployed. During the time between the world wars the situation changed. As the economic boom attracted new labour to the city, the employment exchange office found jobs not only to the actual city-dwellers but also to workers who moved to Tampere en masse from the neighbouring communes. During the early stages of the depression the employment exchange office also administered unemployment, i.e. the register includes individuals who lost their jobs because of the depression in 1928-1929. It should be mentioned that the people who lost their jobs in 1927 because of the metal blackout were registered into this register at least in Tampere.

The basic amount of information of this register is not quite as extensive as that of the unemployment register. This register gives the persons' age instead of their date

of birth. On the other hand, unlike the unemployment register this register mentions the persons' place of registration and birthplace, but not the year when they moved to the city - this information is also lacking from Tampere unemployment register, but is included for instance in the unemployment registers of Helsinki city. In addition, this register contains information of the duration of the persons' previous job, which is not found in the unemployment register.

Unemployment register (completed)

In the unemployment register, there is the following information about the applicants of each employment year (from autumn to spring)²: Name, date of birth, occupation, civilian status, family ties (number of children, old mother or father, sick family members, address, last job, date of the last work day, reason for unemployment, first day in the unemployment register, dates of relief works. Information of the work site, and the reason for the ending of the relief work). Includes 14000 unemployment cards.

Poor relief register cards (under construction)

These are cards written by poor relief officials for the Ministry of Social Affairs annually about the people who received poor relief. This register includes the individuals who received poor relief, their family ties, the reason, quality and amount of the poor relief.

Tax collection books

People have been registered by the part of town, lot, and family in a manner where the house owner and his family comes first, followed by tenants. The information concerning the individuals includes address, name, occupation, year of birth, number of children with a timberjack's bookkeeping, tax rates, and the previous address if the person has recently moved.

Random comparison group of city-dwellers (completed)

Based on basic data material³ compiled by Pertti Haapala in his dissertation. The intention is to expand this material in order to construct a comparison group for other material.

A working-class residential suburb in the clutches of the depression comparison group (mostly completed)

The experiences of people living in ten lots of the worker suburb Viinikka-Nekala during 1923 - 1940. A body of material based on combining tax information and registers.

² Employment year was used of because of the seasonal character of the employment and unemployment. Unemployment was at its highest during the winter and at its lowest during the summers.

³ The so-called MUULI material, collected in the University of Tampere Department of History's previous projects funded by the Finnish Academy. See Haapala, Pertti, Tehtaan valossa, Teollistuminen ja työväestön muodostuminen Tampereella 1820-1920, s.346-353.

Quantitative macro material

Industrial statistics

The production, production amount and value of Tampere industrial institutions as well as the labour by gender quarterly. Additionally the industrial statistics divides the workers according to their age. The scale used is under 15-year-olds, 15-18-year-olds and over 18-year-olds.

Population censuses

Population censuses in 1920 and 1930. An overall presentation of the actively working urban population. An even more useful source would be wages accounting ledger of a company which would reveal the company's employment policy. It would pose several new questions and certainly provide brand new information about the labour market of the era.

The possibilities provided by new material

As such, the strength of the material that has always existed lies in how it is possible to combine it. The use of an unemployment register as a basic source is strongly dependent on what kind of administrative statutes and instructions gave birth to it. The problems can be seen in Thomas Fürth's doctoral dissertation made in Stockholm and the pro gradu thesis of Mielikki Matilainen in Tampere.⁴ The central problems are the following ones:

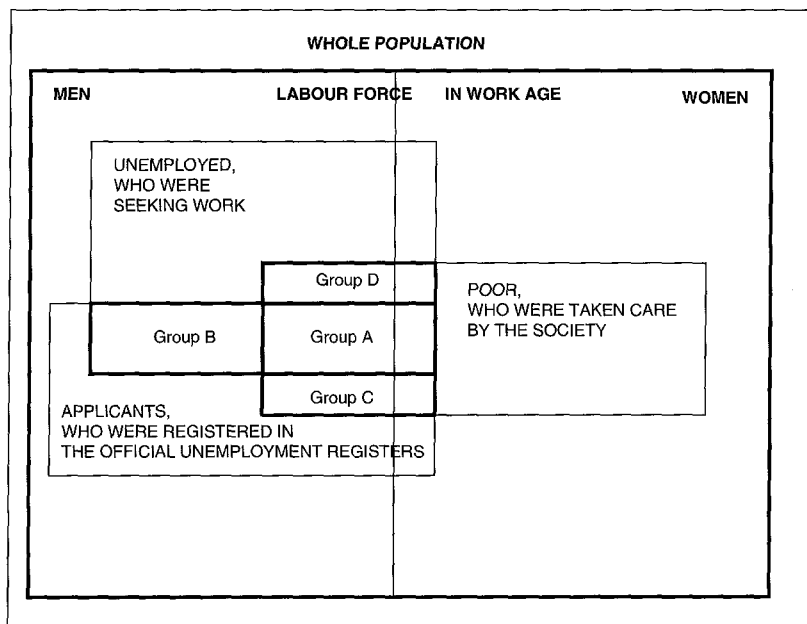
- 1) Matilainen's research of only one unemployment season only provides one cross-section. A register of merely one period does not reveal anything about individual continuity or accumulation.
- 2) Fürth goes through the entire depression period, but his results stop at: this was the content of the unemployment register. The continuity and individual accumulation of the depression is analysed as an integral aspect of the unemployment register, not as a part of Stockholm. A caricature of the research could be like this: unemployment and lack of work did not exist outside the unemployment register.

For this reason, the unemployment register constitutes the longitudinal basic material of the research. When we strive to bracket the social situation of the individuals in the unemployment register, we use the applicant register of the employment exchange office and the poor relief register cards. By cross-tabelling the materials we can detect intersection points of the materials which will help us to analyse

⁴ Fürth, Thomas, *De arbetslösa och 1930-talskrisen, En kollektivbiografi över hjälpsökande arbetslösa i Stockholm 1928-1936*, Uppsala 1979; Matilainen, Mielikki, *Miesten työttömyys Tampereella työttömyyskaudella 1931-32, Suomen historian pro gradu-tutkielma*, Tampere 1983.

- 1) The support system of the society as a whole,
- 2) The overlapping of the materials, that is the relationship between these materials (areas a, b, c, and d)
- 3) The real spread of the depression in cities (unemployment rate, social relations*?)⁵
- 4) The targeting of the depression in cities (age, gender, occupation, living area)
- 5) It is possible to form different kinds of groups which can be analysed more closely

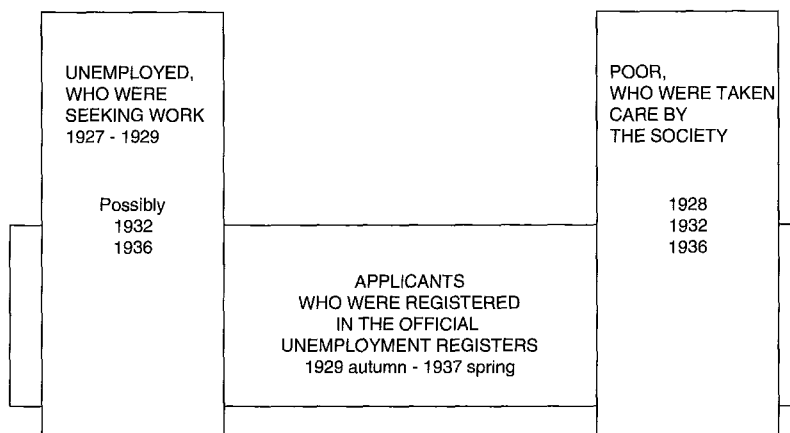
Figure 5. *Materials, Labour Force and Population*



When the basic information of these three registers has been analysed, the information gleaned from them can be combined to the picture the industrial statistics and population censuses have given us about the labour market according to gender and profession. The type groups formed on the basis of register analysis can be analysed more deeply by combining tax information to the other information.

⁵ A recent topic of discussion is the scope of unemployment in the society of the 1930's. It is possible to present several different assessments. One of them appears in the following article: Peltola, Jarmo, Why Did Unemployment Rate Vary? Finnish Interwar Unemployment in a Comparative International Context, In the book *Economic Crises and Restructuring in History, experiences of Small Countries*, edited by Timo Myllyntaus, Scripta Mercaturae Verlag, St Katherine 1998.pp.205-210.

Figure 6. *The temporal structure of the registers*



To summarise: the goal is a comprehensive analysis of an industrial city led by Social Democrats during the 1930's depression and the Lapua Movement years. The intention is to locate the groups whom the depression tried particularly hard and to try and research what the depression meant to different social classes. And, to take the issue to an even more conceptual level: we are of course discussing citizenship in Finland in the 1930's.

Patterns of representing unemployment and welfare

4

Mika Renvall, University of Tampere
timire@uta.fi

My research deals with the question how the 90s recession was constructed in the Finnish newspapers, and focuses on the issues related to unemployment, social policy and the welfare state in general. In this paper I shall present some first results about how certain key issues were represented.

According to Habermas (1996) the function of the political system is to "translate" the results of public opinion- and will formation into the language of law, so that it

can have effect on the functioning of the different social systems. An important part of this opinion- and will formation takes place in what Habermas calls "informal" public sphere. The mass media has an important role in this process, even though not all public discussions are mass mediated. The function of this sphere is to organize citizens' life-world experiences into "communicative power" able to influence the deliberations of the parliamentary system. (ibid. 307 - 308; 354 ff.) However, since patterns of mass-mediated debate depend on journalistic practices, it could be misleading to see it as completely "informal".

Labor- and social policies are those policy areas where pressures of the globalised economy take a form that has a concretely felt effect on the life-world. In these areas global market and local civil society, the life-world, interact with each other. In this sense work- and social policies should have a kind of special position in the public sphere. Paradoxically, welfare is said to have a rather low news value (eg. Golding & Middleton 1982, 127) and the news typically represent experts' rather than citizens' viewpoints. This implies, also, that journalists see themselves mainly as providers of information about these views. Alternatively, journalism is seen as an irresponsible and irrational agent for which social problems are simply "a source of news interest and mass entertainment, a form of fun" (Gusfield 1989, 433).

According to James Carey (see eg. 1987) and the theorists of the so called public journalism movement journalism should be understood also as conversation or public discussion about common concerns. My question is, how this kind of conversation could be possible in the case of welfare and work policies, and how it is organized or blocked by current journalistic practices. In practice the question is, how the Finnish welfare state model is articulated and undermined in the discussions, and, more specifically, how this process is dependent on the limitations of journalistic practices.

Patterns of the crisis-debate

There are thousands of stories published in dailies during the 90s concerning recession, unemployment and social policy. I have tried to cope with this problem by using two kinds of material. On the one hand we collect stories about recession, unemployment and social policy from one Finnish daily (Aamulehti) and one tabloid (Ilta-lehti) from year 1990 to 1998. We are gathering all relevant stories that appeared on the front pages of these papers. Front page news were chosen, because they are the most newsworthy material, and show what themes were emphasized by the journalists.

The other part of our material consists of the computer database of Aamulehti, which contains all material published in the paper during the 90s with the exception of 1993. The database is searchable in a full-text -basis, which means that I can use any word I wish and get all the stories that contain that word. In this way different

discussions can be traced by using words or phrases that are typical in them. In addition, it is easy to count in how many stories certain words appear in the material every year. In this way one can make some rough conclusions about the appearance of certain themes without going manually through the whole material or without using samples.

The front page material is collected to get an overview of the public agenda during the 90s. The next stage will be to study how the press has recognized and represented those policy measures, such as budget cuts, that have influenced most the welfare state model.

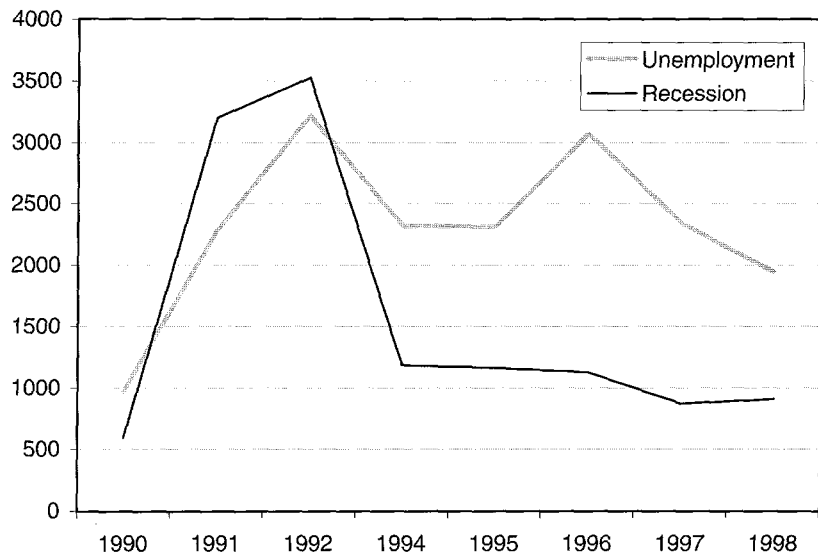
One can discern three distinct phases in recessions (see eg. Peltola & Parikka 1998). The word "recession" is usually used to refer only to the first phase, economic recession. Economic recession, however, typically causes increased unemployment, and this "labor market recession" is a longer lasting phenomenon than the economic one. Some people will be excluded from the labor market longer than others or permanently, which, along with such factors as public debt, explains the continuing high level of social security expenses. This "social policy recession" will last even longer than the labor market recession.

In choosing keywords for the preliminary database-study, my hypothesis was that the different phases of the recession would be reflected in the press through corresponding changes in the vocabulary used. Thus, economic recession was to be referred to with the word "recession" and labor market recession with the words "unemployment" and "unemployed". No one word refers immediately to the social policy recession, but I supposed that it would provoke increasing appearance of such words as "living allowance", "marginalisation", "social security" or "welfare state".

On the basis of the database searches it is possible to conclude that economic and labor market aspects were well recognized in Aamulehti. The word "recession" appears to follow closely the development of GDP, the decline of which ended in 1993. "Recession" seems, then, to refer rather exactly to the economic aspect. This probably reflects the use of the word in the speeches of the main sources of the press – politicians and experts.

I have used words "unemployment" and "unemployed" to refer to the key problem of labor market recession. Finnish unemployment did increase up until year 1994 and has not come down as fast as was expected. The use of keywords reflects this development. The patterns of appearance of these keywords are shown in figure 1.

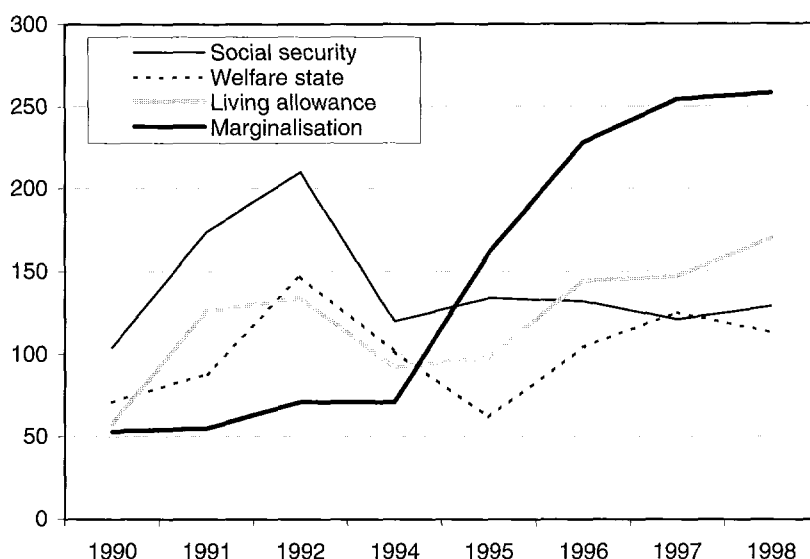
Figure 1. Keywords "recession" and "unemployment/unemployed" in Aamulehti (1990 – 1998)



However, Aamulehti doesn't seem to have noticed social policy –recession the way expected. The picture representing the use of the words "social security" and "welfare state" shows that "social security" appears to follow the pattern of the economic recession rather than labor market or social policy recessions, while "welfare state" seems to follow the pattern of labor market recession (figure 2.) The concept "social security" doesn't seem to be problematized during our proposed third phase but rather during the first phase. This may reflect the introduction of the plans to cut public spending in 1991 and later (see Kosunen 1997, 35). It is also interesting, that the words "social security" and "welfare state" appear in the stories so much less often than the words "recession" or "unemployment/unemployed".

Social policy recession seems to give boost to some topics, though. The increasing appearance of the keywords "marginalisation" and "living allowance" seems to lend some support to our hypothesis that the discussions follow the phases-model. Interestingly, while during the economic recession "social security" was more prominent than "marginalisation" or "living allowance", this order is reversed during the social political recession. Marginalisation and living allowance refer immediately to a core feature of the social policy recession since they denote the problems of long-term unemployment and poverty. As Heikki Lehtonen (in this volume) notes, living allowance has also become a structurally problematic element for the welfare model.

Figure 2. Welfare-related keywords in Aamulehti (1990 – 1998)



These examples allow one to pose some questions. What does it mean that we stop talking about "recession" so quickly? Is it possible that we fail to see the link between different phases of recession? It seems, for example, that the further we get from the economic recession the more prominent the issue of welfare abuse becomes in the media (Valtonen & Renvall 1999). Does this mean that the unemployed or welfare clients cease to be seen as victims of the crisis and become framed as "deviant" individuals because we need to "explain" the fact that unemployment refuses to decrease or that cuts are still needed even though the recession is declared to be over?

One could also make a hypothesis that the social policy recession produces discussions more about particular social problems than the principles of the welfare model in general. This could indicate that in the level of public discussion we are returning to the "normal" stage after the stage of crisis experienced during the economic and labor market recessions.

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Sociology: Trust and Disability

**1. Social capital and trust:
Conceptual problems and research
perspectives related to changes in
the welfare state services after
the economic crisis of the 1990**

Social capital and trust: Conceptual problems and research perspectives related to changes in the welfare state services after the economic crisis of the 1990s



Anne Kovalainen, Swedish School of Economics and Business Administration
anne.kovalainen@shh.fi

Introduction

Social capital has become the slogan for the 1990s social policy discussions in many countries. It has been taken up not only in relation to social policy problems but also as a new theoretical solution to problems at the structural (macro-level) level. Problems with locally situated nature such as social cohesion at the local level have also been thought to be solved with the help of social capital, simply by relying on direct mechanisms between social cohesion and social capital. The variety concerning the discussions of social capital tells us - not only on the variety of the societal problems but also of the difficulty in defining the concept of social capital. One additional aspect in the "popularity" of the concept of social capital in social sciences is that it is sometimes seen as a reaction against rational choice approach so which has been popular lately in social sciences.

This short paper focuses on some of the most essential aspects in the concept of trust, as part of the social capital, and the meaning of trust in the restructuring of the welfare state. Restructuring of the welfare state means, shortly put, changes in the provision systems for the welfare services, which create situations where state no longer is the sole provider of these services, but possibly only purchaser. The services can be provided by private companies, public institutions, third sector, etc. The markets - or quasi-markets - created in the public sector have created a new situations for citizens.

The basic idea in the paper is the relationship between social capital and trust, in relation to welfare state services.¹ Trust, in a similar vein as social capital, seems to be without clear and structured definition (Putnam 1993, 1995; Fukuyama 1995; Seligman

¹ This paper is based on public lecture given on the 17th March, 1999 at LSE Visiting Academic Lecture Series, London School of Economics, UK. Longer version of this paper is partly published in Finnish (Kovalainen - Österberg), 2000.

1997). At the general level trust has been defined as one of the central dimensions in the social capital, with emphasis on local and historical specificity. Trust is being built between individuals, groups and institutions, the changes take also place between these actors, e.g. individuals and groups, communities and institutions. The existence of trust is argued to be the central in promoting both economic and social well-being through various kinds of mechanisms. According to Putnam (1993), social capital that is built on trust, produces common good for the local community, creates strengthening social ties between individuals and thus promotes local and national economic growth and development.

Adam Seligman differentiates "trust between people" from the "confidence in systems", as well as from "faith" and from "familiarity".² The most important distinction made by Seligman (1997) is the one between trust and confidence. According to Seligman, trust is being built between individuals in the presence of certain unconditional situations, while confidence for its part presupposes some institutional structures, such as clubs, state, municipal institutions, companies, etc. According to Seligman, trust and confidence exclude each other.

As part of the research project some key points in the relationship between social capital and trust are discussed in several publications and presentations. That is made to clarify the relationship between these two concepts in general. Another point of interest is, whether the distinction Seligman has made between trust and confidence works in practice, or whether from another perspective, the distinction loses its justification? The starting point is, however, Seligman's powerful presentation on the problem of trust (Seligman 1997). The part of the project will use some of the empirical material in the paper: the empirical material discussed is based on two research projects³. In the following I will take up some theoretical aspects.

One of the basic work hypotheses for the project could be formulated as following: the political decision making level in municipalities must have trust - that is confidence in Seligman's terminology, towards the new forms of service provision such as privately produced care services. However, the mere confidence in Seligman's terms in the practical arrangements of the services is not enough when new activities have not yet become part of the existing system or institutions. This is the situation where, for example, the control mechanisms are not yet established or are not functioning properly. When the new forms of services are being adopted, and are in the process of finding their place and space at the existing structure, it might be that confidence, as defined by Seligman, has not yet risen, as the new activities are based more on

² The difference between faith and trust is limited into the difference between God and man (Seligman 1997, 21). This difference is understandable as historically defined distinction, but Seligman does not discuss the relevance of this difference to any larger extent. It can thus be argued that the distinction between faith and trust is justified only if there is analytically acceptance of the existence of God.

³ Restructuration of the welfare services, financed by the Academy of Finland (1996); Recession and Trust, financed by the Academy of Finland (1998-00).

individuals initiatives and activities than on the institutions that are the core of the confidence system in Seligman's theory. The empirical data in the project shows that at the practical level, that is, at the level of service arrangements, both confidence and trust are simultaneously needed. The component of trust seems to be created at two, distinct levels. First of all, there has to be trust between those officials that have responsibility over the welfare service arrangements in municipalities, and private service providers (Kovalainen - Österberg 2000).

Social capital and trust - definitions and problems

In the discussions concerning social capital it is possible to trace connections both to classics of social sciences, and to various other directions, more explicitly mainly to Pierre Bourdieu's and James Coleman's works. In the latest social policy discussions, the concept of social capital is related mainly to an article by James Coleman from 1988, even if, for example, Woolcock (1999, 1998) has brought into daylight several separate notions of social capital. Coleman gave social capital functional definition: "Social capital is productive, it makes possible to meet some goals, which are impossible to meet without social capital" (1988, 98). There is a wide variety in the attempts to operationalise Coleman's original definition and his later redefinitions of social capital. In research that has focused on individual level and especially attitude research, it has been operationalised mainly by asking the trust towards other people and institutions, reciprocity principles, attitudes towards differences, etc. At the structural level the operationalisation has moved e.g. at the level of political and citizenship activities.

The unclear nature of conceptual and operational definitions can partly be explained with Coleman's sketchy notions on how to operationalise the concept. Coleman has given examples which have not been systematic in a sense that they would have explained the concept clearly. The contents Fukuyama has given to the importance of social capital is restricted to economic aspects. According to Fukuyama there are societies with high-trust and low-trust: those with high trust tend to create larger social capital and through that, larger economic growth. Fukuyama sees trust mostly as economist Kenneth Arrow. Trust is the glue that keeps the society together from the forces of market which tend to tear these societies apart. His idea of trust is close to social virtue; social capital is "a capability which arises in the presence of trust within the social" (1995, 26).

Robert D. Putnam (1993) defines social capital as consisting of trust, norms and social networks, which all make the society more effective by making common tasks easier to do. Putnam's analysis of the Italian society shows that society with well-functioning civic society, lots of activities and co-operation, reaches higher economic and institutional effectiveness. Putnam emphasises the importance of local communities: the relationships between communities are built on local shared

meanings and relationships. These complex local and historically built relationships nurture the existence of the trust relationships. Simply put, according to Putnam, the joint operations which are based on trust, and social structure promote almost in normative way the development of economy and society.

Common to all those who have sketched out the concept of social capital is the notion that social capital deals with the institutional relationships between individuals. In this discussion the emphasis has been especially on importance of the good governance of society, the social cohesion and lively culture. By inspecting the variation in social capital the differences between states or regions could be explained. This has been done especially when the relationships between the social capital and the economic growth are discussed. Can we consider social capital as a cause to the economic growth and welfare state development, or vice versa? To put the question to the more general level: is social capital dependent or independent variable? Putnam sees the causality as social capital effecting on the economic development: strong, historically developed local civic communities create economic prosperity through social networks and with the help of social capital.

The elasticity of the concept of social capital creates problems also to the definition of trust and limits for that definition. Portes and Landolt (1996) have quite well remarked that the original concept borrowed from Coleman was based on *individual* qualities. That has, especially in the hands of Putnam, been extended without problems into the quality of communities and nations, where individuals do not have any prominent position. Is it possible then, to add all individual social capitals together and get the national score, is one question asked by the critique? Coleman's view on social capital cannot be understood in this way. If social capital exists and is mediated in the social networks, where the principle of reciprocity is central, it cannot be reduced to individual characteristics.

Trust is defined as an essential part of the social capital. The more trust can be found in community, the more cooperation within the community will work, is the most usual argument related to trust. According to Misztal, trust has always had a central, even if not clearly stated role in sociological theories, which have tried to explain and understand the fact, of how would it be possible to maintain the social plurality and still have social order (Misztal 1996). The plurality in the definitions emphasises, I think, the fact that the concept of trust can be defined in sensible way if the basic premises and limitations for argumentation are given in the definition.

In economics the concept of trust has created some problems, as neoclassical economy deals with all social relations mainly as contracts or exchange relations. Explaining trust as utility maximation is problematic though if cultural and social relations are seen as having some relevance in the explanation. There has come up two separate discussions which both challenge the basic assumptions in neoclassical economics, especially concerning trust and contract theory. The institutional economics has focused - with the help of theory of transactions costs - to those indirect costs that

are related to contract making (Williamson, 1985). Another direction in the institutional economics emphasises the importance of trust that goes beyond formal contracts (Fox 1974). To be able to make contract you need to have pre-contractual relationship (so called supra-contractual trust) and this is seen essential in the labour market negotiations and work contract discussions, or in subcontracting (see e.g. Hodgson 1999).

The major problem in trust has been its elusiveness. If trust is understood only in normative way as positive thing, also social capital is seen as positive thing, and this has happened often in research, e.g. Fukuyama's understanding of the meaning of trust as part of the capitalist economic order. Also Putnam's idea of social capital as part of the local and national economic development takes very positive view on, as well as Coleman. For Fukuyama trust becomes true as social good only in relation either the material production or in services related to economic exchange, not between individuals as freely floating social relationships which not necessarily have beginning or end or any strictly limited nature, as Annette Baier has put it.

The definition Baier gives to trust starts from the concrete practicalities, from the point of view of moral philosophy. Baier makes one important distinction to Seligman's definition, and that is the difference between trust and virtue. As Baier says it:

"Exploitation and conspiracy, as much as justice and fellowship, thrive better in the atmosphere of trust. There are immoral as well as moral trust relationships, and trust-busting can be a morally proper goal. If we are to tell when morality requires the preservation of trust and when it requires the destruction of trust, we obviously need to distinguish different forms of trust and look for morally relevant features they may possess." (Baier 1994, 95-6).

So, what Baier argues, is that trust does not itself include the dimensions of trust but is neutral concerning the contents and process of trust: also a matter that has normatively been defined as bad can happen in the circle of trust. Baier's definition, in parallel fashion to Seligman's, contains the idea of dependency, but more directly put: when I trust somebody, I entrust his/her good will towards me. According to Baier we hand over in trust relationship the care of something, some person or idea which we think is important and which we see as something that has a lot of matter for us. The dependency is always present in trust relationship, independently on that whether the trusted is an individual or institution.

The outline of the empirical research

The project will focus on the restructuring of the welfare services at the local and at the national level. According to our material it is justified to argue in Seligman's sense, that both trust and confidence are present simultaneously in the relationship

between new service providers and agents from municipalities and clients. It is not only a question of the trust towards the institution, but there are individuals or an individual who provides the care, and the relationship to this individual is based on trust or lack of it. The relationship between municipal officials and service provider on the one hand, and client and service provider on the other hand, is personal and it is wrong to interpret it only as confidence borne out of tradition. It is a question of much more complicated matter and relationship. This form of service provision does not have those kinds of traditions which - with a continuity - would automatically create a confidence structure between institutions, but institutional and structural relationships have to be built up again with the changes in the service structure. The element of risk is there both for the service provider and service purchaser. Thus reciprocal trust is needed.

The crucial question might be, do those, with role expectancies, have any kinds of degrees of freedom? Could that be a situation where role expectations are open for discussion and interpretation? In our material the new service providers had often been in employment relationship to municipalities before becoming independent contractors of social services. The picture is loaded with multilayered expectations, so to say. So, it the case of everyday life creation of trust between the officials from municipalities and new private contractors, not merely confidence to existing institution. The relationship between agents from municipal side (officials, bureaucrats, managers of care), clients and service provider is personal, and probably loaded with various kinds of expectations, where it is not possible to distinguish different roles and expectations towards these roles. One additional aspect is, that in this new situation, the service provision does not have those traditions as yet, which would automatically create - through continuity - confidence towards institutions. From the beginning of 1990s the institutional and structural relationships have to be rebuilt. We would argue that the element of risk is there both for the service provider and purchaser. Therefore mutual trust is needed in the beginning.

The theoretical discussion will be based on the above discussions elaborated in various directions. The project has so far produced presentations and articles. During the year 2000 there will be forthcoming publications and presentations (Kovalainen, Österberg), one licentiate thesis (Österberg) and additionally, material for the manuscript of the doctoral dissertation (Österberg).

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Employment and Families: Job Insecurity

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- 1. Perceived job insecurity and
later work career**
 - 2. Perspectives on immigrant
employment strategy**
 - 3. People and jobs
on the move**

Perceived job insecurity and later work career



Mika Happonen, University of Jyväskylä
mipeha@dodo.jyu.fi

Jouko Nätti, University of Jyväskylä
natti@dodo.jyu.fi

The economic crisis in the 1990s manifested particularly in the form mass unemployment. Although the deep economic recession turned into an economic boom in 1993, the unemployment rate has remained above 10 % until nowadays, and the proportion of long-term unemployment large. In addition, the economic crisis manifested as cautiousness and demands of flexible labour force among employers. Consequently, to some extent, in the 1990s lifelong full-time work has been replaced with more flexible forms of work, for instance temporary work. For the employers, temporary contracts offer better possibilities to increase or decrease staff according to needs at each time. For the employees, temporary contracts offer less continuity and security about the future.

The trend towards a more insecure labour market is not solely a Finnish phenomenon. In the 1990s perceived job insecurity has become more common in many OECD countries (OECD 1997). Brown (1997) has described the last two decades as a period of increased insecurity. Furthermore, in the 1990s increasing number of researchers have drawn a parallel between changes in the labour market and transition to some kind of risk or post-traditional society. However, irrespective of all changes, there are those researchers who stress stability or continuity in the labour market. For example, according to Taylor-Gooby (1997), the experience of insecurity "is highly concentrated in among particular groups who have always been most vulnerable in the labour market". Although these groups have expanded in size and some other groups have lost their confidence in secure employment, the fundamental transition into a risk society has not yet taken place.

The *first aim* of the paper was to examine the prevalence and the antecedents of perceived job insecurity in the 1970s, 1980s and 1990s. To what extent perceived job insecurity varies by economic trends? Has perceived job insecurity radically increased in the 1990s? Which factors best explain perceived job insecurity? Have these factors changed during the last two decades? What does perceived job insecurity tell about the nature of changes in the Finnish labour market? The *second aim* was to examine the realization of perceived job insecurity. For example, how many of those employees experiencing job insecurity in 1984 and 1990 were dismissed in the following years?

Prevalence and the antecedents of perceived job insecurity were studied through five *representative samples of Finnish working age population* in 1977, 1984, 1990,

1994 and 1997 (Working and Living Conditions Surveys; secondary data from Statistics Finland). This study was restricted to employees. For each survey some 3000 - 6000 wage and salary earners were interviewed, and different surveys composed a comparable data. To study the realization of perceived job insecurity as unemployment experiences in later years, we needed panel data. Therefore, *register-based follow-up data* was added to the 1984 and 1990 Working Conditions Surveys in Statistics Finland. The register data is based on the Finnish census panel data (every 5th year 1970 - 1995) and employment register (annual data 1987 - 1996).

Unemployment rate and perceived job insecurity; up and down, hand in hand

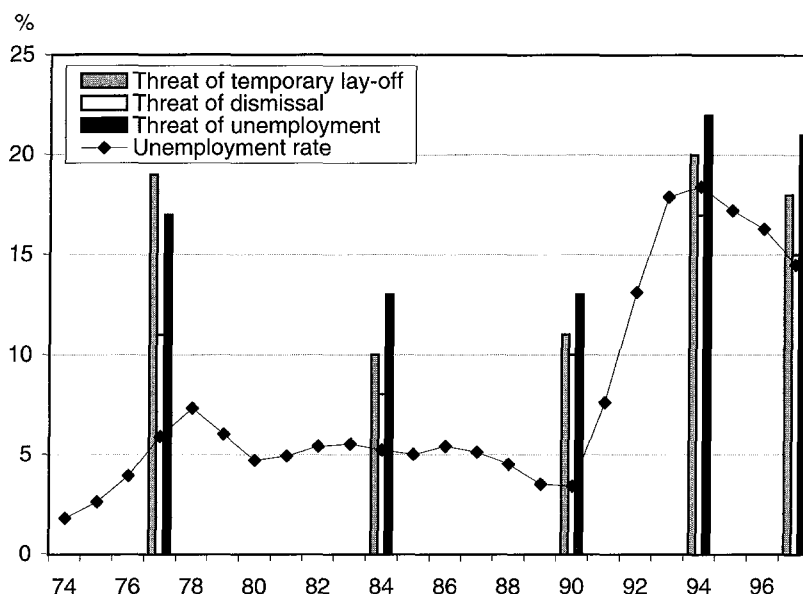
Studies on job insecurity have usually adopted a "global" view, in which job insecurity is conceived as an overall concern about the future of one's job in the context of organizational crisis or change (Rosenblatt & Ruvio 1996). From this point of view, job insecurity has been studied as an anticipatory phase, which is characterized by the threat of impending unemployment (Joelson & Wahlquist 1987). In extensive Finnish surveys on working and living conditions in 1977, 1984, 1990, 1994, and 1997, perceived job insecurity has been measured by the same three-item question: "Does your work carry any of the following uncertainties: a threat of temporary lay-off, a threat of dismissal, or a threat of unemployment (yes/ no)?"

First, the extent of perceived job insecurity was studied at the *macro level* by comparing unemployment rate and prevalence of different threats year by year. In the *late 1970s* unemployment rate rose to a postwar record (Figure 1). Economic recession and high unemployment rate appeared also as perceived job insecurity among those who had not lost their jobs. In the *1980s* economic growth was steady and unemployment rate low. Furthermore, in the late 1980s economy turned into strong economic boom. In 1984 and 1990 low unemployment rate appeared also as rare feelings of threats among employees. In the early *1990s* economic boom changed into a very deep recession; in four years unemployment rate rose from 3 % (1990) into 18 % (1994). At the same time, proportion of employees feeling different threats almost doubled. Since 1994 economy has grown 4-6 % each year. However, unemployment has remained high (15% in 1997) and - irrespective of minor decreases - feelings of threat common among employees.

Altogether perceived job insecurity was most prevalent in the 1990s, which supported the idea about the increase of insecurity in the labour market. However, perceived job insecurity and unemployment rate seemed to correlate in the Finnish labour market; perceived threats were common when unemployment rate was high. From this viewpoint - compared to the very deep recession and high unemployment rate in the early 1990s - feelings of threats were surprisingly rare. Although recession was much deeper and unemployment rate three times higher in 1994 compared to

1977, feelings of different threats were only 1 - 6 % more common in 1994. Thus, perceived job insecurity in the 1990s indicates rather temporary consequences of the deep recession than permanent and revolutionary changes in labour markets.

Figure 1. *Perceived threats and unemployment rate in 1977 - 1997 in Finland*



Women working on a temporary basis and men having earlier unemployment experiences perceived job insecurity

Factors which increase or decrease perceived job insecurity were studied at the *individual level* by using hierarchical regression analysis. In this analysis the dependent factor was perceived job insecurity (sum variable of threats of temporary layoff, dismissal and unemployment). Antecedents of job insecurity were divided into two groups: environmental and positional characteristics. Analyses were done for men and women and for each year separately.

For men and women and from one year to another, antecedents of perceived job insecurity were mainly the same. However, the regional unemployment rate (high) predicted perceived job insecurity (a lot) during economic booms (1984, 1990, 1997), but not during recessions (1977, 1994). Probably the result can be explained by the fact that in many countries regional proportionate differences in unemployment have been found to increase during economic booms and to decrease during recessions (Böckerman 1997, Gordon 1985). In other words, during economic booms in the regions of slow economic growth people suffer more from unemployment,

which appears as perceived job insecurity among those who have not lost their jobs, too.

Perceived job insecurity was best explained by earlier unemployment experiences and temporary work contracts. Nowadays temporary working contracts are more and more common; in Finland proportion of temporary workers increased from 11 % in 1984 to 15 % in 1990 and finally to 18 % in 1997. Alongside with the increasing use of temporary work, more and more often people are in temporary work against their wishes. In 1990 40 % of the Finnish temporary workers were in their work due to lack of permanent work. In 1997 this was true for 87 % of the temporary workers.

Antecedents of perceived job insecurity varied by gender. Earlier unemployment experiences best explained perceived job insecurity for men, and the present temporary working contract for women. Unemployment experiences were more common among men. By contrast, temporary working contracts were more common among women compared to men. In addition, women (1997, 93 %) were more often involuntarily in temporary work compared to men (76 %). Furthermore, among those who had been unemployed earlier, women were more often in temporary work compared to men. In other words, for women involuntary temporary work was more often an acute reason for perceived job insecurity compared to men.

Perceived job insecurity realized as unemployment experiences in later years

Realization of perceived job insecurity was studied as unemployment experiences one, three and six years after perceived job insecurity (in 1984 or 1990). Due to earlier results about strong connections between earlier job career and perceived job insecurity, and earlier job career and later unemployment experiences (e.g. Gershuny & Marsh 1994), interaction between earlier unemployment experiences and perceived job insecurity was controlled by dividing respondents into four groups:

- I) has been unemployed earlier but did not perceive job insecurity,
- II) has been unemployed and perceived job insecurity,
- III) has not been unemployed but perceived job insecurity,
- IV) has not been unemployed and did not perceive job insecurity.

Realization of perceived job insecurity was studied by using logit loglinear analysis. In our analysis, the dependent factor was unemployment experiences (no/yes) in the later years. The independent factor consisted of earlier unemployment experiences and perceived job insecurity recoded as a single factor (four categories described above). Later unemployment experiences were most rare in group IV in every year. Therefore, it was used as a reference group. Values for outcome variables are odds ratios (Table 1). This means that for instance in 1991, those who has been unemployed earlier and perceived job insecurity (group II) were 24 times more likely unemployed compared to the reference group (IV).

Table 1. Unemployment experiences in later years by earlier unemployment experiences and perceived job insecurity in 1984 and 1990; logit loglinear analysis (only statistically significant effects included)

	Years since perceived job insecurity		
	1 year (1985, n=4269)	3 years (1987, n=4245)	6 years (1990, n=4202)
Finnish wage and salary earners in 1984			
I Has been unemployed earlier, no job insecurity in 1984	5.5	4.4	3.4
II Has been unemployed earlier, perceived job insecurity in 1984	25.5	12.8	9.0
III No earlier unemployment, perceived job insecurity in 1984	5.2	2.9	2.4
IV No earlier unemployment, no job insecurity in 1984 ^a	1.0	1.0	1.0
Finnish wage and salary earners in 1990	1 year (1991, n=3262)	3 years (1993, n=3246)	6 years (1996, n=3220)
I Has been unemployed earlier, no job insecurity in 1990	5.4	3.3	2.2
II Has been unemployed earlier, perceived job insecurity in 1990	24.4	9.6	6.6
III No earlier unemployment, perceived job insecurity in 1990	3.8	2.7	2.5
IV No earlier unemployment, no job insecurity in 1990 ^a	1.0	1.0	1.0

Values for outcome variables are odds ratios.

a) Reference group

Earlier unemployment experiences and perceived job insecurity together best predicted later unemployment experiences; in every year risk of unemployment was highest in group II (unemployed and insecure). In addition, earlier unemployment (group I compared with group IV) and perceived job insecurity (III compared with IV) predicted later unemployment experiences independently. Prediction power of earlier unemployment experiences and perceived job insecurity decreased fast especially from the first to the third year (1985 - 1987; 1991 - 1993). However, even after six years perceived job insecurity seemed to double the risk of unemployment in the 1980s and 1990s.

Realization of job insecurity was studied also for respondents working on a permanent and temporary basis separately. In each case, risk of unemployment was highest among those who has been unemployed and perceived job insecurity (group II). In addition, earlier unemployment experiences increased risk of unemployment independently in later years for permanent and temporary workers. Thus, earlier unemployment experiences and perceived job insecurity together and unemployment experiences independently predicted later unemployment experiences for both

groups. Perceived job insecurity increased risk of later unemployment in every time period for permanent workers but for temporary workers only in the first year (1985; 1991). Thus, among temporary workers, perceived job insecurity predicted later unemployment experiences only a very limited time.

In contrast to permanent workers, among temporary workers, insecurity about the future of one's job is more like a natural aspect of everyday working life. Therefore, among temporary workers, perceived job insecurity does not express differences in the position in the labour market to the extent it does for permanent workers. Consequently, for temporary workers perceived job insecurity did not predict later unemployment experiences as it did for permanent workers. Thus, among permanent workers feelings of insecurity are more rare, but predict more serious consequences.

Summary and conclusions

Perceived job insecurity was most prevalent in the 1990s compared to two earlier decades. However, perceived job insecurity and unemployment rate correlated in the Finnish labour market; perceived threats were most common during economic recessions and when unemployment rate was high. From this viewpoint - compared to the very deep recession and high unemployment rate in the early 1990s - feelings of threats were surprisingly rare. Furthermore, in the 1990s a threat-fraught public discussion about transition to "risk society and flexible underemployment" (Beck 1992) or even to the "world without work" (Rifkin 1995) would have made feelings of threats more common than they were. Thus, perceived job insecurity in the 1990s indicates rather temporary consequences of the deep recession than permanent and revolutionary changes in labour markets.

Also the fact that antecedents of job insecurity were mainly the same for men and women and from one year to another, indicated stability or continuity in the labour market. Perceived job insecurity was best explained by earlier unemployment experiences and temporary working contracts.

Nowadays, increasing use of temporary work, increasing involuntariness of temporary work, and the prevalence of job insecurity among temporary employees seem to support Beck's (1992) idea about transformation of permanent full-time employment into flexible, risky employment. However, there was a very deep recession in the early 1990s in Finland, which was expressed as high unemployment rate but also as cautiousness and rising demands of flexible labour force among employers. Thus, changes in temporary work were connected with the deep recession, and conclusions about the permanent changes in the labour market based on these empirical results are premature.

Often the number of workers perceiving job insecurity is larger than of those who eventually lose their jobs (cf. Jacobson 1991). From this viewpoint - to some extent - typical for perceived job insecurity is irrationality. According to our results, on the

one hand, perceived job insecurity was strongly predicted by earlier unemployment experiences and present temporary work contract. On the other hand, preliminary results about the realization of perceived job insecurity as later unemployment experiences indicated that earlier unemployment experiences and perceived job insecurity together but perceived job insecurity also independently predicted later unemployment experiences. These results tell about rationality in job insecurity experiences.

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Kathleen Valtonen, University of Turku
kathva@utu.fi

Aim of the Research

The present project focuses on the problem of immigrant unemployment in Finland. Underpinning the work is the research which I conducted previously in ethnic communities in Finland, the findings of which have produced information on the labour market relations of these groups (Valtonen 1997;1999). This particular study is an investigation of the potential role of labour market organizations in addressing the immigrant unemployment problem in Finland. It is a study of the perspectives of labour market parties on the problem, with an exploration of the possibility and range of interventions. Important dimensions are also the immigrants' jobseeking processes and structural aspects of the labour market which they are trying to enter.

Background

Since the late eighties, Finland has seen a rising immigration trend. Even though the immigration policy does not encourage labour migration as such, foreign-born settlers constitute a growing population segment. Among the chief categories of immigrants are those who come through marriage, and more recently, though humanitarian immigration. At present the foreign-born residing in Finland, are 2.3 percent of the total population.

Integration refers to immigrants' ability to participate fully in the economic, social, cultural and political life of the new home society. Employment is one of the central forms of participation, and is used as an indicator of integration. In other words, "... having a job is a major form of social participation and a condition of full participation in society" (Leisink and Coenen 1993: 18). Employment has a strong instrumental dimension in the settlement process. It represents a gate into the society and circles in majority society, access to opportunity, the first step toward becoming re-established in both the social and the financial sense. Within the context of the advanced welfare state in Finland, the social utility of employment (see Sen (1997), for immigrants, possibly outweighs the economic utility. Indeed, it is questionable whether immigrants can become fully integrated in a state of unemployment.

The level of unemployment in immigrant groups has been disproportionately high throughout the current decade. The national unemployment level peaked at 21.4 percent in 1994, and has dropped to around 12 percent recently. However the unemployment figure for immigrants has remained consistently around 46 percent. In those groups which have arrived as part of the ongoing humanitarian quota intake, the percentages exceed 70 percent. The category of employed also includes persons on temporary labour market placements, which means that an even larger proportion is not in regular employment relations.

The most alarming aspect of immigrant unemployment at this time, is the fact that most persons have not entered the labour market proper since the beginning of resettlement. They have been on the edge of the labour market, proceeding for years in a circular track of preliminary pre-employment measures, different forms of labour market courses and training, job search, on-the-job placements and practice periods, which have not led to employment and the formation of ties to the labour market.

When unemployment continues as the "norm" in resettling communities, there is the risk of exclusion – "rejection from the economic system and social isolation" (Castel 1996). "Underclass" formation may be too strong a term to use in a welfare state such as Finland (Wilson 1996). However, the level and duration of unemployment in the immigrant population point to a situation of labour market peripheralization, which has consequences for communities, families, individuals and the ethnic relations arena as a whole.

The data collection is being conducted among representatives of trade unions, employers associations and employers. Topics include the causes or reasons behind the high level of immigrant unemployment, and measures and interventions which could be effective in addressing areas perceived as inimical to employment access of immigrants.

Theoretical base

The basic theoretical framework to be applied is that of "capital", as formulated by Bourdieu (1985), as well as Coleman (1988) and Portes (1998), who have elaborated and used the concept with labour market applications.

The range of causes attributed by research subjects/respondents for high unemployment, can be conceptualized as states of deficiency of one or more types of "capital", either on the part of the immigrant job seeker, or on the part of the surrounding society and its institutions, into which he must integrate himself. In the same vein, the measures considered by subjects/respondents as important for addressing the problem, can be seen as interventions to develop the resources or "capital" base of jobseekers or of the parties involved in labour market processes. A central theme is that of resources and capacity development.

The different types of capital form the matrix for scrutinizing the resource base of labour market actors and institutions. The types of capital are:

- Economic capital that corresponds to material wealth and is directly convertible into money.
- Social capital that refers to the mobilization of people through connections, social networks and group membership. It refers to "the resources of social relations and networks of relations that are useful for individuals, facilitating action through the generation of trust, the establishment of obligations and expectations, the creation and enforcement of norms, the formation of associations, etc." Coleman 1990:306-313). Social capital is of special significance in this study, as it stands for the ability, or non-ability, of actors (immigrant job seekers) to mobilize contacts into labour market networks.
- Cultural capital that incorporates informational capital, in all its forms. It refers to formal educational qualifications and training, and cultural goods: long-standing dispositions and habits, valued cultural objects. Cultural capital is understood as facilitating the formation of "human" capital.
- Symbolic capital which is the form taken by all forms of capital when their possession is perceived as legitimate. Social life can be seen as a competition for symbolic advantage directed toward the maximizing of symbolic profit.

Closely related to "capital" is the concept of "power" and "fields" of struggle for resources and interests (Bourdieu 1984; Layder 1997:116-7; Peillon 1998, p. 216), which provides a useful frame of analysis for the structural and societal context of the study. Under the concepts of "capital" and "fields", can be subsumed central issues of discrimination, "capital" transfer in migration, human resources, etc. which are core themes in the immigrant unemployment discourse.

Method

The research procedures consists of qualitative and quantitative components. Qualitative interviews (approximately 15) are in progress with representatives of labour market organizations and selected employers. A three-round delphi panel questionnaire is being conducted among "experts" and more specific information on the language skill question will be sought from two small scale questionnaires among shop stewards of Kunnallisvirkamiesliitto KVL – Federation of Municipal Officers, and members of HRHL Hotelli- ja Ravintolahenkilökunnan Liitto.

Preliminary findings

The Delphi questionnaire was addressed to individuals nominated in organizations to participate in the expert panel. There were 59 respondents from labour unions, employers' associations, as well as employers in the public and private sector. The

respondents were contacted by telephone to obtain their agreement to participate in the questionnaire.

Preliminary findings indicated the main reasons, which were attributed by respondents, for the high unemployment rates among immigrants.

- "The lack of Finnish language skill of applicants" stood out as the unanimously held view across all three groups, followed by
- The general employment situation in the country (during the recession)
- Employers' uncertainty about the adequacy of immigrant applicants' language and professional capabilities/skills
- Everyday racism
- General prejudice of which the individual himself may not even be consciously aware
- Inadequacy of applicant's education, training or qualifications
- Cultural factors that affect working life (religion, work ethic etc)

Some of the above reasons were supplied by the respondents during the course of the questionnaire rounds, and subsequently rated by the panel.

The areas seen by respondents as being the most important in tackling the problem of high immigrant unemployment were:

- Improving the Finnish language skill of immigrant job seekers
- Improving Swedish language skill
- Professional/vocational skills development
- Training in tolerance, beginning from maternity clinics (babyhood), daycare and school
- Increasing the information for immigrants on Finnish work culture and working life
- Developing the possibilities and opportunities for practical on-the-job training prior to employment
- Promoting training courses in entrepreneurship and self-employment for immigrants
- Promoting immigrant entrepreneurship where immigrants' own particular background resources would be utilized
- Disseminating information to employers on positive experiences already gained with workers of immigrant background
- "Tailoring" labour market measures or actions according to the situation of the individual jobseeker
- Getting immigrants into employment in daycare, schools, hospitals, State offices, Employment services, the Police Force and other places providing services to immigrant clients

The data analysis is in progress. A preliminary observation that can be made at this stage is that while the questionnaire data places heavy emphasis on language skills, interview data on the other hand, is not so unconditional regarding this factor.

Interviewees from the labour union and employer side, made the point that jobs existed, in which fluency would not be a criteria of importance. The qualitative data from previous studies indicated that in the immigrant communities fluent communication skills in Finnish is not a rarity. The qualitative data also showed that the job search is often curtailed with early refusal, at a stage prior to getting into a job interview, when the language skill of the applicant is not known to the prospective employer. There may be thus gaps of information on some issues.

The cooperation offered by labour market organizations indicate that there is willingness in labour market circles to open up the discussion on this problem, even though many of the parties may not have been involved directly in hiring and decision-making processes regarding immigrant employment.

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When labour goes local - channels of employment

Introduction

Heikki Rantala, University of Tampere
athera@uta.fi

During and after the economic recession of the 1990's the labour markets in Finland went through important changes. However, labour market changes and labour flexibility are of major issues in all developed countries. Carnoy, Castells and Benner (1997, 27) argue that flexible production is associated with the new competitive conditions in the global economy and is marked by a disaggregation of labour. Labour disaggregation is characterised by a shift in the locus of work organisation from permanent jobs to flexible employment defined by human capital portfolios.

New technologies have revolutionised both processes and products, altering the equation between capital and labour. Possibly the most important development has been the changing sectoral structure which has seen major losses of jobs in manufacturing, continuing decline in primary employment, and major growth in the service sector. Along with these sectoral shifts major changes have come about in the nature of demand and working practices: more non-manual jobs, more part-time and casual working, and more self-employment. (Salt 1992, 1081.) Simultaneously demands for more flexible, both qualitative and quantitative, courses of action in the labour market and working life have taken place (Kasvio 1994, 19-20).

Theories of flexible workforce depict part-time and temporary workers as sharing a broadly similar labour market position. It is characterised by low skills level, poor promotion opportunities and acute job insecurity. According to Gallie, White, Cheng and Tomlinson (1999, 185) it is clear that the labour market is segmented, but the attempt to understand such segmentation in terms of general theories of primary and secondary sectors of labour market is grossly misleading.

During the expanding economy in the late 1990s many sectors of economy in Finland faced shortages of skilled labour force. At the same time, despite the current economic expansion, the unemployment rate still remains high. This phenomenon is a sign of structural changes in the demand for labour. Simultaneously the patterns

of work are shifting from permanent contracts to temporary and project work even in the traditional core sectors of the economy. It can be maintained that the most important changes in the current labour market are not between different sectors of economy but within the sectors.

One obvious feature of the current labour market is the rising skills level and the significance of social skills. There has been a particularly marked need for work force which is willing and able to undergo self-development. However, it is reasonable to assume that lower educated workers will continue to have much poorer chances for skills development. These developments point out a process of growing polarisation between lower educated workers and other employees.

Demand for and supply of labour – recruitment problems in Tampere region

Jukka Mykkänen, University of Tampere
jm54524@uta.fi

There is a large number of unemployed people but at the same time many companies complain of shortage of labour. Demand and supply of labour do not meet in Tampere sub-region. The shortage of the labour is especially severe in communications and information technology, computer-aided design and manufacture (CAD/CAM), computer numerical controlled manufacturing (CNC) and data processing. On the other hand there are some unpopular jobs which do not attract employees. These jobs are mainly in the traditional metal industry. From the company's point of view, the mismatch is a recruitment problem.

These results are based on the research conducted by the University of Tampere. A total of 31 companies were interviewed and they also completed a questionnaire. Of these 31 companies 17 complained of a recruitment problem. In 14 companies the required workers have been found but in many cases in these companies, too the recruitment had been quite difficult because there had not been so many applicants. Companies were selected with representatives of each municipality's business development office and employment agency. We selected companies in which recruitment problems might occur. The chosen companies were mainly in the metal industry and the communications and information technology industry.

In this study we presumed that a mismatch has occurred when a company had failed to find the required workers for the last half year. We also asked companies what kind of skilled workers it had been most difficult to obtain during the last year. Five companies reported that they had had a shortage of special experts in information technology and electronics. Three companies had had a shortage of experts in data processing and programming and three companies also reported a shortage of users of machine tools.

The migrant's dilemma: new job by moving?

Olli Kultalahti, University of Tampere
atolku@uta.fi

Economic theories often emphasise migration as a mechanism that brings demand and supply of the labour markets into equilibrium. During expansion or in a stable economic situation migration may function as a balancing mechanism. In a declining economy and during economic crisis, such as in the 1990s, this balancing mechanism does not necessarily work. During the recession of the 1990s the nature of migration changed. Finding a job in the migratory destination area is far from self evident. This analysis concerns a period after the recession, i.e. 1994-1997.

Many studies have indicated that unbalancing development is accelerating rather than slowing down. The largest urban areas have a positive net migration. The Tampere Region is a relatively large and urbanised region in Finland, and according to the net flows of migration the Tampere Region seemed to attract more people than it lost 1994-1997. This concerns highly educated people as well. As for employment of migrants the situation is not fully satisfactory.

The role of moving as a means to obtain a new job was studied by grouping the migrants into four categories (these analyses do not include those migrants who moved from one municipality to another but kept their old jobs):

- Employed before and after moving, i.e. integrated in the labour markets
- Unemployed before moving and employed after moving, i.e. winners
- Employed before moving and unemployed after moving, i.e. losers
- Unemployed before and after moving, i.e. alienated.

More than one third of the migrants to Tampere 1994 - 1997 were unemployed before moving, and almost as great a proportion of the migrants was in the same position after the move. The results in the Tampere Region were very similar to the whole country. About forty per cent of all the migrants belonging to the labour force were integrated into the labour markets and only a fifth of them were winners. The losers formed a group of fifteen per cent, and the alienated respectively 24 per cent. What is interesting is that in spite of individual changes of job status the total figure improved only slightly after moving.

Education was the best factor helping a migrant to obtain a new job after moving. However, this relation is not straightforward. The demand for labour is naturally related to the industrial structure of the region, and in the Tampere Region there seems to be demand, according to the results, particularly for those having a degree in technical fields. These structural factors are not the only ones affecting the chances of obtaining a new job. As was seen in the analysis of some enterprises in the Tampere Region, apart from the availability of skilled labour in the region, demand and supply do not always meet.

The results are rather similar to those concerning the period of depression at the beginning of the 1990s (see Kultalahti 1997). Thus it can be concluded that the importance of migration as labour market mechanism has been on the decrease during the 1990s. The proportion of not only the unemployed but also of those being practically excluded from the labour force has increased. Due to the high unemployment rate the proportion of unemployed and those outside the labour force in migration flows has increased correspondingly. The situation has naturally become better after the recession but some features appearing during the recession have remained.

These changes in the labour market have weakened the position of certain employee groups more than the others. Labour markets have become more and more polarised into primary and secondary segments. The primary segment was characterised by long work contracts, good prospects for career promotion and skills, and the secondary segment by unstable working conditions, repeated unemployment periods, poor prospects for career promotion, etc. The last mentioned segment expanded during the depression, and the jobs of many educated skilled employees have fallen into this category. The following categories of migrants appear justified:

- 1) Moving from one location to another or from one country to another fails to result in a job.
- 2) A migrant gets a new job but falls from the primary segment to the secondary segment.
- 3) A migrant's occupational position remains in the primary segment after the move.
- 4) A migrant's occupational position rises from the secondary segment to the primary segment. These changes will be analysed later in this project.

Fragmentation into different parts was typical in the development of Finnish society in the early 1990s. The labour markets polarised, the secondary segment expanded, new occupational and professional groups suffered from disturbances in the economy, and differences between many regions reached an acute stage. We can talk about increasing social and spatial cleavages. Many younger unemployed people moved to larger cities without any hope of getting a job. Consequently social differences between the employed and unemployed increased in these large urban communities. The internal and international migration flows of the 1990s are related to the economic recession, unemployment, labour market exclusion, and instability and unpredictability in the life perspectives of individuals. The economic recession of the 1990s changed the working conditions of large employee groups closer to the conditions typical in the secondary sector, also including certain groups of highly educated and skilled employees. One of the main questions to be analysed further in this project is whether these trends still exist among migrants during the booming economy.

When labour goes global - channels of regulated migration

Ilari Karppi, Nordregio
ilari.karppi@nordregio.a.se

This chapter is primarily based on two recent articles (Karppi 1999a & Karppi 1999b) discussing the regionalisation of labour markets in the globalising economy.

The contemporary logic in international political economy appears to lead to specialisation in which the most advanced economies employ the globally best educated professionals, whereas the less advanced economies are increasingly left with processes employing the global blue-collar labour class (cf. Scott 1996, 401). This highlights the importance of globally operating corporations as gateways for the educated of the global economy's fringe areas to escape their otherwise "structurally" induced role in the global division of labour.

This approach seems also to be acknowledged by the European Commission. On 30 July 1997 the Commission launched its new attempt to include the treatment of immigrant labour force in the functioning of the European Internal Market. This was done in a proposal for a Council decision establishing a convention on rules for the admission of third-country nationals to the Member States of the European Union (Bulletin EU 7/8, 1997; cf. Nielsen - Szysczak 1997, 123).

The Commission's proposal puts EU European-based enterprises operating in the third countries in a key position as a mechanism to select regular migrants to be admitted to the EU area. According to the proposal (op cit), "an employment contract for at least one year must be presented at the first admission". It is also required that the job vacancy cannot be filled quickly by a citizen of the Union or a third-country national already a long-term resident in an EU Member State. It is obvious that to meet these criteria and to receive a one-year contract in the EU area from his/her employer a "fresh new migrant" must be a highly educated professional having an already established position in an EU-based enterprise/other organisation operating in the sending country.

The consequences of the proposed policy would be both socio-cultural and economic. Firstly, it would dramatically change the nature of ethnic communities in the EU area as the number of regular migrants from third countries would fall dramatically. The vast majority of third-country nationals in the EU area would be refugees and a small minority would consist of the carefully hand-picked specialists.

Secondly, the proposed policy may intensify brain drain from the sending (third) countries. At its worst it may also intensify the brain waste, the transfer of the most highly qualified specialists of the third countries to EU area jobs that do not require their qualifications. This may be done just in case – if they should be needed in a remote future with stricter regulations in force.

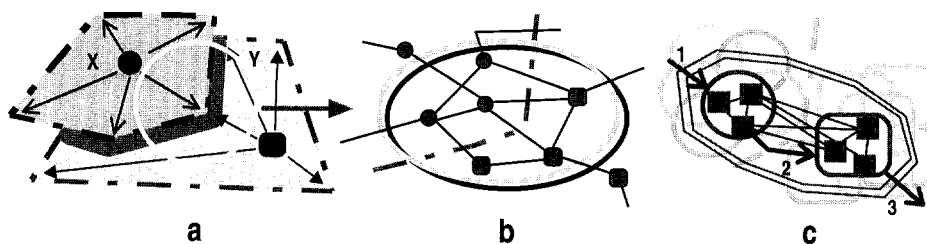
Brain drain through such an organisational channel indeed is a real threat. In the light of a recent study conducted in four urban regions of European transition economies (discussed e.g. in Karppi 1998), particularly the younger segment of the labour force with academic education appeared to be mobile. They found their employer's foreign and international contacts most appealing as a factor increasing their own willingness to migrate abroad.

In his outline of the future structuring of global capitalism Scott (1996) joins the school of thought emphasising the regionally run network economies. In this model each "regional motor" with one metropolitan centre forms a dense, interlinked net of interaction. Each of these metropolitan regions has its own immediate and prosperous hinterland area, obviously providing the centres with space-related utilities such as recreation and residential functions. They also serve as a location for the wide range of service and manufacturing industries needed to make the regional economy sufficiently flexible and diversified to thrive despite the external shocks.

In Scott's model the former Socialist transition economies share the frontier zone of global capitalism with their own "islands of relative prosperity and economic opportunity" with Newly Industrialised Countries. Their recent economic transformations have been heavily guided by the World Bank Group institutions (cf. Martin 1994). In the light of the last fifteen years' mainstream paradigm of neo-liberalism it is possible to argue that these societies have been "selected" to serve as very specific kinds of gateways. Through them the latest rules of global capitalism – set in other regions of the world, not in the traditional Euro-Atlantic metropolises – may penetrate Europe, the heartland of the industrial age and national capitalism.

No minor consideration have the intensified mobility of labour force – together with capital and other non-human resources – by using the globally span gateways of multinational corporations. We come now to the conceptual but also most real-life differences between the territorial economic region, economic space and process.

Figure 1. From territorially defined border regions to process based border spaces (see text)



The differences between economic border regions and border spaces can be easily illustrated as has been done in Fig. 1. Phase a describes a traditional setting between two territorial units. Their border-related policies may range from security issues to economic development projects depending on the regional level in question. In each case these policies are defined in the centre of the territorial unit.

The interaction Scott (1996) describes, referring to economic border region dynamics is, however, formulated more precisely in phase b. What we see here is the formation of networks crossing the economic borders that separate the two different regions from each other. Phase c is an even closer look at the processes taking place within these networks.

Phase c highlights the cross-border interaction between two organisational units and their sub-units. The numbered chain of events may describe different processes. If we wish to interpret it as direct investments, Arrows 1 and 3 symbolise "traditional" investment flows, either those acquired from external sources (Arrow 1) or those invested in some external target (Arrow 3). In the case of human mobility these arrows symbolise the functioning of traditional, or "external", labour markets. However, as we attempt to outline the idea of economic border spaces, a completely different detail of Phase c must now be brought to the foreground.

A key point here are the linkages between the two organisational units, identified as Arrow 2. In the case of human mobility it symbolises the internal labour markets (ILMs) with their vacancy chains crossing the geographical and divisional boundaries without stepping outside the intra-firm network, and consisting of clusters of specialised jobs for qualified labour force (cf. Pinfield 1995, 10, 63, 109). In an integrated global economy human cross-border mobility as a major aspect of cross-border interaction between states is thus seen to become to an ever growing extent intermediated through intra-organisational chains of decisions.

The social spaces derived from newly structured international economic boundaries put the international mobility of human resources into new contexts. The potential migrants are now more than ever included in the functioning and restructuring of spatially specific economic systems and, through public-private partnerships, affected by the immediate short-term needs and interests of the corporate sector in the receiving areas.

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Contact information

Programme Coordinator:

Prof. Jaakko Kiander

Academy of Finland/Government Institute for Economic Research

Tel. +358-9-7032955

Fax +358-9-7032984

E-mail: jaakko.kiander@vatt.fi

Address: Government Institute for Economic Research

P.O. Box 269, FIN-00531 Helsinki, FINLAND

Internet home page: <http://www.vatt.fi/lamatutkimushanke/index.htm>

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HÄMEENTIE 3 • PL / P.O.B. 269 • 00531 HELSINKI, FINLAND

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