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OBSERVATION NETWORK

ESPON 1.4.2

„Preparatory Study on Social Aspects of EU Territorial Development“

Final Report



TRANSNATIONAL PROJECT GROUP

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**„Preparatory Study on
Social Aspects of
EU Territorial Development“**

Final Report

This report represents the interim results of a research project conducted within the framework of the ESPON 2000-2006 programme, partly financed through the INTERREG programme.

The partnership behind the ESPON programme consists of the EU Commission and the Member States of the EU25, plus Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

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FOREWORD

The ESPON Programme generally aims at applied research on spatial aspects in order to provide a solid analytical basis for more integrated approaches. Consequently, the ESPON Programme is focusing on the 'added value' of considering the territory as a unit of analysis and as basis for policy making, an approach that is likely to stimulate a better coordination of sector policies.

The ESPON 1.4.2 Project "*Social aspects of EU territorial development*" is part of the Priority 1 "Thematic projects" of the ESPON Programme under the strand "Studies on New Thematic Projects".

The ESPON 1.4.2 Project focuses on at investigating the interrelationship between social and territorial development in order to integrate social aspects in the territorial analysis, as territorial development equally affects spaces, and people who live in these spaces, and vice versa. As preparatory study its task is to explore and evaluate the main elements of the forthcoming projects.

The final report at hand investigates the relationship between territorial and social development along four core topics: "Access to Social Services, Services of General Economic Interest (SGEI), and mechanisms of public transfers", "Employment and Income Distribution", "Housing and territorial development" and "Education and Training". Within each of these thematic fields it provides an analyses of relevant policies, discusses the status of the existing research works, investigates in data and indicators picturing the social-territorial relationship within these fields and comes up with research questions.

Furthermore hypothesis about the interrelations between these four key research fields their impact on the territorial development are set up. And potential projects are defined for a more in-depth investigation of social aspects of territorial development within ESPON.

The results of the study are presented in three parts of the final report:

- Part I – Summary including an executive summary of the main final results, a scientific summary and a short report on networking
- Part II – Results of the project including the results of the scientific and policy reviews, typologies, geography of social issues (maps) and conclusions
- Part III – Annexes including especially detailed information on indicators and datasets, additional maps.

The final report was elaborated by a team including the following members:

- ÖIR –Austrian Institute for Regional Studies and Spatial Planning (Austria)
- Nordregio, Nordic Centre for Spatial Development (Sweden)
- MRI – Metropolitan Research Institute (Hungary)
- CEG – Centro de Estudos Geográficos, Faculdade de Letras, Alameda da Universidade (Portugal)

PART I SUMMARIES

EXECUTIVE SUMMARY

ESPON 1.4.2: „Preparatory Study on Social Aspects of EU Territorial Development“

Territorial cohesion and social cohesion

Major strategic European policy documents explicitly point at the necessity and challenge of jointly addressing the social, as well as economic and ecological dimensions of territorial development. The two main goals of the Union, social cohesion as well as economic cohesion have clearly a territorial component, widely discussed under the term of “territorial cohesion”. The “Third report on economic and social cohesion” (2004) states clearly that *“the concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it.”*

Territorial development is closely linked with social aspects, as territorial development equally affects spaces (areas, regions), and the people who live in these spaces, and vice versa. The interdependence and mutual influence of population and spaces is a core factor of territorial development. Therefore, it is essential to integrate social aspects in territorial analyses. Consequently, territorial cohesion is a necessary requirement of and complement to economic and social cohesion within the aim of sustainable development, meaning *“the balanced distribution of human activities across the Union”* (DG Regional Policy 2004).

The relationship between territorial and social issues

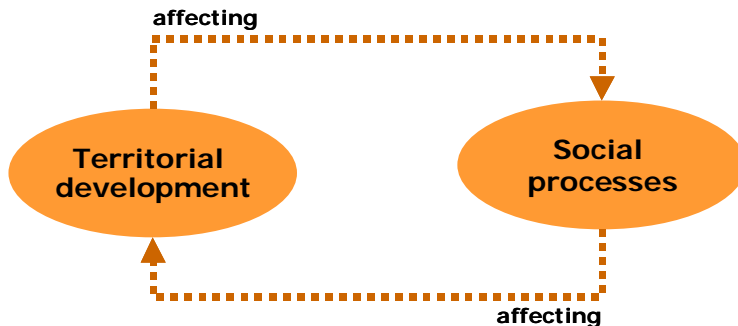
Several theoretical concepts try to explore the relationship between territorial and social issues focusing on the core questions, of how space affects the living condition of humans and how humans change space. In this context Hamm (1982) defines two main relationships:

- space as a result of social organization and
- social organization as a result of space.

Social and territorial organisation of people is interdependent and interrelated. Their dynamic process can be formulated as follows: Social processes form and change space and characteristics, while conditions and infrastructure of space (territorial development) have effects on social processes. In order to provide support for the development of appropriate policy approaches which combine social

and territorial aspects, it is necessary to integrate social aspects in territorial analysis.

Figure 1 Relationship: Territorial development and social processes



Source: ÖIR

A solid analytical basis for further research on social-territorial issues

The ESPON Programme generally aims at applied research on spatial aspects in order to provide a solid analytical basis for more integrated approaches. Consequently, the ESPON Programme focuses on the 'added value' of considering the territory as a unit of analysis and as a basis for policy making, an approach that is likely to stimulate an enhanced coordination of sector policies.

In that context the ESPON project 1.4.2 "Social Aspects of EU Territorial Development" explores the relationship between social aspects and territorial dynamics. As a preparatory study its task is to investigate and evaluate the main elements of other forthcoming projects. It aims to provide scientific information and guidance, as a preliminary step to implement a sound spatial analysis of social patterns, trends, impacts and dynamics in the future.

As social aspects and territorial development encompass a very broad field for potential research, the ESPON 1.4.2. preparatory study pre-defined four key fields to be investigated:

- access to social services, services of general economic interest (SGEI), and mechanisms of public transfers;
- employment and income distribution;
- housing and territorial development,
- education and training.

Within each of these thematic fields ESPON 1.4.2 provides an analysis of relevant policies, discusses the status of the existing research works, investigates data and indicators picturing the social-territorial relationship within these fields and comes up with concluding research questions.

The complexity of the European Social Model

In a world-wide context, the literature on European social policies refers to a unified "European Social Model". However, the policy review of the European social policies in the thematic key fields "access to social services, SGEIs and mechanisms of public transfers", "employment and income distribution", "housing and territorial development and "education and training" showed very clearly that one such European Social Model does not exist; rather there is a variety of different policies in existence.

The European Union has created some strategic documents on social policies, education, employment and even housing, but all in all social policy lies in the responsibilities of the individual Member States.

Thus, the organisation of social policies differs from state to state. Responsibilities can lie in the central state, the regions and provinces or in the municipalities. Depending on its governmental structure, each European state has found its own differentiation of responsibilities for social policies. The organisation differs widely and in some cases policies on lower (local) levels might contradict policies on higher (National / European) levels.

This complex governmental system of decentralisation for policy implementation is a challenge for the aim of social and territorial cohesion. Even the analysis of the status quo is challenging. So e.g. it is difficult to compare the social security systems in the countries of the EU29. Each country has a different technical-administrational construction of the social security systems, the entitlement and the level of benefits, own contributions, the share of population covered etc. Often these policies are not organised in a top-down approach, where the higher authority provides general pre-settings serving as a basis for the regulations of the lower authorities.

On the contrary, regulations at different levels sometimes compete with each other as e.g. shown in the housing sector. Several researchers point out that there are very few common elements in the housing policies of European countries (Balchin, 1996; Harloe, 1995, Lowe, 2004, Maclennan et al, 1998), apart from some main tendencies (such as a shift from the supply side subsidies towards demand side subsidies and from the direct public provision towards a kind of public-private partnership, and from the special housing finance institutions towards the universal bank system).

Differences in the various systems represent obstacles regarding the responsibility for creating social cohesion. The hypothesis has emerged that the national state as well as the regions pursue "beggar-thy-neighbour" and "NIMBY (not-in-my-backyard)" strategies in Europe – with an increase of social disparities rather than social cohesion as a consequence.

Moreover, social policy is a broad field, split in various different sectors, including non market driven fields e.g. education, social welfare, elderly care, day-care centres, child care as well as more market driven fields like e.g. transportation networks, broadband, energy supply, broadcasting, housing etc. Different social

services are usually based on different legislation, often provided by different institutions and financed differently within each Member State.

Finding data describing social aspects of regional development is difficult

Due to the decentralised responsibility for the legislation within the Member States, the availability of European-wide, harmonised data at a regional level (NUTS 2 or NUTS3) for social issues is rather poor.

Within ESPON 1.4.2 indicators of various European and international sources and databases have been analysed. Amongst others the following sources have been investigated: Eurostat, ESPON database, Housing Statistics in the European Union, Urban Audit, OECD statistics, Study programme in European spatial planning, UN-Habitat, Bulletin of Housing and Building Statistics for Europe and North America.

More than 230 indicators were identified as relevant for social-territorial issues. Unfortunately data for about 80% of all these social indicators are only available at national level, e.g. all OECD data and lots of UN-data. Moreover, the data from the Urban Audit are just available for selected cities and do not cover the territory of EU 25+2+2. They are therefore only usable to a very limited extent for analyses within the ESPON-space

Only 32 indicators were available throughout Europe at least at NUTS2. (Just about 1/6 of them exist also on NUTS3 level.) Amongst the 32 indicators:

- 21 are related to "employment and income distribution"
- 4 are related to "social services"
- 3 are related to "housing and territorial development"
- 4 are related to "education and training"

Only in the field of employment does a relatively good data base exist, whereas in all other sectors European wide data on regional (NUTS2) levels are rather rare.

All in all, the data situation picturing interrelationships between social aspects and territorial development is fairly poor. Data about the territorial accessibility of educational and social institutions are entirely missing at regional levels. So the improvement of the data-situation and a creative approach concerning the elaboration on indicators will be essential for any future empirical, data driven analysis of social issues and territorial development at a regional level throughout Europe. Nevertheless, some existing data could be used for a first view on the empirical situation of social aspects of territorial development.

Empirical situation: supply with licensed physicians/doctors

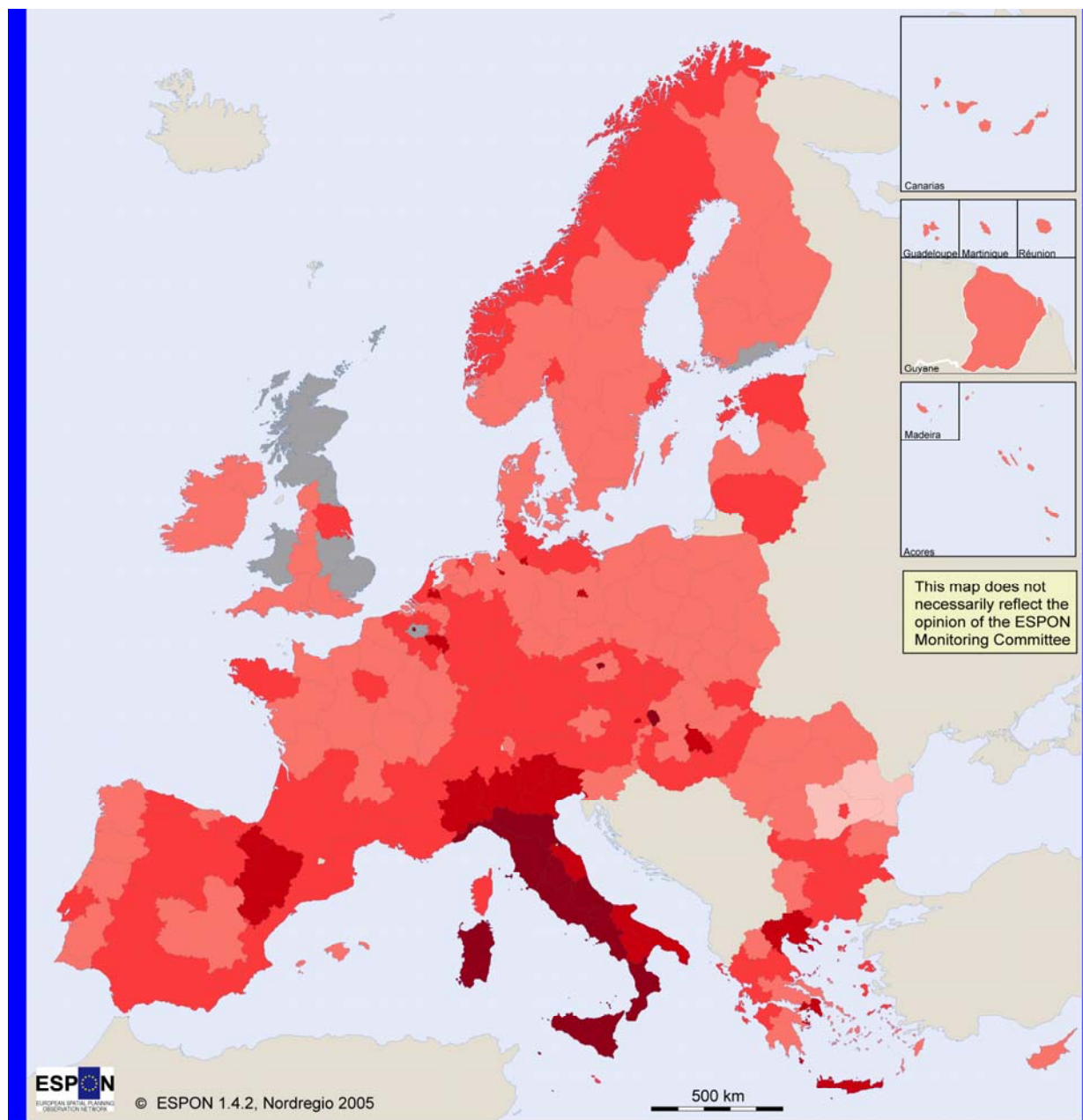
One good example demonstrating the complexity of the legislative situation in Europe as well as the linkage of social and territorial aspects is the statistic on the number of licensed physicians/doctors per 100 000 inhabitants.

A glance at the map below shows that the highest number of licensed physicians/doctors per 100 000 inhabitants can be found in Italian regions. The cause can be traced down to the special legislative situation in Italy, where every drugstore has to have a doctor on staff.

Besides Italy, high numbers of licensed physicians/doctors per 100 000 inhabitants can be found in urban areas from Berlin, Brussels, Vienna, Bratislava, Prague, to Athens, etc. resulting from a higher density of medical supply in urban areas.

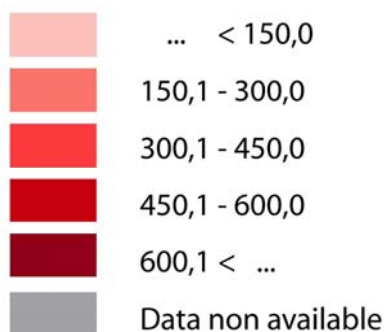
Furthermore, the northern parts of Sweden and Norway have a relatively high number of licensed physicians/doctors per 100 000 inhabitants compared to the rest of their countries. This can be explained by the large distances between villages and towns in these areas.

Map 1 Number of licensed physicians/doctors per 100,000 inhabitants, in 2003



© EuroGeographics Association for the administrative boundaries

Source: Eurostat



NUTS 0: Cyprus, Malta, Lithuania, Latvia, Estonia, Ireland, Slovenia, Denmark, Switzerland

NUTS 1: United Kingdom, Germany

NUTS 2: Other countries with data available

Year of data availability:

2002: Belgium (except Brussels 2000), Estonia, Cyprus, Lithuania, Netherlands, Poland, Islands of Åland (Finland), Switzerland

2001: Greece, Malta

2000: Sweden

1998: Slovenia

Empirical situation: home ownership in Europe

The empirical analysis of the European situation of home ownership is based on the Urban Audit. The map clearly shows the lack of data for many European regions. But, even if the missing data rather limits the usability of the available data, they are still useful resources of information.

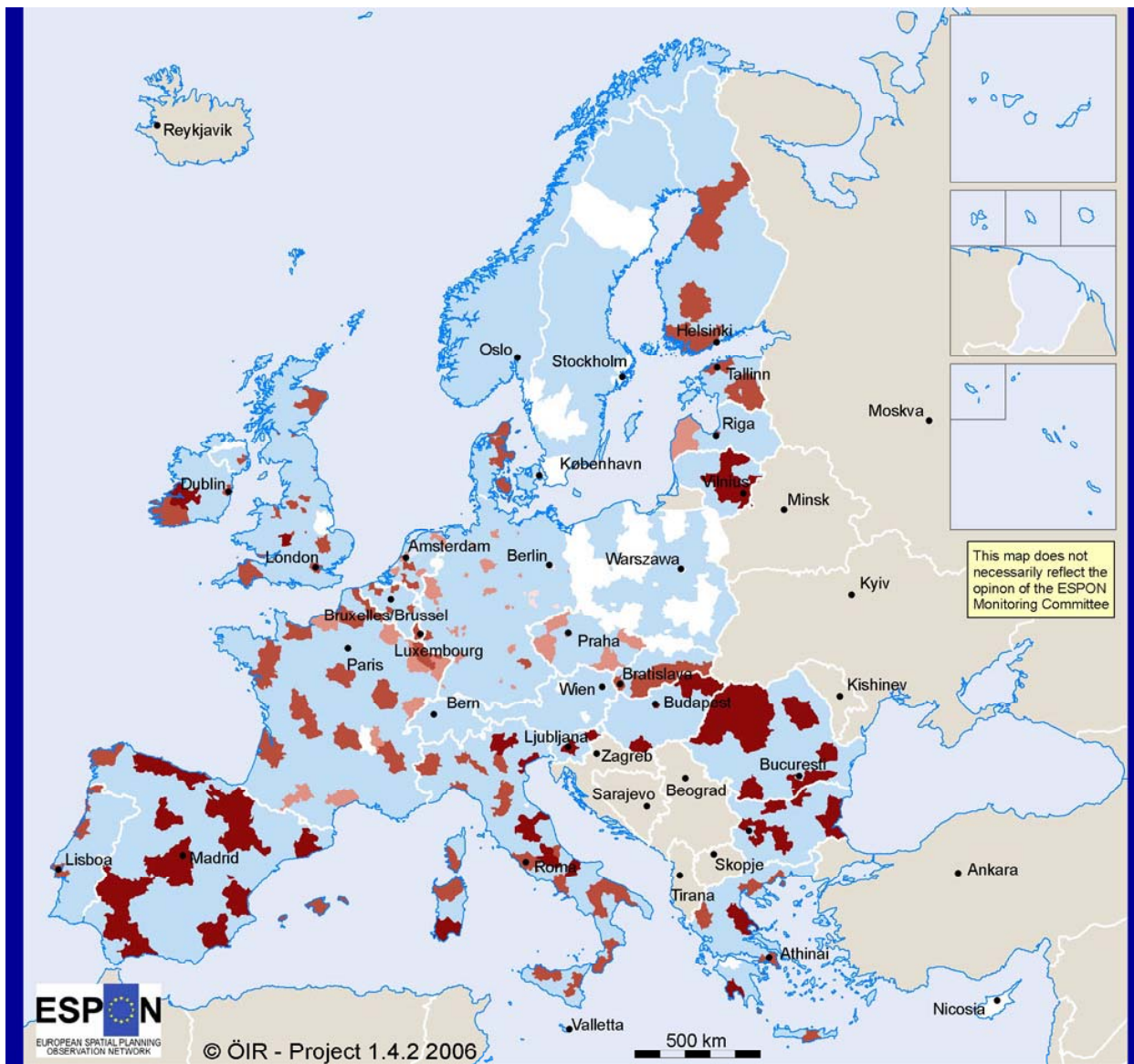
However, these data do not cover all regions at an aggregated level, but rather urban zones and sub-urban level units. Thus, their coverage is not identical with the NUTS 3 level (see remarks on the following map).

Some tendencies on home ownership can be observed: There is a territorial difference in the ownership structure among the countries of EU 25+2+2. As the Urban Audit data show, the southern countries and the new Member States, similarly to Bulgaria and Romania show higher ownership rate than an average urban region of the EU.

This is due to a multiplicity of facts. In the Eastern countries, the states developed several models in response to challenges in the process of the transformation of the former socialist economies (Turner et al, 1992). The structural conflicts ("cracks") were managed by different methods, introducing strict control mechanisms (Bulgaria, Russia, East-Germany), or allowing quasi market processes (Former Yugoslavia, Hungary). Differences of the models could be characterised by the tenure structure (state-owned rental, cooperative housing sector and owner occupation), the role of different financial and economic organizations, and by the significance of "self-help housing" (Hegedüs, 1992). Differences were explained partly by exogenous factors, such as the organisational development of the party and the state, the economic and social policy, and partly by the endogenous development of the housing institutions.

Today's developments show that the Eastern European countries' housing systems are characterised broadly by the lack of "social housing", not merely in the sense of public ownership, but in an operational sense, too, that is, housing for people who are facing huge affordability problems. The institutional solutions are under "construction", and different attempts are being made (e.g. the Polish TBS, or the municipal housing in other countries) which point into that direction.

Map 2 Home ownership



This map does not necessarily reflect the opinion of the ESPON Monitoring Committee

Ratio of households owning their own dwelling

- 18.3% - 25%
- 25.1% - 50%
- 50.1% - 75%
- 75.1% - 93.3%
- no data available

- ESPON space / no Urban Audit region
- Non ESPON space

Source of data: Urban Audit 2004; EuroGeographics 2001.

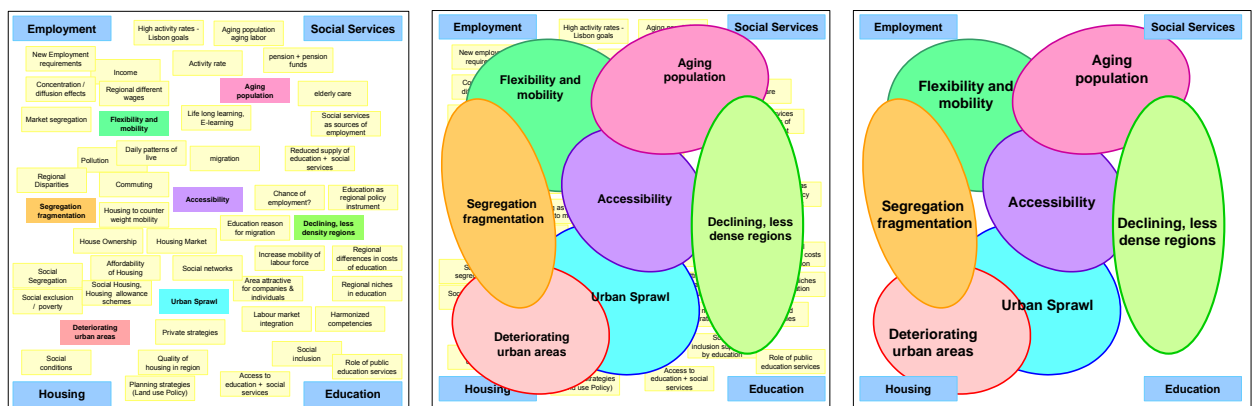
This map was generated based on a reclassification of the Urban Audit (UA) data to NUTS 3 level data, thus, the map indicates information for larger regions than covered by the UA.

Interrelationship between social sectors and territorial development

Between the four pre-defined key fields “social services, SGEIS and public transfers”, “employment and income distribution” “housing and territorial development” and “education and training” analysed within the study various interconnections exist. Moreover, developments within these social sectors are interconnected with territorial trends. Based on the results of the desk research (policy review, scientific review and the analysis of territorial patterns) and the experience of the involved researchers these linkages were identified by formulating expert-knowledge-based hypotheses.

This leads to a picture showing the relationship between the thematic key fields of the research. Within the concerted picture several thematic clusters can be identified with similar interactions that are relevant for more than one research field. Each of these clusters represents a societal trend with a territorial component or a territorial trend with a social component.

Figure 2 Deduction of thematic clusters with similar interactions focusing on societal-territorial trends



The seven societal-territorial themes identified are:

- Social-territorial segregation / fragmentation
- Aging population
- Access to jobs, housing and educational and social services
- Flexibility and mobility
- Urban sprawl
- Deteriorating urban areas
- Declining, peripheral regions

The analysis of the linkages among the pre-defined key fields has revealed various interrelations between each other and social and territorial developments. Each of these seven societal-territorial trends is overlapping and interdependent with other trends.

For each key field analysed some relationships exist between the social aspects and territorial development. However, in many fields these relationships have not yet been scientifically analysed; only insufficient empirical evidence exists about their structure. Furthermore, for most of these linkages the empirical proof might be cursory, as it is generally difficult to provide empirical proof for complex cause-impact-chains.

Ideas for 19 further research projects

According to the described complex and manifold relationships within the different fields of social issues and between social and territorial development and the huge lack of empirical data describing these interrelationships, a long list of potential projects could be set up. As a first step the following 19 ideas for future research projects have been developed:

- 1: Territorial consequences of Bologna and Europass processes
- 2: Quality of education – spatial aspects. Education system, multiculturalism, and social integration
- 3: Identify early-school leavers reasons and its consequences for EU competitiveness and labour market profile
- 4: Housing policies in the EU and territorial cohesion
- 5: Causes of disparities in regional housing markets
- 6: The interplay of housing markets and labour force mobility at inter-regional level
- 7: Effects of EU development models on social and housing policies
- 8: Spatial effects of poverty
- 9: Spatial effects of immigration, integration and welfare
- 10: Social and territorial cohesion in EU29
- 11: Spatial development from a gender perspective
- 12: Employment issues revisited – spatially, employment mobility + income distribution, lifelong learning
- 13: Regional social policy in the ESPON space – impact measurements and consequences
- 14: Social aspects of urban sprawl
- 15: Impacts of social policies on deteriorating urban areas
- 16: Theoretical basis of interrelationships between employment, social trends and territorial development
- 17: Regional determinants of education and its relation to regional development
- 18: Territorial impacts of employment
- 19: Territorial effects of social trends - empirical analysis of interrelationships in typical spatial settings

For each of the potential projects a sketch has been elaborated and each of the 19 project sketches has been assessed by six experts being involved in ESPON 1.4.2 against the following four criteria that reflect the goals of ESPON:

- **policy relevance:**
The project should be related to the key policy objectives and concepts of ESPON.
- **territorial relevance:**
The project should improve the knowledge of territorial development trends.
- **knowledge relevance:**
The project should contribute to improving and increasing the ESPON scientific knowledge base and enable cross analysis with other ESPON-projects.
- **relevant scales:**
Within the project it should be possible to analyse territorial trends on the three ESPON-levels: European (macro level) / Transnational-National (meso level) / Regional-local (micro level) on NUTS 3.¹

Evidently, the formal assessment of the project-sketches has shown that the projects focusing on basic research about social-territorial relationships were ranked higher than projects focusing on special aspects. With this result in mind, two future applied research projects are being proposed.

Vertical and horizontal approach for further research projects

The complexity of the relationship of social aspects and territorial development has to be reduced in order to be manageable within an ESPON project. Generally, two analytical approaches exist for dealing with such a complexity:

- a) to analyse the cause-effect relations for a certain sector of this complex field and on all levels (vertical approach),
- b) to analyse the cause-effect relations and the systemic patterns of the components in specific and differing spatial settings on one level thus simulating "laboratory conditions" (horizontal approach).

To conclude, it was decided to suggest two focuses for further research projects within ESPON, one covering the horizontal approach and one covering the vertical approach:

- Focus 1: Analyses of the impact of social policies on territorial development, concentrating on education, child care and its effects on employment, migration and territorial cohesion (vertical approach),
- Focus 2: Visualizing the complex relationship of social aspects of territorial development in theory and practice in typical regional territorial settings (horizontal approach).

¹ E.g. a trend that can only be described on NUTS5 level, does not meet the requirements of ESPON)

Project Proposal 1: The impact of education and child care on regional employment, migration and territorial cohesion

This first proposed project - "The impact of education and child care on regional employment, migration and territorial cohesion" combines the two highest ranked project-sketches "Social and territorial cohesion in EU29" and "Regional social policy in the ESPON space – impact measurements and consequences", both following a rather similar approach: The analysis of different social policies on different scales as the starting point and the assessment of its impact on other policies and the ensuing territorial development. In line with the ESPON-project guidelines, the scope has to be narrowed; the research will focus on two sectors (education and child care) and on selected main effects (effects on employment, on migration and on territorial cohesion).

Education has a strong economic component. At an individual level it determines a person's job opportunities and consequently his / her socio-economic situation and standard of living. At a macro-level these skills and competences strongly influence the levels of productivity, innovation and economic growth of a region.

Individual education depends on the access to educational services. Accessibility has two aspects: A territorial one, which can be described as the possibility of reaching educational services within an acceptable distance (territorial accessibility), as well as a social-economic one, reflecting social and economic barriers to educational services (social accessibility).

Social accessibility is determined by the educational system and educational policies of the Member States. The territorial accessibility depends on the number and quality of the provided facilities within an acceptable distance for (daily) commuting. In less densely populated, peripheral areas usually less facilities can be reached within a certain distance than in more densely populated urban areas. Thus, the settlement structure and the transportation system of a region strongly influences the access to educational services.

Starting point of the study is the **policy review** of the **educational policies and the child care policies** in 25+2+2 European countries at national level and, if necessary, at regional level. Potentially, a typology could be deduced of different types of educational and social policies in Europe in order to facilitate the analysis of their impact on employment and migration. A first step for a further discussion could be the typologies about welfare regimes as well as about housing policies and educational systems that are sketched in ESPON 1.4.2.

The policy review aims to shed light on the complex situation of social policies in Europe within these two sectors answering the questions:

- What educational policies are in place in Europe?
- How is child care system organised throughout Europe?

The **empirical analysis** shall give a picture of the empirical regional differences of education and child care. It aims to find empirical evidence (data) on sectoral policy measures and their effects on regional development in order to answer the following questions:

- What is the level of education of the population in the European regions?
- Are there differences in the access to educational services in the European regions?
- How is the relationship between access to educational facilities and the educational level of the population?
- How does the structure of settlements influence the access to education?
- How is the access to child care in European regions distributed?

Based on the policy review and the empirical analysis, **functional chains** will be set up within the study demonstrating the linkage between access to education (social access as well as territorial access), access to child care and employment and migration. These analyses will take into account existing ESPON-typologies, especially for urban and rural areas. The following questions should be answered:

- How does access to education affect employment in European regions?
- How is access to child care linked with the workforce participation, for males and females?
- Are there linkages between child care participation and pre-schooling and the level of education?
- How does the access to educational institutions influence migration patterns for males and females?
- Does the level of education impact migration patterns?

Finally the **impact of different policy-approaches of education and child care on territorial cohesion** will be analysed, focusing on the following questions:

- Is the improvement of education opportunities an instrument for regional development and does it reduce or increase migration?
- Which types of policies in education and child care contribute to territorial cohesion and which ones affect segregation tendencies?

Project Proposal 2: The relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

The proposed project 2 - "The relationship of social aspects of territorial development in theory and practice in typical regional territorial settings" starts on the social and territorial settings at the regional level, investigating both the theoretical and the empirical background of the interconnectedness of the different social sectors and their relationship with territorial development.

For most of the social sectors, as e.g. employment, housing, child care, elderly care, education, health care etc. a sectoral policy and a theoretical basis exist. These theories mainly focus on one certain sector, trying to simplify this complexity while concentrating on one aspect.

Although some inter-linkages are to be found in theory between the single aspects (e.g. labour market theory and social transfers), the theoretical backing is missing that aims at presenting the interconnectedness of the diverse aspects of social policies and their territorial impacts.

However, the sectoral analysis will never lead to a comprehensive explanation of the relationship between social aspects and territorial development in different regions. One aim of the study is to try to tie together the existing theoretical foundations of the single components of social aspects (employment, social transfers, housing, education and training) to a common theory string.

The study combines the analysis of different theories on social aspects of territorial development with case studies in typical regional settings based on empirical data analysis in order to get a proven theory on social-territorial relationships in European regions combining the complexity of social aspects as e.g. housing, employment, social services, education, health care, etc.

As for most of the social sectors, as e.g. employment, housing, child care, elderly care, education, health care etc. sectoral policies exist, it can be necessary to revise the existing theoretical foundations of the single components of the social aspects of territorial development and if necessary to adopt them for an interdisciplinary application at the regional level.

Next the different approaches should be combined in order to get a theoretical basis for the explanation of the linkages between social policies and regional development. This can be done by constructing a common theoretical framework for all the components together (e.g. by using system dynamics approaches).

In order to simplify this otherwise overbearing task the spatial setting shall be limited to the regional level only. A thorough systemic model of the cause-effect relations of the components and their territorial effects / impacts at regional level will be set up ("model of social aspects of regional development").

The analysis of the set up model should not just remain at a theoretical level. It shall be assessed in all its complexity and interrelatedness within different typical territorial (regional) settings all over Europe. These typical territorial settings will be differentiated by topography, demography and socio-economic conditions. In other words the construction of an typology will be necessary to test the model within different "case study" regions (representing different types of regions).

Moreover, the effect of the political interventions analysed in territorial terms have to be evaluated against the background of the concept of territorial cohesion: Do they contribute to territorial cohesion or do they contrarily foster segregation tendencies?

The study formulates a “**model on social aspects of regional development**”. This model is based on existing theoretical foundations of the single components of the social aspects of territorial development are empirically tested. The first step focuses on the following research questions:

- How could the existing theoretical foundations of the single components of the social aspects of territorial development be revised and adopted for an application at the regional level?
- How could the diverse theoretical foundations of the single components of the social aspects be combined into a common theoretical framework for all the components of social policies and their territorial impact at the regional level?
- How could a thorough systemic model of the cause-effect relations of the components and their territorial effects / impacts at regional level look like (“model on social aspects of regional development”)?

The theoretical “model of social aspects of regional development” shall be assessed in all its complexity and interrelatedness within different typical territorial settings all over Europe. Therefore the model will be tested via **case studies** in different regional types. Starting from the existing ESPON-typologies (e.g. on urban and rural relationship), a **typology picturing social aspects of territorial trends** will be set up in order to picture different regional settings of the analysed relationships. This typology forms a sound basis for the selection of different types of regions for case studies as e.g. sparsely populated, decreasing rural areas, suburban areas, and urban areas. The following questions should be answered:

- How could a typology of regions can be found reflecting topographic, demographic and socio-economic conditions based on the ESPON space and picturing social aspects of territorial trends?
- Is there empirical evidence for the theoretical approach of the “model on social aspects of regional development” verifiable by the case study regions - especially compared to a “stand-alone” analysis of all the components in the same regions?
- Are the results generally applicable and which suggestions can be made for a wider application within the ESPON space?

As the theoretical model and the case studies also assess the impact of different interventions of social policies on the territorial development within different types of regions, it will be possible to provide a **basis for the sound management of the compound of different social policy measures at the regional level**. Especially the impact of such interventions on territorial cohesion can be described. The following questions should be answered:

- Which interventions of social policy measures effect which territorial developments in which typical regional settings?
- Do social policy measures at regional level contribute to territorial cohesion or do they contrariwise foster segregation tendencies?

Conclusions

The research within ESPON 1.4.2 "Social Aspects of EU Territorial Development" has clearly shown that social policies encompass a broad field and the relationship between social issues and territorial development is manifold. There are various policies within each of the key-fields of social policies on different scales, such as a European scale, a national scale, a regional scale and even a communal scale. Often these policies are not organised in a top-down approach, where the higher authority provides a general presetting serving as a basis for the regulations of the lower authorities. On the contrary, regulations on different levels sometimes compete with each other.

Although it is clear that "social issues" are an important component of territorial cohesion, even within each of the sectors there is just a fragmented knowledge about the relationships between social aspect and territorial development. In many fields these relationships have not yet been scientifically analysed and generally, only minor empirical evidence exists about their structure. As the policies in these fields are habitually seen as sectoral policies, the existing relationships usually are blinded out.

As discussed above, two further research projects are being suggested, in order to improve the knowledge about the relation between social aspects and territorial development:

- Project 1: The impact of education and child care on regional employment, migration and territorial cohesion
- Project 2: The relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

Whereas project 1 follows the vertical approach analysing the cause-effect relations for a certain sector on all scales, project 2 follows the horizontal approach, investigating the cause-effect relations and the systemic patterns of the components in specific spatial settings on the regional scale (Case studies). Both contribute to the increased knowledge about social and territorial cohesion in Europe.

Remark

The final report of ESPON 1.4.2 „Preparatory Study on Social Aspects of EU Territorial Development“ was elaborated by a team including the following members:

- ÖIR – Österreichisches Institut für Raumplanung / Austrian Institute for Regional Studies and Spatial Planning (Austria): Erich Dallhammer, Bernd Schuh, Donata Persson, Antonia Conaro (lead partner, especially focusing on chapters 1, 3, 6)
- Nordregio, Nordic Centre for Spatial Development (Sweden): Daniel Rauhut (focusing on chapter 2)
- MRI – Metropolitan Research Institute (Hungary): József Hegedüs, Nóra Teller (focusing on chapter 4)
- CEG – Centro de Estudos Geográficos, Faculdade de Letras, Alameda da Universidade (Portugal): Eduarda Pires Valente da Silva Marques da Costa, Nuno Marques da Costa, Carlos Gonçalves (focusing on chapter 5)

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SCIENTIFIC SUMMARY

ESPON 1.4.2: „Preparatory Study on Social Aspects of EU Territorial Development“

Introduction

The ESPON 1.4.2 project "*Social aspects of EU territorial development*" is part of the Priority 1 "Thematic projects" of the ESPON Programme under the strand "Studies on New Thematic Projects". It focuses on investigating the interrelationship between social and territorial development in order to integrate social aspects in territorial analysis.

The study is meant as a preparatory study for an ESPON applied research project to be financed in the next programming period. It aims to provide scientific information and guidance, as a preliminary step to implement a sound spatial analysis of social patterns, trends, impacts and dynamics.

As social aspects and territorial development encompass an extremely broad field for potential research, the ESPON 1.4.2. preparatory study pre-defined four key fields to be investigated:

- access to social services, services of general economic interest (SGEI), and mechanisms of public transfers;
- employment and income distribution;
- housing and territorial development,
- education and training.

Within each of these thematic fields, the study provides for an analysis of relevant policies, discusses the status of the existing research works, investigates data and indicators demonstrating the social-territorial relationship within these fields and poses further research questions.

In order to gain harmonised results, five tools have been developed for the thematic surveys, which are closely linked together in order to get a concerted study result. Additionally, several scientific methods like experts workshops with brainstorming and a formal assessment of project-ideas were applied.

Tool 1: Grid for the collection of data and indicators

Tool 1 – the grid for the collection of data and indicators – provides a template for the definition of already used (respectively harmonised) regional data and indicators providing relevant information on social aspects of territorial development. It is envisaged to collect existing harmonised regional data easily available from EU sources (e.g. Eurostat database). The proposed indicators have to be territorial indicators, covering EU 25+2+2 territory, preferably at NUTS 3 (or at another appropriate territorial scale lower than national, at least NUTS 2).

Tool 2: Analysis grid for the policy review

The policy review aims to provide a picture of the main policy orientations at EU level and at national level for selected countries where data is available, covering the EU 25+2+2. Tool 2: analysis grid for the policy review – is divided in two parts:

- (1) An overall view of sector-policies dealing with social aspects in form of a table, which contains the most important information in a concise form.
- (2) A short description of the main contents and structure of each sectoral policy to identify policy goals and mechanisms and to pose key challenges and questions to be dealt with in the future.

Tool 3: Guidelines for the literature review

The guidelines for the literature review and bibliography – provides an overall view of literature and research documents dealing with the social aspects analysed, which contains the most important information in a concise form.

Tool 4: Grid for the selection of relevant indicator sets

The grid for the selection of data and indicators can be seen as an extension of tool 1 and provides a template for the evaluation of the selected group of usable indicators, which should lead to the definition of one **set of social territorial indicators** for each key field.

Tool 5: Reporting format for the thematic conclusions

For the reports of the thematic key fields, a general reporting format was defined in order to ensure a common structure of different chapters that are integrated into one final report.

Hypothesis on the relationship between social and territorial development

Based on expert knowledge, hypotheses on the relationship between social and territorial development were developed.

- As a first step, the relationships between each possible pair of the four key themes were drawn up during a brain-storming within an expert work-shop.
- In a second step, the interactions between the pairs of key fields were matched into one picture, showing the complexity of the manifold relationships within the different fields of social issues and between social and territorial development.
- Finally, within the concerted picture, thematic clusters with similar interactions relevant for more than one research field were identified, reducing the complex picture to an overview of social-territorial trends.

Formal assessment of potential further projects against the goals of ESPON

In order to focus on just a few final project proposals, a structured approach on finding the “best” themes for further projects within ESPON. This approach was based on five steps:

- Step 1: Setting up a list of ideas of potential projects via a brain-storming
- Step 2: Writing a sketch for each potential project
- Step 3: Expert assessment of each sketch against four criteria that reflect the goals of ESPON (policy relevance, territorial relevance, knowledge relevance, relevant scales / NUTS 3)
- Step 4: Formal ranking of the assessed project-sketches
- Step 5: Qualitative interpretation of the results

Data availability and indicators of social-territorial issues on NUTS3

According to the decentralised responsibility for the legislation that lies within the Member States, also the availability of European-wide, harmonised data availability at regional level (NUT2 or NUTS3) for social issues is rather poor.

Within ESPON 1.4.2 indicators of various European and international sources and databases have been analysed. Amongst others, the following sources have been investigated: Eurostat, ESPON database, Housing Statistics in the European Union, Urban Audit, OECD statistics, Study programme in European spatial planning, UN-Habitat, Bulletin of Housing and Building Statistics for Europe and North America.

More than 230 indicators were identified as being relevant for social-territorial issues. Unfortunately data for about 80% of all these social indicators are only available at national level, e.g. all OECD data and lots of UN-data. Moreover, the data from the Urban Audit are just available for selected cities, not covering the

territory of EU 25+2+2. So their usage is very limited for analyses within the ESPON-space.

Just 32 indicators were available throughout Europe at least at NUTS2. (Just about 1/6 of them exist also on NUTS3 level.) Amongst the 32 indicators:

- 21 are related to "employment and income distribution"
- 4 are related to "social services"
- 3 are related to "housing and territorial development"
- 4 are related to "education and training"

A relatively good database exists only in the field of employment , whereas in all other sectors European wide data at regional (NUTS2) level are rather rare.

All in all, the data situation picturing interrelationships between social aspects and territorial development is rather poor. Data about the territorial accessibility of educational and social institutions are missing at regional level. So the improvement of the data-situation and a creative approach concerning the elaboration on indicators will be essential for any empirical, data driven analysis of social issues and territorial development at a regional level throughout Europe. However, some data could be used for a first picture on the empirical situation of social aspects of territorial development.

List of indicators provided in ESPON 1.4.2

- Share of population at risk of poverty before social transfers, including pensions, in 2003 (national)
- Share of population at risk of poverty after social transfers, including pensions, in 2003 (national)
- Expenditures on social services per capita, in 2002
- Total number of hospital beds per 100,000 inhabitants, in 2002
- Number of licensed physicians/doctors per 100,000 inhabitants, in 2003
- Economic activity rates (women)
- Unemployment rates (women)
- Development employed persons by sex total
- Development employed persons by highest level of education attained
- Development employed persons by highest level of education attained – primary education
- Economic activity rates (women)
- Unemployment rates (women)
- Development employed persons by sex total
- Development employed persons by highest level of education attained

- Development employed persons by highest level of education attained – primary education
- Ratio of households owning their dwellings
- Average area of living accommodation (m²/person)
- Proportion of dwellings lacking basic amenities
- Education participation rate, 2003
- Early school leavers, 2004
- Lifelong learning participation, 2004

List of missing regional data

There is a huge list of data at regional level that would be essential to clarify social aspects of territorial development. The indicators listed below can be seen as a starting point for the discussion of the collection of indicators at regional level, especially concerning social services, education and housing.

- Number of recipients of poor relief/social assistance (direct measurement of poverty)
- Number of homeless persons
- Self-perceived health status
- Life expectancy at birth, life expectancy at the age of 65
- Economic activity rates (women)
- Unemployment rates (women)
- Development employed persons by sex total
- Development employed persons by highest level of education attained
- Development employed persons by highest level of education attained – primary education
- Housing affordability indicator I: house price to income ratio
- Housing affordability indicator II: rent to income ratio
- Tenure structure – share of social housing
- Dynamics of housing investment (housing output)
- Housing supply – housing quality (living standards)
- Participation in education
- Education attainment by level
- Lifelong learning participation
- Percentage of early-school leavers
- Average no of years of students in school to complete medium and high education level

- Number of students by establishment and by the level of education
- Share of students in university by main scientific areas
- Share of students in mobility programmes in relation to the total no of high education students
- Rate of non success by level of teaching

The development of typologies needs further research

The development of well argued typologies at regional level describing social territorial issues needs further research. The combination of the complex legislative situation and the rather poor availability of regional data is a great obstacle on the way to the development of regional classifications.

Within the study at hand, typologies are being discussed in several chapters. In connection with the analysis of social services, the typology of welfare regimes constructed by Esping-Andersen (1989, 1990) was discussed defining four types of "welfare-regimes": "the social-democratic welfare regime", "the liberal welfare regime", "the conservative welfare regime" and "the socialist welfare regime" that dissolved during the transition of the Eastern European countries. Its limits were shown concerning different social sectors (it definitely does not suit to explain housing policies) and concerning the national level (it can not be transferred to a regional level).

Within the key field, education and training, an "ad-hoc-typology" about educational systems was set up based amongst others on the indicators "early school leavers", "average schooling years" and "human capital investment. It defines four groups of countries: "Southern Countries - multiple unbalances" "Central Group - average standards", "Northern Europe - leading command" and "Eastern Countries - between two worlds".

However, these typologies are based on national data that are widely available. A typology at the regional level would need further research and probably a better regional data base.

REPORT ON NETWORKING

ESPON 1.4.2: „Preparatory Study on Social Aspects of EU Territorial Development“

The ESPON 1.4.2 project "*Social aspects of EU territorial development*" was conducted by a transnational project group including the following partners:

- ÖIR –Austrian Institute for Regional Studies and Spatial Planning (Austria), lead partner, especially focusing on the methodology, employment and income distribution, the analysis of the interrelationships and the project's description;
- Nordregio, Nordic Centre for Spatial Development (Sweden), focusing on access to social services, services of general economic interest (SGEI), and mechanisms of public transfers;
- MRI – Metropolitan Research Institute (Hungary), focusing on housing and territorial development;
- CEG – Centro de Estudos Geográficos, Faculdade de Letras, Alameda da Universidade (Portugal), focusing on education and training.

There was a close interconnection within the TPG in order to discuss the methods and (interim) results of the study. Especially during the meetings the research efforts were coordinated and discussions lead to an improvement of the study process. Two meetings took place:

- Kick-off-Meeting: December 1st, 2005, Vienna
- Co-ordination Meeting 1.4.2: March 15th, 2006, Vienna

Additionally, several formal feed-back loops took place via e-mail, in preparation of the report in order to obtain a harmonised result. Such feed-back loops took place especially on the following dates:

- November 2005: coordination of the research methodology („Handbook: Tools for ESPON 1.4.2“)
- December 2005: coordination of policy review and data survey on data sources and indicators.
- January 2006: fine-tuning of the interim report
- April 2006: feed-back on the draft of the chapter on interrelationships
- May 2006: formal procedure on the assessment of the proposed project-ideas
- May 2006: fine-tuning of the draft final report

Aspects of other ESPON projects were implicated in ESPON 1.4.2 through the literature review and the investigation of the ESPON data base that served as a source for investigating indicators that picture societal trends and socio-territorial developments at regional levels. Moreover, BBR was directly contacted in order to get more in-depth information about the content and the quality of the ESPON database.

Additionally, intermediate results of ESPON 1.4.2 were presented and discussed within the ESPON community three times:

- The research approach was discussed at the ESPON lead partner meeting in Luxembourg on 12-13 October 2005
- The results of the interim report were presented and discussed at the ESPON-Seminar in Salzburg on 13-14 March 2006.
- The intermediate results of the interim report and the next steps were presented and discussed at the ESPON lead partner meeting in Brussels on 3-4 April 2006.

Moreover, several members of the TPG had personal contacts with other ESPON project partners and were able to discuss overlapping issues in detail. So all in all, a tight internal cooperation within the TPG and a good and fruitful exchange with other ESPON projects took place.

PART II
RESULTS OF THE PROJECT

1 CONTEXT OF THE STUDY

1.1 Task and structure of the study

At EU level, main strategic policy documents explicitly point out the necessity and challenge of addressing jointly the social, as well as economic and ecological dimensions of territorial development, most recently through the acknowledged "Territorial Cohesion" objective.

In order to provide support for the development of such policy approaches, it is necessary to integrate social aspects in territorial analysis, as territorial development equally affects spaces, and people who live in these spaces, and vice versa.

In that context the ESPON 1.4.2 project "Social Aspects of EU Territorial Development" explores the relationship between social aspects and territorial dynamics.

This issue is not entirely new within the European research on spatial development. Even the Study Program on European Spatial Planning (SPESP), the forerunner of the ESPON programme, had dealt with interdependencies between territorial and social aspects. E.g. strand 1.4 considered "Spatial integration".

Moreover, several past ESPON studies dealt with social aspects in relationship to territorial development (see the following table), however, none of them dealt explicitly with these interdependencies.

The study at hand is meant to be a preparatory study which should prepare for an ESPON applied research project to be financed in the next programming period. It aims to provide scientific information and guidance, as a preliminary step to implement a sound spatial analysis of social patterns, trends, impacts and dynamics in the future.

As social aspects and territorial development is a very broad field for potential research the "terms of reference" of the ESPON 1.4.2. preparatory study pre-defined four key fields to be investigated:

- access to social services, services of general economic interest (SGEI),² and mechanisms of public transfers;
- employment and income distribution;
- housing and territorial development,
- education and training.

² SGEI refers to a service of an economic nature which public authorities provide for the benefit of their citizens via an operator acting and remunerated under a specific public service obligation (PSO), where the market will not provide it without state intervention.

1.2 European context and framework

1.2.1 Relevant Policies

Several European main strategic policies refer to the territorial aspect of social cohesion. They illustrate the interrelationship between social and territorial patterns at the European level. As the ESPON Project 1.4.2. can be interpreted as a spatial-related answer to the evolution of these key policy documents, it is useful to highlight this common European background in brief.

The re-launch of the Lisbon Strategy, as adopted at the Spring Summit on 23 March 2005, refocuses its priorities on growth and jobs as well as on environment and the social network. One of its main goals is to provide sustainable welfare for all citizens living in the European Union, including the creation of attractive areas for business development and for daily life. Hence, sustainable welfare is recognised as a basis for Europe's competitiveness.

In the "Revised Strategy for Social Cohesion" the European Committee for Social Cohesion (CDCS) defines social cohesion as *"[...] the capacity of society to ensure the welfare of all its members, minimising disparities and avoiding polarisation. Welfare implies not only equity and non-discrimination in access to human rights but also: (1) the dignity of each person and the recognition of their abilities and their contribution to society, fully respecting the diversity of cultures, opinions and religious beliefs; (2) the freedom of each individual to pursue their personal development throughout their life; (3) the possibility for each person to participate actively as a full member of society."*

Although the Lisbon Strategy has no explicit territorial dimension, "sustainable welfare" does have a strong spatial aspect in terms of both the access to markets and the provision of services of general interest.

Consequently the "White Paper on services of general interest" (COM(2004) 374 final) identifies under top 3.3.: *"[...] The access of all citizens and enterprises to affordable high-quality services of general interest throughout the territory of the Member States is essential for the promotion of social and territorial cohesion in the European Union, including the reduction of handicaps caused by the lack of accessibility of the outermost regions"*.

1.2.2 Territorial cohesion

Social cohesion as well as economic cohesion has a clearly territorial component. The "Third report on economic and social cohesion" (2004) states clearly that *"the concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it."* So, any research about social aspects of territorial development needs to reflect this background.

Within ESPON 3.2 the concept of territorial cohesion was analysed. They concluded that "the very concept of territorial cohesion still remains somehow fuzzy and deserves clarification and logical consistency" (ESPON 3.2, Third interim Report).

However, it is clearly seen that territorial cohesion is a necessary requirement of and complement to economic and social cohesion within the aim of sustainable development, meaning *“the balanced distribution of human activities across the Union”* (DG Regional Policy 2004).

The term “territorial cohesion” and its interpretation is widely discussed within ESPON 3.2. Finally three main components of territorial cohesion were defined:

- *“Territorial quality: the quality of the living and working environment; comparable living standards across territories; similar access to services of general interest and to knowledge;*
- *Territorial efficiency: resource-efficiency with respect to energy, land and natural resources; competitiveness of the economic fabric and attractiveness of the local territory; internal and external accessibility;*
- *Territorial identity: presence of ‘social capital’; capability of developing shared visions of the future; local know-how and specificities, productive ‘vocations’ and competitive advantage of each territory.”*

In the context of ESPON 1.4.2 “Social aspects of territorial development” especial aspects of territorial quality, as e.g. access to services of general interest, quality of life and working conditions, multiethnic solidarity and integration, reduction of interregional income disparities, reduction of poverty and exclusion and “territorial identity” as e.g. development of region-specific know-how and knowledge are relevant.

1.2.3 Indicators to measure social and territorial cohesion

In order to support the Member States and the Commission with the monitoring of national and EU progress towards the EU common objectives in the area of social inclusion in 2001 the Laeken European Council endorsed several indicators. The first set of 18 common indicators, generally referred to as “**Laeken indicators**”, includes just one indicator of regional dimension: the variation in employment rates across regions (measured by the coefficient of variation across NUTS 2 regions).

Since 2001 the set of indicators has been refined, consolidated and extended. Currently there are 21 indicators organised in a two—level structure, consisting of primary indicators (1-12), covering the most important fields, and secondary indicators (13-21) intended to support the primary indicators and to describe other important dimensions of the phenomena.

The logic of just one specific regional disparity indicator as part of a set designed to focus on social inclusion (rather than for example regional cohesion) was questioned (Atkinson et al 2002). Atkinson et al refer to problems in presenting figures for the only existing regional indicator causing weak international comparability. Therefore they suggest to *“give, as Secondary Indicators, regional breakdowns for all indicators of social inclusion where it is meaningful and data allow.”*

The Atkinson-Report recommended the integration of a regional breakdown of all primary indicators within the European System of Social Indicators (Laeken).

Stewart (2003) assumes that the decision not to include regional indicators in the first set of "Laeken indicators" might be caused by the evident lack of regional data covering EU territory. Hence the Commission shied away from the Atkinson-approach because of the much bigger requirement of investment into data collection.

Stewart (2003) further defines three reasons, why indicators on the regional level are important for the description of social conditions:

- Formulation of targeted policy responses needs an understanding of where deprivation is concentrated. Furthermore, the development of hypotheses about the nature of causal mechanisms based on such analysis can assist in shaping preventive policies.
- A number of EU Member States have decentralised significant elements of policy to regional (or provincial or communal) levels. In these cases indicators at national levels mix effects in regions varying in their conditions and merge the outcome of different regional policies to a national average value.
- In Member States with centralised policies, regional breakdowns allow for additional sources for a cross-national comparison.

Thus, the concept of defining social indicators at regional levels is highly discussed. The research within ESPON 1.4.2 tries to contribute to the discussion by defining relevant indicators and describing social-Territorial patterns at regional levels.

1.3 General discussion on the relationship territorial development - social processes

In principle, a region cannot be regarded as independent from the human beings living and acting within. As (for example) the German advisory board on spatial development (Beirat für Raumordnung) already formulated in 1983: A regional population, as people living within a region, play a crucial role as they uphold regional development within the region they are living and working in. Therefore, a regional population is highly influential on if and how existing regional resources are being used and maintained.

Consequently, there is a strong relationship between social and territorial development: Territorial development equally affects spaces, and people who live in these spaces, and vice versa. The interdependence and mutual influence of population and spaces is a core factor of territorial development. It is therefore essential to integrate social aspects in territorial analysis.

Several theoretical concepts try to explore the relationship between territorial and social issues focusing on the core questions, of how space (areas, regions) effects the living condition of humans and how humans change space. In this context Hamm (1982) defines two main relationships:

- space as result of social organisation (question 1) and
- social organisation as a result of space (question 2).

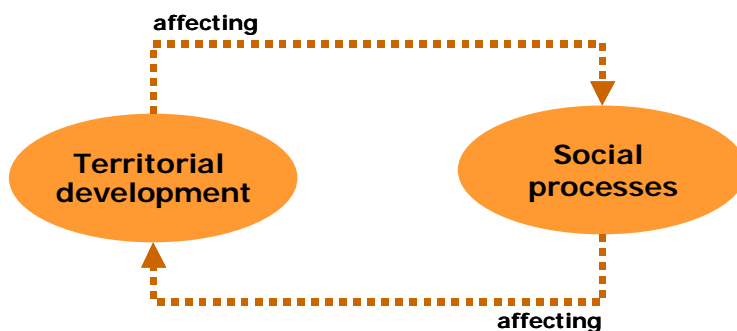
Hamm explains that social and territorial organisation of people is interdependent and related to each other. Their dynamic process can be formulated as follows: Social processes form and change space and characteristics, while conditions and infrastructure of space (territorial development) have effects on social processes.

In his "Theory of Structuration" Giddens (1984) assumes that a social structure cannot exist without social agents, since these agents are the ones who continuously create and re-create structure. The subjective (action) and objective (structure) dimensions of social reality are seen as inseparable outcomes of each other, together comprising "the duality of structure".

Läpple (1993) understands space as "societal space". It supports or hinders the influence on acting as well as it is the outcome of previous actions.

All these concepts reflect the existence of an interdependent dynamic relationship between (economic) territorial development and social processes, as shown in the following figure.

Figure 3 Relationship: Territorial development and social processes



Source: ÖIR

In this sense, "territorial development" stands for the development of a region, which is usually shown by a socio-economic analysis referring to demography, economy, labour force and technical infrastructure (transport, IT etc.).

The notion of "social processes" addresses the issues of how a regional population (living and working within a region) is acting. Social processes may differ within EU MS or groups of MS (e.g. because of different political developments, "new" – "old" MS), but also within MS (e.g. labour force migration, level of education, forms of housing, formation of regional identities) and even within regions.

Regarding the interdependent relationship between territorial development and social processes the definition of the scale of such a regional level seems to be a crucial question. Social processes are assumed to be more intensive within regions in which living and working populations are somehow connected with each other (e.g. political structures, institutional organisations, Regional Governance). As Paasi (2004) formulated: *"Scales are not fixed, separate levels of the social world but, like regions/places, are structured and institutionalised in complex ways in de/re-territorializing practices and discourses that may be partly concrete, powerful and*

bounded, but also partly unbounded, vague or invisible. Scales are also historically contingent; they are produced, exist and may be destroyed or transformed in social and political practices and struggles. The institutionalization/deinstitutionalization of region, place and scale are in fact inseparable elements in the perpetual process of regional transformation." (cited after Jones, 2005)

Therefore the statistical units (NUTS 2, 3), respectively the analysed regional level, must not be chosen arbitrarily (taking into account only data availability), but should also consider social and political structures below national ones. Concerning this question a major problem can arise in analysing EU territory, because the highly differing social and political structures (institutional organisations and political structures) between the Member States make it difficult to choose adequate regional levels.

Moreover, ESPON 3.4.3 "The modifiable areas unit problem" shows the phenomena that the selection of a certain scale of territorial analysis and the level of spatial aggregation influences the results of the statistical analyses in principle. Thus, a core question is, whether the regional data available actually reflect the social situation adequately and how far the size of the regions influences the result of the analysis. This question cannot be answered for all social aspects in the same way and is discussed within the following chapters 2-5.

Empirical studies

Despite the fact that interdependencies between territory and the structure of society have been formulated in concepts already three decades ago, there are few studies dealing with this matter. On the one hand, an overwhelming part of quantitative studies concerning social conditions and inequalities focus on poverty and concentrate on the individual or on the household, while ignoring surrounding conditions (Stewart, 2003). On the other hand regional studies and spatial policies, usually based on "hard facts" concerning the regional assets do not include social processes in order to explain regional disparities.

Nevertheless, because of difficulties concerning the explanation of differing regional development and regional disparities by these regional "hard facts" (regional assets), in some few cases regional research has begun to show interest in analysing further mechanisms.

Empirical studies in Germany outlined regional differences concerning economic culture and culture of work³ (Danielzyk 1998). They focussed on the explanation of interregional differences concerning the share of working populations and the results lead to a model with the following chain of cause and effect:

- Geographical (climate, location), long term factors (history, religion), as well as factors concerning current politics and legal systems have an effect on
- the individual and collective ways of thinking (mentalities), which may differ between regions and which are shown by

³ Institut für Wirtschaft und Gesellschaft Bonn (IWG 1989, 1991, 1994).

- differing regional attitudes to profession, family, neighbourhood, income, etc.
- These attitudes may have an effect on regional differing economic culture and culture of work, in which the individual and collective importance of economic activity (working) is more or less high. These different cultures and attitudes cannot be covered by empirical studies, but have an impact on
- regional differing in acting of individuals and groups concerning economy and work.

Based on this chain of cause and effect, Danielzyk formulated the hypotheses that regional competitiveness is highly connected with (individual and collective) cultures of economy and work. Mobility, flexibility and entrepreneurial engagement are higher where the importance of economic activity (share of working people) also is high.⁴

Conclusion

The effort of considering and analysing interdependencies of territorial developments and social processes can be argued as follows:

- Differing developments within regions of similar endowment often cannot be explained by commonly used structural analysis in economic terms. Therefore, a major argument to consider social aspects in regional analysis is to explain such different developments within e.g. regional types (metropolitan centres, high density areas, rural and peripheral areas, ...).
- Regarding policy options, analysing the regional outcomes of (mainly national and international) social policies considering different situations (concerning economic and social developments) within the Member States may lead to a broader understanding of patterns of cause and effect.
- In order to analyse regional outcomes and different social and socio-economic developments, the regional level has to be chosen carefully.
- A better understanding of interdependencies between spatial development and social processes might lead to a more precise support for regions lacking behind (concerning social and territorial cohesion).

Therefore, as a **scientific objective** further research on the interrelationship between territorial and social development should try to **move beyond the separated research of regional/spatial and social issues in order** to show potential impacts of social processes (and policies) on regional development on the one hand, and the effects of spatial conditions on social conditions on the other hand.

⁴ For a further discussion about several aspects of the interrelationship between social and territorial issues see chapters 2 - 5.

1.4 Methodical approach

The research design, methodology and tasks to be performed are intended to achieve the main purposes of the ESPON 1.4.2. preparatory study as stated in the "Terms of Reference". In order to gain a harmonised result, the work is organised within six work-packages.

1.4.1 Work-Packages

Work Phase 'Structuring' (WP1)

In order to guarantee a common understanding of the research, the first task of WP1 consists in the common definition of terms and concepts.

The second task of WP1 is to check the data availability in order to provide a sound basis for the identification of social-territorial indicators. As data availability differs substantially throughout the EU, shortcomings and data-gaps are shown as well.

Therefore a grid for the analysis of data availability was commonly developed, implemented and updated throughout the research process. These commonly developed tools serve as a basis for the collection and evaluation of the data sources and indicators in the following WPs.

Work Phase 'Thematic Surveys' (WP2, WP3, WP4, WP5)

Given the highly specialised character of the key thematic fields, the thematic surveys are examined separately by four expert-teams covering the four key fields of the study.

- Access to social services, SGEIs and mechanisms of public transfers (WP2);
- Employment and income distribution (WP3);
- Housing and territorial development (WP4),
- Education and training (WP5).

These WPs consist of a policy review at EU and National levels, a literature review and the representation of territorial contexts and structures. This analysis provides the scientific basis for the integrative concluding work phase.

Work Phase 'Conclusions' (WP6)

The last work phase consists in the compilation of the thematic surveys and the detection of cross-thematic issues and research gaps. A list of potential projects is set up. These potential projects are described and assessed against the goals of research within ESPON. This procedure leads to the elaboration of draft Terms of Reference for potential future research projects .

1.4.2 Tools

WP1 breaks down the research questions to the level of the key thematic fields. Five tools have been developed for the thematic surveys, which are closely linked together (see Figure 4):

Tool 1 (T1): Grid for existing data sources

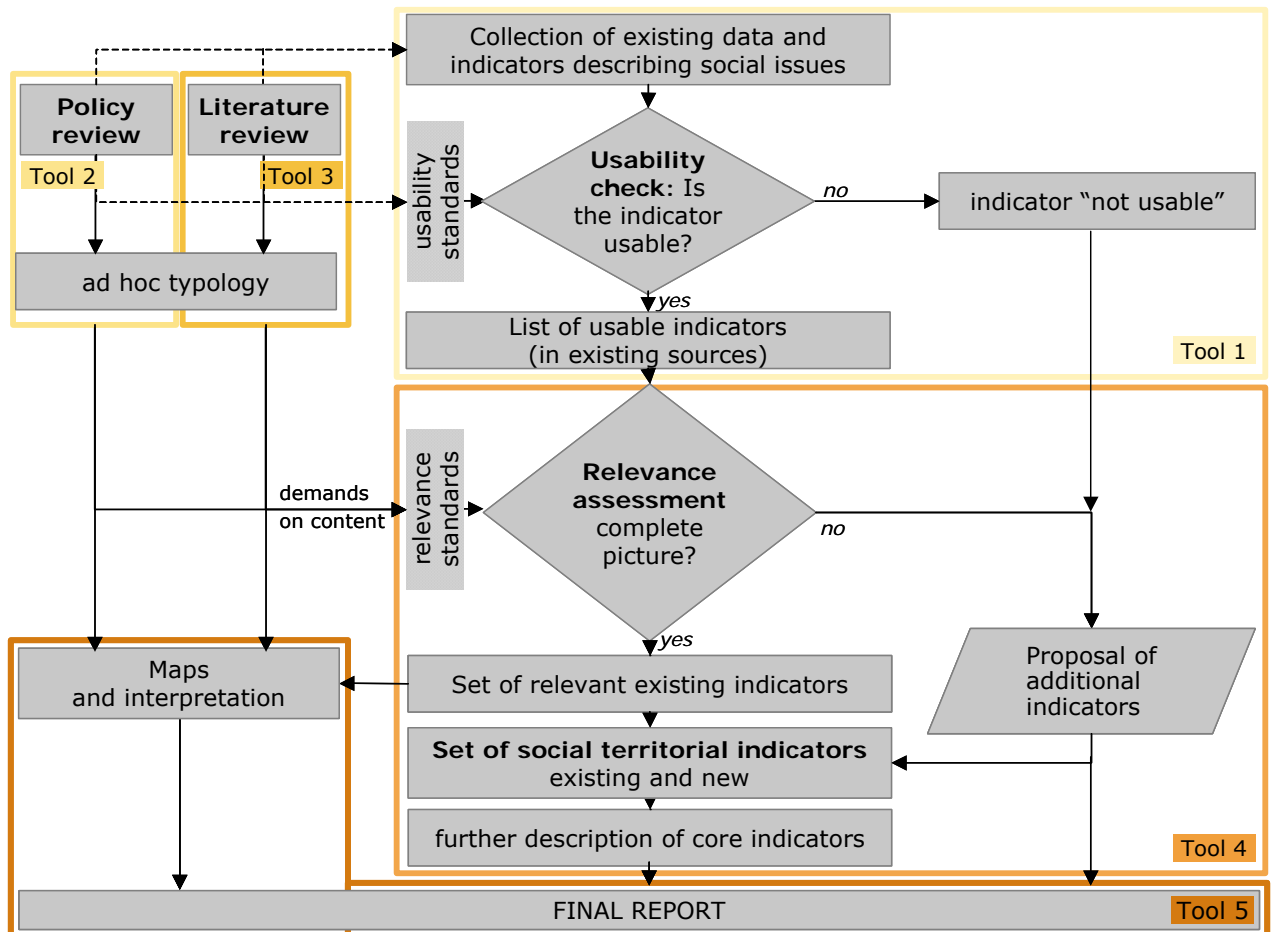
Tool 2 (T2): Analysis grid for the policy review

Tool 3 (T3): Guidelines for the literature review and bibliography

Tool 4 (T4): Grid for the collection and evaluation of Indicators

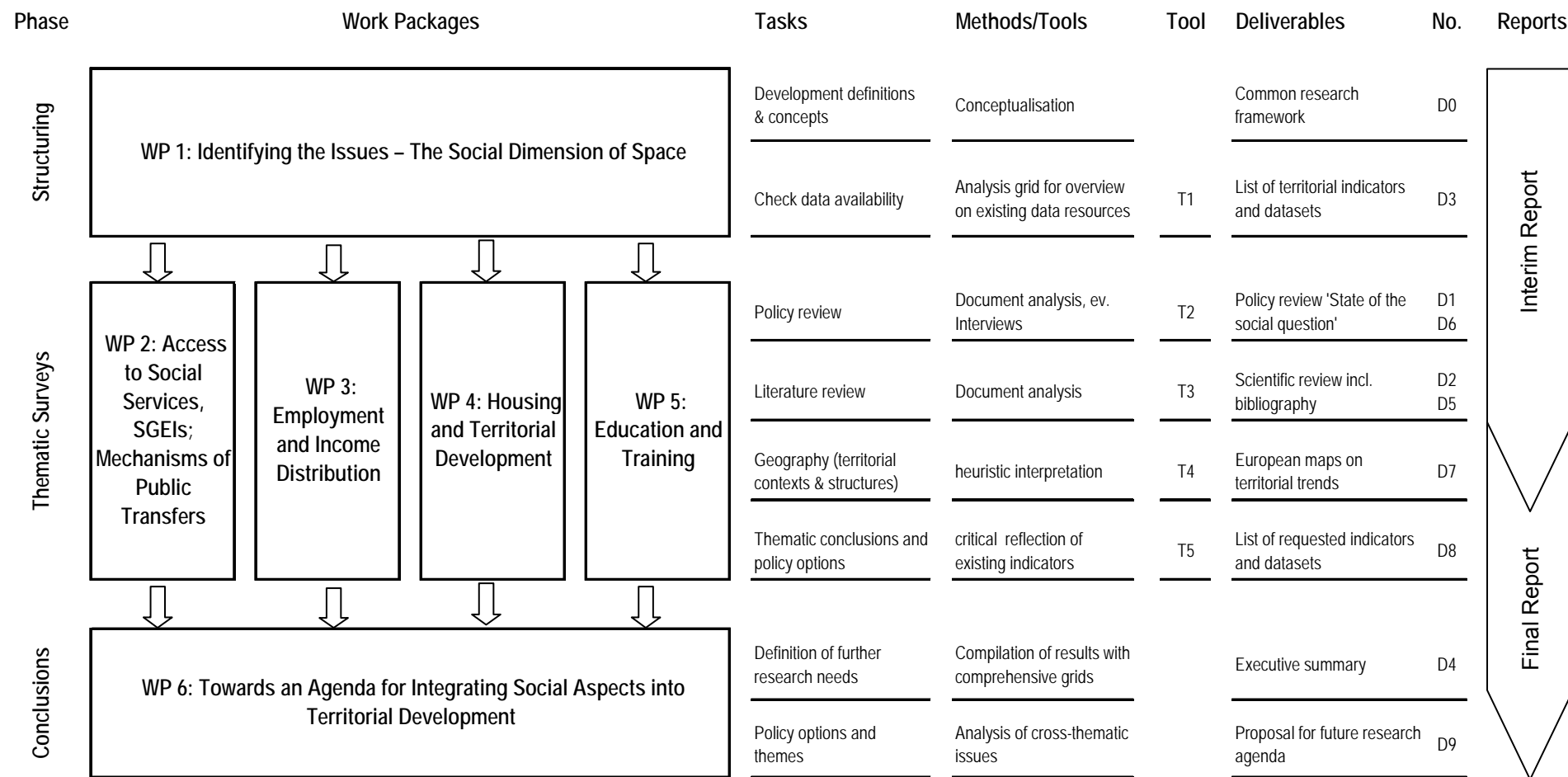
Tool 5 (T5): Reporting format for the thematic conclusions

Figure 4 ESPON.1.4.2 Tools



The conceptualisation of the work programme was done in an interactive participative form, in order to fine-tune the overall framework and to meet the requirements of the four thematic fields.

Figure 5 Work packages, methodological set, deliverables in ESPON 1.4.2



Tool 1 (T1): Grid for existing data sources

Tool 2 (T2): Analysis grid for policy review

Tool 3 (T3): Guidelines for Literature Review and Bibliography

Tool 4 (T4): Evaluation Grid for Core Indicators / Requested Indicators

Tool 5 (T5): Reporting format for Thematic Conclusions

1.4.3 Tool 1: Grid for the collection of data and indicators

Tool 1 – the grid for the collection of data and indicators – provides a template for the **definition of already used (respectively harmonised) regional data and indicators** providing relevant information on social aspects of territorial development.

The aim of this step is to build up a **standardised list of indicators** (per key field), including an analysis of each single indicator. It is envisaged to collect existing **harmonised regional data** easily **available from EU sources** (e.g. Eurostat database). The proposed indicators have to be **territorial indicators**, covering EU 25+2+2 territory, **preferably at NUTS 3** (or at another appropriate territorial scale lower than National, at least NUTS 2).

Non-harmonised indicators and data are not collected or built within the scope of the study. In that case, the study provides a list of relevant indicators for a future research in that field.

This list of indicators includes the following information on data availability and quality of data, as there were:

- **term** of indicator/**source** (institution, homepage)
- short **definition** (what does the data indicate/parameters)
- **availability** (territorial reference, available years, further surveys foreseen?)
- **quality of the indicator** (Does the indicator point out important aspects or provide sound typologies? Is the indicator comparable within the territory?)

The summary of these assessments can be seen as an input for the application of the “**Usability check**”, where indicators are specified to reach minimum standards and classified as “potential indicators” (also based on the findings of policy and literature review).

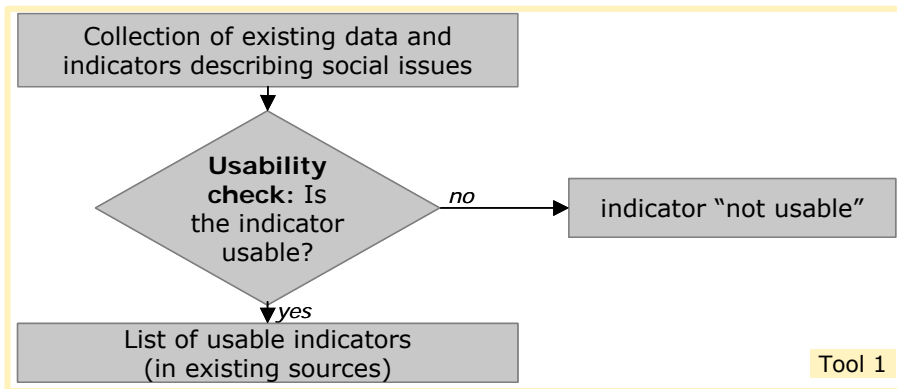
These **minimum standards** (concerning availability and quality) are defined as following:

- Available for how many countries? (collection problems)
- Is there a common definition possible? / Are the data harmonised? (definition problems)

The summary of these assessments leads to a list of available and usable indicators (one group per key field), with each of these indicators stated to enable the description of social aspects of territorial development.

In the ESPON context usable indicators have to be based on harmonised data that are available for a majority of the EU29 countries at least on NUTS2 level in order to meet the requirements of the ESPON three level approach to draw a picture on European (macro) / Transnational-National (meso) / Regional-local (micro) level.

Figure 6 Tool 1 – flow chart



Sources for the collection of indicators have been amongst others:

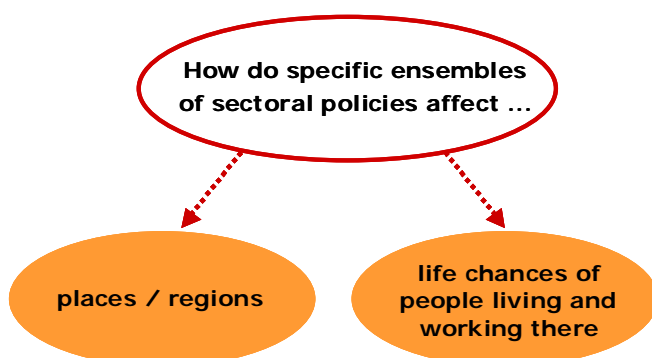
- Existing ESPON – database (www.espon.eu) – access
- Eurostat database (europa.eu.int/comm/eurostat/)
- Urban audit / Eurostat (<http://www.urbanaudit.org/index.aspx>)
- Study programme on European spatial planning (<http://www.nordregio.se/spespn/welcome.htm>)
- Labour Force Statistics
- Housing Statistics in the European Union
- Bulletin of Housing and Building Statistics for Europe and North America
- OECD (www.oecd.org)
- UN-Habitat
- UNECE

The result of this survey is presented in part III of the report.

1.4.4 Tool 2: Analysis grid for the policy review

The policy review shall provide a picture of the **main policy orientations** at **EU level** and at **national level** for selected countries where **data is available**, covering the EU 25, plus Romania and Bulgaria, plus Norway and Switzerland. Additionally it may be useful to compare national and possibly regional situations with regards to public intervention and policy goals within the identified key fields.

Figure 7 Main research approach



Source: ÖIR

Nevertheless, due to the limitation of resources the policy review has to be **based on existing overviews and comparisons** possibly available in English and the most important level remains the EU level and current EU policies and strategies.

Tool 2 – the analysis grid for the policy review – is divided in two parts:

- (3) **An overall view of sector-policies** dealing with social aspects in form of a table, which contains the most important information in a concise form (see Table 1).
- (4) A **short description of main contents and structure of each sectoral policy** to identify policy goals and mechanisms and to pose key challenges and questions to be dealt with in the future in order to contribute to further achievement of territorial and social cohesion objectives. According to the structure of these summaries see Figure 8.

The policy review focuses on three main questions:

- Which EU and National policies have a critical impact on the social aspect of territorial development?
- Have Member States developed specific measures to address the social aspects of territorial development?
- Which policies are relevant for the achievement of territorial and social cohesion?

The **conclusion** over these assessments leads to a picture of the EU situation, comparing national and possible regional situations, with regards to public intervention and policy goals within the social key fields.

The result of the policy review is presented in part III of the report, the interpretation in part II.

Table 1 Grid for the collection of data and indicators (Tool 1)

T O O L 1										
Nr.	Term	Source	Definition (including parameters)	Availability within EU25+2+2	Qualitative descriptions					Usability proof of each single indicator
					Main territorial reference	Indicator available for dates (years)	Periodical survey/collection foreseen (approx. interval)	Quality of indicator	Additional remarks	
1	Indicator 1 - Example	Eurostat	Data indicates development in	25	national, NUTS 2/3 (except ...), only urban regions	1990/91, 2000/2001, yearly, quarterly	yearly, 10 years, no survey foreseen	comparable within the territory provides sound typologies, points out important aspects, ...		potential indicator / indicator not usable
2										
3										
4										
5										

Table 2 Overall view of policies dealing with social aspects

Source (institution, homepage or where to find)	Name of policy/ year of publishing	Key fields (WP) *	Territorial level of policy	Key policy goals	Implementation (strategy, level, measures)	Monitoring foreseen (-/✓)	Key fields (WP) *
<i>explanatory notes:</i>							
<i>EU COMMISSION (www.....)</i>	<i>policy XXX, 2004</i>	<i>key fields</i>	<i>NUTS 2/3/4</i>	<i>formulated in key words</i>	<i>descriptive / normative</i>	<i>- or ✓</i>	
<i>.. to be completed</i>							

* (2) Access to Social Services, SGEIs, mechanisms of public transfers; (3) Employment and Income Distribution; (4) Housing and territorial development; (5) Education and Training

Figure 8 Structure and contents of the policy reviews (questions to be answered)

Institution:
Title
<i>Year</i>
<i>sub-title</i>
A) Key policy goals <i>Which policy goals are defined? Which territorial reference?</i>
B) Strategies/measures <i>Which strategies (measures) are referred to? Which territorial reference? Normative or descriptive? Who should implement them?</i>
C) Key mechanisms and challenges, questions <i>Is the document containing or referring to such topics (short summary)? Are there questions formulated to be dealt with in the future, in order to contribute to the further achievement of territorial and social cohesion objectives?</i>
D) Monitoring <i>Is a monitoring foreseen? How is it implemented? Which data/indicators should be monitored? Who is defined/proposed to realise the monitoring? Which intervals are proposed for the monitoring?</i>
E) Conclusions <i>Which conclusions can be taken from this policy regarding the aim of ESPON 1.4.2?</i>

1.4.5 Tool 3: Guidelines for the literature review

A basis for the development and identification of an **operational scientific platform approaching territorial development in its social dimension** is meant to be the main outcome of the scientific literature review and the overview and bibliography of the core existing research works with European focus (e.g. EU-, OECD-reports).

Tool 3 – the guidelines for the literature review and bibliography – provides an **overall view** of literature and research documents dealing with the social aspects analysed in form of a table, which contains the most important information in a concise form.

As a final output of the literature review it has to be taken in consideration, that the results within each thematic key field should cover the following issues:

- trends and dynamics in relation to specific types of territories (e.g. ESPON projects)
- relevant knowledge related to territorial patterns
- sketching as far as possible to social situations identified within urban areas, rural/remote areas, central/peripheral areas, geographically handicapped areas, etc.

The theoretical demands are:

- showing the relevant hypothesis
- discussing the question of the appropriate level to report on the social dimension (e.g. what tells a map on NUTS 2 or 3 level if there exists social segregation on the level of NUTS 5 and below)?
- analysing which indicators are useful to report on which level?
- discussion of links between a territorial and an urban perspective taking into account the work that was done in the Urban Audit. Which are possible links and border lines between a research focus on a "territorial" or on an "urban" perspective?
- formulation of an "ad-hoc-typology" (Ad-hoc in this context means that the typology set up in this ESPON 1.4.2 can serve as starting point of a discussion about a typology in social-territorial terms. It has to be understood as a first draft based on hypothesis and a first analysis of the available data, but it is not proofed by empirical evidence.)
- is not but based on a first glance of the data analysed and based on a basic set of data and where appropriate
- using an "heuristic approach" (e.g. Esping Andersen 1999)
- showing what has been found/compiling findings

1.4.6 Tool 4: Grid for the selection of relevant indicator sets

Tool 4 – the grid for the selection of data and indicators – can be seen as an extension of tool 1 and provides a template for the evaluation of the selected group of usable indicators (outcome of tool 1), which should lead to the definition of one **set of social territorial indicators** for each key field.

It is of high importance to discuss the **quality of indicators**, while paying special attention to the multi-dimensional character of these dynamics. The following leading questions (to be answered within this preparation study) have been identified:

- Which indicators are currently used on European level and in ESPON-projects to track areas and regions that are lagging behind in social terms?
- Which territorial indicators could lead to typologies of territories?
- Which indicators may serve as core indicators and which one are problematic to identify the social dimension of territorial development?

Table 3 Grid for the selection of the core indicator sets (Tool 4)

T O O L 1		T O O L 4				
Nr. Term	Usability proof	Core indicators	Meta-data concerning core indicators			Map
	of each single indicator	Relevance proof within the group of potential indicators (and additional indicators)	How to further collect the data?	Possible and pertinent administrative level	Harmonization and/or manipulation necessary? (additional indicators)	recommended
1	Indicator 1 - Example	potential indicator / indicator not usable	core indicator / no core indicator			- / x
2						
3						
4						
5						

Following these questions a proposal of a set of social territorial indicators (selected available + additionally needed indicators) can be defined, which covers the relevant aspects of social territorial patterns.

As methodological principles concerning the definition of indicators we further refer to the principles the European Social Protection Committee agreed on in the "Report on Indicators in the field of poverty and social exclusion", the so-called **Laeken indicators** (Social Protection Committee, 2001). According to the suggested set of indicators the following principles are taken into account (Social Protection Committee 2001):

Principles referring to the indicators:

- an indicator should capture the essence of the problem and have a clear and accepted normative interpretation;
- an indicator should be robust and statistically validated;
- an indicator should be responsive to policy interventions but not subject to manipulation;
- an indicator should be measurable in a sufficiently comparable way across Member States, and comparable as far as practicable with the standards applied internationally;
- an indicator should be timely and susceptible to revision;
- the measurement of an indicator should not impose too large a burden on Member States, on enterprises, nor on the Union's citizens;

Principles referring to the portfolio (set) of indicators:

- the portfolio of indicators should be balanced across different dimensions;
- the indicators should be mutually consistent and the weight of single indicators in the portfolio should be proportionate;
- the portfolio of indicators should be as transparent and accessible as possible to the citizens of the European Union.

Information, which has to be provided within the scope of the study varies by the type of indicator:

- Social territorial indicators, which have been classified as usable in tool 1 (selected available indicators – harmonised data) will have to be collected. Within this sample proposals for maps are made, on the basis of the harmonised data possible collected.
- About additional social territorial indicators (proposal) in minimum information on the availability and their comparability is requested.
- Further information requested address time scale aspects, and the question of the possible and pertinent administrative level for the indicators presented.

1.4.7 Tool 5: Reporting format for the thematic conclusions

For the reports of the thematic key fields a general reporting format has been produced in order to ensure a common structure of different chapters that are integrated into one final report.

2 ACCESS TO SOCIAL SERVICES, SGEIS AND MECHANISMS OF PUBLIC TRANSFERS

2.1 Overall Background

This introductory sub-chapter starts with a brief overview of the social aspects discussed in other ESPON projects, followed by an overview of the complex nature of poverty. The third sub-chapter discusses the relationship between territory and social aspects, and the fourth states the aim of chapter 2 on access to social services, SGEIs and mechanisms of public transfers.

2.1.1 Accessibility and social aspects in the ESPON world

The access to social services can be influenced by many different factors. The object of this literature review is to see whether some of the themes developed in the framework of the ESPON Programme can be useful for defining the main notions and typologies around the focus on the access to social services.

This review will lead us to define, first of all, how the provision and accessibility to the basic social services is tightly linked to the demographic trends that take place across the European territory. Demography is therefore a fundamental factor for the localisation of such services (ESPON 1.1.4). It will then be interesting to also describe how the access to social services is defined by the structure of the European territory itself. For doing so, we will go through the (un)balanced structure of the territory in its current and future forms, as well as the fundamental distinction between urban and rural areas, and between larger metropolitan areas and other urban centres (repectively ESPON 1.1.1 and 1.1.2). The differences in the access to services on a macro scale should also be described (ESPON 1.1.3). Finally, as access implies a notion of linkage, we will describe how the transport and telecommunication networks are playing a major role in the provision of social services (ESPON 1.2.1 and 1.2.2).

The review will focus on three main issues:

- Which types of services for who?
- Where are the social services situated?
- What are the possible means for best accessing those services?

The **demographic landscape** of Europe is of a very complex nature. Some areas face stagnation and depopulation trends, whereas some others are growing steadily. The demographic evolution is constituted of two components, the natural population change and the net migration rate, each of them linked to a very pronounced trend in Europe. The strategic variable as regards the natural population change is, in fact, the number of birth, as the mortality rate has not evolved drastically in the last decades. The fertility rate is often used when describing the birth phenomenon on a territorial scale. Different social behaviours and pre-conditions can be linked to it. Beforehand, it is dependent on the structure of the households in general; a high number of single persons, one-

person households, as well as greater female participation in the labour markets are factors that can lower the fertility rate. These phenomena can be especially witnessed in the urban areas. The demand for day-care centres is thus an important issue in the areas witnessing higher fertility rates.

The other demographic parameter, net migration, is however more likely to destabilise the good provision of social services in rural and peripheral areas. At the macro scale, the whole continent of Europe has become a strong magnet for attracting immigrants, especially due to its high economic and quality of life standards. Alas, many international immigrants will not experience the good provision of social services due to their marginal position in society.

At the meso scale, interregional migrations are mainly dependent on the economic and social gaps between regions, migrants often moving to economically better-off areas and/or with higher standards of social services, as, for instance, young adults are often migrating to the urban areas in order to start their working life. The migratory pattern is causing strong regional disparities in terms of age structure, often at the expense of the most rural and remote European areas. Thus, the former type of areas are often faced with a double phenomenon: ageing and thinning of the population. The tourist flows from the northern to the southern parts of Europe are also putting greater pressure on the public service facilities of these areas, which often have lower economic capacities (ESPON project 1.1.4).

However, the immigration phenomenon is, at a micro scale, especially concentrated in the metropolitan areas. The increase of the total population to be served by social services increases the pressure on the public service facilities.

As mentioned previously, the structure of the **territory in urban or rural terms** is a defining notion as regards the access to and the demand for social services. In general, the reasons why people living in urban areas have better access can be described as twofold. First of all, the larger population size enables larger economies of scale to develop a broader array of services; it is thus possible to access **more services**. Second, the denser telecommunications and transport network in the urban areas enable the dweller to have more people in reach and faster; it is thus possible to have a **better access** to services.

Unlike in urban areas, the provision of services in the rural areas is more dependent on public agencies and structure, for the very opposite reasons than described above, with poor public transportation limiting the accessibility to jobs and public services, creating a real urban/rural divide in social terms. In the countries where the provision of public services is the responsibility of sub-national authorities (regions or municipalities), the level of tax revenue is playing a major role for their ability to maintain a fair provision of social services. This phenomenon often has a negative impact on the rural areas.

However, the relations between urban and rural areas, and by this way their interdependencies, have also evolved during the latest decades. The increasing extent of commuter catchments areas, as well as the suburbanisation phenomenon, has blurred the boundary between what is urban and what is rural. In that respect, rural areas with strong connections with urban areas have improved their overall potential access to social services. Suburbanisation is the

expression of a different consumption of the land. It also expresses the people's greater demand for better households providing them with a better quality of life. However, the diffuse suburbanised household pattern is also jeopardizing the good provision of public services as people are putting themselves increasingly out of their reach (ESPON project 1.1.2).

The structure of the territory is therefore an important feature when dealing with access to social services. As a theoretical concept, **polycentrism** is trying to develop the idea that a better balance of the territory at different scales would tend to reduce the regional economic and social disparities of Europe. For policy-makers, the notion of polycentrism should not be taken as a goal in itself, but more as a means to achieve general policy objectives, social equity not being the last. Applied to social services, several centres evenly spread over the territory should be the provider for social services for their respective hinterlands. An example of the benefits of polycentric development can be drawn from the New Member States where the more polycentric countries seem to have smaller differences in income levels between central and peripheral regions. Finally, proximity and accessibility to services on a micro scale are fundamental for better understanding the challenges to social equality. The location of the social services facilities over the territory is therefore of high importance. The spatial distribution of such facilities should be seen as dependent on the population distribution, but not similar to it. Indeed, hospitals or large retail centres are often situated in proximity of urban areas, but in their periphery. The provision of public services should thus be a matter of good governance and co-operation (ESPON project 1.1.1).

The notion of polycentrism is often applied to the urban centres themselves, but the concept could also be used for the balanced repartition and access to the main social services over a territory, for instance. Where should hospitals or other social service facilities be located in order to be accessible to the maximum amount of people? The location of such large facilities is linked to land-use issues, as the location costs must be taken into account when settling a new facility. However, the theme of polycentrism is also highly linked to the connectivity of places. In that regard, the ESPON literature has particularly studied two main types of connection systems: the transport and telecommunications networks.

In general, the **supply of services and knowledge** is believed to be mainly an urban issue. On a macro scale, it is therefore considered that **access to services and knowledge** can be identified with accessibility to cities of various sizes. However, when considering a more local perspective, the localisation of large social services facilities, such as hospitals or universities, is often in the periphery of the city, which *de facto* decouples the accessibility of the facility itself to the one of the city. In that regard, the local transport networks, either road or public transportation, defines the accessibility to important services such as hospitals or universities. In that sense, better and denser networks are believed to improve this accessibility. An interesting indicator for depicting the accessibility to social services would be the use of 45min-isochrones around the facilities themselves in order to show the spatial extent of the territory that lies within a commuting distance for them (ESPON project 1.2.1).

The second type of network is linked to the telecommunication systems. In general, good access to the telecommunication networks and the services they provide enhances the possibilities for a territory to interact in a wider context. The use of telecommunications for providing services can be, in some cases, an artificial substitute to the physical mobility via the transport networks, which is particularly useful in the most remote areas (ESPON project 1.2.2).

The achievement of the goal of sustainable development is partly dependent on good social standards and capabilities that can be summed up in the term "social cohesion". Interestingly, the social indicators used show a different territorial pattern than the economic ones. There seems to be a decoupling between economic and social performances. As an example, there is no clear empirical evidence on the correlation between the magnitude of FUAs and social cohesion, which could mean that global accessibility do not play an important role when it comes to social aspects (ESPON project 3.3)

Poor relief and social assistance is the final social security net for the citizens in a society, today and historically, indicating shortcomings in the social security. In some countries this final security net is financed and organised by national authorities, in some countries by regional authorities, and in some countries by local authorities (Eardley et al. 1996). Depending on the accessibility to social services, different sub-groups of the population can be protected from/exposed to poverty in various degrees.

Accessibility does not only imply *geographical distances*, but also how many persons but also how many persons are *covered by a social insurance scheme* or social policy.⁵ One way of achieving social protection is through public transfer schemes, e.g. unemployment schemes, sickness schemes and pension schemes. Accessibility to public transfers differs for different sub-groups, e.g. depending on physics, gender, socio-economic status, civil status, ethnicity and region of residence (Rauhut 2006). Regions and cities with e.g. limited availability of essential services, high unemployment, a biased income distribution, bad housing etc. run a high risk of developing pockets of poverty and social exclusion (European Commission 2004a).

2.1.2 Poverty concepts revised

When discussing social services and social transfers one core issue is poverty. Poverty is multi-faceted and can neither be analysed nor understood if a single dimension is analysed (Andreß 1998; Walker 1995, 1998; Rauhut et al. 2005). There are three **definitions of poverty**, absolute, relative and a definition containing both absolute and relative poverty. Absolute poverty is commonly conceptualised as biological needs or a poverty line. Relative poverty is usually conceptualised in four different ways: income insufficiency, relative deprivation, consensual poverty and social exclusion. Finally, the definition containing both

⁵ Sweden is famous for generous social insurances, but an average of 20 per cent of the population in working age is not covered by the social insurances (Salonen 1997). The size of this margin group varies between 10 and 40 per cent of the relevant population in the different programmes (Marklund & Svallfors 1987). The accessibility to essential social services is limited in this case, but this is seldom discussed or even noticed.

absolute and relative poverty conceptualises poverty as dual poverty and capability deprivation.

According to Malthus (1993) poverty is related to the lack of food, which indicates the importance of biological needs when discussing poverty. A common conceptualisation of absolute poverty is to use a *poverty line*. A basket of basic commodities, such as food, clothing and shelter, is calculated. This calculation is called the poverty line. If one cannot obtain these basic commodities one is considered poor. Hayek argues that it is the responsibility of the government that nobody lives below the poverty line, but incomes redistribution to enable poor people to 'catch up with the Jones's' is generally highly unpopular (Hayek 1976).

Table 4 Definitions and concepts of poverty and their advocates

Absolute poverty		Relative poverty		Absolute and Relative poverty	
<i>Concepts</i>	<i>Advocate</i>	<i>Concepts</i>	<i>Advocate</i>	<i>Concepts</i>	<i>Advocate</i>
Poverty line	Hayek	Insufficient income	Townsend	Dual poverty	Smith, Mill, Rowntree, Simmel
Biological needs	Malthus	Relative deprivation	Runciman	Capability deprivation	Sen
		Consensual poverty	Mack & Lansley, Halleröd		
		Social exclusion	(Room)		
		Inequality	Tawney		

Townsend argues that if the necessary resources, measured in income, are missing to 'keep up with the Jones's' and if the persons affected are unable to fulfil their role as members in the community in which they live, then they are poor. The necessities of life and the fulfilment of one's role in society are connected with one's level of consumption. A low-income will lead to a low level of consumption (Townsend 1987).

"The necessities of life are not fixed. (...) Certainly no standard of sufficiency could be revised only to take account of changes in prices, for that would ignore changes in the goods and services consumed as well as new obligations and expectations placed on members of the community. Lacking an alternative criterion, the best assumption would be to relate sufficiency to the average rise (or fall) in real incomes" (Townsend 1979: 17f).

Runciman is the inventor of the poverty concept of *relative deprivation*. By comparing oneself to a subjectively chosen reference group, the individual can determine whether he or she is rich or poor compared with his or her reference group. A person is relatively deprived if he or she does not have what other persons have but want to have this too. "We can roughly say that [a person] is relatively deprived of X when (i) he does not have X, (ii) he sees some other person or persons (possibly including himself at some previous or future time) as having X (whether or not that is or will be in fact the case), (iii) he wants X, and (iv) he sees it as feasible that he should have X" (Runciman 1966: 10).

According to the conceptualisation of poverty, *consensual poverty* people are poor if they due to a lack of resources cannot consume goods or services a

majority of the population considers essential (Mack & Lansley 1985). Some people do not care if they can or cannot consume goods and services considered as essential by the majority of the population; they feel happy anyway. According to the consensual poverty approach they only believe they are happy; in reality they are suffering from the Marxist concept of 'false consciousness' (Halleröd 1993).

The concept of *social exclusion* is a "French" reaction against the "British" focus on poverty as a lack of money and economic resources. Instead, "*society is seen by intellectual and political elites as a status hierarchy or as a number of collectivities, bound together by sets of mutual rights and obligations that are rooted in some broader moral order. Social exclusion is the process of becoming detached from this moral order*" (Room 1995: 6).

Common for all concepts of definitions including *both* absolute and relative poverty is that poverty contains a lack of basic commodities for biological survival, i.e. absolute poverty, *and* a social dimension of poverty, i.e. relative poverty (Smith 2000a, 2000b; Mill 1862; Rowntree 1902; Simmel 1983; Sen 1999a, 1999b). Amartya Sen, the 1998 Nobel Laureate in Economics, takes it one step further when arguing that poverty occurs when someone is deprived of the capabilities of changing his or her life in regard to basic commodities as well as in social terms. This is the *capability deprivation* approach (Sen 1999a, 1999b).

The advocates of a poverty definition including elements from both absolute and relative poverty are well-known liberals, and the advocates of absolute poverty are conservatives or neo-liberals.⁶ The advocates of relative poverty belong to socialistic ideologies.⁷ The ideological roots of social exclusion are unclear.

2.1.3 The aim within this thematic key field

The following chapters deal with a **wide range of issues and research questions**, of which **parts are representing or including research questions of the following chapters**. Due to this fact, the presentation in this report tries to give a **background and an overview** on the wide range of issues concerning "social services, SGEIs and mechanisms of public transfers". It also **concentrates on major questions**, which are analysed in more detail (generally according to the given structure: policies, scientific discussion, territorial patterns).

⁶ Hayek is sometimes considered a conservative (Nisbet 1986), sometimes a libertarian (Barr 1998).

⁷ Townsend and Tawney are considered to be socialists (George & Wilding 1989), while Runciman is considered to be a social democrat (Crick 1987).

Within the key field "Access to Social Services, SGEIs and mechanisms of public transfers" the research concentrates on the following issues:

- **Poverty and social exclusion** as one (or the) main question, which is standing behind mechanisms of public transfers.
- **Social services and expenditures:** As an indicator, social expenditures depict the offer of social services and are therefore an important descriptive indicator in this field.
- **Health care**, which is stated to be one of the most important questions within the area of social services (together with employment/income distribution and education/training, which are covered by the following chapters).

2.2 Social transfers, poverty and social exclusion

2.2.1 Policies against poverty and social exclusion

In the 1997 Human Development Report it is clearly stated that poverty is *"the denial of choices and opportunities for living a tolerable life"* (Human Development Report 1997:2) and that *"poverty must be addressed in all its dimensions, not income alone"* (Human Development Report 1997: 5).

The Study Program in European Spatial Planning (SPESP) analyses the indicators for social integration and exclusion in one of their reports. When discussing poverty, inequality and segregation must be included. According to the SPESP study in 1992, the European Commission considered the difference between poverty and social exclusion as follows:

"The concept of social exclusion is a dynamic one, referring both to processes and consequent situations (...) More clearly than the concept of poverty, understood far too often as referring exclusively to income, it also states the multidimensional nature of the mechanisms whereby individuals and groups are excluded from taking part in social exchanges (...) it goes beyond participation in working life: it is felt and shown in the fields of housing, education, health and access to services (...)" (SPESP 1999: 7).

The SPESP report also quotes a source⁸ which argues that *"society recognises social exclusion risk when it accepts that individuals and groups are dissatisfied with their current situation and role in society, and are unable to bring about sustainable improvements due to lack of means and confidence, and/or because of discrimination"* (SPESP 1999: 7).

The eradication of poverty by 2010 was agreed at the **Lisbon European Council** in 2000. One means to reach this aim is that the Member States should *"co-ordinate their policies for combating poverty and social exclusion (...) with the aim of promoting more ambitious and effective policy strategies for social*

⁸ The source is CPS (1998) 98//31/2/EN. Unfortunately, this source is missing in the reference list of SPESP (1999).

inclusion. In this context Member States have prepared a second generation of National Action Plans against poverty and social exclusion (NAPs Inclusion)” (European Union 2004b: 5)

The **NAPs** are generally wide in scope and reflect the **diversity of national strategies and the different social protection schemes** and their development. A majority of the Member States has set quantitative targets for the eradication of poverty and efforts have been made to strengthen the institutional arrangements for national policy making. Finally, the agents of civil society have been encouraged to participate in the process of poverty eradication.

The **NAPs Inclusion 2003-2005** have six key policy priorities:

- (1) Promoting investment in and tailoring of active labour market measures to meet the needs of those who have the greatest difficulties in assessing employment;
- (2) Ensuring that social protection schemes are adequate and accessible for all and that they provide effective work incentives for those who can work;
- (3) Increasing the access of the most vulnerable and those most at risk of social exclusion to decent housing, quality health and lifelong learning possibilities;
- (4) Implementing a concerted effort to prevent early school leaving and to promote smooth transition from school to work;
- (5) Developing a focus on eliminating poverty and social exclusion among children;
- (6) Making a drive to reduce poverty and social exclusion of immigrants and ethnic minorities.

The **Nice European Council** set four objectives to combat poverty and social exclusion:

- (1) To facilitate participation in employment and access to resources, rights, goals, and services for all;
- (2) To prevent the risks of exclusion;
- (3) To help the most vulnerable;
- (4) To mobilise all relevant bodies.

In the **Joint Report on Social Inclusion** poverty, social exclusion and social inclusion are defined the following way (European Commission 2004b: 10):

*“**Poverty:** People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.*

Social exclusion: *Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education opportunities as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.*

Social inclusion: *Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have greater participation in decision-making which affects their lives and access to their fundamental rights."*

Three priority themes are presented in the **Third Report on Economic and Social Cohesion:** *convergence, competitiveness and cooperation.* Convergence is defined as "supporting growth and job creation in the least developed Member States and regions"; competitiveness is defined as anticipating and promoting regional change; and cooperation is defined as "promoting the harmonious and balanced development of the Union territory" (European Commission 2004a).

By promoting convergence, competitiveness and cooperation it is assumed that employment will increase, incomes will increase and the share of persons at risk of poverty will decrease (European Commission 2004a: 20-24).

"Economic development must go hand in hand with efforts to reduce poverty and to fight exclusion. Promoting social integration and combating discrimination is crucial to prevent social exclusion and to achieve higher rates of unemployment and economic growth, notably at a regional and local level" (European Commission 2004a: xii)

The risk of poverty is defined as 60 per cent of the median income in the country where the person lives and is closely connected with unemployment (European Commission 2004a).

In the **Revised Strategy for Social Cohesion** it is clearly stated that social cohesion is about the "capacity of a society to ensure the welfare of all its members, minimising disparities and avoiding polarisation (...) it [social cohesion] is also about creating solidarity in society such that exclusion will be minimised" (European Committee for Social Cohesion 2004: 2). But on the very same page it is also stated that "social cohesion is an ideal to be striven for rather than a goal capable of being fully achieved".

2.2.2 Scientific discussion and empirical indication

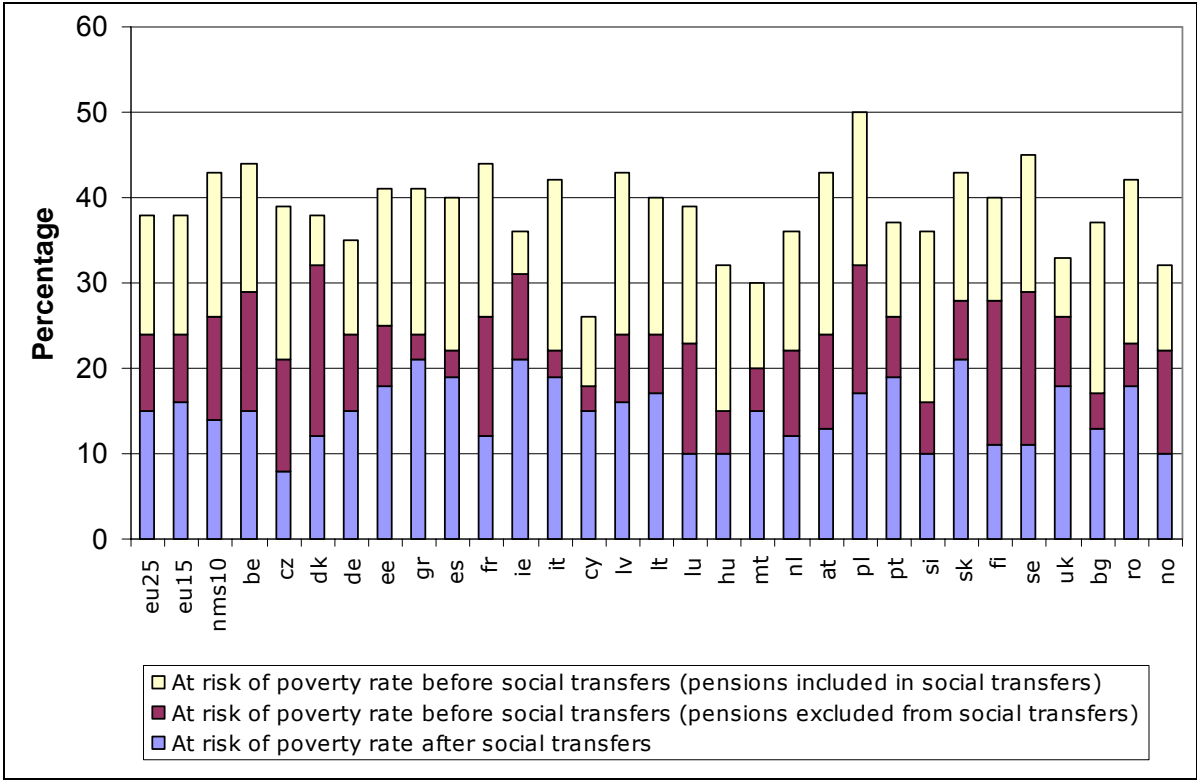
In 2000, relative poverty, measured with respect to a threshold set at 50 per cent of the median income, affected approximately 11 per cent of the OECD population, with an increase since the mid-1990s, which is similar to that of the previous decade. Absolute income poverty, which had declined by more than

one-third in the decade from the mid-1980s to the mid-1990s, fell by close to one-fourth in the five years to 2000 (OECD 2005).⁹

The *Third Report on Economic and Social Cohesion* states that about 15 per cent, or around 55 million inhabitants of the population in the enlarged European Union have income levels, which put them at risk of poverty in 2001. Persons aged 65 and over, lone parents, persons with disabilities, ethnic minorities and long-term unemployed are especially exposed to poverty and social exclusion (European Commission 2004a).

The *Joint Report on Social Inclusion* repeats the share of the European Union population having low incomes as well as which groups are mostly affected by being at risk of poverty. One more group is mentioned in addition: “young people deprived of sufficiently solid skills to get a firm grip on the labour market” (European Commission 2004b: 5).

Figure 9 Population at risk of poverty before and after social transfers in the EU25 plus Norway, Bulgaria and Rumania (2001/2003).



Note: No data for Switzerland.

Source: Eurostat

The European Commission (2004d) also presents the share of population living at risk of poverty in 2001. This report states that there is a wide regional diversity in the employment and unemployment levels, and employment is important for social inclusion. Hence, we can assume that the regional share of persons at risk

⁹ The EU countries included in this study are Denmark, Germany, Hungary, Czech Republic, Luxembourg, Poland, Portugal, Spain, Austria, Greece, Sweden, Netherlands, Finland, Norway, Switzerland, Belgium, France, Ireland, Italy and United Kingdom. The other countries included in the study are Japan, Mexico, United States, New Zealand, Australia, Canada and Turkey

of poverty may be just as varied as the unemployment rates. Unfortunately, there is **no regional data** on the share of population at risk of poverty.

In 2003, the number of persons living at risk of poverty, i.e. where the equivalised income is below the threshold of 60 per cent of the national equivalised median income, had increased to 16 per cent of the population or 72 million persons. It is, however, important to remember that people, as well as their needs, are heterogeneous; *“having an income below this threshold is neither a necessary nor sufficient condition of being in a state of poverty, this indicator is referred to as a measure of poverty risk”* (Eurostat 2005: 1).

2.3 Social services and health care

2.3.1 Policies

The *Joint report on social inclusion* states that a key policy approach for objective 1.2 ‘promoting access to resources, rights, goods and services’ include a social transfer system. *“(a) To organise social protection systems in such a way that they help, in particular, to: Guarantee that everyone has the resources necessary to live in accordance with human dignity”* (European Commission 2004b: 53). This report also states that since there is a strong correlation between risk of poverty and social expenditures, the best way to organise a social security system is through income transfers. Nearly all Member States have some form of minimum income guarantee for all legal residents. However, “the calculation of minimum income or assistance is not yet adapted to the Lisbon Strategy, as access to the knowledge society is more and more limited by fees which cannot be covered by a very small income” (European Commission 2004b: 56). Most important is that this report reveals that the **issue of policies and strategies on social services belong to the national scene.**¹⁰

It is concluded that the Member States do need to reform their social protection schemes and social services since they are not sustainable for very long. The demographic changes pose a major stress on the welfare systems in the Member States, and so do e.g. unemployment, social exclusion and immobility (European Commission 2004c). Also, the European Commission (2004d) concludes that the welfare systems in the Member States are very different from each other. There are, however, some similarities as well. It is also noted that the policies and strategies on social security and services have so far been a national issue rather than a European one.

European Committee for Social Cohesion (2004) states that *“despite the considerable variations from country to country, the European approach is sufficiently distinctive when compared with other world regions that it has often been referred to as the ‘European social model’”* (p. 2). This can be understood in 2 ways: either that one single social model exists or that the ‘European social model’ actually is a model containing several completely different models.

¹⁰ The policies and strategies on social services are dealt by the National Action Plans for Inclusion (the NAPs Inclusion documents), which means that there is no ‘all-European’ view or policy in this field.

The European Commission (2004a) discussed economic and social cohesion thoroughly. The major part of the expenditures on economic and social cohesion is spent by the governments of the Member States, and just a minor part through the Structural Funds. The focus of the government spending, however, tends to target (European Commission 2004a: 84).

A large part of the public expenditure in the Member States is spent on social protection and social services; approximately 40 per cent of the total government spending went to social protection in 2001. About 21 per cent of the average GDP of the Member States was spent on social services. *“Within this, the share of expenditure going to the wages and salaries of public sector employees fell, partly reflecting the contracting out – or privatisation – of some services”* (European Commission 2004a: 86). Furthermore, *“between 1995 and 2002, spending on social benefits (just over 16% of GDP in the EU as a whole) was reduced, on average, by almost 1% of GDP”* (European Commission 2004a: 85). This decrease is explained by lowering the social security benefits and decreasing unemployment (ibid.).

Economic and social cohesion is, to large extent, a matter for the governments of the Member States; the Structural Funds can only be a complement for achieving social cohesion. Differences in systems of government and the degree of decentralisation of responsibility for policy and its implementation create problems regarding the responsibility on creating social cohesion. Just like the national state, the regions will look at what is best for them, not what is best for the European territory as a whole.

In 1996 a study on OECD countries identified a range of universal options that, either alone or in combination, could simultaneously provide income support to the poor families and the incentive to work. One of the conclusions, with relevance for this ESPON study, is that

*“No **sectoral policy** is capable of both assuring adequate income support to those without sufficient earnings (i.e. poverty reduction) and stimulating an increase in employment of low-skilled workers. The ‘iron law’ of income support needs to be again emphasised: an income guarantee assuring all citizens of an ‘adequate’ level of living, financed via a personal income tax, requires a structure of marginal tax rates, implying substantial work disincentives. And, the higher the guarantee, the more severe are the work disincentives”* (Haveman 1996: 29).

The European Commission (2004c) actually emphasises the need for a common EU policy on making work pay and that welfare should be connected to work.¹¹ The connection between socio-economic status and health status is widely accepted:

“... [P]oor health is both a cause and a consequence of wider socio-economic difficulties. Accordingly, the overall health status of the population tends to be weaker in lower income groups.” (European Commission 2004b: 31) *“The health status of Europeans reflects their economic and social environment and is also linked to working conditions.”* (European Commission 2004d: 19)

¹¹ In the scientific literature this is sometimes referred to as *workfare*, which is a selective targeting of social security and social services to a specific group (persons active on the labour market). The opposite, a general provision of social security and services, is called *welfare*.

"People with a high level of education report better health than those with a low level of education." (European Commission 2004d: 83)

The Joint Report on Social Inclusion (European Commission 2004b) is written on the basis of an analysis of NAPs Inclusion (National Actions Plans for social inclusion), which are the Member States' policies for combating poverty. The report and the NAPs stress the importance of fighting back poverty within a wide range of policies, e.g. health. (European Commission 2004b)

Social protection by social transfer can provide a relief to poverty, but does not automatically help individuals and families in the long-term to elude poverty. According to the Joint Report on Social Inclusion, the recent policy trend is that social transfer in cash must be accompanied by adequate health care, education, social services and integration into the labour market. (European Commission 2004b: 24-). Also, the Council of Europe (CE)¹² claims that action in the social policy field should not be a matter of "charity"; instead they prefer actions such as guaranteeing rights that should be the same for all (European Committee for Social Cohesion 2004 § 12). The key challenge is providing access to these basic social rights, one of these rights is health care (European Committee for Social Cohesion 2004 § 44). The importance of providing equal access, as declared in *The Joint Report...*:

"Guaranteeing equal access to quality services (health, transport, social care, cultural, recreational and legal). Ensuring the provision of quality services which are adequate, accessible and affordable for all citizens are still a major challenge --- in particular access to health..." (European Commission 2004b: 37)

Private health care policy

Governmental policies regarding private health insurance and care vary to a great extent within the Union. Different policies shape the private health care markets' structures and dimensions. OECD recommends governmental regulations of private health care and insurance, otherwise there is a risk of creating a two level health care system depending on the ability to pay. Policy makers can for example regulate the minimum benefits that insurers must cover, require insurance products to be standardised, and limit the extent to which insurers can refuse cover and rate premiums on the basis of individual risk (OECD 2004).

¹² CE has 45 Member States all over geographical Europe. The aim of the Organisation is to achieve greater unity between its members for the purpose of safeguarding their ideals and principles and facilitating their economic and social progress (CE 2004 § 9).

Combined approach

A common trend that obviously could be distinguished in the referred reports in this section is what could be called "combined approach". Although the referred reports are dealing with quite different aspects of health policy, and comes up with sometimes rather specific policy recommendations, they end up by arguing for an approach where different policies are integrated.

- The report on the social situation in the EU 2004 stresses there is a common need for policies that seek to build on the synergies between economic, employment and social policies (European Commission 2004d: 26-).
- The Joint report on social inclusion claims that the policy challenge today is to ensure that there is a strong integration of economic, employment, lifelong learning, cultural and social policies (European Commission 2004b: 35).
- The High Level Group hopes to find a comprehensive approach to coordinate policies for social inclusion, social protection and health care as well as an approach to combine institutional instruments for improved governance. The group also stresses that an integrated approach, such as the Lisbon strategy where economic, employment and social policies is brought together, would be fruitful (European Commission 2004c: 23, 39, 55-).

European Health policy

The report on the social situation in the European Union 2004 (European Commission 2004d) has a short overview of European health care policy: (European Commission 2004d 84)

- *"Community action, which shall complement national policies, shall be directed towards improving health, preventing human illness and diseases, and obviating sources of danger to human health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education"* (The EC Treaty, Title XIII Public Health, Article 152)
- *"The objective of the programme shall be to contribute to the establishment of a Community health monitoring system which makes it possible to measure health status, trends and determinants throughout the Community..."* (Article 1 of the Community Action on health monitoring. Decision No 1400/97/EC of the European Parliament and of the Council of 30 June 1997)
- The Laeken European Council calls for the development of an approach in the field of health care and care for the elderly, similar to the one being developed for the pensions.
- In the Communication of the Commission (COM 2001 723) the long-term objectives are accessibility, quality and financial viability of health and care systems. Particular attention will have to be paid to the impact of European integration on Member States' healthcare systems.

- The Programme of Community action in the field of public health (2003-2008) stresses the importance of development and dissemination of health information and knowledge, including statistics, reports, reviews, analysis etc to competent authorities, to health and other professionals and to other stakeholders and the general public.

2.3.2 Scientific discussion and empirical indication

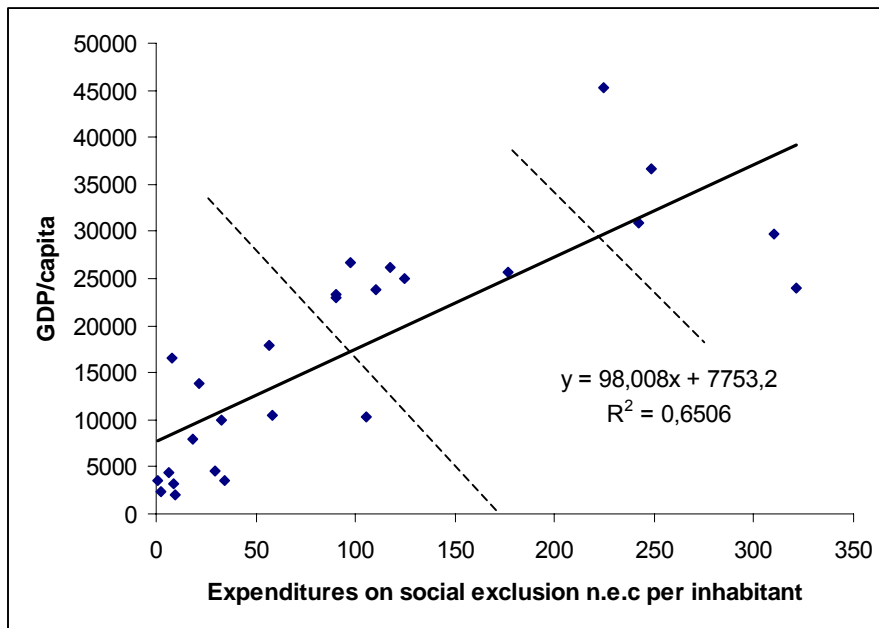
Three kinds of expenditures on social services will be discussed here. The expenditures on social exclusion not elsewhere accounted for will be discussed briefly, while the expenditures on family and children as well as the expenditures on sickness and health will be analysed more thoroughly.

It is difficult to compare social expenditures on social services internationally. One major reason for this is because countries have different systems for providing social services. The data available in Eurostat is not specified by sector; there is an important difference between public and private expenditures and production of social services. If the data only covers the public expenditures, the result of the analysis will be biased.

In two studies by Oxley et al. (1999, 2000) it is concluded that the *"taxes and transfers substantially reduce income inequality and poverty a given year"* (Oxley et al. 1999:56) and *"tax and transfer system sharply reduces poverty rates, particular as regards to long-term poverty"* (Oxley et al. 2000:9). Figure 1 above, showing the share of population at risk of poverty before and after social transfers, clearly illustrates this.

The patterns on the expenditures on social exclusion not elsewhere accounted for are unclear. In the figure below it is clearly shown that there is a distinct correlation between GDP/capita and the expenditures per inhabitant on social exclusion not elsewhere accounted for – the richer country in terms on GDP per capita, the higher expenditures per inhabitant on social exclusion not elsewhere accounted for.

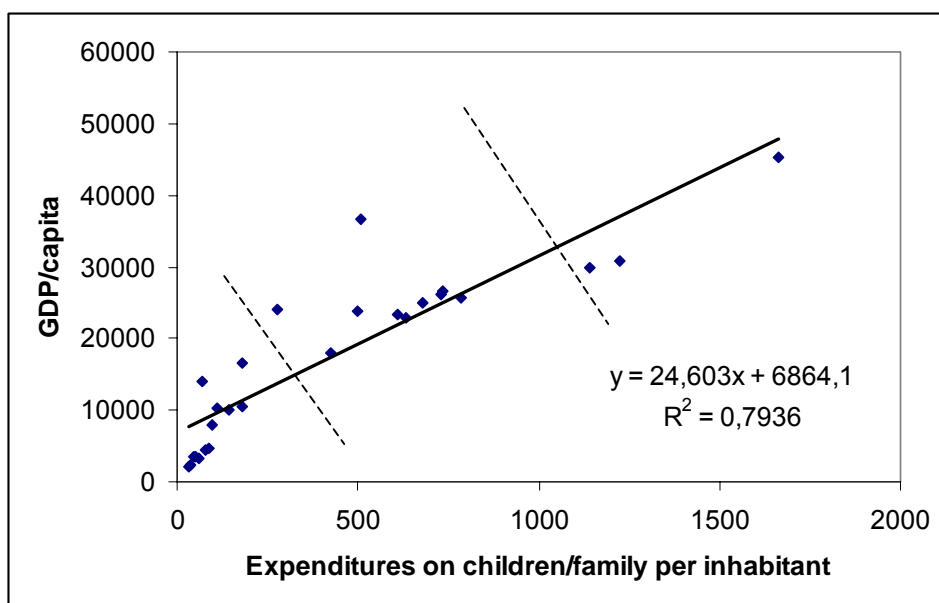
Figure 10 The correlation between GDP/capita and expenditures on social exclusion not counted for elsewhere for EU25 plus Norway and Switzerland (2002)* in EUR 1995 constant prices



* No data for Cyprus, Bulgaria and Rumania on social exclusion not elsewhere counted for; Source: Eurostat

The expenditures per inhabitant on family and children 1990-2002 are varying over time and between countries. In the figure below the correlation between GDP/capita and expenditures in EUR per inhabitant on family and children 2002 for EU25 plus Norway and Switzerland is shown. The result indicates a correlation between GDP/capita and expenditures in EUR per inhabitant on family and children – the higher the GDP/capita, the higher the expenditures.

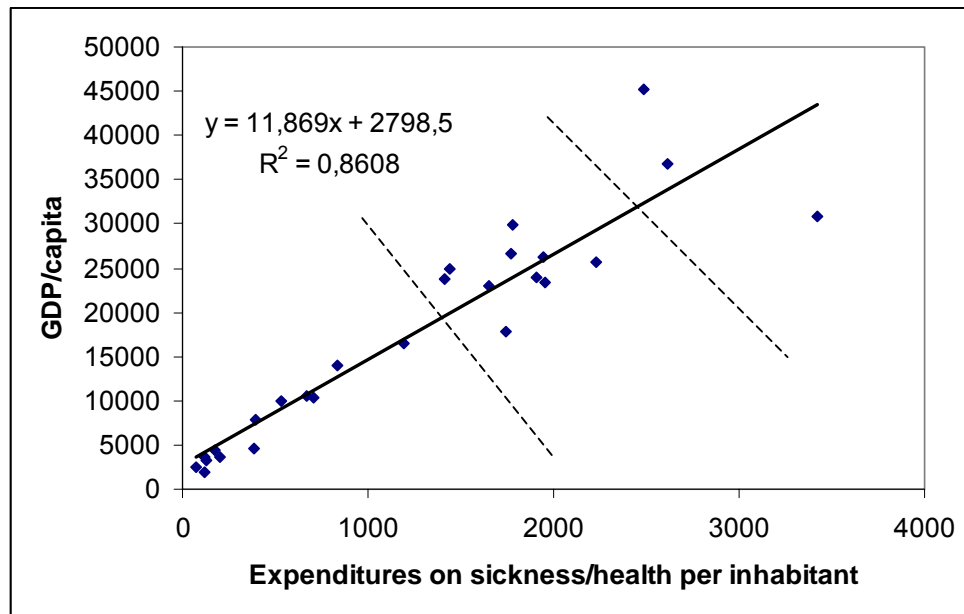
Figure 11 Correlation GDP/capita and expenditures in EUR per inhabitant on family and children 2002 for EU25 + Norway + Switzerland 1995 (constant prices)



Note: No data for Cyprus, Bulgaria and Rumania; Source: Eurostat

Also, the expenditures on sickness and health are varying over time and between countries. There is a distinct correlation between GDP/capita and the expenditures per inhabitant on sickness and health – the richer the country in terms of GDP per capita, the higher the expenditures per inhabitant on social exclusion not elsewhere accounted for.

Figure 12 The correlation between GDP/capita and expenditures in EUR per inhabitant on sickness and health 2002 for EU25 plus Norway and Switzerland in 1995 constant prices



Note: No data for Cyprus, Bulgaria and Rumania
 Source: Eurostat

All in all, the correlation between GDP/capita and the three social expenditures per inhabitant seem to generally be strong. The higher the GDP/capita, the higher the social expenditures per inhabitant and vice versa.

It is often assumed that social policy and social expenditures *per se* is something good. Few studies have actually analysed the outcome of social policy. One of the few studies analyses the major social policy developments in Sweden, Federal Republic of Germany, the United States and Great Britain. Five areas are systematically addressed in each state's welfare provision: policy ideology and welfare expenditure, income maintenance policies and outcomes, race and racial inequalities, women and family policies, and the health care system. The finding indicates that in all four countries, social policy has contributed towards widening class, race and gender divisions (Ginsburg 1992).

Two leading welfare researchers concluded a study on OECD countries with the following words: *"the more we target benefits at the poor and the more concerned we are with creating equality via public transfers to all, the less likely we are to reduce poverty and inequality"* (Korpi & Palme 1998: 681f.). Research has since shown that the middle class has a tendency of voting on welfare schemes, transferring income to themselves, making poorer people getting less and this is not the idea of social policy (e.g. Tullock 1984).

The social security system and the social services provided must have very clear aims and measurable indicators, otherwise they may be counterproductive. Rent-seeking interest groups, however, have a tendency of favouring their members. They are not always interested in clear aims and measurable indicators.

Life and health expectancies

In the report on the social situation in the European Union 2004 (European Commission 2004d) is a statistical portrait of life and health expectancies. It is measured by using the following key indicators: Life expectancy at birth and Disability-free life expectancy at birth (European Commission 2004d: 31). Life expectancy is a complex indicator reflecting several dimensions; apart from the health status of individuals and nations, it reflects access to and utilization of health services, as well as wider socio-economic factors. (European Commission 2004b: 31)

Life expectancy has risen steadily since 1960 and is expected to increase further in the future. Women live longer than men throughout the whole Union. In 2001 life expectancy in EU-15 was 81.6 for women and 75.5 for men (European Commission 2004d: 83). The life expectancy trends in the new Member States, Malta and Cyprus, has followed the trend in EU-15, but in the CEE new Member States the situation has been different. In 1960 these countries had a similar level of life expectancy to the one in EU-15. But political and economic instability has led to a decreasing life expectancy in these countries (European Commission 2004d: 102).

Health expectancy is an indicator, where you combine mortality and disability. In EU-15 1996 women could expect to live for 66 years without any disability and men for 63 years. The Infant mortality rate has fallen dramatically. In 1970 there were 23.4 deaths of children under one year per 1.000 live births, the same figure for 2002 was 4.5. But this figure varies to a great extent within the union, from 2.8 in Sweden to 9.8 in Latvia (European Commission 2004d: 83). The most important causes of disability in the elderly are dementia. 12.3 per 1.000 inhabitants suffer from different types of dementia. These figures differ within the Union. Sweden (14.9) shows the highest estimated prevalence and Ireland (8.4) the lowest. With an ageing population, the number of dementia patients will rise, which will lead to an increasing pressure on the long-term systems of healthcare (European Commission 2004d: 83). Cancer is the major cause of death among those aged 40-69. For those aged 70 and over, circulatory diseases are the most common reason of death (European Commission 2004d: 83).

People with a high level of education report better health than those with a low level of education (European Commission 2004d: 83).

Health expenditure

On average, health expenditure accounts for 8% of EU-15 GDP. The corresponding figure in US is 13% (European Commission 2004d: 84). Including expenditures on pensions the figure would be one fifth of GDP. This EU average hides large differences between the Member States. The trend, however, shows that this difference diminishes. Countries – such as Denmark, Finland, Sweden

and the Netherlands – which have had a large expenditure, have reduced their costs. At the same time countries, which started at lower levels, have increased health care expenditure. All in all health costs are expected to rise in the long run due to population ageing and medical progress (European Commission 2004c: 38-). During the last ten years the expenditure has risen in a majority of countries (European Commission 2004d: 84).

Access to health care

The number of hospital beds decreased by 19% between 1990 and 2001 within EU-15. The reason for this is probably the reduction of length of hospital stay. Sweden, Spain and Portugal have the lowest number of beds per 100.000 inhabitants. The Czech Republic has the highest with 1.096 beds per 100 000 inhabitants, which is about three times more than in Sweden (European Commission 2004d: 84).¹³

Gap between old and new Member States

Health status and health expenditure are at very different levels in the EU-15 countries and the CEE new Member States. In EU-15 countries people tend to live longer and suffer less frequently from serious diseases compared to the situation in the new Member States. This is also reflected in the health care expenditure at national level. The spending levels in the new 10 Member States are well below the EU-15 average (European Commission 2004d: 22- & 132). But the level of health care expenditure alone does not explain the low performance of the health status. The health care systems in CEE new Member States are faced with problems of centralism, insufficient supply of inputs, underinvestment etc. (European Commission 2004d: 22ff). The period of political and economic transition during the 1990's did also have negative impact on living conditions, on health care and other social protection systems (European Commission 2004d:b 102). Policy makers in these countries have during recent years worked with three categories of reforms, which have greatly improved their ability to address the health challenges. The three categories of reforms are decentralisation, social health insurance and restructuring health care services (European Commission 2004: 22ff).

Private health care

To get the whole picture when looking at the health care sector and access to health care, it is necessary to cover both the public and the private sector. Within the OECD countries one quarter of the spending on health is privately financed. But this share varies to a great extent within the countries and so does the private health insurance' effects on the health care system. In some countries where the private health sector plays a prominent role, it injects resources into the system and makes it more responsive. But other countries are dealing with equity and cost control challenges due to the private involvement in the sector. (OECD 2004)

¹³ According to Eurostat, Switzerland has almost 1 800 hospital beds per 100 000 inhabitants.

In the Netherlands, the private health sector plays a large role. One third of the population has such high income, disqualifying them from the publicly funded insurance. Those in this upper-income group buy private alternatives even for primary health care. In other countries, such as Ireland and the United Kingdom, the private alternative operates in parallel to the public one. Almost half of the Irish population has a private health insurance in addition to the public one. In France 90% of the population has private health insurance, which aims to complement the financing of public health care. In most countries private health care supplements the public systems by offering additional services, for example cosmetic surgery.

The question whether or not the private health sector contributes to funding of the entire health system by adding extra funding sources is difficult to answer. It is clear, however, that private health insurance has added to total health expenditure. Countries with a significant private health insurance market tend to be those with the highest total health spending levels per capita (OECD 2004).

The contribution of private health care to improved accessibility varies. When public cover is not comprehensive, private health insurance has enhanced access to care and has provided a level of care, choice and speed of access above what is offered by public systems. But such access is often inequitable because private health insurance is typically purchased by high-income groups. Higher-risk individuals often face difficulty in finding private health care or private health insurance at an affordable price.

Discussion on indicators

Has the number of licensed physicians/doctors per 100 000 inhabitants in a country anything to do with the relative wealth of a country? In the figure below a bi-variate analysis shows that the correlation between GDP/capita in 1995 constant prices and the number of physicians/doctors per 100 000 inhabitants in 2003 for EU25 plus Norway and Switzerland is very small, close to insignificant. If the correlation was significant the correlation would show a negative correlation, i.e. the richer the country, the fewer number of physicians/doctors per 100 000 inhabitants.

The following figure shows the correlation between GDP/capita in 1995 constant prices and the number of hospital beds per 100 000 inhabitants in 2002 for EU25 plus Norway and Switzerland. A relatively low GDP/capita resulted in a high number of hospital beds per 100 000 inhabitants, as did a relatively high GDP/per capita. A medium GDP/capita resulted in a relatively low number of hospital beds per 100 000 inhabitants.

Figure 13 The correlation between GDP/capita in 1995 constant prices and number of physicians/doctors per 100 000 inhabitants in 2003 for EU25 plus Norway and Switzerland

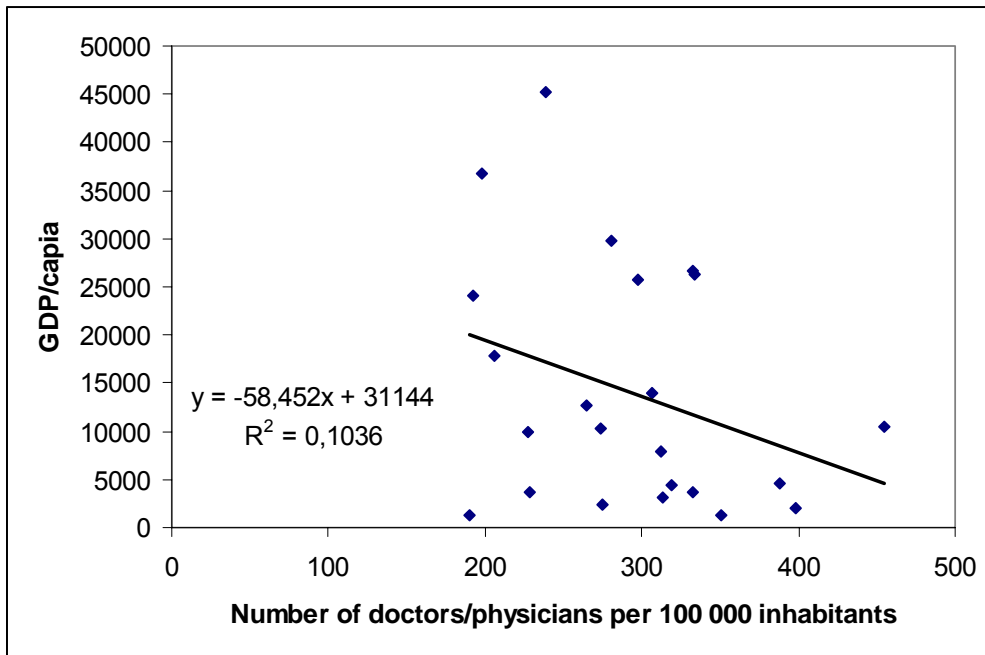
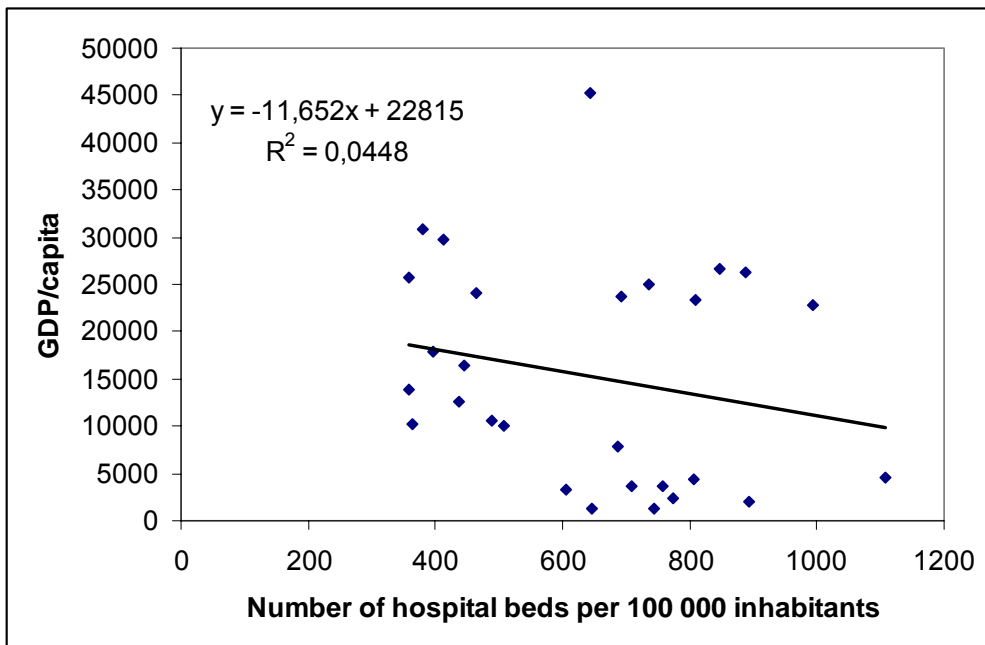


Figure 14 The correlation between GDP/capita in 1995 constant prices and number of hospital beds per 100 000 inhabitants in 2002 for EU25 plus Norway and Switzerland



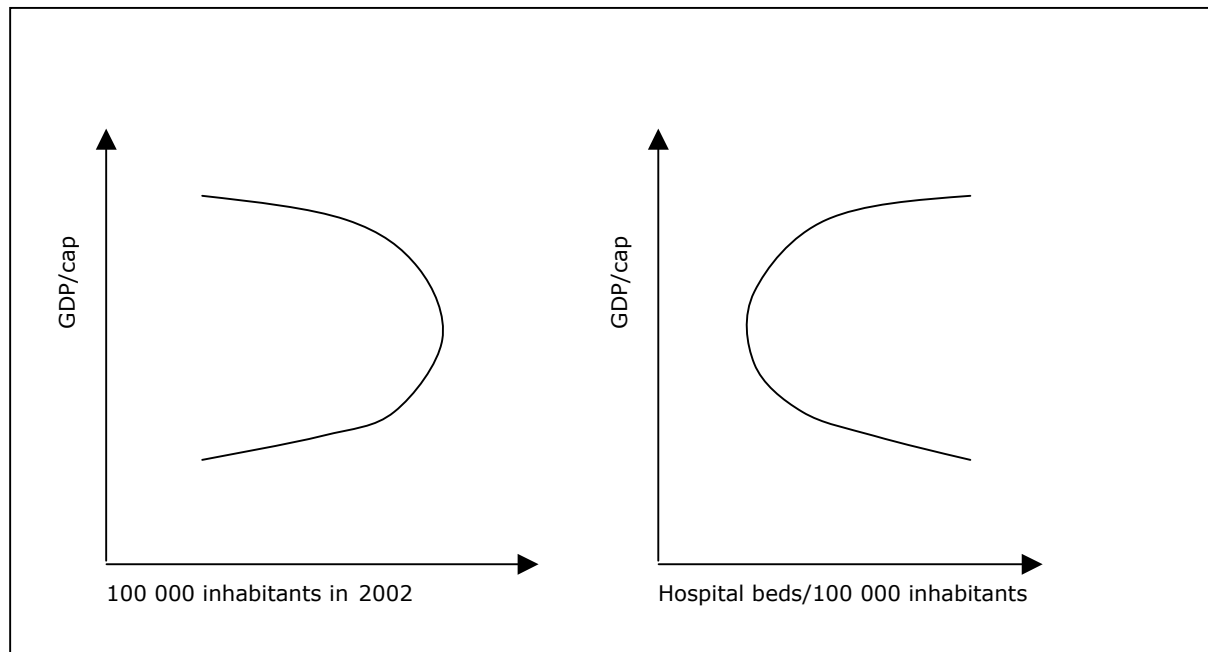
Note: Switzerland has been removed from the analysis. With almost 1800 hospital beds per 100 000 inhabitants Switzerland is an outlier creating bias in the analysis.

Source: Eurostat

Theoretically, a medium GDP/capita should result in a high number of hospital beds per 100 000 inhabitants, while a relatively low and high GDP/capita should

result in a low number of hospital beds per 100 000 inhabitants. This is illustrated in figure 7 below.

Figure 15 The correlation between GDP/capita and the number of hospital beds per



A country with a relatively low GDP/capita has no resources of treating e.g. a disease or injury; the number of hospital beds will then be relatively low. A country with a medium GDP/capita will have the resources to treat the disease or injury, leading to a high number of hospital beds per 100 000 inhabitants. Finally, a rich country with a high GDP/capita will have the resources to treat the injury in a more cost efficient and more medically advanced way, i.e. the patients can return to their own homes after an only very short stay in the hospital.

One reason for the "strange" result in figure 6 may be that all EU29 countries have, in an international comparison, a very high GDP/capita. What we actually see is the upper part of the theoretical curve in the figure above.

However, health is not only about the number of hospital beds per 100 000 inhabitants or the number of physicians and doctors per 100 000 inhabitants. These two indicators say little on e.g. accessibility of this social service. Furthermore, these indicators say little on the health status of the population within a defined geographical area. Indicators reflecting **health care** rather than **medical care** are needed. Eurostat contains data on **the self-perceived health status** of the population, which is a very interesting indicator. Indicators such as **life expectancy at birth** or **life expectancy at the age of 65** can also be used as general indicators for health status in a population of a defined geographical area.

It is difficult to compare the social security systems in the countries of the EU29. Each country has a different technical-administrational construction of the social security systems, the entitlement and the level of benefits, own contributions,

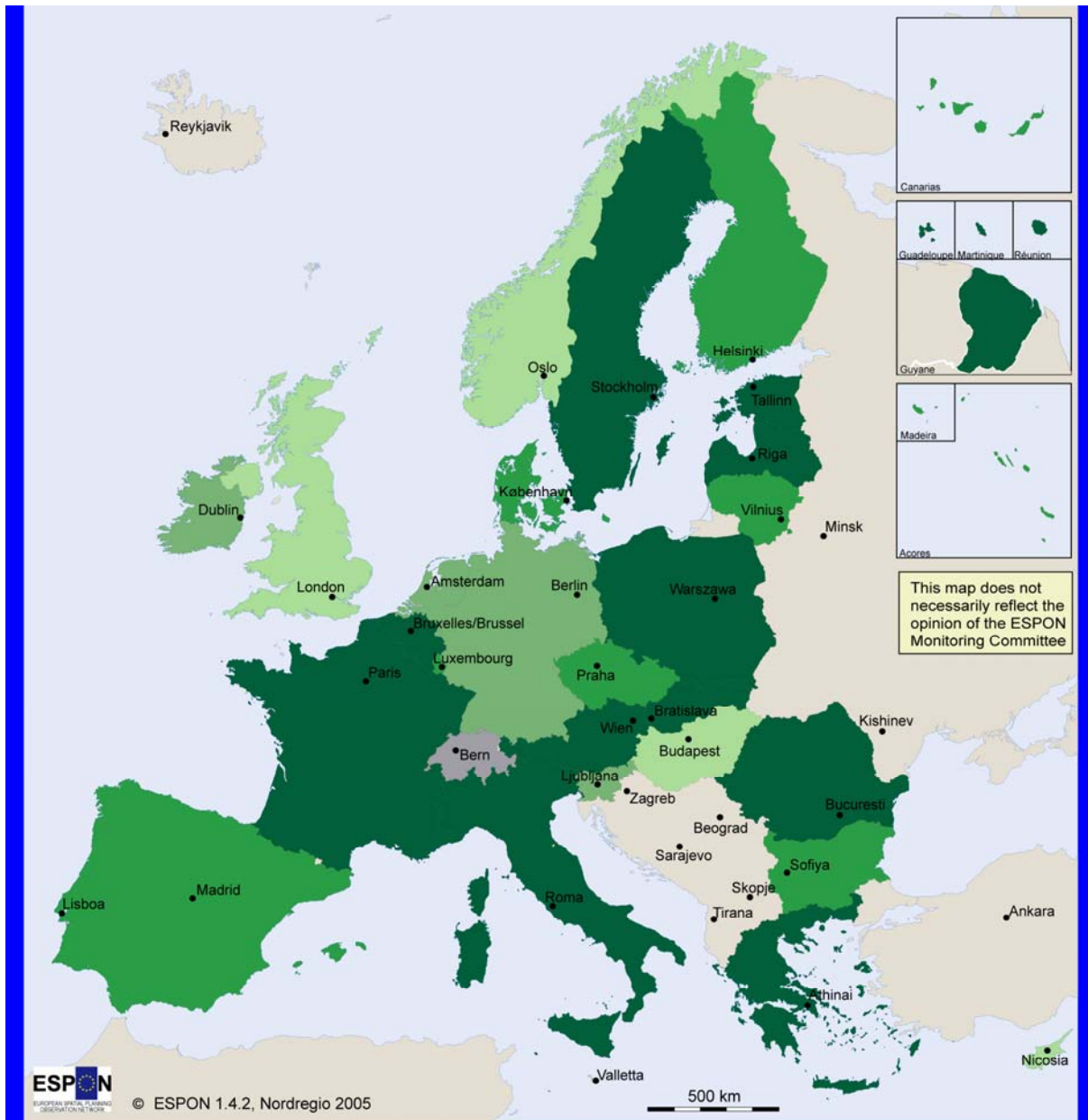
the share of population covered etc. To compare the social security systems for 29 countries causes several **methodological difficulties**.

The problems, however, do not stop here; in some countries the social security systems are national, in others they are regional and for a third group of countries they are local. These discrepancies must be considered when discussing the social security systems. A future project on the social dimension in EU29 must deal with this methodological issue. If this is not solved a comparison of the social security systems in EU will be like comparing apples, bananas, oranges etc., i.e. it will be extremely difficult to draw any conclusions based upon a scientific analysis.

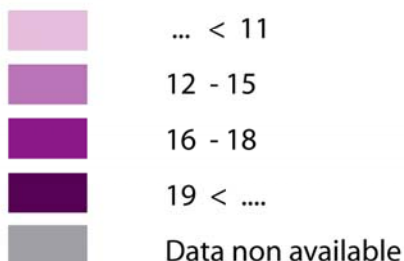
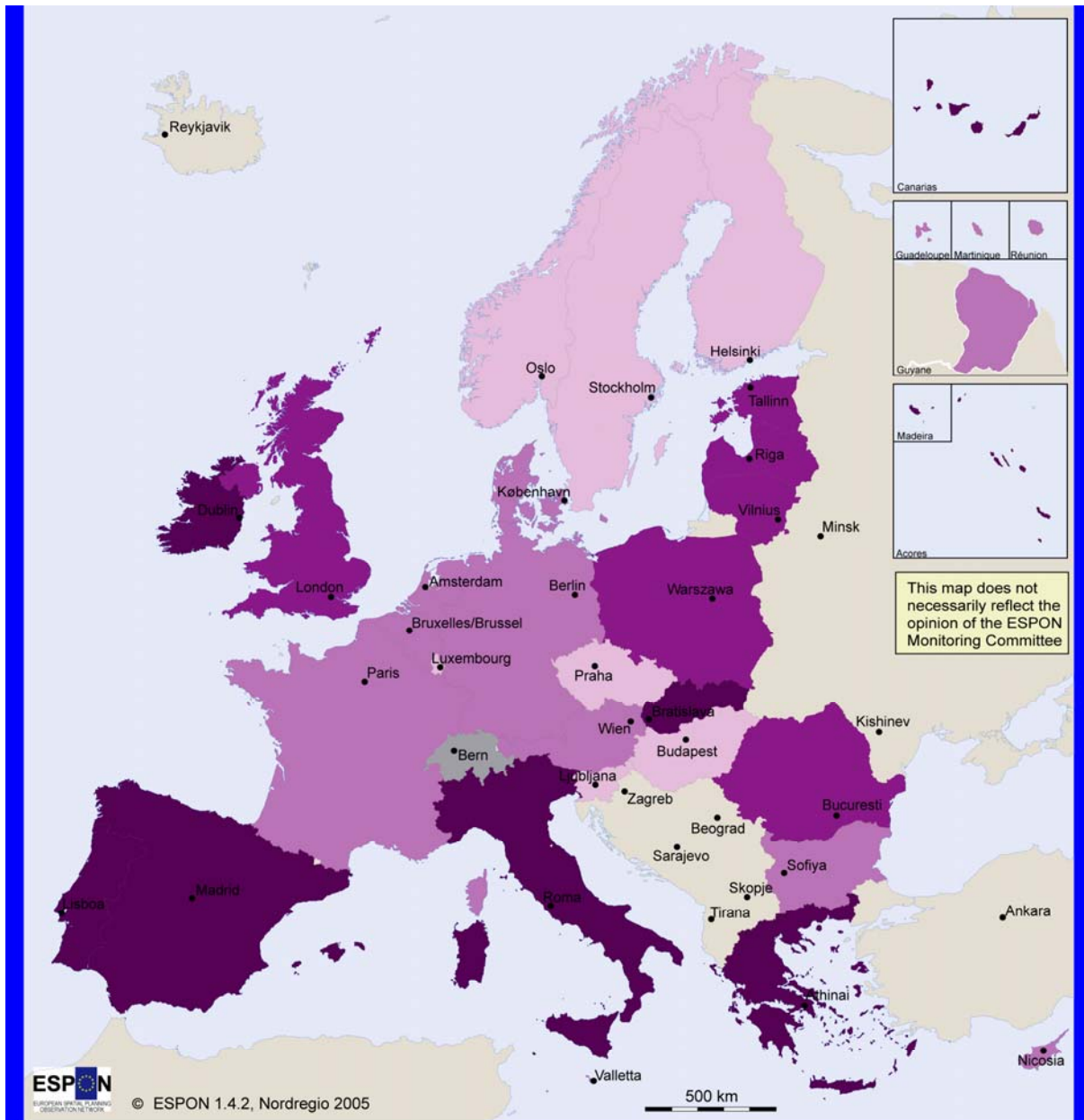
2.4 Territorial patterns of social services and public transfers

The share of population at risk of poverty before social transfers (pensions included) is, in general, very high in all 28 covered countries. The share of population at risk of poverty after social transfers decreases significantly (see following maps). When using this kind of definition of poverty (i.e. when the equivalised income is below the threshold of 60 per cent of the national equivalised median income) income transfers have successfully managed to decrease the share of population at risk of poverty. Given another definition of the share of population at risk of poverty will lead to another result.

Map 3 Share of the population at risk of poverty before social transfers, including pensions, in 2003



Map 4 Share of the population at risk of poverty after social transfers, including pensions, in 2003



Between 2001 and 2003 the share of persons living at risk of poverty increased with one percentage unit, or with 6,7 per cent. In absolute numbers the increase was 17 million persons. The data does not allow us to do any analysis over time for other countries than Austria; France, Greece, Ireland, Italy, Luxembourg,

Portugal and Spain; all other countries have had breaks in the time-series due to changed definitions. Data gaps are also common. For Bulgaria, Hungary, Latvia, Lithuania, Netherlands, Poland, Rumania and Slovenia it is possible to analyse a short time period.

Table 5 Changes in the share of population at risk of poverty before social transfers 1995-2001 and 2000-2002 for some selected countries

	Changes 1995-2001	Changes 2000-2002
Italy	5	
Luxembourg	0	
Austria	7,3	
Portugal	0	
Greece	2,6	
Spain	-8,8	
France	4,8	
Ireland	-14,3	
Finland	-11,1 ^a	
United Kingdom	0 ^b	
Slovenia		-2,7
Poland		6,4
Latvia		-4,4
Lithuania		0
Hungary		-5,9
Netherlands		2,9
Bulgaria		-5,1
Rumania		10,5

Note: Not all Member Countries have been included in this table. Since the definitions have changed over time some countries have been excluded from the analysis. *Source: Own Estimations from Eurostat*

Changes in the share of population at risk of poverty before and after social transfers are shown in the following table, but the result should be interpreted with caution. There is a marked decline for Spain, Finland and Ireland in the share of population at risk of poverty during the second half of the 1990's. There is also a marked increase in the share of population at risk in Austria during the same time. During the period 2000-2002, the share of population at risk of poverty shows a marked increase in Poland and Rumania, and for the period 1998-2001 the share of population at risk of poverty is marked in France.

Regarding the expenditure on social exclusion not elsewhere counted for, Belgium and the Netherlands almost doubled their expenditures on this between 1990 and 1996. The increase of the expenditures on social exclusion not elsewhere counted for was also very high during the same period in Denmark, Germany, France, Luxembourg and Switzerland. During the same period they for decreased in Italy and Greece.

It is clear that the expenditures on social exclusion not elsewhere counted for more than doubled in the Czech Republic, Luxembourg and Portugal between 1996 and 2002. At the same time there is a marked increase in the expenditures on social exclusion not elsewhere counted for in Austria, Greece, Ireland, Netherlands, Slovakia, United Kingdom and Norway. During the same period the

expenditures on social exclusion not elsewhere counted for decreased in Denmark, Germany, Finland and Sweden.

Table 6 Expenditure in EUR per inhabitant on social exclusion not elsewhere counted for 1990-2002 in 1995 constant prices

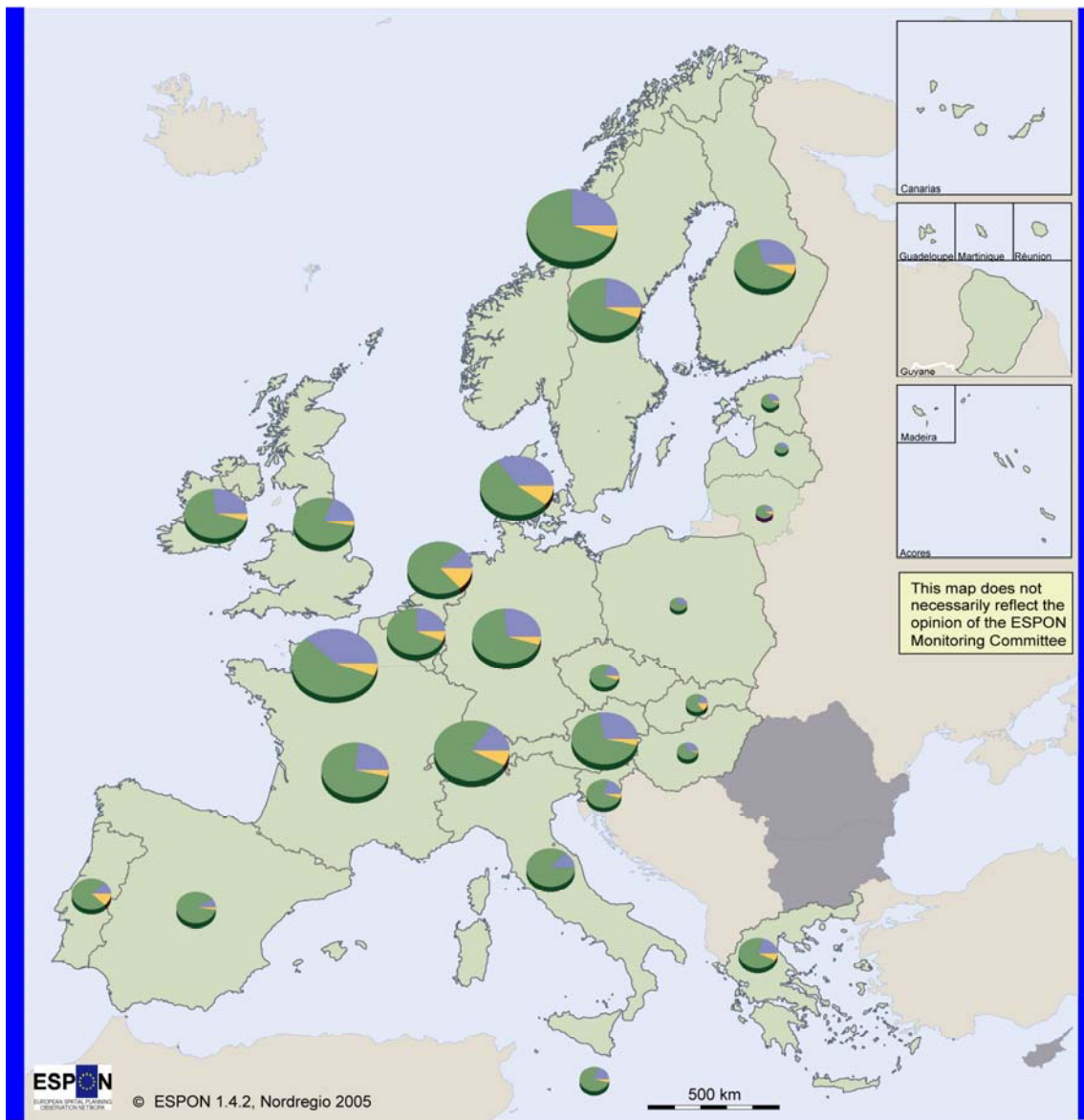
	1990	1996	2002
Belgium	89,0	146,0	110,5
Czech Republic	n.a.	7,6	29,2
Denmark	232,0	331,5	310
Germany	110,4	148,4	117,8
Estonia	n.a.	n.a.	8,6 ^a
Greece	26,7	23,7	58,6
Spain	9,4	19,3	21,7
France	39,9	70,4	90,4
Ireland	34,4	54,2	89,9
Italy	5,2	3,7	7,7
Latvia	n.a.	n.a.	2,3 ^a
Lithuania	n.a.	n.a.	9,5 ^a
Luxembourg	59,3	82,1	224,2
Hungary	n.a.	n.a.	6,7
Malta	n.a.	n.a.	18,6
Netherlands	145,6	283,4	321,2
Austria	62,7	86,1	97,1
Poland	n.a.	n.a.	1,0 ^a
Portugal	3,4	7,2	105,3
Slovenia	n.a.	31,6	32,8
Slovakia	n.a.	21,6	34,4
Finland	114,9	138,9	124,9
Sweden	n.a.	230,8	176,7
United Kingdom	28,0	33,3	56,5
Norway	221,3	199,8	242,0
Switzerland	129,4	217,8	248,3

^a Value for 2001; Note: No data for Cyprus, Bulgaria and Rumania; Source: Eurostat

The spatial implications of the expenditures on social exclusion not elsewhere counted for are unknown. Social assistance and poor relief is the final social security system in the European countries. The responsibility for this final social security net, both when it comes to financing as well as operating, varies between countries. In some countries (e.g. Sweden) this is a local matter, in others (e.g. Italy) it is a regional matter, and in other countries (e.g. United Kingdom) it is a national matter (Eardley et al. 1996).

The total expenditures on family and children as well as on sickness and health and on social exclusion not elsewhere counted for are shown in the following map.





Map 5 Expenditures on social services per capita, in 2002



Expenditures expressed in euros per capita at constant 1995 prices

Calibration of pies:



-  Family and children
-  Sickness and health care
-  Social exclusion
-  Data non available

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Source: Eurostat

Table 7 Expenditure in EUR per inhabitant on family and children for 1990-2002 in 1995 constant prices

	1990	1996	2002
Belgium	401,7	480	497,5
Czech Republic	n.a.	81,9	87,7
Denmark	758,3	1020,2	1139,2
Germany	403,4	615,5	731,4
Estonia	n.a.	n.a.	58,5 ^a
Greece	202,2	165,3	179,1
Spain	44,5	58,8	71,1
France	504,7	585,4	610,4
Ireland	241	345,3	630,5
Italy	211,4	136,6	179,2
Latvia	n.a.	n.a.	38,5 ^a
Lithuania	n.a.	n.a.	33,9 ^a
Luxembourg	595,4	1023,9	1663,6
Hungary	n.a.	n.a.	78,2
Malta	n.a.	n.a.	98,7
Netherlands	293,8	258,3	276,8
Austria	515,3	697,1	734,7
Poland	n.a.	n.a.	48,5 ^a
Portugal	76,7	85,3	110
Slovenia	n.a.	146,4	143,9
Slovakia	n.a.	68,2	46,5
Finland	824,2	739	680,4
Sweden	n.a.	855,8	786,3
United Kingdom	329	370,2	424,5
Norway	675,8	983,9	1226,1
Switzerland	358,1	443,7	505,9

^a Value for 2001.

Note: No data for Cyprus, Bulgaria and Rumania; Source: Eurostat

Table 8 Expenditure in EUR per inhabitant on sickness and health for 1990-2002 in 1995 constant prices

	1990	1996	2002
Belgium	1137,4	1365,7	1411,1
Czech Republic	n.a.	279,5	387,9
Denmark	1279,3	1456,6	1783,4
Germany	1695,8	1931,8	1940,6
Estonia	n.a.	n.a.	124,3 ^a
Greece	664	478,5	669,9
Spain	753,8	729,2	831,2
France	1398,5	1672,4	1954,4
Ireland	721	928	1649,7
Italy	1335,1	901,2	1188,6
Latvia	n.a.	n.a.	73,2 ^a
Lithuania	n.a.	n.a.	122,7 ^a
Luxembourg	1406,2	2047,4	2487,7
Hungary	n.a.	n.a.	173,3
Malta	n.a.	n.a.	397,2
Netherlands	1476,7	1608,4	1906,4
Austria	1416	1600,2	1772,8
Poland	n.a.	n.a.	119,5 ^a
Portugal	424,5	508,2	705,4
Slovenia	n.a.	532	529,7
Slovakia	n.a.	206,8	197,5
Finland	1739,2	1265	1443,2
Sweden	n.a.	1761,8	2228,5
United Kingdom	890,3	993,9	1741,1
Norway	1887,8	2153,5	3425,5
Switzerland	1625,3	1992	2612,2

^a Value for 2001

Note: No data for Cyprus, Bulgaria and Rumania; Source: Eurostat

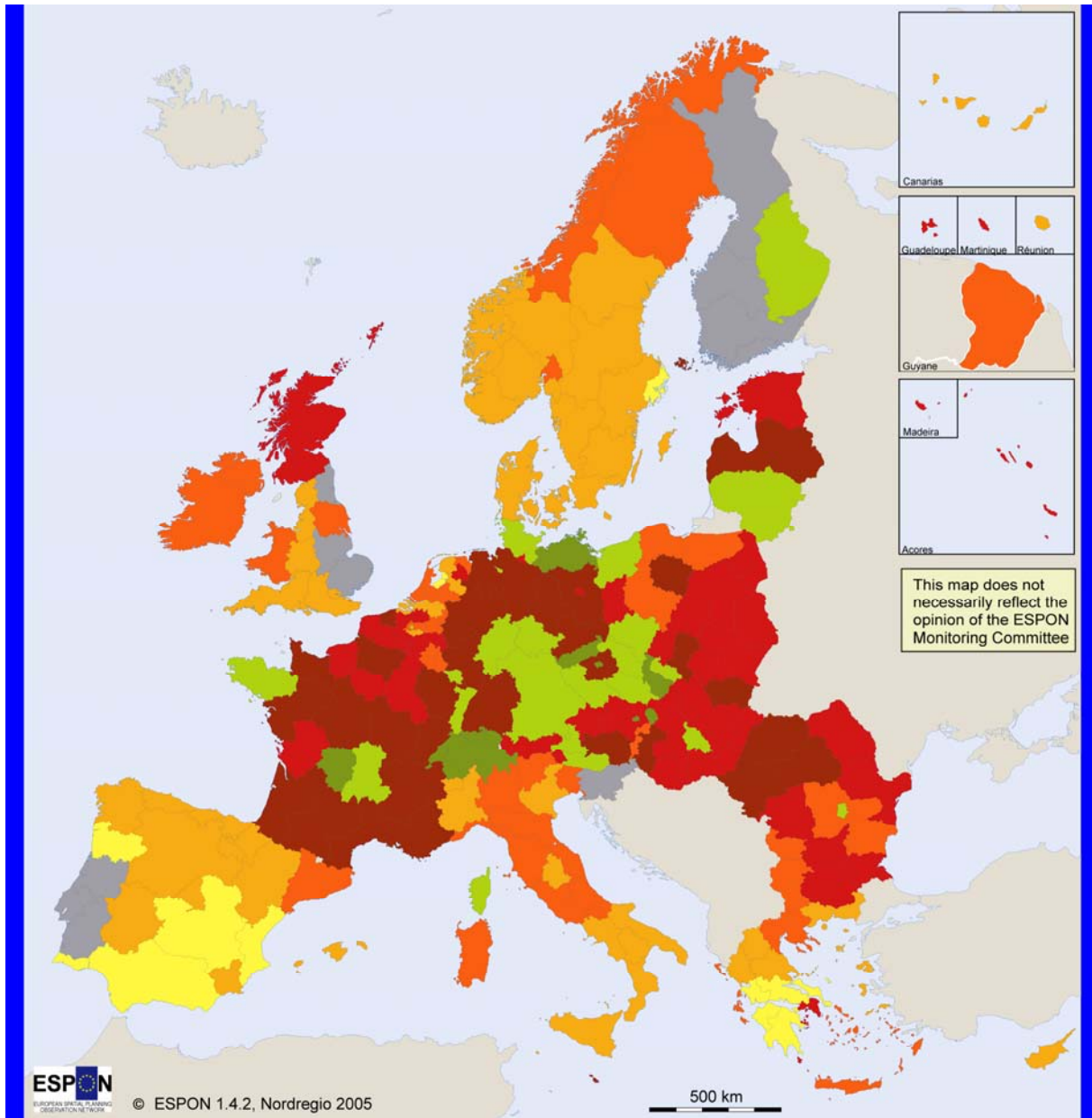
The following maps illustrate the distribution of health care in EU29. Central Europe appears to have the highest density of hospital beds/100 000 inhabitants. In the Nordic countries the northern parts of the countries appear to have a higher density of hospital beds per 100 000 inhabitants, something which can be explained by larger distances between villages and towns.

Many of the New Member States appear to have more **hospital beds per 100 000 inhabitants** than in southern and northern Europe.

The number of **licensed physicians/doctors per 100 000 inhabitants** seems to be more evenly spread than the number of hospital beds/100 000 inhabitants. It is worth noting that the highest number of licensed physicians/doctors per 100 000 inhabitants is found mainly in Italy, which probably can be explained by the fact that every drugstore has to have a doctor on staff.

It can also be noted that the northern parts of Sweden and Norway have a relatively high number of licensed physicians/doctors per 100 000 inhabitants compared to the rest of their countries. Again, this can be explained by the large distances between villages and towns in these areas.

Map 6 Total number of hospital beds per 100,000 inhabitants, in 2002



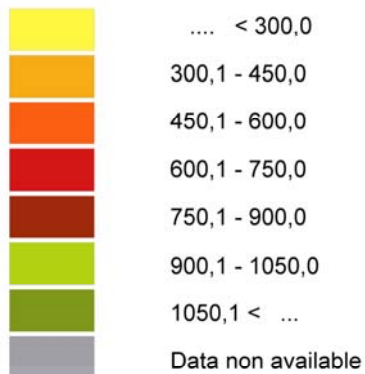
ESPON
EUROPEAN SPATIAL PLANNING
OBSERVATION NETWORK

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500 km

© EuroGeographics Association for the administrative boundaries

Source: Eurostat



NUTS 0: Cyprus, Malta, Lithuania, Latvia, Estonia, Denmark, Ireland

NUTS 1: United Kingdom, Germany

NUTS 2: Other countries with data available

Year of data availability:

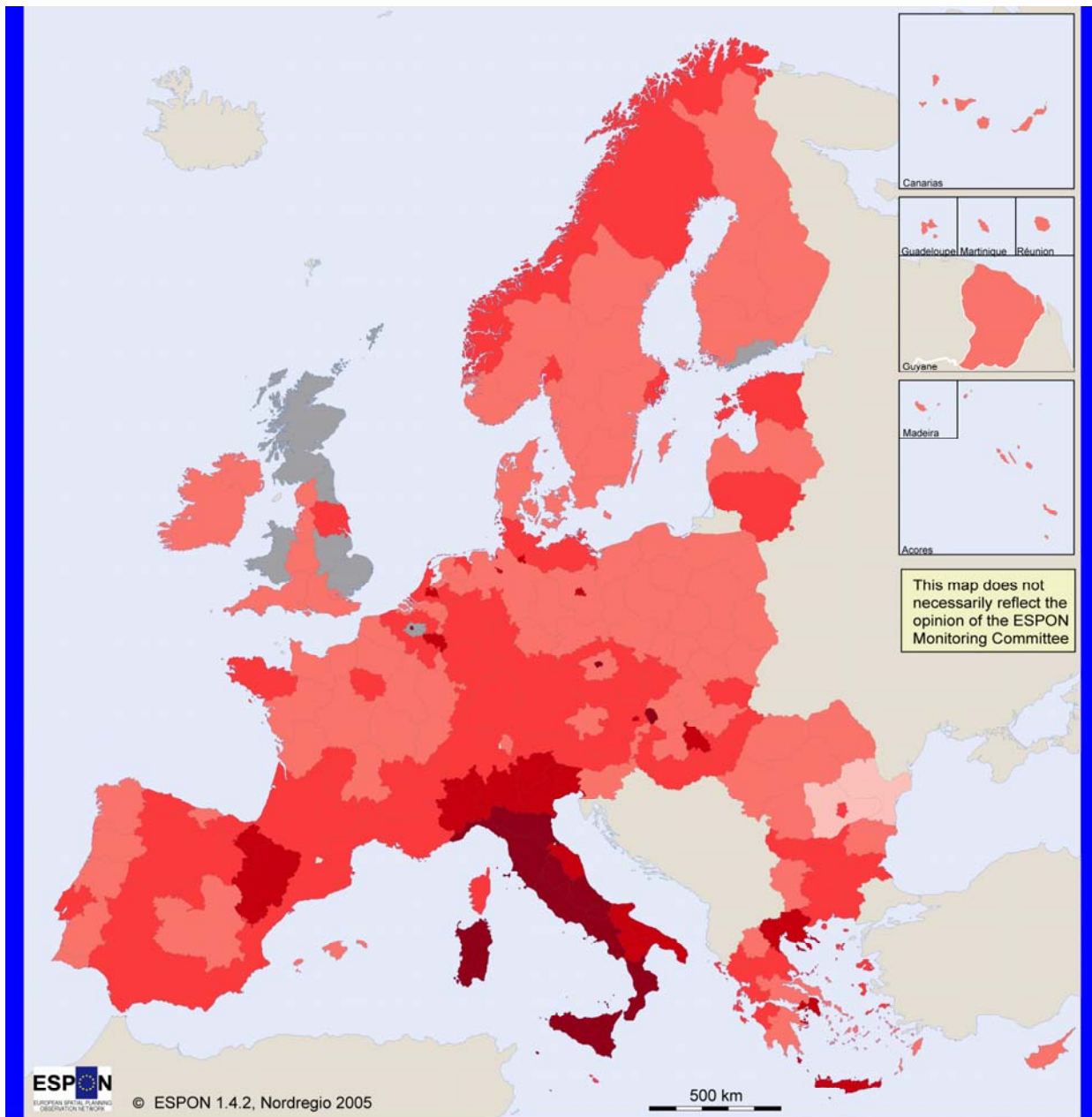
2001: Cyprus, Lithuania, Hungary, Azores and Madeira (Portugal), Romania

2000: Estonia, Sweden, United Kingdom

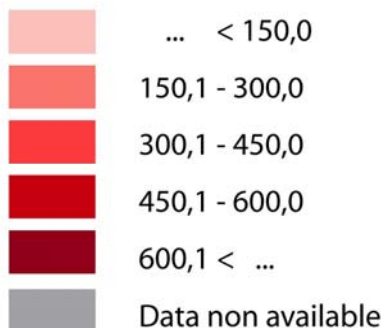
1999: Ireland, Luxembourg, United Kingdom (North-West Region)

1995: Bulgaria

Map 7 Number of licensed physicians/doctors per 100,000 inhabitants, in 2003



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Source: Eurostat



NUTS 0: Cyprus, Malta, Lithuania, Latvia, Estonia, Ireland, Slovenia, Denmark, Switzerland
 NUTS 1: United Kingdom, Germany
 NUTS 2: Other countries with data available
 Year of data availability:
 2002: Belgium (except Brussels 2000), Estonia, Cyprus, Lithuania, Netherlands, Poland, Islands of Åland (Finland), Switzerland
 2001: Greece, Malta
 2000: Sweden
 1998: Slovenia

2.5 Conclusions and research questions

"The very suggestion of 'comparative' analysis of social policy is problematic because it conjures up the hope that social scientists have developed rigorous methods and established schools of thought for comparing welfare states. Nothing could be further from the truth" (Ginsburg 1992: 18).

Some preliminary conclusions can be made in this interim report regarding access to social services, SGEIs and mechanisms of public transfers. When it comes to social exclusion and poverty there is a conceptual confusion. An example of this is the concept of poverty as social exclusion, a concept which emerged as a reaction to the income based measurements of poverty. In the central policy documents a quantification of social exclusion is made by income. A second conclusion regarding social exclusion and poverty is that the policies are vague and that the Member States are supposed to handle the question themselves.

There are large differences regarding the resources spent on social services provided in the Member States. Besides this, some members of the union have private solutions for social security, something which creates a bias in the analysis here. Furthermore, it was indicated in the chapter that an active social policy and large social spending *per se* do not automatically mean better welfare for the population.

Health care policies vary between the Member States, and so do the number of licensed physicians and doctors per 100 000 inhabitants as well as the number of hospital beds per 100 000 inhabitants. A distinct territorial diffusion exists in the Member States for health care issues.

A strong positive correlation between the GDP per capita and the expenditures on social services exists, i.e. the lower GDP per capita, the less is spent on social services and vice versa. No significant correlation can be found between GDP per capita and the number of licensed physicians and doctors per 100 000 inhabitants and between GDP per capita and the number of hospital beds per 100 000 inhabitants. There is no support for arguing that a country with a high GDP per capita spends more money on hospital beds or doctors than a country with a low GDP per capita.

Indicators

Measuring poverty and social exclusion by using the number of persons living at risk of poverty, i.e. where the equivalised income is below the threshold of 60 per cent of the national equivalised median income is extremely difficult. This indicator is based upon the concept of poverty as relative deprivation, and relative deprivation says nothing about poverty – it is about the self-perceived feeling of being socially inferior. This indicator is an indirect measurement of poverty, i.e. we assume that the persons at risk of poverty really are at risk of feeling relatively deprived.

We would like to suggest that **the number of recipients of poor relief/social assistance** is used when measuring the number of poor. The indicator is based on a direct measurement of poverty. This indicator is better than using income

as an indicator of poverty.¹⁴ A second indicator proposed is **the number of homeless persons**. Homeless persons are definitely poor and they definitely indicate the number of persons who are definitely excluded from society according to the (scientific) definition of social exclusion.

An interesting indicator for measuring the multi-faceted nature of poverty would be to create a "**poverty index**", in which variables such as the number of persons living at risk of poverty, the number of recipients of poor relief/social assistance, the number of homeless persons, long-term unemployment, the Gini-coefficient etc. could be used. A poverty index for the EU29 territory would be a simple way of identifying cohesion trends regarding the battle against poverty.

Health is not only about the number of hospital beds per 100 000 inhabitants or the number of physicians and doctors per 100 000 inhabitants. These two indicators say little on e.g. accessibility of this medical service. Furthermore, these indicators say little on the health status of the population within a defined geographical area. Indicators reflecting **health care** rather than **medical care** are needed. Eurostat contains data on **the self-perceived health status** of the population, which is a very interesting indicator. Indicators such as **life expectancy at birth** or **life expectancy at the age of 65** can also be used as general indicators for health status in a population of a defined geographical area.

It is difficult to compare the social security systems in the countries of the EU29. Each country has a different technical-administrational construction of the social security systems, the entitlement and the level of benefits, own contributions, the share of population covered etc. To compare the social security systems for 29 countries contains several methodological problems. The problems, however, do not stop here; in some countries the social security systems are national, in others they are regional and for a third group of countries they are local. These problems must be considered when discussing the social security systems. A future project on the social dimension in EU29 must deal with this methodological problem. If this problem is not solved a comparison of the social security systems in EU will be like comparing apples, bananas, oranges etc., i.e. it will be extremely difficult to draw any conclusions based upon a scientific analysis.

Typologies

According to the typology of welfare regimes constructed by Esping-Andersen (1989, 1990), *Denmark, Finland, the Netherlands, Norway and Sweden* belong to the Social-democratic welfare regime; *USA, Canada, Japan, Australia and Switzerland* belong to the Liberal welfare regime. In the Conservative welfare regime Esping-Andersen place countries like *Austria, Belgium, France, Germany and Italy*. *Great Britain and Ireland* are not placed in this typology since its welfare system contains three equal parts of the three welfare regimes.

¹⁴ Using the number of recipients of poor relief/social assistance is not completely without problems: there are persons who apply for assistance without being entitled to this and there are persons who are entitled to poor relief/social assistance but who do not apply. Nevertheless, this indicator is less problematic in a methodological point of view than income measurements of poverty.

Most of the New Member Countries were included in the Socialist welfare regime, a welfare regime which has dissolved during the transition to a market economy. In the debate it has been noted that *Czech Republic*, *Hungary*, and *Slovenia* are developing towards the Liberal welfare regime, while *Poland* and *Bulgaria* are headed towards the Conservative welfare regime. The Social-democratic welfare regime seems to attract *Estonia*, *Latvia* and *Lithuania* (Elmér et al. 1998).

Esping-Andersen's famous typology with three welfare regimes was constructed in 1989, and later supplemented; he constructed a somewhat different typology in 1999 (Esping-Andersen 1999). Although he has been criticised, he is still the one who has produced the best explanation for the social differences in the Western World. His main critics have argued that he has not taken the gender issue into consideration, and that his model is focussed on the national level; regional differences are ignored. Furthermore, his typology is static and ignores the fact that the welfare regimes have developed or have been terminated by the transition from an industrial to a post-industrial society; much has happened since 1989, especially the fall of the Communist regimes in Eastern Europe. A number of sub-typologies, e.g. the "South European" type, can be identified, which is something Esping-Andersen also has been criticised for (Elmér et al. 1998).

Table 9 The welfare regimes of Esping-Andersen

1990 Worlds	Social democratic	<i>Norway, Sweden, Denmark, Finland, Netherlands</i>
	Liberal	<i>Australia, Canada, United States, Switzerland, Japan</i>
	Conservative Not classified	<i>Austria, Belgium, France, Germany, Italy Ireland, New Zealand, United Kingdom</i>
1999 Worlds	Universalist	<i>Denmark, Norway, Sweden, Finland, Netherlands (the United Kingdom)</i>
	Residual	<i>Australia, Canada, United States, New Zealand, (the United Kingdom)</i>
	Social insurance	<i>Austria, Belgium, France, Germany, Italy, Japan</i>
	Not classified	<i>Ireland, Switzerland</i>

Note: Esping-Andersen (1996) considers United Kingdom to be a part of the Liberal sphere.
Sources: Esping-Andersen (1990, 1999)

Despite the considerable influence of Esping-Andersen's categorization of three "worlds" of welfare capitalism, researchers have largely neglected investigation of his dimensions of welfare state policy and politics. Building on and extending the foundations provided by Esping-Andersen, Hicks and Kenworthy (2003) explore the identities and consequences of welfare state regime dimensions.

Their principal components analyses identify two such dimensions. The first, which they label *progressive liberalism*, rearranges Esping-Andersen's separate *social democratic* and *liberal* dimensions into two poles of a single dimension. Its positive pole is characterised by extensive, universal, and homogenous benefits, active labour market policy, government employment, and gender-egalitarian family policies. The second, which they label traditional conservatism, is similar to but broader than Esping-Andersen's *conservative dimension*. It features not only occupational and status-based differentiations of social insurance programs and specialised income security programs for civil servants, but also generous

and long-lasting unemployment benefits, reliance on employer-heavy social insurance tax burdens, and extension of union collective bargaining coverage.

Table 10 The welfare regimes of Hick and Kenworthy

Progressive liberalism	Traditional conservatism
Denmark	Italy
Norway	France
Sweden	Belgium
Finland	Austria
The Netherlands	Germany
United Kingdom	Ireland
Switzerland	

The analysis covering 18 countries over the 1980s and 1990s suggest that progressive liberalism is associated with income redistribution and gender equality in the labour market. The principal consequence of traditional conservatism appears to be weakened employment performance (Hicks & Kenworthy 2003). Just as is the case with Esping-Andersen’s typology, the typology of Hick and Kenworthy (2002, 2003) does neither contain the New Member States nor all West European countries.

By analysing the welfare mix, defined as the configuration of labour market, welfare state and family characteristics as well as the timing and sequences of transition into adulthood, Vogel (2002a, 2002b) finds evidence for three European welfare regimes or welfare clusters. He calls them *Nordic*, *Central* and *Southern*.

Table 11 The welfare clusters of Vogel

Nordic	Central	Southern
Denmark	Belgium	Greece
Finland	France	Italy
Netherlands	Germany	Portugal
Norway	Luxembourg	Spain
Sweden	United Kingdom	

Sources: Vogel (2002a, 2002b)

Sometimes Ireland and Austria are included in the *Central* cluster, sometimes not. Furthermore, Austria, Ireland and the Netherlands are sometimes included in the *Southern* welfare cluster, too.

Four general remarks can be mentioned regarding Vogel’s welfare clusters. (1) The difference between Vogel’s welfare clusters and Esping-Andersen’s welfare typology is not very big; (2) Vogel’s typology gives an ad-hoc impression since some countries are moving between different clusters. Obviously it is difficult to place them in the structure of clusters; (3) The *New Member States* are not included in Vogel’s typology since his typology only deals with *West European* countries; and (4) since one of the explanatory variables is GDP per capita some countries will always be in the top while others always will be in the bottom.

The indicators used in this study can be used for constructing some tentative typologies. In table 9 below tentative typologies have been made for various

indicators for at risk of poverty, GDP/capita and the per capita expenditures on sickness, health, family, children and poverty n.e.c. Unfortunately it has not been possible to make a typology for the number of hospital beds per 100 000 inhabitants. The typologies identified here are not definite, but need to be elaborated in future studies.

Table 12 Identified typologies

	A	B	C	D	E	F	G
<i>Belgium</i>	4	2	2	2	2	1	X
<i>Czech Republic</i>	3	1	3	3	3	3	X
<i>Cyprus</i>	1	2	--	--	--	2	X
<i>Denmark</i>	3	2	1	2	2	2	X
<i>Germany</i>	2	2	2	2	2	1	x
<i>Estonia</i>	4	3	3	3	3	3	X
<i>Greece</i>	4	4	3	3	3	2	X
<i>Spain</i>	3	4	3	3	3	2	x
<i>France</i>	4	2	2	2	2	1	X
<i>Ireland</i>	2	4	2	2	2	1	X
<i>Italy</i>	4	4	3	3	3	2	X
<i>Latvia</i>	4	3	3	3	3	3	X
<i>Lithuania</i>	3	3	3	3	3	3	X
<i>Luxembourg</i>	3	1	1	1	1	1	X
<i>Hungary</i>	1	1	3	3	3	3	X
<i>Malta</i>	1	2	3	3	3	3	X
<i>Netherlands</i>	2	2	1	2	2	2	X
<i>Austria</i>	4	2	2	2	2	1	X
<i>Poland</i>	4	3	3	3	3	3	X
<i>Portugal</i>	3	4	3	3	3	2	X
<i>Slovenia</i>	2	1	3	3	3	2	X
<i>Slovakia</i>	4	4	3	3	3	3	X
<i>Finland</i>	3	1	2	2	2	1	X
<i>Sweden</i>	4	1	2	2	2	2	X
<i>United Kingdom</i>	1	3	3	2	2	2	X
<i>Norway</i>	1	1	1	1	1	2	X
<i>Switzerland</i>	--	--	1	2	1	1	X
<i>Bulgaria</i>	3	2	--	--	--	3	X
<i>Romania</i>	4	3	--	--	--	3	X

A. Population at risk of poverty before social transfers (including pensions)

B. Population at risk of poverty after social transfers

C. GDP/capita and expenditures on social exclusion n.e.c. per inhabitant

D. GDP/capita and expenditures on family and children per inhabitant

E. GDP/capita and expenditures on sickness and health per inhabitant

F. GDP/capita and number of hospital beds/100 000 inhabitants

G. GDP/capita and number of physicians-doctors/100 000 inhabitants

-- data not available

X Impossible to make a typology at this stage

The main conclusion from the tentative typologies is that social services in the regions of the ESPON area are far more complex than the meta-typologies on welfare discussed by Esping-Andersen, Vogel, Hicks and Kenworthy earlier. One reason for this may be that the 10 new Member States have been included into the analysis, something earlier studies by e.g. Esping-Andersen, Vogel, Hicks and Kenworthy have not. If the social services are so diverse in the ESPON area,

further studies dealing with the territorial dimension of social aspects are needed to cover aspects of cohesion, accessibility and governance.

Policies

In the policy documents it is stated over and over again that there is one European welfare model, but this has been difficult to find support for in this chapter. Poor relief is a good example of the contrary: in Sweden poor relief is financed and operated by the *municipalities*, in Germany by the *Bundesländer*, in U.K. at a national level and in Italy there are *variations between different regions* and a strong presence on *voluntary help* (Eardley et al. 1996). There is not one but many welfare models! One reason for this is the vagueness of the European Union's policies for social services, SGEIs and mechanisms of public transfers.

It will not be possible to create e.g. social cohesion when the responsibility for social services, SGEIs and mechanisms of public transfers is handed over to the Member States. If the political aim of social cohesion should be realised, less vague policies must be formulated and some of the responsibility for implementing the policies must be centralised. Given the present policies and the present responsibility for implementation social cohesion will not be achieved.

Relationship territorial – social issues

There is no ready made theory or research tradition on the relationship between the territorial aspects and social aspects. It is questionable if there is any **direct** causal dependence between territorial and social aspects, but there is, undoubtedly, **indirect** dependence between them.

As mentioned earlier, the final security of poor relief and social assistance is financed and organised by national authorities, in some countries by regional authorities, and in some countries by local authorities. Charity and voluntary organisations play an important role in some countries/regions, while in others they do not. If the population has **access** to social transfer schemes, protecting them from risk-events (e.g. sickness and unemployment) as well as from life-cycle events (e.g. childhood and pensions), the risk of facing poverty reduces.

So far, only public transfer systems have been discussed, but public consumption also plays an important role in social security – health care, day care, education etc. are all about public consumption. However, in some European countries most of these things are arranged privately, in others solely by the public. Besides touching on the issue of accessibility (in a wider sense), **governance** becomes interesting when discussing e.g. health care, day care and education.

Due to the lack of any established theory on the relationship between territory and social aspects, we believe that accessibility – not only in geographical terms – and governance affects the **cohesion** between regions within one and the same country as well as it affects the performance between countries and regions in different countries.

Key research questions

The welfare states were built to master the social problems of industrial societies, and a tool of post World War II nation-building. *“Many countries became self-proclaimed welfare states, not so much to give a label to their social policies as to foster national social integration”* (Esping-Andersen 1996:2). This implicates a territorial aspect: the nation state.

In the post World War II period the national state was the most important geographical unit. After the Maastricht-treaty in the 1990’s and the EU enlargement of former Communist countries, the EU has become the most important political unit in the EU area. At the same time, processes of regionalisation, internationalisation and globalisation have affected Europe, the EU Member States and the regions in Europe. The national state cannot be considered to be the most important actor any more. All welfare schemes, including social services and transfers, are, however, still connected to the geographical unit of the nation state.

The major challenges for Europe are geographically not evenly spread: unemployment in areas with labour intensive production, ageing and low fertility as well as under-financed welfare schemes (Esping-Andersen 1996). The same can be said about immigration and the absence of social integration of immigrants (OECD 2005b).¹⁵

We believe that the key research questions regarding territorial aspects of social welfare can be found in the complex research field crossing accessibility, governance and social cohesion. To achieve a socially sustainable development in the EU29 countries, the nation state-based social policies, based on an industrial society, must be abandoned since it cannot master the social problems of a post-industrial and regionalised society. This has a clear spatial dimension.

¹⁵ The aspect of ageing, depopulation and immigration has been discussed by ESPON project 1.1.4. The uneven distribution of immigration in the ESPON 29 is, to some extent, discussed in ESPON project 3.4.1.

3 EMPLOYMENT AND INCOME DISTRIBUTION

3.1 Background

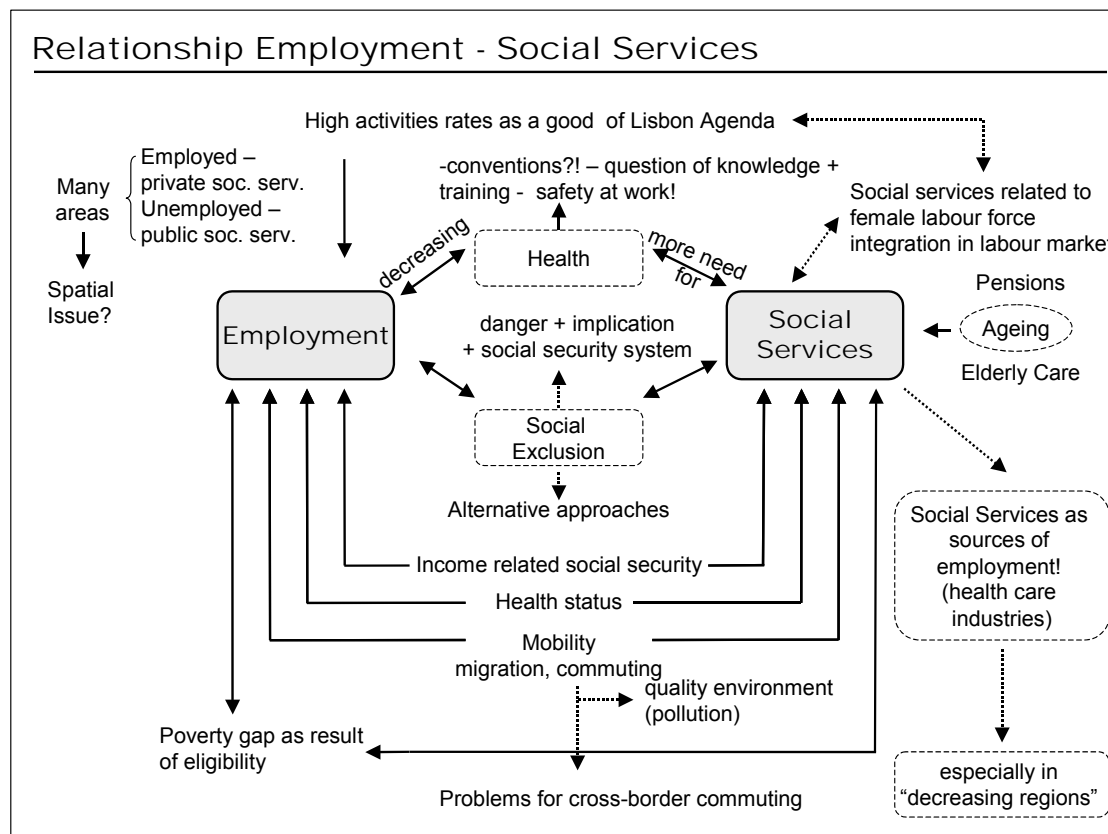
Employment (resp. unemployment) is a core issue on the political agenda in Europe since by the early 1990s unemployment throughout Europe has risen to unprecedented levels and concern over the economic well-being of less-skilled workers and tackling long term unemployment have become prominent policy contents. Still there is hardly any other socio economic phenomenon which is so strongly debated and so weakly embedded in sound economic theory¹⁶ than unemployment and employment policies. This weak back-up of policy by scientific evidence plus the fact that labour market policies are still among the most nationally heterogeneous policy fields in a unified Europe causes the problem of a lack of normatively driven analysis of spatial patterns of employment. In other words research results within the ESPON programme have been attempts to positively describe and assess employment situations in Europe rather than supporting the social policy agenda by providing spatial typologies which would link the employment situations with the underlying causes and drivers of unemployment (especially for the low-skilled, young and/ or female work force).

Therefore in order to provide a framework for the analysis of spatial patterns and their impact on employment opportunities on EU level – it will be necessary to combine modern labour market theory with spatial clustering and regional/ national regulatory peculiarities (in respect of labour market policies [e.g. unemployment insurance benefits] as well as standard economic performance [e.g. real interest rates]). Furthermore in respect of access to jobs we will have to rely on results of chapter 2 (Access to social services and mechanisms of public transfers) and 5 (Education and training), which will provide input on major drivers of employment and employment opportunities. The following pictures provide a systemic overview of the connectedness between employment and the two aspects of social services and education.

As could be seen easily the complexity of interrelation is quite large – even more so as these pictures only include “first round effects” without taking into consideration any further (indirect) cause- effect relations.

¹⁶ For critical overviews of the existing labour market theory see e.g. Rothschild 1990, Howell 2003

Figure 16 Interrelations between employment and social services

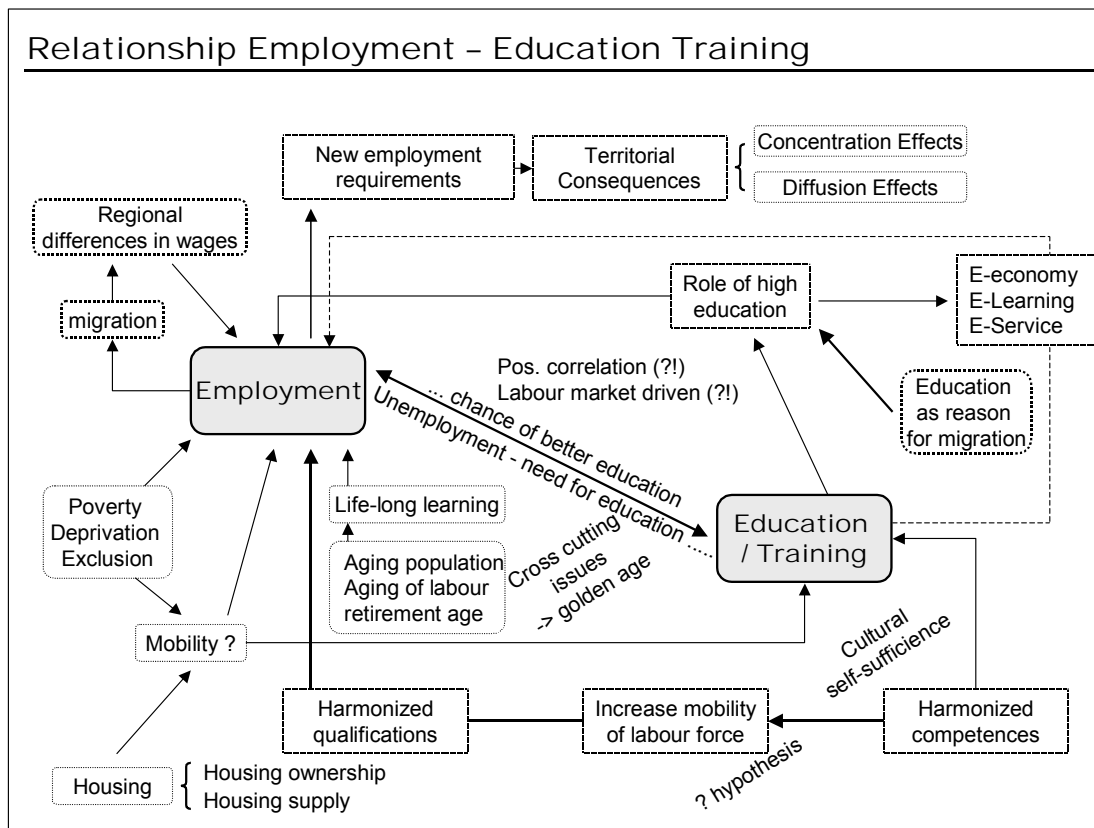


As could easily be seen the inter-linkages between social services and employment are multi-faceted and not only restricted to unemployment insurance issues or labour market protection laws. Especially the issue of health (again not only restricted to "safety at work") in a wider sense has to be considered as pivotal. The simple fact that our society defines itself by labour implies that the lack of it will not only lead to economic effects but simply to social and health effects. Long term unemployment is not just an economic problem but increasingly a health problem.

Moreover, the demographic change will lead to the necessity to stay longer in the workforce with health implications as well. Overall the two aspects do not seem to have very much relation to the territory – as both issues seem rather to deal with universal societal problems. The only prominent territorial aspect could be discovered in the fact that in regions lagging behind all these phenomena and cause-effect relations will become faster apparent and will have more severe impacts.

The second figure shows the systemic inter-relations between education/ training and employment.

Figure 17 Interrelations between employment and education



The figure above covers more the standard approaches in terms of relations between those two aspects: education and training as prerequisite and major determining factor of the labour markets seems to be clearly on centre stage. It will be this inter-linkage, which shall be dealt with in depth in the following theoretical approaches. However, all other influencing factors, which determine the labour markets shall also be discussed. Again the territorial dimension comes in rather peripherally – in the sense of diffusion and concentration effects.

The linkages and systemic overlays between employment and income distribution and all the other social aspects will be dealt with more detailed in Chapter 6 hereinafter.

The second part of the thematic survey – i.e. the issue of income distribution – is to be understood as an assessment of the relation between income distribution and territorial specialisation. First of all it has to be pointed out that the term “*income distribution*” in economic theory describes the disparities of different income levels within the population rather than the distribution of different types of income (e.g. pensions, private / public workers, ...). The standard income distribution term will be needed and assessed in order to foster modern labour market theory hypothesis¹⁷. The intention to prepare the grounds for a future typology of territories on the basis of “residential” or “productive” character

¹⁷ This hypothesis states that the high level income groups are equally affected by unemployment than the low income groups – though with some time gaps (“out-pricing of less skilled workforce”).

seems to be legitimate in the light of the ESPD and the intention of the specialisation of territories. Still from a social policy perspective such a specialisation – thought to its extreme – could also lead to socio-economic counterproductive effects (see e.g. the specialisation on pensioners of the Tampa Bay region in Florida undermining the social cohesion of the regional and national population). Therefore we will try to combine the results of this survey with the results of “education and training” (see chapter 5) and some social base line indicators picturing education levels and education within specific demographic groups.

European background

The issue of employment is on the political agenda mainly as an absence of it – i.e. as unemployment. Political acting to deal with this fact has therefore moved to centre stage on the national as well on the EU level. The treaty of Amsterdam moved social policy to the centre of EU policy. The strategic objectives for 2000-05 (*Shaping the New Europe* – EU Commission COM(2000) 154) include promotion of: new forms of European governance (meaning co-decision making and the promotion of open methods of policy coordination); a new economic and social agenda and a better quality of life. In conjunction with such a strategy the social policy agenda also seeks to assist policies aimed at building a competitive and inclusive knowledge-based economy promoting social cohesion and full employment. Subsequently the European Employment Strategy has emerged as the new social policy agenda setter.

In other words employment is a political key issue in the EU – still there are hardly any powerful common policy measures on the macro-level. Unlike the Common Agricultural Policy, the European Social Model consists rather in a multitude of national approaches, which are predominantly determined by national interests. This dilemma has been demonstrated in the case of the latest EU Parliament vote on the Services Directive, where national concerns with respect to opening markets to a free access of services dominated the voting of the European Parliament. This situation is to be explained by the EU legal and decision making context for social policy and employment. The strict dominance of the subsidiary principle has brought along the relative dominance of national interests and the role of the EU Commission as provider of directives and recommendations rather than maker of the rules.

General situation of the EU labour market and major trends

Back in the mid-1970 the employment rate (the proportion of those of working age in employment) in the EU 15 was 64% – a percentage point above that found in the US and Japan. However, by 2002 the US employment rate has risen to 72% and Japan’s to 68% whilst in EU 15 it remained at 64% and in the new Member States it was just 56%. In part the lower rate in the EU 15 reflected a higher unemployment rate but it also reflected a slower growth of female employment in the EU and a faster rise in early retirement, especially amongst males (EU Commission 2003).

These figures show that the EU clearly misses a further 15 million net new jobs in order to meet its self-imposed goal of reaching an employment rate of 70% by

2010 as stipulated in the Lisbon Strategy. Creation of new jobs and economic growth is therefore the prime issue on the agenda of the EU council under the Austrian presidency in 2006. However, these figures also reflect some **trends**, which are of special relevance in the European context:

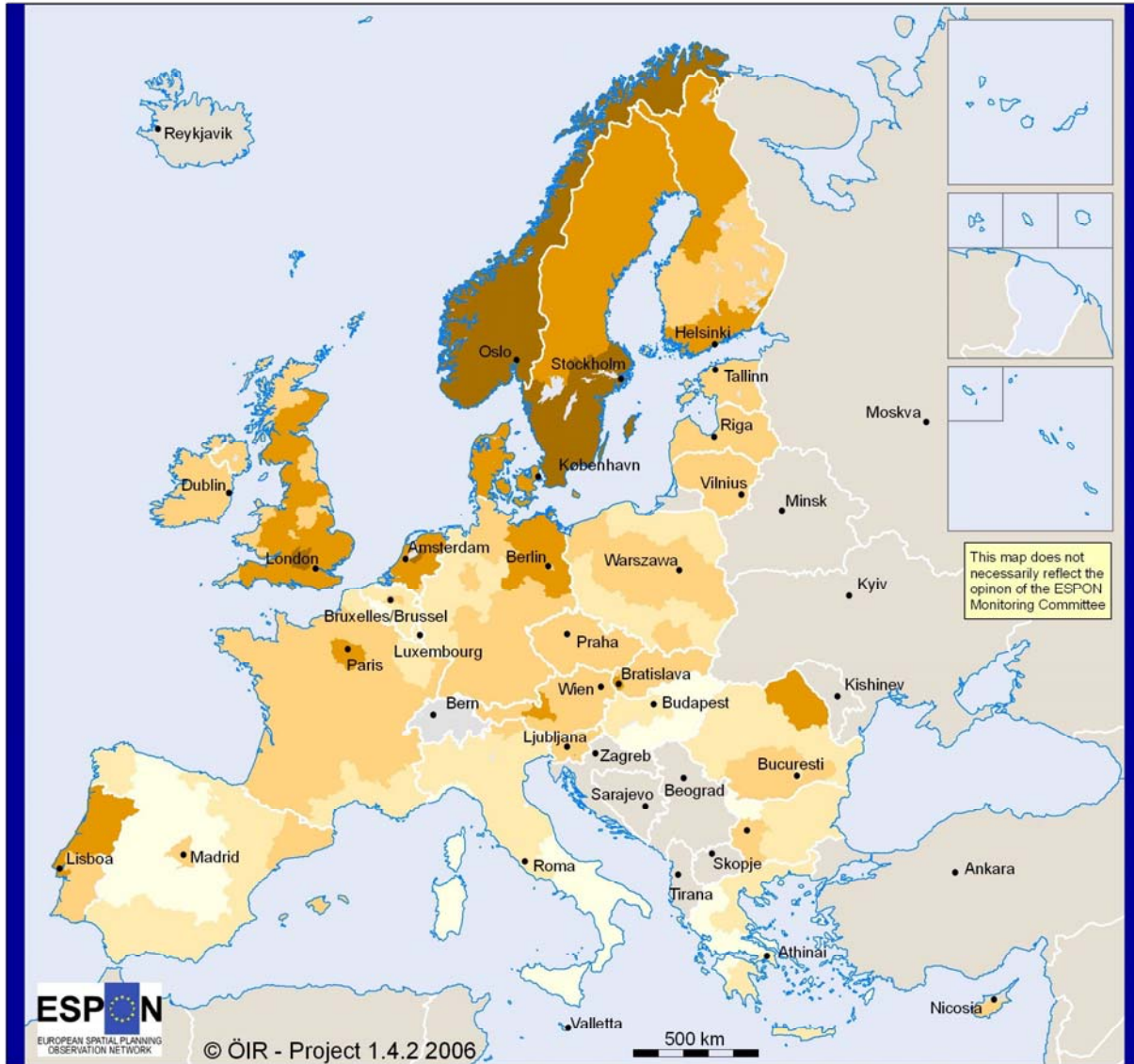
The first one is the continuing increase in **female participation rates**: in the three years up to 2002 female participation rates rose by 2.7 percentage points to 60% – ten times the increase for males! This increase was reflected in a higher female employment rate that reached nearly 56% in 2002 (though in the new Member States this figure was just over 50% on average). The female employment rate is still 17 percentage points lower than the for men and in Greece, Italy and Spain it is even 30 points lower. In part the increased female employment rate reflected the marketisation of previous home production such as meal preparation and child care (EU Commission 2003a).

The following map provides a rather good first impression of the spatial distribution of female economic activity rates. It shows the economic activity rates of women for the year 2004 – with this rate to be defined as employed and unemployed women as a percentage of the population living in private households.

The map shows quite clearly the dominance of the Scandinavian social model with comparably high activity rates of women. The clear North – South decline in female labour market participation becomes also quite clear. The Southern European countries are well lagging behind in this aspects. Unfortunately the map also points out that although the data coverage for these aspects is quite high on the NUTS 2 level, we are far from a picture of the ESPON space.

Map 8 Economic activity rates 2004 (women)

Economic activity rates 2004 (women)



Economic activity rates (women)

- 27.6 - 39.4
- 39.5 - 47.4
- 47.5 - 53.6
- 53.7 - 61.1
- 61.2 - 74.3
- no data available

Non ESPON space

Sources of data: Eurostat; EuroGeographics 2001.

The Economic activity rate represents employed and unemployed persons as a percentage of the population living in private households.
EU25 = 48,6%

Regional level: NUTS-II-Regions

Another long term trend has been the **de-industrialisation**, as the relative decline of employment in the manufacturing sector is termed. By 2002 the service sector accounted for 68% of total employment in the EU 15, with the industrial sector employing just 28% and agriculture the remaining 4%, though in Greece the latter sector still accounts for 15% of employment. In the new Member States the service sector is smaller and several still have sizable agricultural sectors. Across the EU job creation is concentrated in the service sector with nearly 90% of recent employment growth being in this sector, with "real estate, renting and business activities" and "health and social work" being the fastest growing sub-sectors. Employment in both high technology and knowledge intensive services has also rapidly growing in recent years (EU Commission 2003a).

These developments are of course strongly linked to the education and training – in short the qualification of the workforce: There has been a **decline in low-skilled employment** and a demand shift favouring more educated workers. By 2001, low skilled workers accounted for just 39%, medium skilled for 43% and high skilled 19% of European employment (EU Commission 2003a).

Another major trend in employment worldwide is the increased use of **new contractual arrangements** such as part-time and fixed-term contracts:

- Overall 18% of workers were **part-time** in 2002 in the EU15, though in the Netherlands the percentage was much higher at 44% of total employment, reflecting the strong growth in female participation. Around 40% of all jobs created in Europe have been part-time. The majority of the population regards this offer of part-time openings as a positive development – allowing mothers to enter the labour market and young people to combine work with education and training (see Euwals and Hogerbrugge 2004). Still there is also concern that jobs created within this sector do also support the creation of the so called "working-poor" – i.e. employment situation, which does not provide enough wage to pay for the living. The relative high amount of "Mac-jobs" in Europe does also lead to the increase of wage inequalities within the work force.
- About 30% of the total employment growth in recent years has taken the form of new **fixed-term contracts**, now covering about 13% of EU15 employees, though in Spain this percentage reaches 31%. Half of these employees would have preferred to have a permanent job but had been unable to find one. Only a minority really was looking for this type of employment. The transition periods from those fixed term contracts into permanent ones differ considerably between Member States. In Austria, the Netherlands and Ireland within one year half of the fixed-term employments are turned into permanent ones. On the other hand in Italy, Greece, Spain, France, Finland and Portugal less than third succeed in being permanently employed within one year. Moreover the fixed term contracts are generally rewarded lower than permanent ones, by up to 15% in the Netherlands, and they also receive less training. In principle the increase of these new fixed-term contracts lead to significant social policy implications – whilst employers tend to see them as an increase in flexibility and in the following in efficiency, for most workers on such contracts they represent greater insecurity and worse prospects for progression (EU Commission 2003a).

- The last form of new contractual arrangements is to be found in flexible working hours arrangements, such as shift working and annualised hour contracts. Again there is wide variation in the incidence of these arrangements, with a quarter of employees in Finland and Sweden working shifts compared to 5% in Denmark. Whereas a fifth of UK employed regularly work in the evenings, less than 5% of Belgians do so. Overall about 60% of EU-15 employees have fixed starting and ending work days, though this proportion is only around 40% in the UK where working time banking is much more common (EU Commission 2003a).

In terms of unemployment in the EU-15 8.1% of the European workforce have been out of work in 2003, though in the exceeding countries the average rate is much higher at 15%. There has been a wide divergence of experience in the EU over time and among the Member States. This shall be illustrated with two examples:

- Over the last 24 years unemployment in Spain has gone from 3.5% to 24% of the labour force and then back to 12%.
- During the 1990s Ireland moved from having the highest unemployment amongst Member States to having the lowest.

If these figures have to be interpreted there is a strong point in assuming that a mix of reasons could be identified for these oscillating movements in the labour markets:

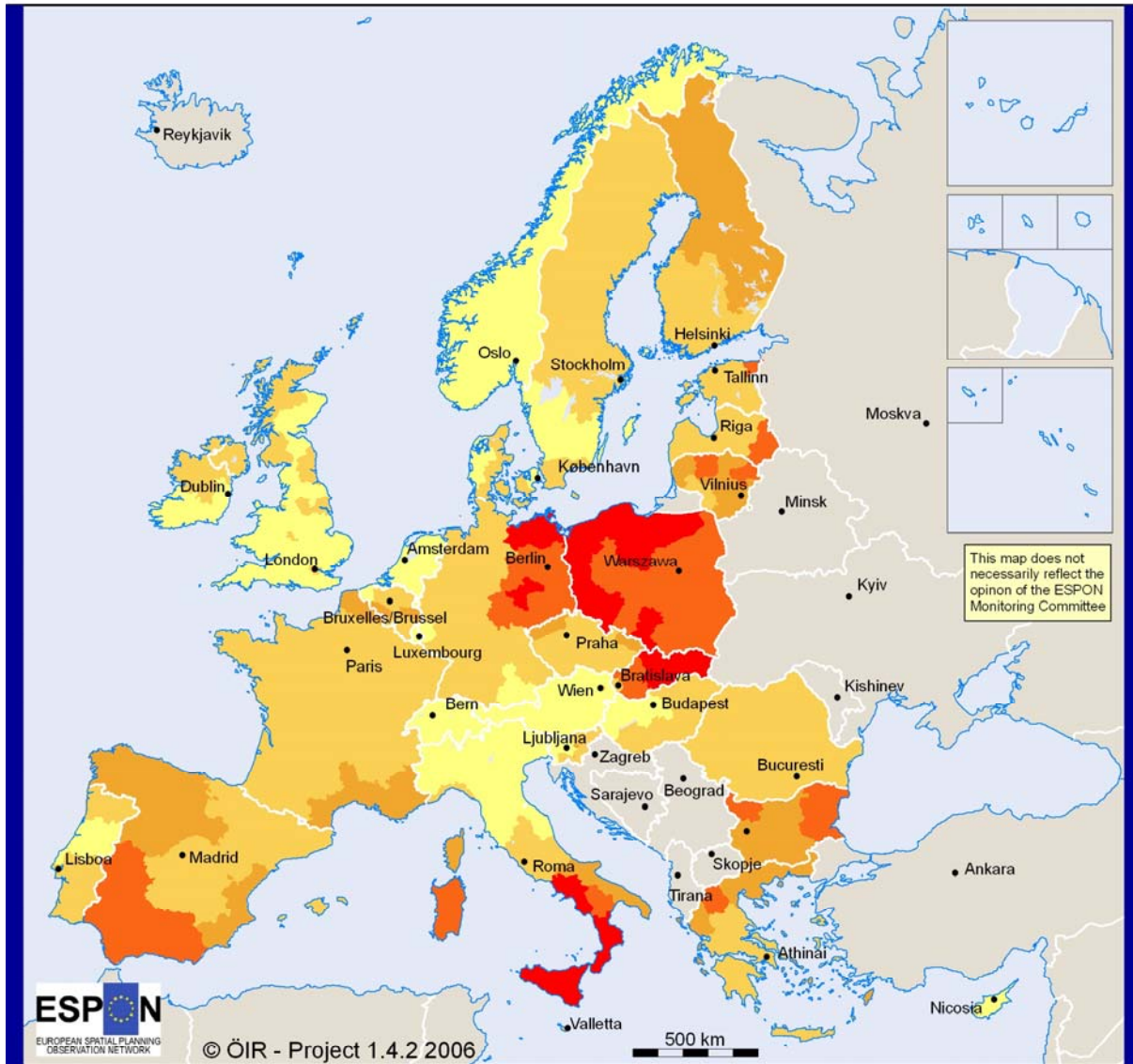
- National political measures – such as a change in the labour protection legislation, or a change in the degree of worker representation
- Economic growth patterns – such as a change in national GDP output
- International trends and changes in the situations of the export markets

But these national figures do disguise that within the single countries the regional labour market situations do differ significantly as well.

The following maps show both the situation of unemployment within the EU29 in 2003 and the change in unemployment between 1999 and 2003. They are both depicted on the NUTS 2&3 level and have their data base in the ESPON 2.4.2. RCE indicator set. What becomes quite clear are the differences nationally as well as regionally.

While the new Member States together with the Eastern provinces of Germany were facing the highest rates of unemployment in 2003, Central Europe and Scandinavia were rather untouched by these problems. Italy showed the clear North-South gap in terms of labour market participation which has been observed for years. It is also interesting to see that the Candidate Country Romania shows a better employment performance than some of the Member States of the EU.

Unemployment rate 2003



Unemployment rate 2003

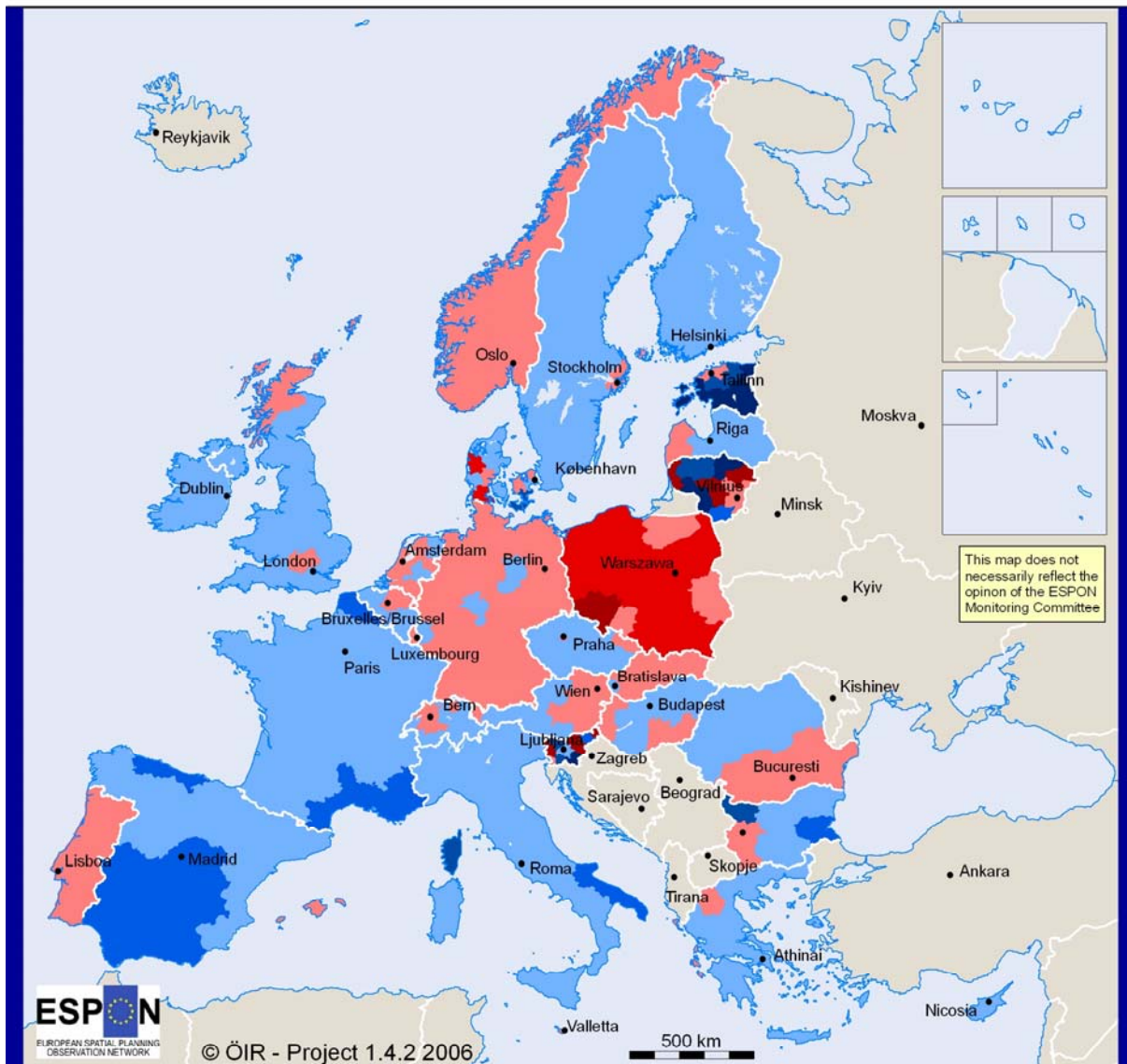
- 1.8 - 5.0
- 5.1 - 10.0
- 10.1 - 15.0
- 15.1 - 20.0
- 20.1 - 31.8

■ Non ESPON space

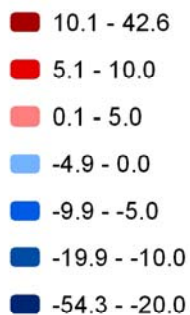
Source of data: RCE; EuroGeographics 2001.

Map 10 Development Unemployment rate 1999-2003 in PP

Development of unemployment rate



Developm Unemployment rate 1999-2003 in PP



■ Non ESPON space

Source of data: RCE; EuroGeographics 2001.

In terms of unemployment dynamics over time (1999 – 2003) the strongest increase in unemployment is to be identified in Poland. The Baltic countries show a very heterogeneous picture within their territories – depicting concentration phenomena (e.g. movement of the labour force into the centres and decline in employment in the rural areas). Still – despite the negative status of the European labour market - in general the majority of European regions show a declining unemployment rate within this observation period.

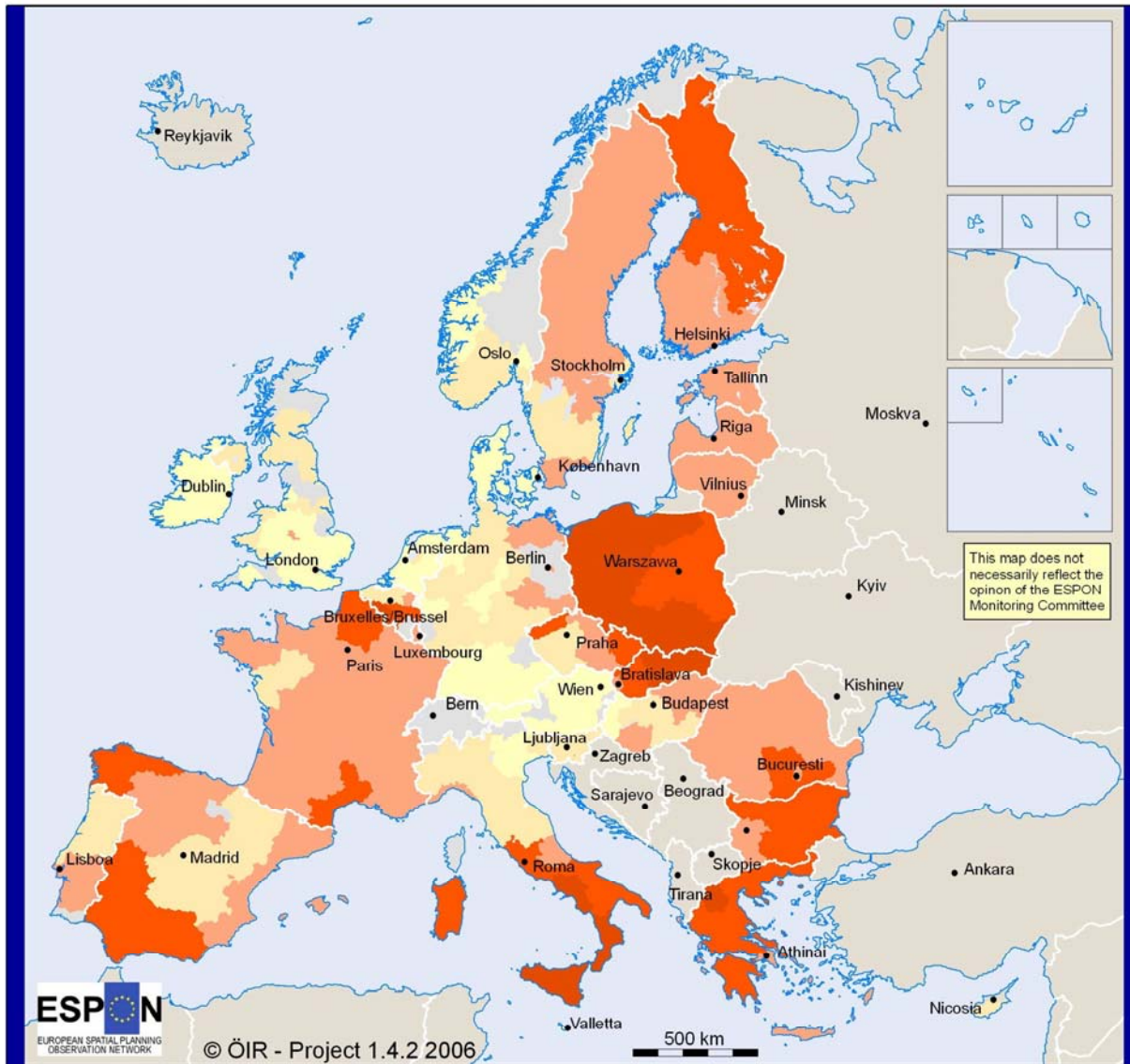
Unemployment rates in the EU-15 are typically higher for females, the young, the unskilled and the less educated. Long-term unemployment, those unemployed for over a year, has declined in recent years and affected just 3% of the EU labour force in 2002, though this group still accounts for 40% of the unemployed compared to just 7% in the US (EU Commission 2003a, OECD 2003).

The following maps show these situations for almost all of the countries in the ESPON space on the NUTS 2 level

- In 2004 the unemployment rates (defined as unemployed persons as percentage of the economically active population) for young people (younger than 25) seemed to reflect the general unemployment pattern (as shown in the map above). Still the absolute figures are much higher than for the average of the total population. Besides the regional implications in countries like Poland are to be seen as much more drastic for youth unemployment rates between 36% and more than 50% bear the danger of severe future problems in society.
- An even more negative picture may be seen in the case of female unemployment. The general pattern of regional unemployment distribution is still valid. But female unemployment seems also to be found in regions where the average unemployment rate seemed rather low in 2003. Some French and Dutch regions are rather illustrative in this respect. The general trend for both female and youth unemployment seems to hold true that those regions inflicted with high unemployment rates are most likely to show even higher rates for the young and women. But female and youth unemployment is also spreading more likely into the neighbouring regions, than the average unemployment does.

Map 11 Unemployment rates 2004 (<25 years)

Unemployment rates 2004 (<25 years)



Unemployment rates (<25 years)

- 5.4 - 11.0
- 11.1 - 16.8
- 16.9 - 24.7
- 24.8 - 36.4
- 36.5 - 56.6
- no data available

Non ESPON space

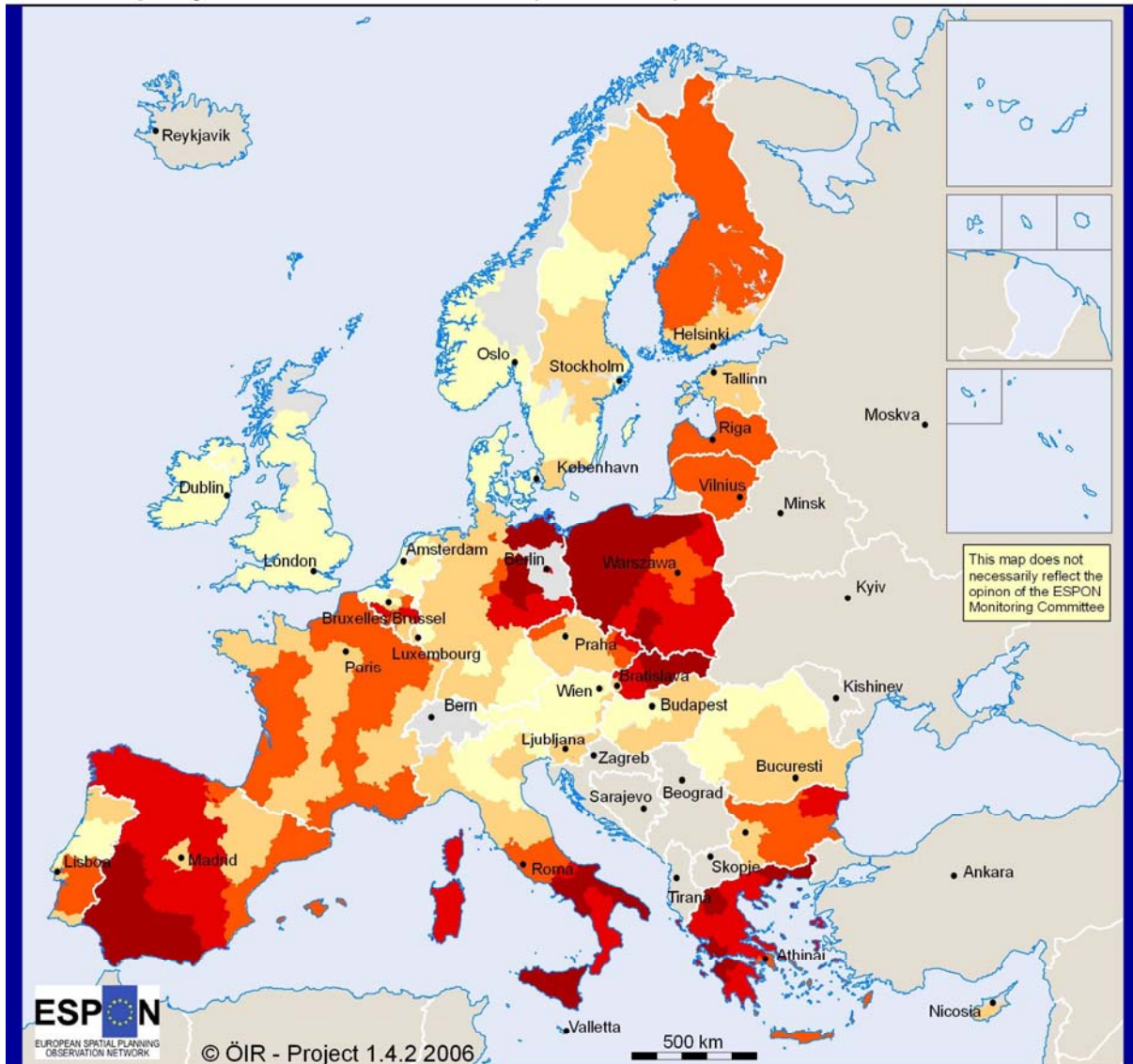
Sources of data: Eurostat;
EuroGeographics 2001.

Unemployment rate represents
unemployed persons as a percentage of the
economically active population.
EU25 = 18,5%

Regional level: NUTS-II-Regions

Map 12 Unemployment rates 2004 (women)

Unemployment rates 2004 (women)



Unemployment rates (women)

- 2.2 - 6.1
- 6.2 - 9.6
- 9.7 - 14.0
- 14.1 - 20.2
- 20.3 - 34.2
- no data available

Non ESPON space

Sources of data: Eurostat; EuroGeographics 2001.

Unemployment rate represents unemployed persons as a percentage of the economically active population.
EU25 = 10,1%

Regional level: NUTS-II-Regions

From these first findings a first working hypothesis with regard to the observation focus could be stated: Apparently national conditions (i.e. the focus on the meso-level according to ESPON definitions) seem to be sufficient to cover both

- labour market observations and
- policy impact deduction.

But first findings within ESPON imply a more differentiated picture, if zooming in on the regional level.

- Regional economic policy offers some leeway for regional self management. This has led to a rather bizarre situation in the context of regional competition within the EU. Following the Porter-hypothesis of first mover advantages within a competitive situation EU regions seem to have started a rather homogenous policy strategy all over Europe. The strategic domination of R&D, innovation (predominantly in the high-tech sector) has led to almost identical regional policy strategies all over Europe (see Schuh and Orazee 2005). Though a simple logical analysis of this strategy will lead to the conclusion that regional disparities and "winner-looser-gaps" in Europe will prevail and territorial cohesion will be rather endangered than improved.
- National differentiation has to be taken into consideration. A national approach when monitoring labour markets and income disparities, as commonly used as basis for political decision making, will lead to biased results. Possible results might be the following:
 - different topographic, socio-geographic frameworks within a single country (even within small Member States)
 - labour market phenomena like commuter movements within a country cannot be captured

The following chapters will therefore try to pursue the attempt to pinpoint what would be a useful regional approach in picturing labour markets and income distribution regardless of what is already available at the national scale.

3.2 Relevant policies

EU employment policy presents itself as a trade-off between efficiency and equity. On the one hand the domination of the EU political principle of the free movement of production factors (with labour being one of them) plays along with the neo-classic economic theory of complete competition and an efficient allocation of scarce resources. The role of policy making in this context is therefore reduced to a simple provision of market framework conditions which ensure a general market equilibrium. On the other hand this increasing competition bears the danger of resulting in a raise to the bottom (social dumping) – as countries each try to gain a competitive advantage by reducing their domestic levels of social protection and employment regulation. National governments may be tempted to pursue such beggar-thy-neighbour policies in order to export unemployment to other Member States.

In general national policy spill-overs need coordinating in the EU and only centralised policy making provides a credible mechanism for that coordination. In brief, this general dilemma of employment policy could be described as intervention versus laissez-faire. Consequently, all EU policies in this field reflect to some extent this dilemma and it is therefore necessary to analyse employment policies in a rather holistic way – i.e. by combining overall EU strategy goals, directives and national specific labour market arrangements.

Essen Council

Starting with the 1994 Essen Council the EU initiated a process to the promotion of employment objectives. This followed on from the contradictory proposals of the Commission's Green (Com(93)551) and White (Com(94)333) papers on the future of European social policy which set out conflicting arguments for and against the development of the European social model. Five emerging themes were identified which became later on now as the five pillars of the European employment strategy:

- promoting employment,
- reorganising work,
- competing social exclusion,
- mainstreaming gender equality and
- consolidation, compliance and enforcement of social legislation.

Member States were requested to draw up national employment action plans by June 1998. This means that starting from 1998 a combined framework of guidelines for the employment policies of the Member States and the EU has been established.

Treaty of Amsterdam

The treaty of Amsterdam (1998) introduced a new decision making procedure to implement the Employment Title. According to article 125 of the Amsterdam treaty the key provision of the new Title was that *"Member States and the community shall, in accordance with the Title, work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adapted workforce and labour markets"*. Article 126 makes clear that the principle actors are the Member States. In an important recognition of the diversity of social policy, the states must have regard when policy making to *"national practices related to the responsibilities of management and labour"*.

The Amsterdam treaty also created the so-called Employment Committee with an advisory status to promote coordination between Member States on employment and labour market policies. Its tasks are to monitor employment policies both within the Member States and the Commission and to formulate opinions at the request of the Commission or the Council or on its own initiative. The Employment Committee must also consult with the social partners. Although this new Title seemed to be juridical well embedded the above mentioned real policy dilemma created constant conflicts between the goals of EU employment policies

and national interests. Therefore, the European Court of Justice has been playing a pivotal role in EU employment policy making. The court has become a "pre-Federal device" in so far as it means that the European Court of Justice by interpreting the law effectively designs social Europe, albeit in a piecemeal fashion.

Lisbon strategy

In 2000 the Council of Ministers adopted the Lisbon strategy which tried to give a response to the failure of the EU to match US performance in job creation, but also to offer remedies to the so-called "demographic time bomb". By 2030 there will be 110 million people over the age of 65 in the EU-25, an increase from just 70 million in 2000. This will cause the old-age dependency ratio, the percentage of those aged 65 and over compared to those of working age 15-64, to rise from 23% in 2000 to 39% by 2030. This has a direct impact on the ability of the EU to sustain its economic growth and hence maintain rising living standards, since any overall decline in the employment has to be accompanied by much faster productivity growth to match the 2-2.5% annual growth of recent decades. In 2005 at the Stockholm council the goals set within the Lisbon strategy had to be revised especially with respect to employment. Consequently, strong emphasis on employment of older workers (ages 55-64) has been declared bringing along even more pressure on national labour markets.

European employment strategy

With the existence of the so-called guidelines of the employment policies of the Member States the European employment strategy has become a target-based tool of coordination which shall give direction to the employment policy priorities of the Member States. The guidelines are now available in their third period with the latest council decision taken in July 2005.

Therein it is stated that the Member States shall conduct their policies with a view to implementing following objectives:

- Full employment
- Improving quality and productivity at work
- Strengthening social and territorial cohesion

In addressing these objectives, action should concentrate on the following priorities:

- (1) Attract and retain more people in employment, increase labour supply and modernise social protection systems
- (2) Improve adaptability of workers and enterprises
- (3) Increase investment in human capital through better education and skills

The strategies mentioned are of normative character: *"The guidelines shall be taken into account in the employment policies of the Member States, which shall be reported upon in the national reform programmes."*

The paper contains 8 Employment Guidelines for time period from 2005 to 2008 which are part of the Integrated Guidelines (Nos 17 to 24):

General:

- 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, strengthening social and territorial cohesion
- (1) Attract and retain more people in employment, increase labour supply and modernise social protection systems
 - 18: Promote a lifecycle approach to work
 - 19: Ensure inclusive labour markets, enhance work attractiveness, make work pay for job-seekers, including disadvantaged people, and the inactive
 - 20: Improve matching of labour market needs
- (2) Improve adaptability of workers and enterprises
 - 21: Promote flexibility combined with employment security, reduce labour market segmentation, having due regard to the role of the social partners
 - 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms
- (3) Increase investment in human capital through better education and skills
 - 23: Expand and improve investment in human capital
 - 24: Adapt education and training systems in response to new competence requirements

The guidelines and recommendations are the basis for the National Actions Planes (to 2004), National Reform Programmes (since 2005) and Joint Assessment of Employment Policies (Candidate States).

On the EU level the guidelines provide the legally most binding documentation of the employment policy framework. Apart from that the Commission provides merely guidelines (e.g. *Integrated Guidelines for Growth and Jobs* (2005-2008) including a Commission Recommendation on the broad guidelines for the economic policies of the Member States and the Community or Council Recommendation of 14 October 2004 on the implementation of Member States' employment policies).

However, as mentioned above employment policies are strongly determined by national interest and therefore a closer look on differences and common issues in their policy making seems to be worthwhile. In the following some good examples of national employment policies touching the issues mentioned on the EU level are highlighted.

National wage fixing processes

The wage fixing process differs across Member States though most have a mixed, multi-level wage bargaining structure, with centralised bargaining at the national or regional level in the first stage and subsequent company or plant-level bargaining. In general, wage determination has become more decentralised with only Belgium, Finland and Ireland having highly centralised wage formation, but only in the UK is the company the dominant level of bargaining. In contrast

to most accession countries, Slovenia apart, the formal coverage of collective bargaining remains relatively high in the EU-15.

The collective bargaining ratio for employees varies from over 90% in Belgium to fewer than 40% in the UK. Since all EU-15 states, apart from Sweden and the UK, have provisions for extending collective agreements to other firms, sectors or regions, coverage rates are higher than the collective bargaining rate. In general, union density is falling in Europe, especially in the accession countries, with density ranging from around 80% in the three Nordic countries to under 20% in Estonia, France, Hungary, Lithuania, Poland and Spain (EU Commission 2003a, OECD 2003).

Nine of the EU-15 and almost all of the accession countries have minimum wage laws to target low wages, whereas in the remaining countries collective bargaining is utilized for this objective. Minimum monthly wages in late 2003 were set in a range of EUR 1,000 or more in then Benelux-Countries, France, Ireland and the UK to below EUR 200 in Bulgaria, Latvia and Romania. Therefore, as a percentage of the median full time wage the minimum wage varies from around 60% in France to just 32% in Spain.

One trend apparent in many OECD countries has been growing wage inequality between the highest and lowest paid workers. In contrast most European countries, apart from Britain, have so far managed to avoid significant increases in wage inequality. Relatively compressed wage distributions are found in Austria, Belgium, Denmark, Finland and Italy (EU Commission 2003a, OECD 2003).

Social protection systems

Member States of the European Union are autonomous in designing and operating their social protection systems, subject to the requirement that nationals of all Member States receive equal treatment of cores. Levels of social protection generally peaked towards the 20th century, with average national social expenditure accounting for around 27.5% of GDP in the EU in 2000. Although there are large national differences, benefits linked to old age and bereavement account for over 46% of total social benefits in the EU, sickness and health 27% and disability and family- or children-related benefits both account for 8% with unemployment benefits contributing just over 6%. These benefits are largely financed by social contributions (approx. 2/3 of which comes from employers' contributions), with general government contributions funded through taxation accounting for most of the remainder (EU Commission 2003a, OECD 2003).

Generally the schemes of unemployment insurance have to be a focus of analysis as literature (see e.g. Nickell (2003)) suggests that they offer the reasons for the uneven performance in reducing unemployment in the EU. Denmark for example managed to reduce its unemployment rate from 13% in 1993 to just 6% by the end of that decade. The activation of passive policies, introduction of employment increasing measures and the reform of the Danish unemployment insurance system have made important contributions to achieve in this success. Generally speaking average unemployment in Europe is relatively high compared with other OECD countries, still the majority of EU states has lower

unemployment than any other OECD country outside Europe including the US. The explanation for this apparent contradiction is that the big four continental Western European countries (France, Germany, Italy and Spain) have very high unemployment rates. The explanation of this poor performance of the Big Four can be found in their failure to reduce the generosity and duration of unemployment benefits and police the intensity of job search amongst those receiving benefits. In addition greater use of active labour market policies, such as targeted training and employment subsidy programmes, and improved coordination of wage bargaining have also been associated with successful unemployment reductions.

3.3 Scientific discussion

3.3.1 Employment

The issue of employment and especially the analysis of spatial patterns of employment opportunities and access to jobs is pictured by a rather complex body of literature. Basically two streams could be distinguished:

(1) Status oriented (scientifically positive) literature:

Standard socio-geographical literature tries to describe employment and its link to labour market conditions by picturing them in the specific spatial context they are found in. The ESPON projects 1.1.4 (The Spatial Effects of Demographic Trends and Migration), 2.4.2 (Integrated Analysis of Transnational and National Territories Based on ESPON Results), 3.3 (Territorial Dimension of the Lisbon/Gothenburg Process) among others will provide results in this respect. Still these assessments will not allow for a identification of the unemployment problems in general and those of the specific groups (youth, long term and women) in particular. Therefore a second stream of literature will have to be considered.

(2) Labour market theory oriented (scientifically normative) literature:

In order to get a grip on the causes and drivers of unemployment and the underlying correlations between (spatial, socio-economic, policy) framework conditions and the labour market it will be necessary to go through more theoretical economic literature. There are basically two schools of thought to be identified in modern labour market theory:

- (a) Traditional labour market theory which is oriented upon a general market equilibrium model and follows the "Trans-Atlantic Consensus" resp. the "Unified Theory"¹⁸ basically assumes that unemployment derives from labour market rigidities and thus correlating labour market assessment with institutional and/ or structural barriers to labour markets.
- (b) "New" labour market theory which is oriented upon the search of more convincing drivers¹⁹ of unemployment and the more "systemic" approach of

¹⁸ For more details see e.g. Krugman 1994, Atkinson 1998; Phelps 1972

¹⁹ E.g. real interest rates, investment level changes over time, sector differentiation of labour markets

explaining labour market conditions also with external (environmental) drivers (e.g. policy shocks)²⁰.

From a theoretical perspective employment is – like housing and unlike the public goods of education and social services – a private good and therefore general economic theory could be applied as a starting point to analyse its functions (malfunctions). Still all through the history of economic thought labour has been considered as a “special” good. Marx has it defined as the only production factor (unlike capital) which could produce value added. J.M. Keynes and others have seen labour markets embedded in macro-economic theory and being strongly interrelated with interest rates and the monetary market in the short run. Generally speaking there is hardly a topic in economics (both micro- and macro economics) which is so heavily debated and where so many (sometimes contradicting) theories have been launched over the decades than in the field of labour and labour markets. It is neither the intention nor the place to present here at length the whole variety of scientific thought on employment and income distribution. We will just highlight some issues of economic theory (without claiming to be comprehensive) which will then be used to deduct regional aspects that build the link between the vast body of theoretical economic thinking and the territorial implications.

Micro-economic issues

Basically labour – when seen as private good – will have its soundest theoretical basis in micro-economics. The market model with its general equilibrium, pictures best the efficient and in its purest form the optimal allocation of labour to the different economic sectors at a market clearing price (i.e. the real wage). There is still some use in thinking about labour markets in this way as the general market equilibrium assumption allows for the explanation of market clearing mechanisms and the recommendations if such mechanisms fail – i.e. market distortions or market failures (see below). Moreover the micro-economic approach allows to include issues on the personal – i.e. the preference level of the labour suppliers, which is increasingly interesting when trying to explain and understand unemployment patterns and possible remedies.

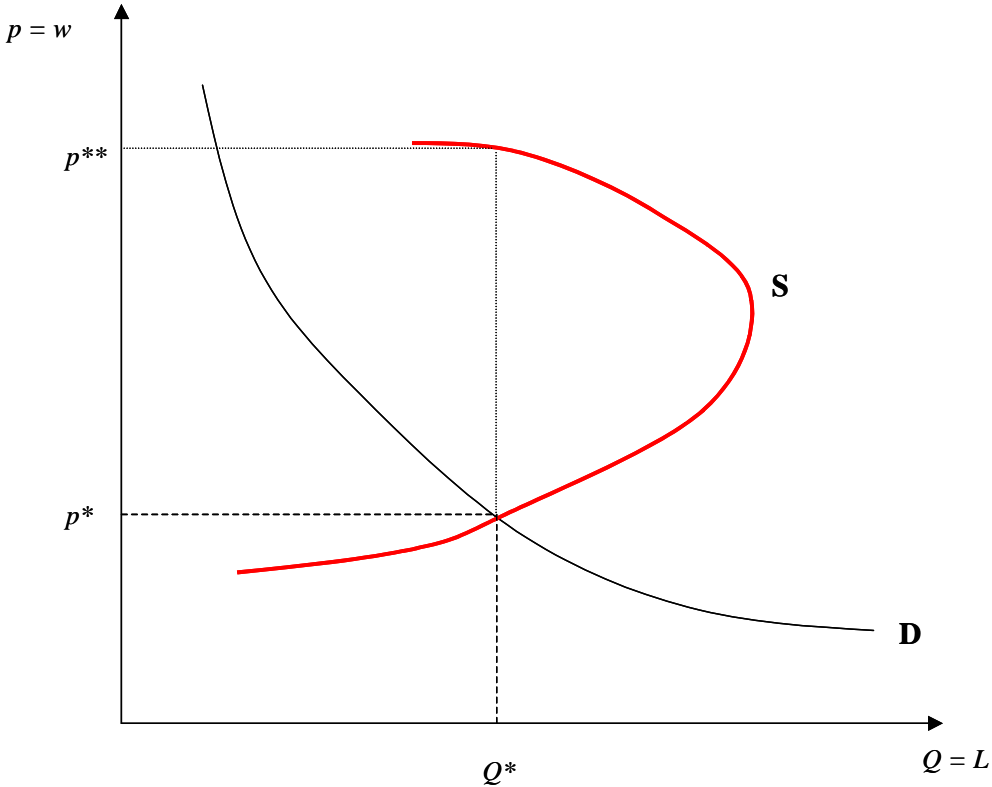
Still, even if market equilibrium is assumed the labour market shows some special features, which distinguish labour markets from other commodity markets (and other factor markets). These specifics reflect the fact that labour is a much more faceted good in terms of income- and substitution effects, than other commodities or economic input factors. Unlike the standard market supply curve, the supply curve for labour tends to be backward bending (see figure 18 below). That is, increases in price may result in smaller amounts of the inputs supplied. In standard economic theory (e.g. Mansfield 1994) this phenomenon is explained with the atypical income effect vis-à-vis the “good” leisure (as the substitute for labour). An increase in price (i.e. real wage) will result in a rising supply with labour. At the same time the substitute “leisure” will become increasingly attractive as with the increase of disposable household income the options for spending the leisure time will increase as well. Therefore the willingness to accept higher wages and add more supply will only hold true up to

²⁰ For more details see e.g. Howell 2003; Blanchard and Wolfers 2000

a certain point, where the marginal cost of giving up leisure will extent the additional income effect from rising wages. Thus the situation may occur, that there is one potential amount of labour supply (Q^*) where two prices (real wage levels) may be attached to (p^* , p^{**}).

While the empirical evidence for this theoretical approach may be hard to find due to labour market regulations, which prevent a free choice of the amount of labour supply (e.g. maximum working hours), there might be some interesting implications from regional / local perspective to be deducted (see below).

Figure 18 The backward bending labour supply curve



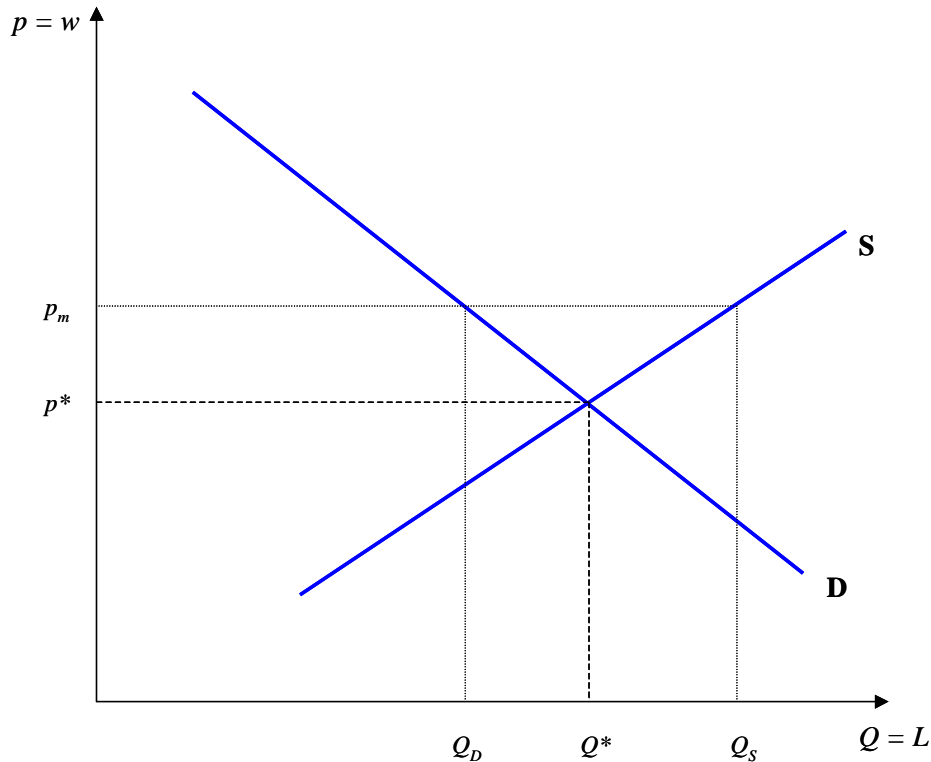
Following the underlying principles of micro-economic thinking a rather big amount of economic research has been engaged in observing market failures in the labour market and identifying correlations between the different causes and their effects on the labour market. Generally the main factors are to be seen in wage rigidities, with the result of minimum wages or high fix-cost components of the wages (such as unemployment insurance fees, social transfers). Consequently the influence of wage setting institutions (such as labour unions) is another possible source of market distortion.

According to market theory, minimum wages lead to a surplus of labour supply, if they are set above the market equilibrium wage level (see figure next page).

The graph shows the effects of a minimum wage set above the market equilibrium wage level, which triggers an oversupply in labour (Q_S) and a shortage in demand for labour (Q_D). Sure enough this model does not take into account external factors such as the general price level in this economy, which is

in most of the cases the reason for setting such minimum wages (i.e. to ensure a minimum household income, which allows for a minimum standard of living).

Figure 19 Effects of a price floor – minimum wage on the labour market



Empirically some of these correlations have been analysed – see e.g. in Messina et al. 2006. There is some evidence that to some extent taxes on labour (e.g. pension schemes, unemployment insurance and other social transfers), which are comparably higher in Europe than in the USA or Asia may explain differences in unemployment rates – as groups of the workforce are pushed out of the labour market due to high labour costs (comparable to minimum wages – see above). Especially the problem of early retirement may be partly explained – see Duval 2006.

Analysis work conducted for the EU Commission (see EU Commission 2005) – comparing the situation of the EU 15 with the US - shed some light on the relation between wage developments and the labour market performance. The reason for this analysis being, that the European Social Model (see Chapter 3.1) has been regarded as possible source for relatively higher unemployment rates compared to the US model of liberalism.

The theoretical model of the **wage curve** shows the level of wages to individual conditions such as gender, education, marital status, age and skills and local labour market conditions – usually proxied by regional and group specific unemployment rates (see Blanchflower et Oswald 1990, 1994, 1995). Wages are lower if unemployment is high, with an average elasticity of $-0,1$. Doubling the local rate of unemployment will thus lead to a 10% drop in the regional wage level, all else being constant – with the consequence for a disturbance in income-equality over regions!

Initially the concept refers to a micro-economic analysis, where workers' specific variables are included to explain individual wages. However, the concept can also be applied on the macro-economic level to regions and countries. In general, the gradient of the wage curve – the reaction of wages to unemployment, as a measure for real wage flexibility – can differ across groups of workers, industries, regions or countries for various reasons. The main empirical findings show in principle a general accordance with the theoretical background – i.e. there is a positive impact of productivity on the real wage, whereas unemployment has a negative effect. Employment depends positively on output and negative on the real wage.

The first important result of the analysis is then that the EU-15 has a similar degree of labour flexibility to that observed in the US (except for the response of real wages to unemployment). By this result the hypothesis of the more flexible – and thus more effective - labour markets in the US being responsible for their lower unemployment rates does not seem to hold true.

The second part of the analysis concentrated on the impact of institutions on the speed and size of the adjustment to shocks by real wages and employment: generally speaking it was found that both in the short run and in the long run, stronger bargaining centralisation and higher union density tend to reduce the real wage response to an unemployment shock, while active labour market policies (training programmes in particular) have positive effect on this reaction. As regards the response of real wages to a productivity shock, the most important variables are centralisation, employment protection legislation for temporary working contracts and benefit replacement rates, and all three have negative effects. As far as the effects of employment on the real wage shock are concerned, an increase in trade union strength and stronger employment protection legislation will limit employment losses. Similarly they limit the employment gains in case of a negative real wage shock. Firms in countries with more extensive labour protection can be expected to hoard labour to a greater extent. Active labour market policies also reduce the employment response. By contrast the economic situation is more important if bargaining is centralised. Finally, higher benefit replacement rates tend to widen the employment reaction.

Summarising, adjustments to shocks in European labour markets (which are characterised by a low mobility) is clearly influenced by institutions. In more deregulated labour markets, which also have a lower presence of trade unions, the response of real wages and employment to shocks is particularly faster and greater. An additional aspect that should be stressed is that institutions seem to be more determinant in the employment response to certain shocks than in the case of real wages. In other words, institutions have significant effects on the responses of both employment and real wages, but these effects are more significant for employment.

On the other hand Gómez-Salvador et al. 2006 point out that there is empirical evidence for the theoretical assumption that policies aiming to protect employees' jobs have negative effect on the dynamics of job reallocation. In particular, the negative effect of employment protection legislation appears more concentrated in industrial than in service sectors, although these effects are partially counter balanced by the use of temporary contracts. The tax wedge and the generosity of the duration of unemployment benefits have similar effects

across all sectors reducing the extent of job reallocation. These results are based upon the "Amadeus" database produced by the Bureau van Dijk, which contains comparable firm level data (more than 3 million firms) for most EU countries since 1990. Apart from employment data, data at firm level include a wide range of financial information (e.g. profit and loss account, balance sheet) and descriptive information (industry and activity codes, incorporation year etc.). Such a dataset is rather typical for the more elaborated research in the field of employment. In most of the cases they are privately owned, firm based and therefore rather demand side oriented.

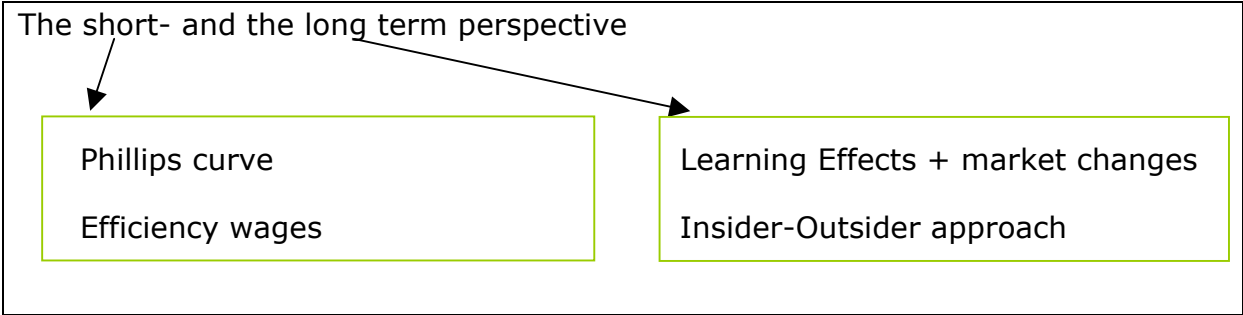
Still it is pointed out as well quite explicitly that other influences will have to be taken into account as well in order to explain household behaviour in the labour markets – such as preferences for leisure (see model of the "backward bending labour supply curve" above) or demand side factors.

Generally micro-economic research on the labour market seems to concentrate rather on the demand side for labour and the distortions caused by political interventions in the labour market. Supply side aspects and household behaviour does not seem to be accounted for. Thus the empirical evidence is mainly based upon studies centred around Labour market policy interventions and firm behaviour rather than household specifics. In terms of spatial dimension the national scale is the dominant focus. There is no regional differentiation (micro-scale in ESPON terms) nor is there any intention to be found to investigate more thoroughly into regional specifics and phenomena which might be more effectively tackled on this scale (for examples see below). The data availability is therefore rather limited to the national scale (meso level in ESPON terms) and even there more elaborated data sets are either privately owned or not complete (especially for the new Member States and the Candidate Countries) geographically or over time.

Macro-economic issues

Labour market theory is more commonly discussed in macro economics and there rather as the absence of labour than the distribution of it (e.g. Mankiw 2001). Unemployment has been one of the major issues in macro economics. As pointed out above one of the most famous economists J.M. Keynes has put unemployment on the centre stage of his research and now with raising unemployment all over Europe the topic again high on the agenda.

Generally – as for all macro-economic theories – a long- and short term perspectives could be distinguished. Within these two perspectives different phenomena are to be tackled theoretically:

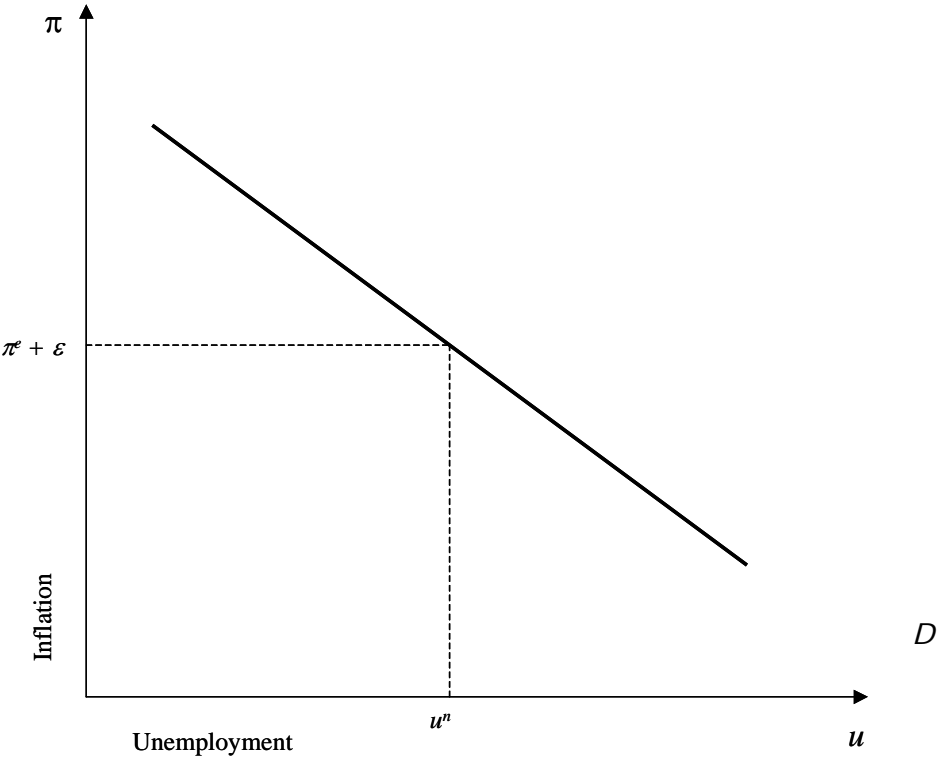


From the **short term perspective** two phenomena could be seen as relevant for being looked at in order to deduct some territorial implications later on:

The Phillips curve

The Phillips curve describes the trade-off that exists in the short term between inflation and unemployment. In other words it expresses the negative correlation between these two macroeconomic phenomena and determines therefore economic policy options in the way that lower unemployment could only be achieved at the expense of higher inflation and vice versa. The following graph shows the theoretical concept.

Figure 20 The short-term Phillips curve



It shows the short term trade off between inflation and unemployment depicted by the Phillips curve. Economic policy may influence market demand (D) so that a specific combination of unemployment and inflation is to be observed. It is important to note though that inflation is determined by the expected inflation (π^e) and external supply shocks (ε). The general idea behind this trade off is that if economic policy takes action against unemployment (e.g. by encouraging consumption) – an increase in economic output will lead to higher employment but in the short run will also increase inflation due to expected price increases. The Phillips curve provides an alternative framework for analysing wage dynamics (Blanchflower et Oswald 1995). The trade off between inflation and unemployment is used as a measure of tightness in the labour market (Blanchard et Katz 1997). It is usually estimated by means of a macroeconomic time series or panel data.

So while the wage curve (see micro-economic aspects above) analyse the connection between real wages by specific groups and employment, the Phillips curve depicts the correlation between inflation (i.e. changes in wages / prices over time) and employment. As Broersma et Den Butter (2002) point out, traditional empirical studies on wage formation consider different variables (inflation, unemployment, productivity) to explain determinants of the change in the wage rate (i.e. Phillips curve specification) or to explain the wage level (wage curve specification). While the Phillips curve specification is based on the theoretical model of Phelps (1968), where wages are set by firms, in the wage curve approach, wages are the outcome of a bargaining process between firms and unions. From the theoretical perspective, there is nowadays some preference among economists for using a wage curve specification rather than the Phillips curve. However some recent works, such as Hsing (2001) or EU-Commission (2003), prefer to use a Phillips curve specification. However, it is important to stress that the results are quite similar when taking the different countries and time periods considered into account.

Efficiency Wages

According to the theoretical assumptions presented so far the reduction of unemployment would call for nominal wages which increase by less than the sum of price inflation and productivity growth. Excess wage increases can contribute to a rise in inflation or a slowdown in employment growth or both.

Still wages above the competitive equilibrium level can be justified for a number of reasons. Perhaps the most popular argument concerns efficiency wages (see Stiglitz 1987, Weiss 1991 for a survey). Firms consider wages not only as costs, but also as important incentives for the employment to work harder and more efficiently than they would do if they were paid at the market clearing level. According to this view, higher wages could increase firms' profits, as they reduce employees' time wasting, fluctuations in employment staff and training costs, and improve the selection of new employees (the adverse selection approach). High unemployment might reduce the efficiency premium paid by the employers, as a weak labour market performance will prevent workers from wasting.

Empirically this model has been used to describe the market – atypical behaviour of enterprises to pay wages above the market equilibrium. Still other settings in the labour market may call for other explanations as well (e.g. supply- or demand side inequalities). In general the unemployment rates in Europe seem far too high to allow for efficiency wages on the labour market right now. Although some national examples may be found (see e.g. the general labour supply shortage in Denmark).

From the **long term perspective** of macroeconomic thinking two phenomena could be seen as relevant for being looked at in order to deduct some territorial implications later on: The Insider – outsider approach and learning effects.

Insider – outsider approach

The insider – outsider approach (Lindbeck et Snower 2001) provides a rationale for the persistence of unemployment. Even in periods of low economic activity, the employment (insiders) try to increase wages without considering the situation of the unemployed (outsiders). The aim of the insiders is to obtain wages that are as high as possible, but not as high that the outsiders can offer their work under more favourable conditions. In fact, the premium that can be exploited by insiders is limited by the costs of job turnovers (hiring, firing and search costs), investment in human capital, and costs of training on the job, among other factors. As a result of the premium received by the insiders, lower levels of production and employment are optimal for firms, compared with the competitive environment. As a consequence, the workers remain employed, but the unemployed only have a low probability of finding work again. Unemployment is going to persist over time, once a job is lost. The actual power of insiders is closely linked to the institutional framework. In particular, generous systems of unemployment benefits will relieve the insiders' position.

This approach is depicted empirically in the results of labour market studies – such as EU Commission 2003, Goubert et Omev 1996, Baddeley et al. 2000.

Learning Effects

Another important approach in the long run may be seen in the learning curves of labour markets. In traditional economics (e.g. Mansfield 1994) learning curves are depicted the decrease in average costs with an increase in cumulative output. The reason is to be seen in the fact that by increasing the output of a commodity the effect of learning on-the-job will increase as well. These effects have to be thoroughly distinguished from the effects of economies of scale, which do show the same result (i.e. an decrease of average cost with an increase in cumulative output). Still the concept of the learning curve has played an important role in decision making in both government and industry. The impetus to sell innovative products with a relatively steep learning curve (e.g. in the IT sector) at less than the average costs results in an increase of sales and thus an increase in cumulative output, which then triggers fast learning on-the-job.

In a wider interpretative framework these models bridge labour market theories with the concepts of lifelong learning. In accordance with this approach active labour market measures – like training and human capacity building have been developed and are to be seen as some of the most successful and effective ones when tackling long term unemployment (see also some of the empirical correlations between these instruments and unemployment mentioned above and stemming from EU Commission 2005).

What could be the territorial implications for all these theoretical concepts? It is to be pointed out that there is no European study on the territorial aspects of all this complex set of theoretical approaches. Still there exists a vast body of literature depicting national conditions and analysing regional aspects of labour markets (see e.g. Suedekum et al. 2006:, Hyclak et Johnes 1989 & 1992, Bentolila et Jimeno 1995, Kugler et Pica 2006). The following list provides an

overview of territorial issues, which could be deduced from the theoretical concepts described above:

- The role of regional/ national labour market distortions and their effects on economic growth and unemployment
- The role of individual preferences – with respect to mobility and wage levels and the regional effects on the distribution of labour. → restrictive factors (correlations) to labour markets with housing, education, social harmonisation (pension schemes)
- The cause-effect relations (inter-relatedness) between education, housing and other social issues on the labour market (levels of education, type of housing → commuting)
- The regional/ national dependency of employment of elder/ women/ youth on regional policy causes (taxes, subsidies)
- The connection between regional labour markets and regional/ national policies targeting at increasing the labour market demand
- The cause-effect relations between regional labour markets and the individual demand of specific housing patterns → e.g. “one-family house with garden” → see e.g. results of Schuh et al. (2002).
- The dependency of labour markets on different regional settings (e.g. cities as poles for employment)

3.3.2 Income disparities

The topic of income disparities certainly is a special issue related in many ways to labour markets but also to other social policy aspects → e.g. pension schemes, unemployment insurance, other social transfers (see chapter 2). Moreover income disparities – or to put it in a neutral way the differences in household income within a specified economy – are a political issue in a bizarre way:

- On the one hand social cohesion in the sense of equal welfare distribution is a high political goal → see ESDP and discussion on territorial cohesion.
- On the other hand disparities within economies as well as among countries and regions increase and pose the question of the efficiency of measures which aim at equal welfare distribution (see e.g. the discussion about the support of the growth poles in Europe vs. the support of regions lagging behind).

Welfare is in economic theory and in a policy context commonly measured and visualized by GDP/ capita → i.e. in general economic theory a trichotomy of definitions exist:

1. measure for the economic output per capita
2. measure for economic welfare (i.e. the possible consumption of the produced and imported output)
3. measure for the distribution of the produced output among the productive factors (i.e. labour and capital)

Facing the three definitions the question remains → what does income distribution really mean? All three ways of measurement have their justification and implications:

While the first two definitions cover the two sides of the market – i.e. supply (in the sense of output) and demand (in the sense of consumption), the third definition looks at the distribution side of the economy. It depicts possible relative changes of capital / labour income at the expense of labour / capital income – thus representing on the one hand a measure for social justice and on the other hand providing a picture of the structural future possibilities of an economy.

ESPON project 3.4.2 has provided some first attempts to depict household incomes within the ESPON space using Eurostat data and an experimental indicator approach to calculate entire flows of money towards regions (Behrens 2003). Using this dataset a first mapping of Europe on the basis of this calculations has been produced. The results have been summarised as follows:

“The geography exposed by these maps shows that in terms of regional wealth (as estimated by this indicator), disparities are not as strong as in terms of regional production. ... Mostly two main levels of this redistribution could be identified. First of all one can observe that most capital regions lose in favour of their surroundings. This obviously is partly due to commuting effects, but also to the fact that metropolitan areas concentrate most of production ... and wealth creation, which is then redistributed to other regions. But also clearly visible is the redistribution at a higher level between macro-regions within countries, such as from (South-)West to East Germany and from North to South Italy.”

Although these findings are first encouraging starting points ESPON 3.4.2 results do also show that the issue of income distribution within Europe is far from completely covered. On the one hand – even for this experimental approach to grab income disparities on NUTS 2 scale between regions not all the data for the ESPON space is available. On the other hand this way of defining “income distribution” only shows one facet of the issue. Income distribution between population groups and income distributions between income groups (as defined above) are not covered at all.

But exactly these aspects are to be seen as the ones endangering the social cohesion in Europe – and thus in due course endangering the stability of the EU. The income gap in Europe – as depicted by income inequality within the workforce – has been constantly rising throughout the last decades. Although its extent is far from being as alarming as in the US, the consequences and dangers are the same.

Empirical evidence (see e.g. Galbraith 1998, Osberg 1991, Hills 1996, Niggle 1996) in Europe and the US points out that the causes of rising inequality are mainly macroeconomic. Although tied up with technology they are not driven by movements of technology. Rather, the movement of wage inequality through time can be explained almost entirely by a small number of causes, to which different industrial groups and social institutions respond in different ways. Of these, unemployment is the most important. Inflation, growth, the exchange

rates, and the minimum wage play lesser but significant roles, as do the policy forces, like the interest rate, that influence the movement of these variables.

The political and territorial implications derived from these findings are based upon the question – are interventions and developments in the macroeconomic conditions raising all boats equally, or are just the yachts profiting? There has very little inquiry in these questions so far as macroeconomic phenomena (like unemployment and inflation) have been regarded as external factors to the distribution of incomes, which are merely based upon the market. Each worker should get paid just exactly the value of his marginal product. The market, in a balancing act between consumer preferences and technological possibilities, determines what that value is. Aggregate unemployment, or inflation, or the rate of growth should make no practical, systematic difference to anyone's pay, and certainly not to the pay scale, to the distance separating the top from the bottom. So how are these macroeconomic factors influence inequality? (see Fortin et al. 1996)

- The *rate of unemployment* affects inequality in the way that the position of low-wage workers (as relatively weaker organised and to be found in competitive industries) is more endangered as the one of the high-wage segment (as relatively better organised and sometimes even protected by monopolistic markets). Thus the wedge between those two groups will increase. Another aspect is that better educated are "out-pricing the less skilled workforce" in times of low employment levels and high pressure on the labour markets in general.
- The *rate of consumer price inflation* increases inequality in the sense that some – better protected and unionized workers – have cost-of-living adjustment clauses in their contracts, which will raise their real wages with the raise of the consumer prices. Less protected and organised workers do not profit from such clauses – thus over times of inflation the gap between those groups opens up.
- *Rate of economic growth*: it seems to be doubtful that economic growth will increase inequality as it might be superficially expected that a high rate of growth reduces inequality, while a low rate of growth increases it. But the actual pattern of effect may depend on the relative wages of those sectors of the economy most highly affected by the swings in the growth rate. If high rates of growth boost employment in the highest-wage sectors, such as construction, the rate of growth could have a positive relationship to inequality, even though the lower unemployment that growth produces eventually brings inequality down.
- *Real exchange rates*: like in the case of economic growth a change in the exchange rates of a currency will affect different sectors within the economy. Workers in export-intensive industries may suffer intense pressure on their wages if a currency rises. Generally a rise in the exchange rate hurts low-income workers more than it hurts workers at the top of the wage structure – as mass production becomes less competitive and as these are typically the sectors of low-income work force the gap within the workforce will open up.

- *Real short term interest rates*: High interest rates – like high exchange rates, hurt competitive industries more than monopolistic ones, for the fairly simple reason that competitive industries can not finance themselves easily with long-term bond debt. They are hence more vulnerable to interest rate fluctuations, and we should expect a rising real interest burden to tend to increase inequality in the wage structure.
- *Minimum wage*: The minimum wage is particularly important to women workers, and when the value of minimum wage was high, inequality among women workers, as well as between women and men, was lower than it later became.

In order to depict these theoretical assumptions on the inter-relations between macroeconomic factors and inequality on a territorial basis a good set of household data would be required. Moreover panel data on manufacturers would be needed in order to gather more elaborated information on the wage classes.

The major flaw in measuring this phenomenon is the lack of reliable data on the regional as well as on the national level. The main reasons may be the following:

- EU statistical reporting culture of “disguising” household incomes (due to income taxation) vs. the US culture of transparency of incomes and thus disparities among the population – see e.g. the US Current Population Survey or the Annual Survey of Manufacturers.
- Lack of panel data collection due to high cost and then difficulty to aggregate on the European level → problem of adjusting incomes to purchasing power (if done only on the national level → see Big Mac Index, Billy Index)
- Second best approaches → following the empirical observation of a positive correlation between social disparities (due to income disparities in combination with cuts in public social services) and the growth of civil society movements/ neighbourhood support → see e.g. Douthwaite 1998

All these approaches deduced from literature will have to be combined in the geographical context in order to arrive at operational typologies of employment and access to the labour market.

3.4 Territorial patterns of employment and income distribution

Following our introductory statements on the relevance of the regional focus of observation this final section will provide an overview of regional observatory data in the context of employment and labour markets.

By including the findings of the previous two chapters (policy and literature review) some recommendations on the following aspects shall be given as well:

- additional indicators for capturing the systemic approach of employment policies
- suggestions for thematic maps which will deliver a more comprehensive picture of employment and income disparities on the regional level within the ESPON space

In a first step we tried to mirror existing indicators sets which were created to picture the employment policy situation in Europe with results from ESPON projects where employment aspects were covered.

The European Commission's 2006 Annual Progress Report on Growth and Jobs includes a detailed assessment of each national programme. For each EU Member State, 14 structural indicators are presented:

GDP per capita in PPS	Gross Domestic Product (GDP) in Purchasing Power Standards (PPS) (EU-25 = 100)
Labour productivity per person employed	GDP in Purchasing Power Standards (PPS) per person employed relative to EU-25 (EU-25 = 100)
Employment rate	Employed persons aged 15-64 as a share of the total population of the same age group
Employment rate of older workers	Employed persons aged 55-64 as a share of the total population of the same age group
Gross domestic expenditure on R&D (GERD)	Gross domestic expenditure on R&D as a percentage of GDP
Youth education attainment level	Percentage of the population aged 20 to 24 having completed at least upper secondary education
Comparative price levels	Comparative price levels of final consumption by private households including indirect taxes (EU-25 = 100)
Business investment	Gross fixed capital formation by the private sector as a percentage of GDP
At-risk-of-poverty rate after social transfers	Share of persons with a disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median disposable income
Dispersion of regional employment rates	Coefficient of variation of employment rates across regions (NUTS 2 level) within countries
Long-term unemployment rate	Long-term unemployed (12 months and more) as a percentage of the total active population
Total greenhouse gas emissions	Index of greenhouse gas emissions and targets according to Kyoto Protocol / EU Council Decision for 2008-2012 (Actual base year = 100).
Energy intensity of the economy	Gross inland consumption of energy divided by GDP (at constant prices, 1995=100), measured in kgoe (kilogram of oil equivalent) per 1000 Euro
Volume of freight transport relative to GDP	Index of inland freight transport volume relative to GDP, measured in tonne-km / GDP (at constant prices, 1995=100)

The Employment Committee lists the following indicators to be used in the JER to monitor the employment guidelines:

1. Unemployment rate
2. Employment rate
3. Transitions by pay level
4. Growth in labour productivity
5. Transitions by employment status
6. Long-term unemployment rate
7. Preventative services
8. New start (a)
9. New start (b)
10. Activation of long-term unemployed
11. Follow-up of participants in active measures
12. Enterprise births
13. Employment growth
14. Survival rate of newly born enterprises
15. Diversity of contractual and working arrangements
16. Transitions by type of contract
17. Trends in accidents at work
18. Trends in occupational diseases
19. Transparency of job vacancies
20. Educational attainment of 22 year olds
21. Participation in education and training
22. Investment in human resources
23. Participation in CVT
24. Activity rate
25. Employment gender gap
27. Unemployment gender gap
28. Gender pay gap
29. Employment impact of parenthood
30. Childcare
31. Early school leavers
32. Unemployment rate gaps for people at a disadvantage
33. Unemployment rate gap between non EU and EU nationals.
34. Working poor
35. Poverty trap
36. Unemployment trap
37. Taxation on low-wage earners
38. Undeclared work
39. Regional disparities – coefficients of variation
40. Regional disparities – Underperforming regions

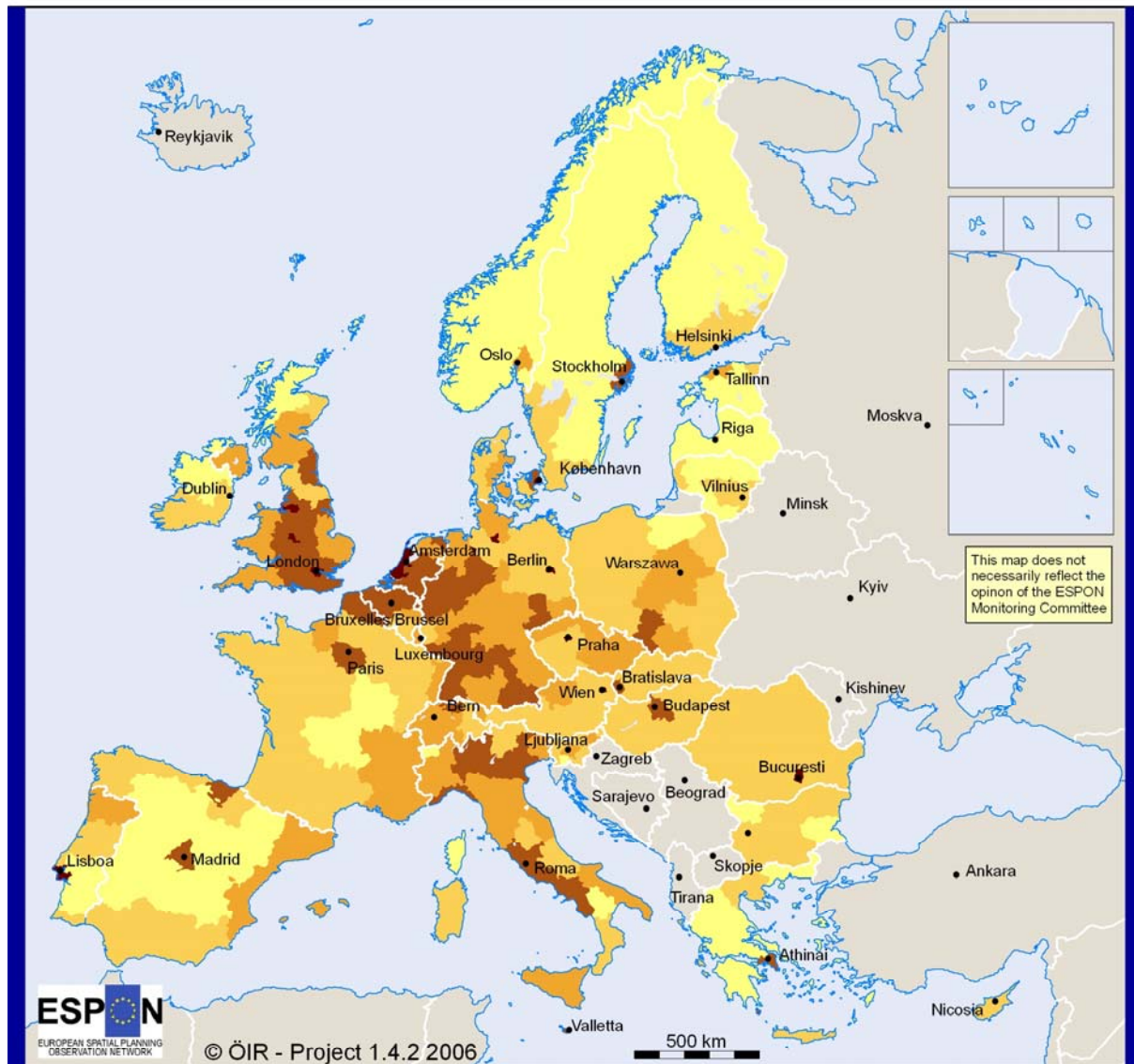
Practically all these indicators are supposed to be collected and available per member state. Still the common problem is to be found in the geographical scale for all these data sets – i.e. the national scale.

Employment density

When trying to produce maps on the regional scale simply depicting labour market issues the limits of data availability become quite clear. Still we tried to provide some first simple descriptive maps of the labour markets from more interesting angles. The following first map shows the labour density all over Europe. This data set is taken from the ESPON 2.4.2 data base of RCE indicators. Labour density may provide first approaches to territorial implications of income distribution in Europe. This concentration and inequalities give lead to different distributions of services and infrastructure. The map offers no big surprise – as these results reflect the general concentration and distribution of economically strong regions in Europe and the representation of the growth poles with the highest concentrations of persons employed per km².

Map 13 Number of persons employed per km² 2003

Employment density



Number of persons employed per km² 2003

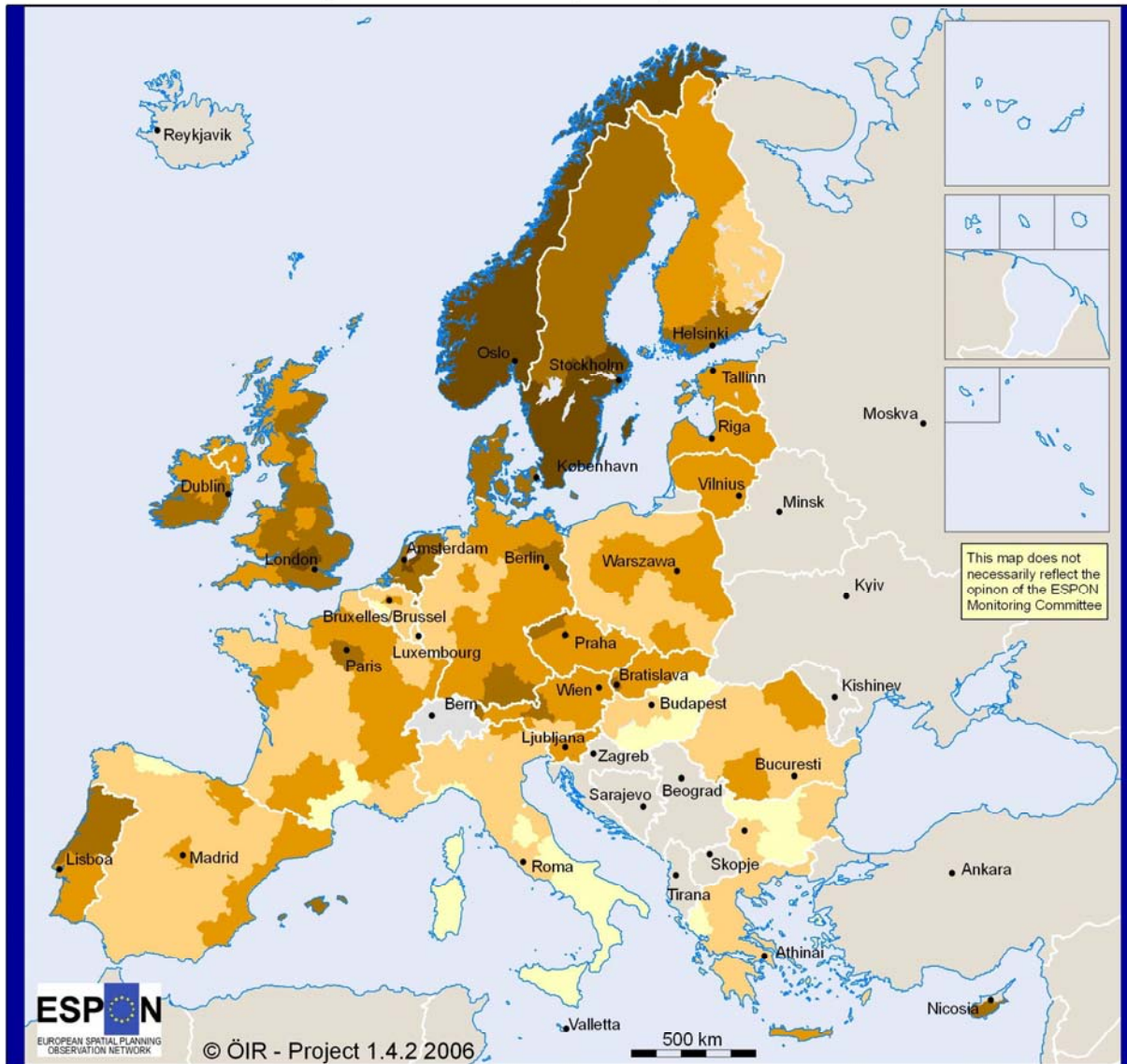
- 1 - 20
- 21 - 50
- 51 - 100
- 101 - 500
- 501 - 4245

Non ESPON space

Source of data: RCE;
EuroGeographics 2001.

Map 14 Economic activity rates 2004 (total)

Economic activity rates 2004 (total)



Economic activity rates (total)

42.0 - 49.3

49.4 - 55.4

55.5 - 60.5

60.6 - 66.6

66.7 - 76.2

no data available

Non ESPON space

Sources of data: Eurostat;
EuroGeographics 2001.

The Economic activity rate represents employed and unemployed persons as a percentage of the population living in private households.
EU25 = 56,6%

Regional level: NUTS-II-Regions

Economic activity rate

In a second attempt (see map 15) we tried to picture economic activity rates of households. The economic activity rate represents employed and unemployed persons as a percentage of the population living in private households. Following this definition this picture does not tell anything about the level of household incomes. Still the indicator may provide some insights in the amount of population participating in the workforce. The dominance of the Scandinavian countries, Holland and parts of the United Kingdom is clearly visible. Southern Europe and the Candidate countries seem to show the lowest activity rates.

An interpretation of this map could be that there is a high positive correlation between well established social policy systems and a high activity rate on the one hand (explaining the Scandinavian situation). On the other hand a more liberal system (like the Anglo-Saxon social policy model) may as well lead to high activity levels due to the high self-responsibility of workers and rather weak social support systems. This interpretation does not provide any normative direction of the advantages or disadvantages of the single systems. Even low activity rates may be interpreted as an advantage as this would mean a relative stronger civil society, which has enough workforce reserves able to cover social services outside the labour market (see e.g. the strong social linkages on the family level in Southern Europe).

As pointed out in the beginning of this chapter the real challenge when dealing with employment and income distribution, is to depict these aspects in combination with other social aspects – such as education and training. Although the interconnectedness of these aspects are quiet clear, the construction of such combinations poses some problems:

The following maps show what is possible for such “cross-cutting” maps. Where we tried to combine specific issues of the labour market with other social aspects such as education:

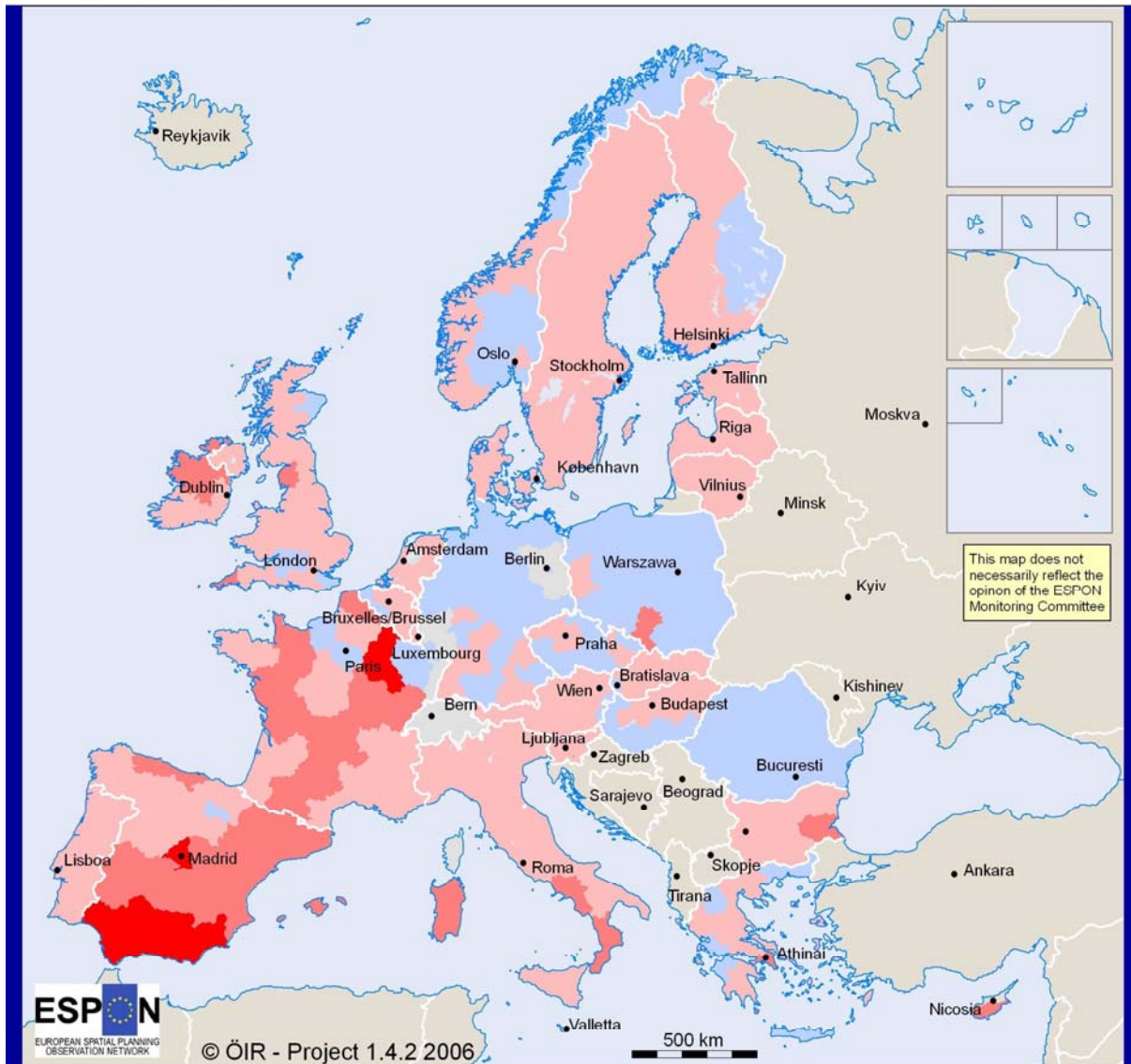
As starting point for our analysis of combinations of employment and education we have a look at the dynamics of employment (defined as change of employed persons over time). In the following this basis should be enlarged by comparing this general trend with the dynamics of employment of specific groups – defined by highest education level.

Change of employment

Map 15 therefore shows the change of employment (expressed as employed persons – i.e. all persons aged 15 and over, who during the reference week worked at least one hour for pay or profit, or were temporarily absent from such work; including also family workers) in Europe on the NUTS II level for the Period 2000-2004. It is interesting to see that for Continental Europe there seem to be a West-East decline in increases of work force. While Spain and parts of France showed the highest increases in employed persons in the reference period, Germany and the New Member States and the Candidate Country Romania had to face a decline in persons employed.

Map 15 Employed persons 2000-2004 by sex total

Employed persons 2000-2004



Employed persons 2000-2004

(change in %)

- -100.0 - 0.0
- 0.1 - 10.0
- 10.1 - 20.0
- 20.1 - 25.7
- no data available

■ Non ESPON space

Sources of data: Eurostat;
EuroGeographics 2001.

Employed persons are all persons aged 15 and over who during the reference week worked at least one hour for pay or profit, or were temporarily absent from such work. Family workers are included.

Regional level: NUTS-II-Regions

Employed persons 2000-2004 by highest level of education

The following map (map 16) adds now the changes of employed persons with tertiary education – thus depicting the correlation between an education level and the access to the labour market. The picture shows quite clearly that majority of regions show a positive development of employment increase. Italy, Ireland and parts of France and Spain show the largest increases. Unlike the situation for all employed persons the New Member States Poland and the Czech Republic have increasing employment levels for persons with tertiary education. This differentiation shows already some correlation between higher education and the possibility of finding a job – even against a general contradicting trend. Only in Eastern Germany and Scandinavia as well as in Romania a decline in employment levels for higher educated workforce could be found. The German situation could easily be interpreted though with a brain drain of highly qualified persons into the Western provinces, where generally the wage levels were higher.

Employed persons 2000-2004 by highest level of education attained – primary education

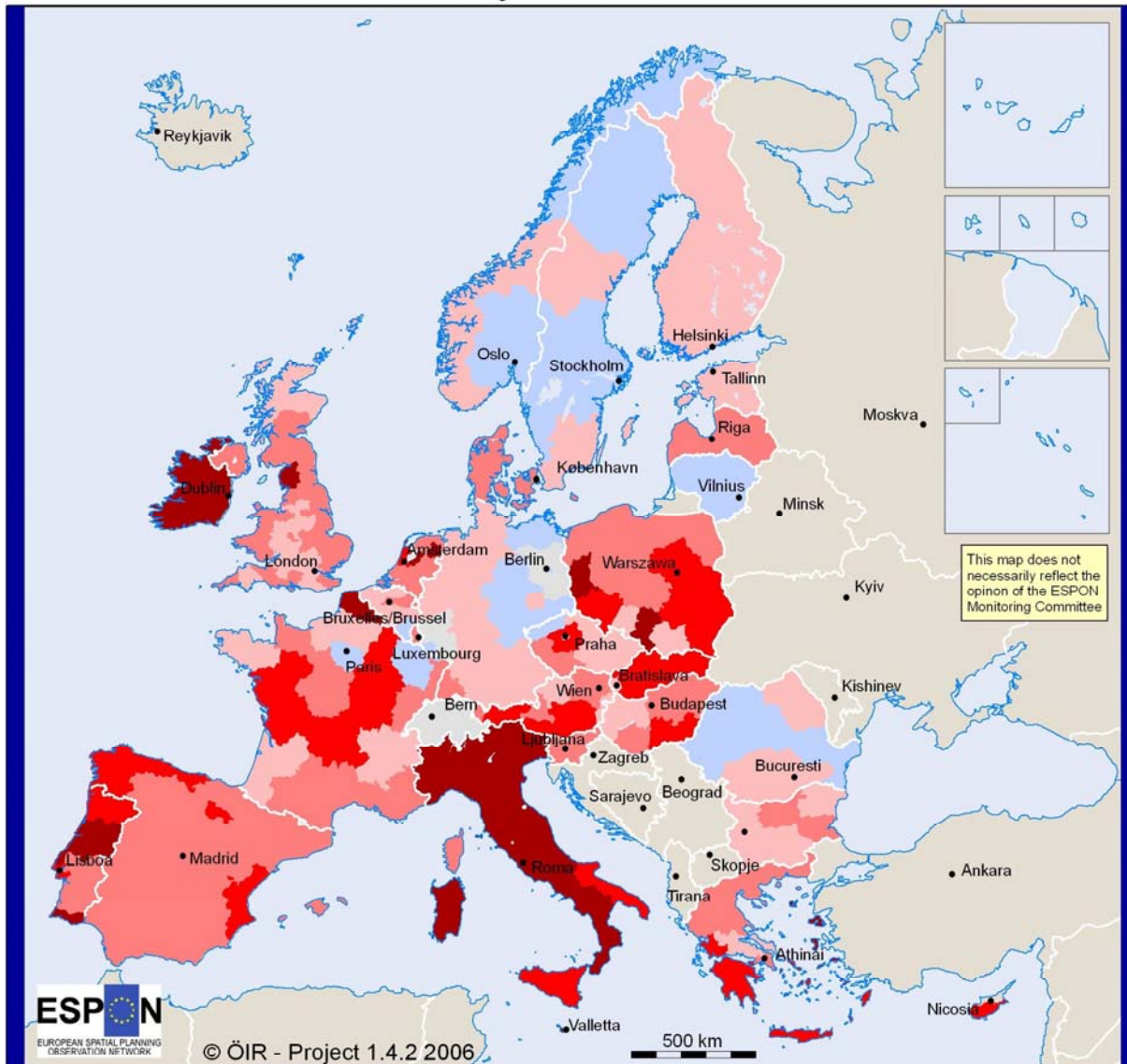
Finally these findings shall be compared with the situation of the lower qualified workforce. Map 17 shows again the changes in employment for the reference period 2000-2004 differentiated this time along the persons with primary education.

It becomes clear that only few regions show a positive development in terms of increase of the workforce of lower educated persons. Only Italy and parts of Spain and France show some increases. The rest of Europe shows rather significant decline in employment.

This picture complements rather well our first two extracts of information on the employment rate changes: apparently the trend of decreasing chances to succeed in the labour market with lower education levels holds true. To some extent the “crowding-out” of the lower skilled workers by higher skilled ones is reflected as well. As pointed out above this would mean – that in times of generally contracting labour markets (see first map above), an out-pricing of less skilled workforce. A simple recommendation – without any further detailed analysis – could be to invest in active labour market policy measures, like training and lifelong learning.

Map 16 Employed persons 2000-2004 by highest level of education attained

Employed Persons 2000-2004 by highest level of education attained- tertiary education



tertiary education 2000-2004

(change in %)

- -35.9 - 0.0
- 0.1 - 15.0
- 15.1 - 30.0
- 30.1 - 45.0
- 45.1 - 139.6

■ no data available

■ Non ESPON space

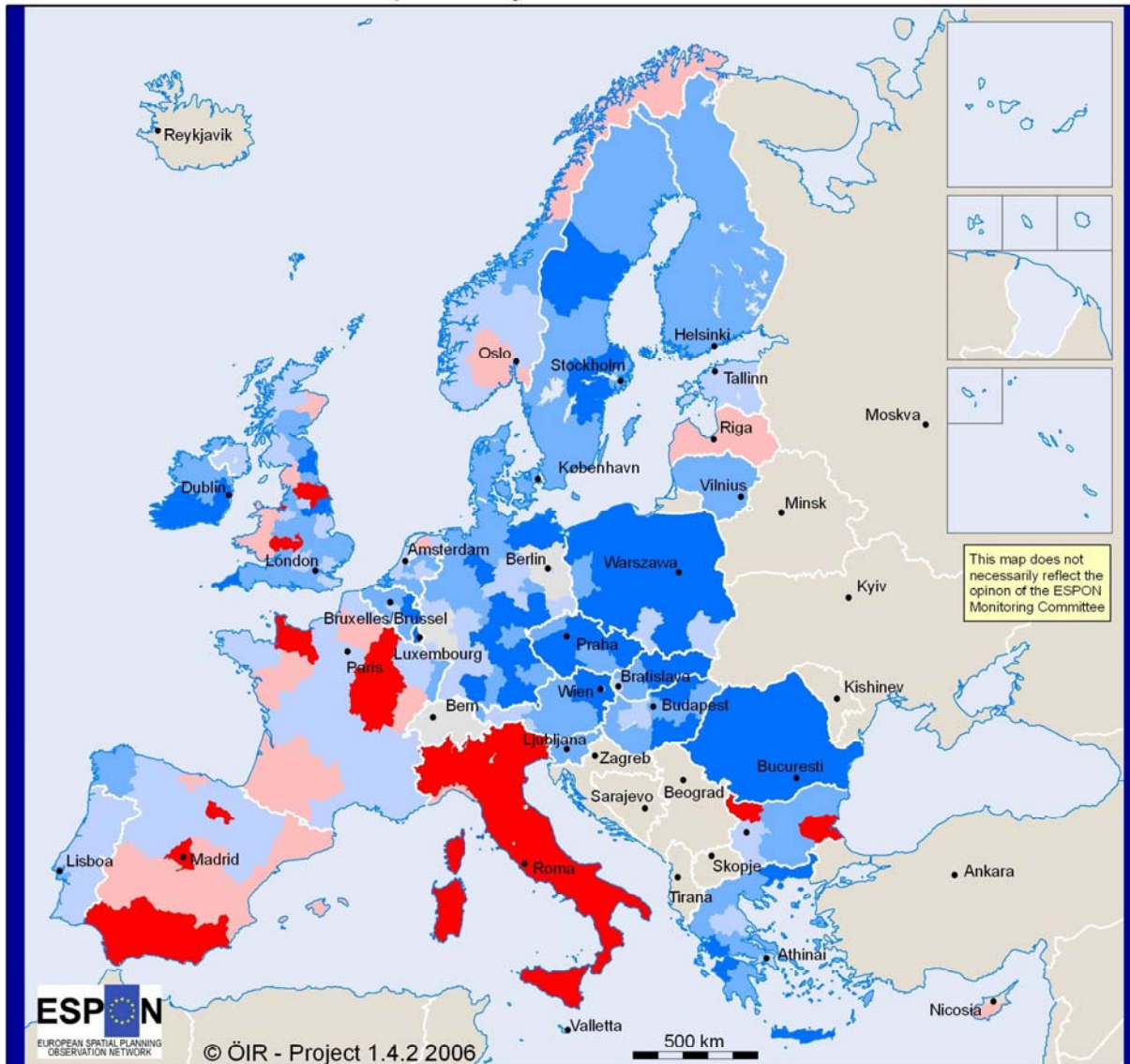
Employed persons with tertiary education - change 2000-2004 in %.

Regional level: NUTS-II-Regions

Sources of data: Eurostat; EuroGeographics 2001.

Map 17 Employed persons 2000-2004 by highest level of education attained – primary education

Employed Persons 2000-2004 by highest level of education attained- primary education



primary education 2000-2004 (change in %)

- -45.0 - -20.0
- -19.9 - -10.0
- -9.9 - 0.0
- 0.1 - 10.0
- 10.1 - 75.2

■ no data available

■ Non ESPON space

Employed persons with primary education -
change 2000-2004 in %.

Regional level: NUTS-II-Regions

Sources of data: Eurostat;
EuroGeographics 2001.

Regional Classification Indicators (RCE)

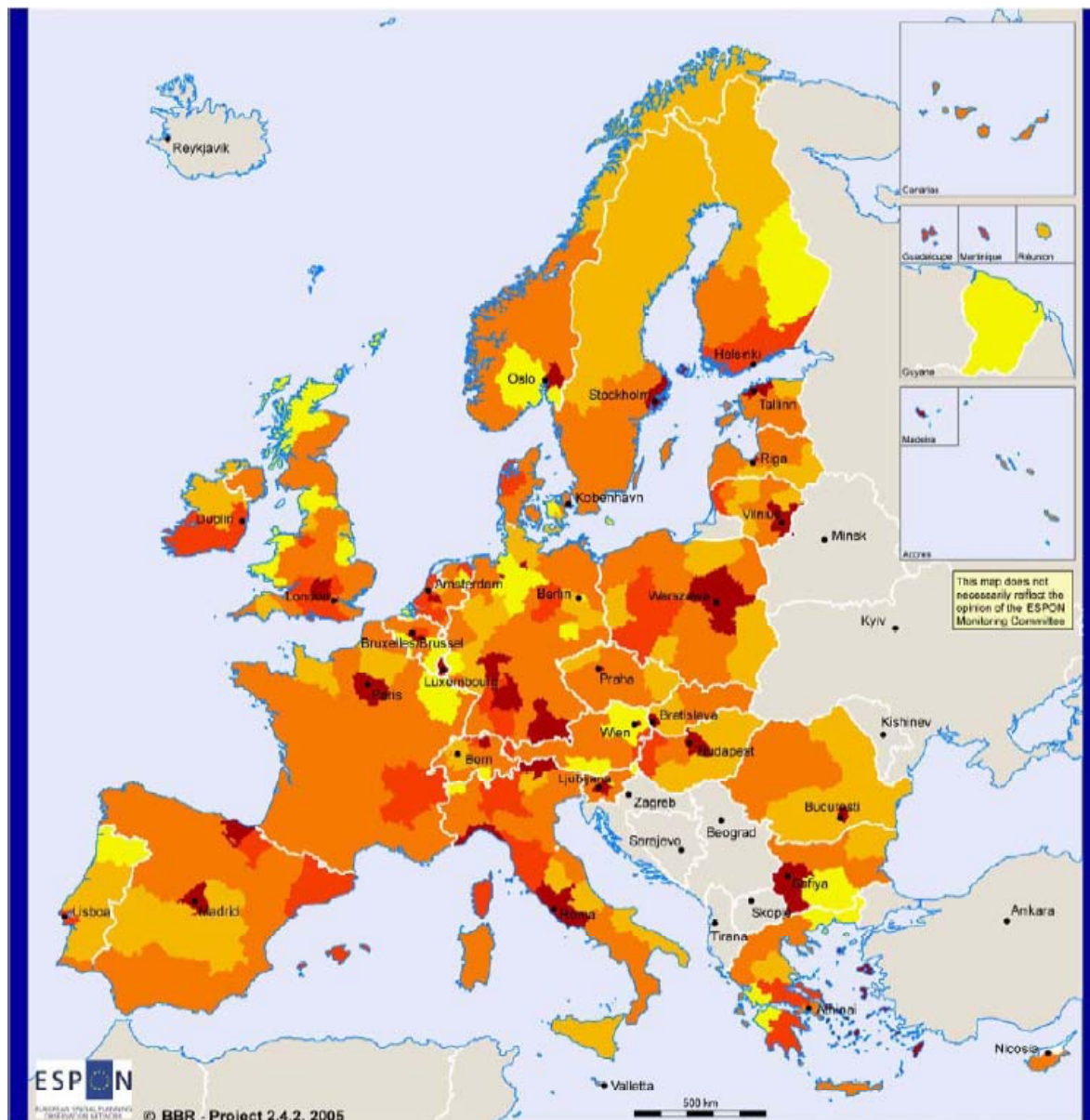
Within ESPON 2.4.2 some other combinations of existing indicators, which might help to shed some light on employment in Europe have been used to group Regional Classification Indicators (RCE). In the following we therefore show some maps using ESPON 2.4.2 RCE indicators, which depict labour market conditions.

As a starting point we refer to the list of indicators sets recommended by the EU Commission to monitor employment in all the Member States as listed above. Only a few of these above mentioned indicators (highlighted by colours – red: economy, green: Lisbon performance, blue: Labour market) are displayed in the maps which show the Thematic Results of Final Regional Classification of Europe (which has been conducted within ESPON 2.4.2).

These maps have been created with the general aim of providing an overall performance picture of European regions. Thus the grid of analysis has of course to be rather widely meshed as in total 30 indicators have been used. Therefore it is rather clear that a single focus on e.g. the aspect of labour markets and employment will never be able to provide a thorough systemic picture:

- The analyses focuses rather static within the framework of RCE – evolution of employment/unemployment developments over time in the economic framework cannot be reflected.
- Policy contexts of employment have not been the aim of the RCE at all thus the above mentioned policy interventions (on the EU, the national and the regional scales) cannot be reflected
- External factors stemming from the socio-economic environment which are directly or indirectly influencing employment conditions (average sizes of enterprises, capital market conditions) have not been included.

Map 18 Economy (2 indicators)



Degree of economic success as an aggregate of 2 indicators:

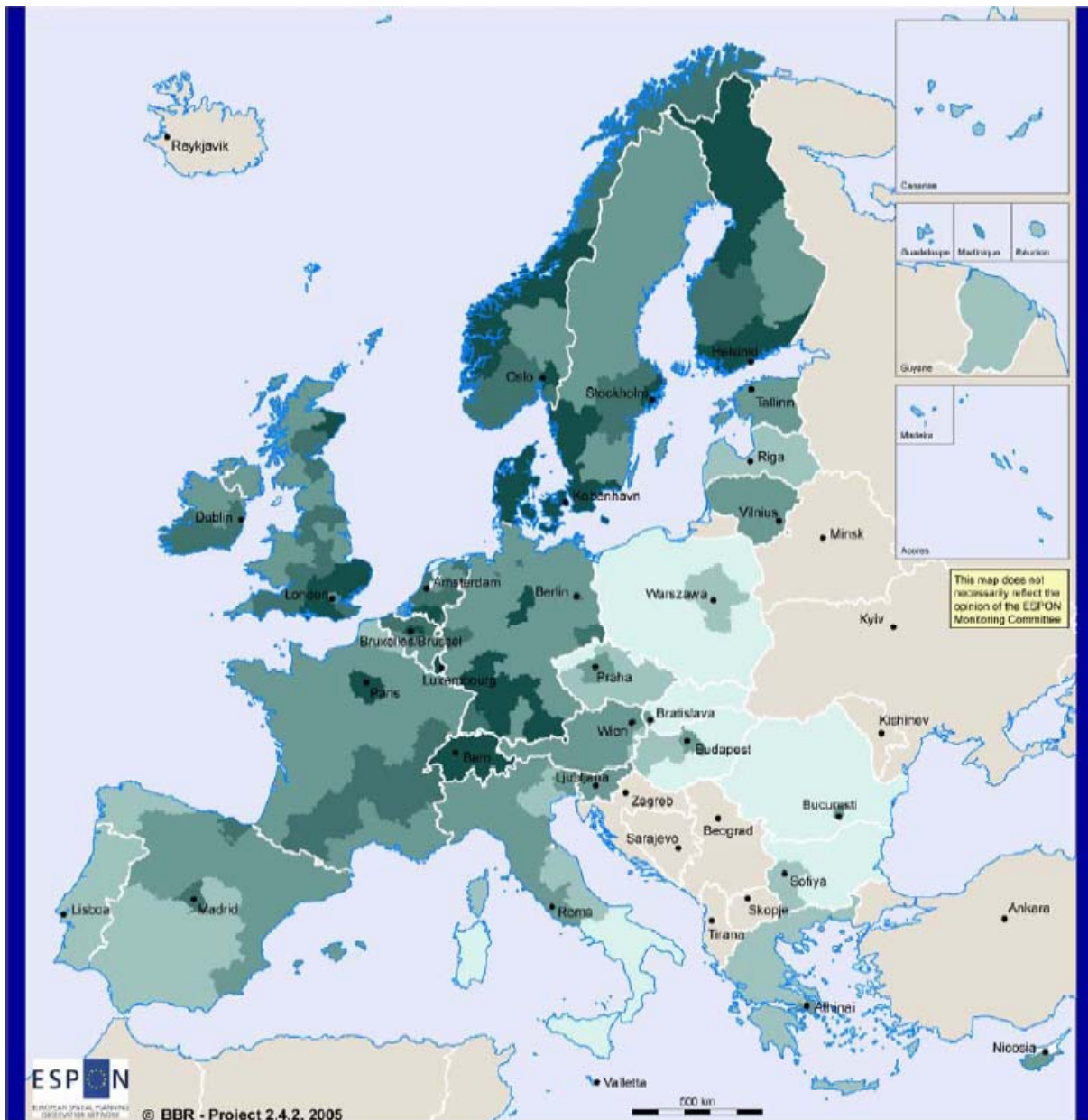
- GDP (GDP per capita in PPS 2002) +
- GDP growth (Growth in GDP per capita in PPS 1995-2002, in %) +

- Below average
- Moderately below average
- Average
- Moderately above average
- Above average

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 Regional level NUTS 2 (DK, EE, LT, LV, MT, SI; NUTS 3)
 Origin of data: ESPON 2.4.2 BBR, own calculations
 Cyprus: data for government controlled areas only
 Source: ESPON database

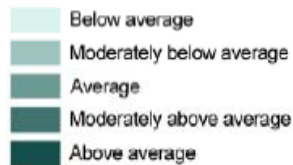
**Standardised based on the national mean values;
 CY, LU and MT based on the European mean value**

Map 19 Lisbon Performance (5 indicators)



Degree of Lisbon performance as an aggregate of 5 indicators:

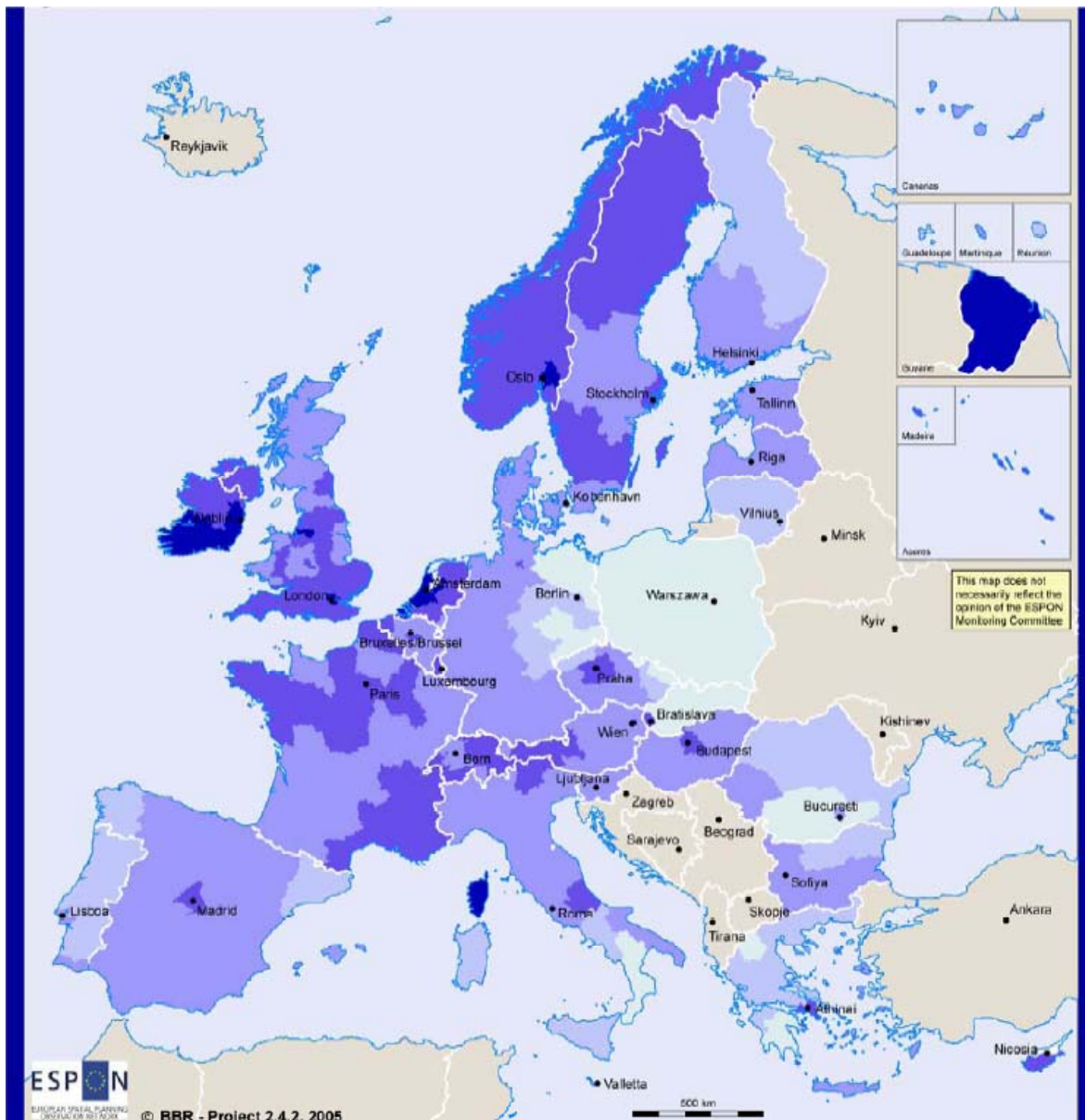
- Productivity (GDP per person employed 2002) +
- Employment rate (Employed population / population aged 15-64 2003) +
- Expenditure on R&D (Expenditure on R&D / Total GDP 2001) +
- R&D Business Enterprise Sector (Personnel / 1.000 active person 2001) +
- High educated population (Highly educated population / total educated population 2002) +



© EuroGeographics Association for administrative boundaries
 Regional level: NUTS 2
 Origin of data: ESPON 2.4.2 BBR, own calculations
 Cyprus: data for government controlled areas only
Source: ESPON database

Standardised based on the European mean value

Map 20 Labour Market (6 indicators)



Degree of labour market efficiency as an aggregate of 6 indicators:

- Unemployment (Unemployment rate 2003) -
- Development of unemployment (Change of unemployment rate 1999-2003 in pp) -
- Youth unemployment (Unemployed <25 years per 1.000 inh. 15-<25 years 2003) -
- Labour force replacement ratio (Population ages 10-19 / pop. ages 55-64) +
- Employment density (Number of persons employed per km² 2003) +
- Employment in tertiary sector (Share of total employment 2003) +

- Below average
- Moderately below average
- Average
- Moderately above average
- Above average

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 Regional level: NUTS 2
 Origin of data: ESPON 1.1.4 ITPS,
 ESPON 2.4.2 BBR, own calculations
 Cyprus: data for government controlled areas only

Source: ESPON database

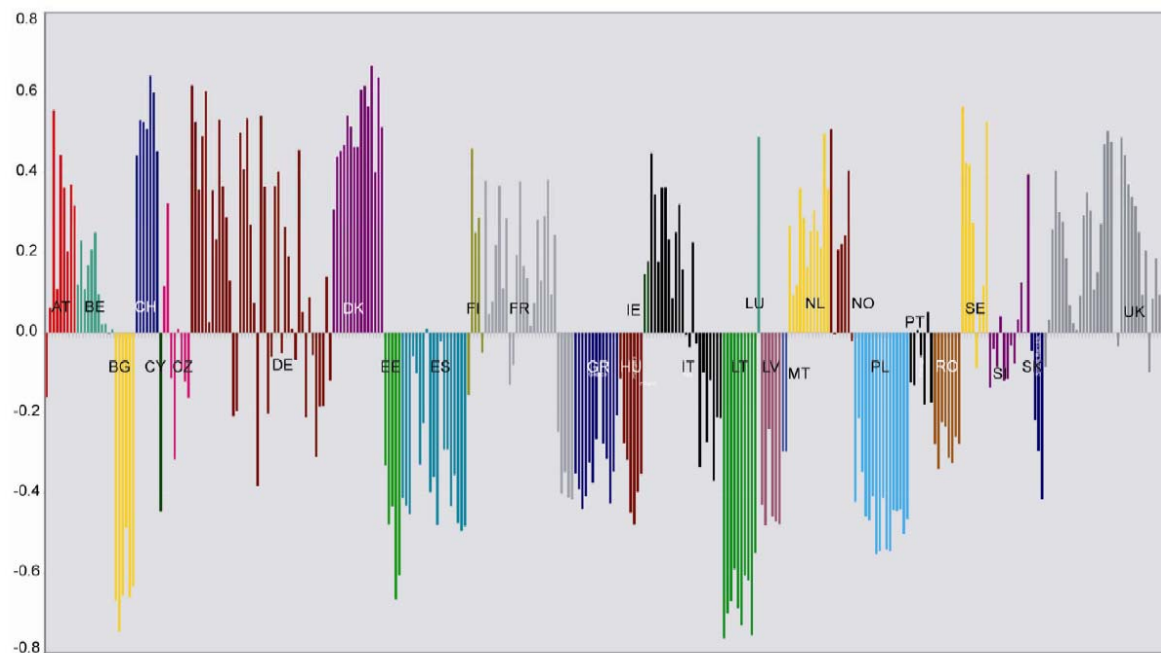
Standardised based on the European mean value

Thematic indicator sets

Apart from that the translation of quantitative regional data into maps always poses the general problem of losing information on the way, simply by the need for an aggregation of data within the geographical context. Therefore ESPON 2.4.2 suggested an alternative approach by conducting a ranking of all European regions (NUTS 2/3 level) over the specific thematic indicator sets.

This means the indicators could also be displayed as dominance relations between all NUTS2- or NUTS3 regions as a result of a Multi-Criteria Analysis. Consequently these results show more details for analysis.

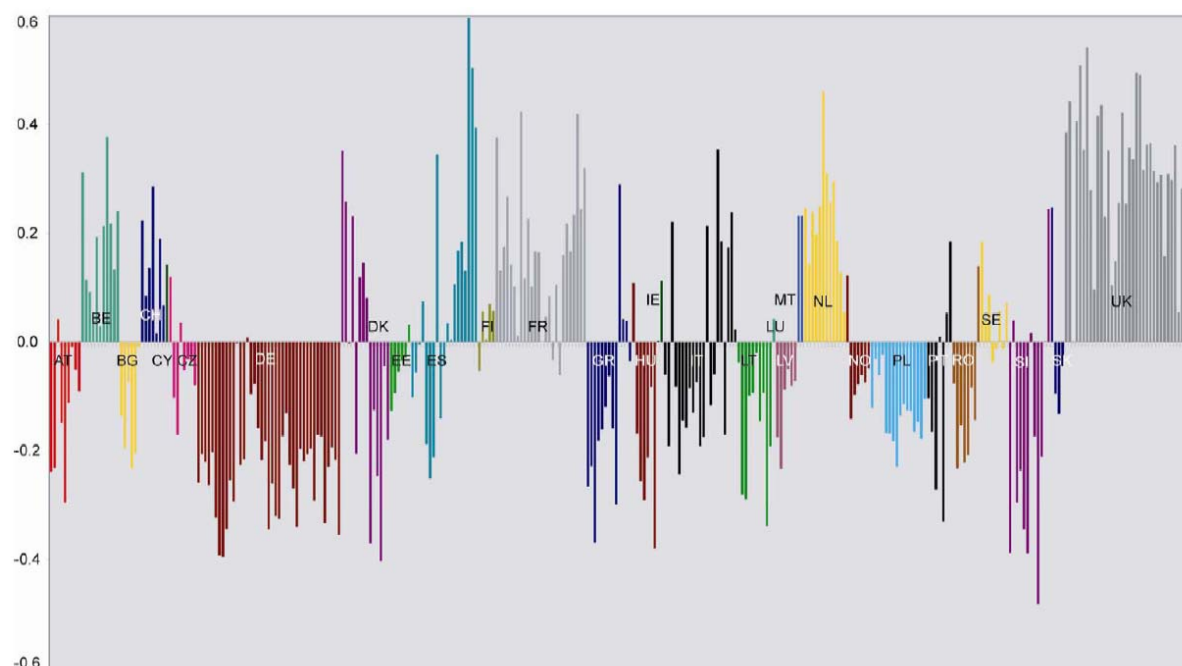
Figure 21 Lisbon Performance (5 indicators):



The MCA shows, for the most part, similar results for the different regions of a nation state. Countries showing heterogeneous performance among their regions are – as in the case of the overall analysis – Germany, France and Italy, the New Member states Czech Republic, Slovenia, Slovakia and the Scandinavian states. For the latter ones, there is mainly a North South divide. Such a distinction exists also in Italy and Germany, although Germany additionally shows a West East divide.

The three aforementioned New Member States show very strong regions around the capital and very weak regions at the periphery. In general, these states are strong, in contrast to other New Member States like the Baltic countries, Poland and Hungary, the Candidate States and even Greece. In the MCA, the Baltic states show low values, especially the regions of Latvia. This is not identical with the visualisation of the RCE. On the other hand, the visualisation substantiates the fact of the capital periphery divide, especially in the New Member States. Switzerland, Denmark, the Netherlands, Luxembourg and parts of the Scandinavian states, France and Germany are strongly performing territories which proves the idea of the main Lisbon zones.

Figure 22 Labour Market (6 indicators):



The analysis of these criteria give a more heterogeneous appearance within the states. The United Kingdom shows top results and is inside well balanced. The visualisation of the RCE does not substantiate this fact, neither can the top values for Ireland be comprehended. There are also Spanish regions which show top results (islands), but the regions within Spain differ substantially. Belgium, Switzerland, France, Ireland and the Netherlands show a good and balanced performance while Denmark and Italy show several good regions. Germany has in general a very low performance, there are also several weak Austrian, Danish, Greek, Hungarian, Lithuanian, Romanian and Slovenian regions. The map of the RCE shows only Greek and Romanian regions below average.

Although these first monitoring pictures of the employment situation in Europe provide some good first impressions, an in depth analysis following the impact observation of employment policies on the one hand and the more systemic literature driven spatial analysis on the other hand, will require additional layers of information on the regional level.

The monitoring indicators suggested within the EU employment policy framework mentioned above provide a good framework for such additional information, still it only covers the policy impact measurement. Therefore regional economic policy studies (see ÖIR 2005) suggest a wider set of indicators in order to capture the systemic embedding of labour markets in the regional context. The suggested indicator set not only concentrates on employment specific data, but tries to capture the “background noise” of regional socio-economic conditions directly or indirectly determining regional employment situations.

All the suggested indicators are to be found in the EUROSTAT database.

Table 13 Set of suggested regional monitoring indicators

Name of Indicator	Short description
Innovation on the company scale	Turnover (expressed in % of total turnover of the sector) of the company by selling product innovations
Development of patents in high-tech sectors	Change of amount of patents in high-tech sectors according to the definition of the EPA (European Patent Agency)
Development of patents in all sectors	Change of amount of patents in all sectors according to the definition of the EPA (European Patent Agency)
R&D ratio on company level	Proportion of R&D expenditures of private companies in the GRP
R&D ratio public sector	Proportion of R&D expenditures of the public sector in the GRP
Patents (in total)	Average registration of patents per year, regionally attributed according to the „inventor's place of residence“ principle
Patents (in high-tech sectors)	Average registration of patents per year in the high-tech sector, regionally attributed according to the „inventor's place of residence“ principle
Ratio of tertiary graduates	Percentage of tertiary graduates to the population at the typical age of graduation
Ratio of qualification on secondary and tertiary level	Change of the ratio of qualification (i.e. graduates from the secondary/tertiary level by total population)
Ratio of enterprise founding	Ratio of enterprises found within a year and total active enterprises in the region
Ratio of entrepreneurs	Proportion of entrepreneurs in the total amount of the work force, for 1 year + over time
Unemployment rate per year	Unemployment rate for specific years + development overtime
Employment rate/Activity rate	Employment rate/Activity rate for specific years + development over time
GRP ratio	ratio of the GRP and the number of regional inhabitants; for 1 year + over time
ratio of female workers	Proportion of employed women in the total amount of regional employees; for 1 year + over time
ratio of service industries	Total knowledge-intensive services: NACE Rev. 1.1 codes 61, 62, 64 to 67, 70 to 74, 80, 85 and 92 in the total amount of employees of the tertiary sector; for 1 year + over time
GINI coefficient of household incomes	Extent of household-income disparities within one region – percentage of divergence between a Lorenz curve and an absolute equal distribution horizontal curve
ratio of service industries in the high-tech sector	Total knowledge-intensive high-technology services: NACE Rev. 1.1 codes 64, 72, 73 in the total amount of employees of the tertiary sector; for 1 year + over time

3.5 Conclusions and Recommendations

In the beginning of this chapter we pointed out that the social aspect of employment and income distribution can be depicted in two way – linking it to the territorial setting:

- The positive, descriptive picture of employment and income situations and their spatial distribution. These pictures could then easily differentiated by specific demographic groups (e.g. women, youth) or groups with specific attributes in relation with employment (e.g. different types of unemployment).
- The picturing and analysis of the causes and determining factors that bring along these situations. These pictures will have to be oriented upon the theoretical background of employment and income distribution. We have highlighted some of these models and the determining factors attached to them.

In the end it is not so much the first approach, which causes problems but the second one. The multitude of approaches and different scale of focus they are aiming at bring along the problem of depicting them in a single territorial setting. Still if sound policy recommendations shall be provided, it will be exactly this part of the analysis which could offer the most benefit.

Indicators

Following the distinction used before, in principle there is a large number of indicators available for monitoring and depicting the situation of employment and (partly) for income distribution. Even more so as politically the monitoring of labour market situations has been conducted for some time. Still the existing data sets on positive descriptive side show the following specifics:

- Only fundamental issues are to be found for the entire ESPON space on a NUTS 2 / 3 level (e.g. unemployment rates for specific years, activity rates, recent development of unemployment rates)
- The time series are restricted in many cases due to different national definitions for specific issues (e.g. the definition of unemployment in Austria before their joining of the EU)

Still, generally the monitoring indicators of the European Commission provides a good coverage of aspects for describing the employment situation in Europe – if they would be broken down on the NUTS 2 / 3 scale

As for those indicators covering the causes and determinants of the employment situation (in terms of market interventions or macroeconomic conditions), the situation is far worse. The data situation in this field shows the following flaws:

- Either these data sets are just testing only specific aspects (correlations) of employment and the labour market

- Or they are covering only national situations (and in many cases not even the entire ESPON space)
- Or they are focusing on the regional scale and not offering cross-regional comparisons

The reason for this might on the one hand be found in the simple fact that the heterogeneity of (sometimes contradicting) theoretical approaches of labour market theory causes a multitude of empirical approaches – each calling for a different territorial setting. Another reason might be that labour market policy after all is much more a national issue than other policy fields.

Consequently there is the need for more panel data on a European scale with a regional break down (NUTS II/ III) on the household level as well as on business level. As these data sets would be needed for most of the empirical testing of the models described in this report.

Typologies

Territorial typologies for employment issues are to be found on the national scale and are mainly oriented along the social and labour market administration:

Scandinavian Model: The Nordic countries base their social systems on high social transfers. The unemployment benefits are comparably high, but also the pressure on the persons unemployed to actively search for a new job. Women receive a relative high support – in terms of child care facilities and active gender policy – resulting in a higher activity rate of women in the work force. Unions show a strong position in the wage-setting process. The income inequality is therefore rather low.
Countries: Finland, Sweden, Norway, Denmark, Netherlands

Continental Model: In countries like Germany, France but also Austria and Belgium the social benefits and transfer payments are widely distributed and are dominantly financed by wage taxes. The protection for unemployed persons is rather high. Due to the demographic shift the financing of the pension schemes becomes increasingly problematic. The labour unions play an important role. The labour protection legislation is more restrictive than in the Anglo-Saxon and Mediterranean model.
Countries: France, Belgium, Germany, Austria, Italy

Mediterranean model: The Mediterranean countries concentrate their social transfers to support the elderly population the most. At the same time the families still play an important role as social security net. Consequently the public spending for social security measures is comparably lower than in Middle Europe. The labour union influence is also high. The labour market is characterized by a low female activity rate.
Countries: Portugal, Spain, Greece

Anglo-Saxon model: Great Britain and Ireland put significant emphasis on the self-responsibility of their citizens. There are hardly interventions into the labour markets, the labour unions have lost their power and wage negotiations mostly will be conducted on the business level. The public spending for social transfers is relatively lower than in the other models, but also mostly better targeted. Unemployment is comparably low, the wage inequality is relatively high on the other hand. The proportion of low wage job on total jobs is rather high.
Countries: Great Britain, Ireland

As could easily be seen this typology is far from complete and embraces not all of the aspects discussed above. Still it might work out as starting point to be elaborated and fine-tuned to match all ESPON countries and also the regional level.

Policies

Policies in the field of employment are somehow handicapped like Cyclops only seeing reality through one eye. In general policy interventions are somehow struggling with the often contradicting and multi-scale models which are designed to support decision in the field. As pointed out above the simple observations of conditions may not be sufficient to guide and steer employment. Especially the policy on the regional level (e.g. provinces) is characterised by low "originality". In other words the analysis into the causes and determinants of employment and income distribution would be absolutely worthwhile as right now practically all European regions are following the same policy path, which lead quite logically to only a small number of winners and a majority of losers. This means that on the basis of more thorough analysis of causes and determinants of labour markets (and labour market distortions) tailor made strategies, which focus on the specific conditions (territorial, social and institutional framework) in the region (the country).

If policy wants to learn more about the causes of unemployment and how they are linked to territorial settings, it will be necessary to return also to some centralised data collection of panel data on households and enterprise level, which will be necessary for this analysis. Thus the harmonisation of definitions and significant time series will be ensured.

Key Research Questions

The key research questions that emerge from the analysis within ESPON 1.4.2 as related to the linkages between employment and the social sector, housing developments, etc.. are the following:

- Employment issues revisited – spatially, employment mobility + income distribution, lifelong learning
- Regional social policy in the ESPON space – impact measurements + consequences
- Theoretical basis of interrelationships between employment, social trends and territorial development
- Territorial impacts of employment.

4 HOUSING AND TERRITORIAL DEVELOPMENT

4.1 Background

The pressure on housing systems and land markets has been emerging due to demographic changes, changes in household structures, economic changes, and changes in welfare systems. The housing policies and housing markets in Member States have gone through radical changes in the last decades partly to react to these processes. On the one hand, a gradual integration process can be detected in housing policies and housing markets in EU countries, like the integration of the financial markets, increasing dominance of the homeownership and a general shift from the supply side subsidies towards the demand side subsidies. On the other hand, the regional and territorial processes result in increasing disparities in housing (both housing quality and affordability) at inter-regional and intra-regional levels. The risks of increasing regional and intra-regional disparities in terms of access to housing and level of housing services could be a challenging issue for the EU cohesion policy.

These disparities are of special importance concerning the territorial cohesion of the EU, which is gaining more importance as reflected in the new Community Strategic Guidelines.

The interconnectedness of housing and territorial development raises several questions. The processes that happened during the past decades suggest that there are forces that drive housing investment that can partially be explained by territorial and regional processes.

The aim within the research field "housing and territorial development" of ESPON 1.4.2 is to show those aspects of housing that are closely related to territorial development. Relevant policies and some recent literature is analysed in order to highlight the influential paradigms of the vast recent material on housing. An outlook into the sphere of urban processes is given as especially in Europe, urban regions and their development seem to attract outstanding attention in the recent past and because urban policies have been first to promote the area based policy approach.

Interactions between housing and other sectors of the economy also depend on the level of the given economy's development level. As economic development manifests itself differently in space, putting housing in the context of territorial development is justified. In addition, as pointed out in some policy papers of the EU, housing is seen as a contributing factor to sustainable development (for further details, see section on relevant policies). Nevertheless, it is widely known, that despite several attempts to raise housing policy onto EU level, according to the principle of subsidiarity, it is still delegated to the competence of the Member States. Besides the recent formation of a Housing and Urban Intergroup of the European Parliament, several influential actions of the EU can be traced that do concern housing. As Doling (2005) refers, there have been – if only constrained budget – housing programs initiated by the EU, and reduced VAT for construction and reconstruction of social housing can be applied upon

discretion by the Member States. In addition, European financial institutions offer a variety of loans for financing housing investment.

A new impetus dealing with housing issues and their impact on the European level was given very recently with the so-called Kok Report of 2004 that investigates the options of releasing the potentials for growth and employment as put up by the Lisbon Agenda. Based on the comparison with the US economy's processes, housing finance is included as a major tool for growth as mortgage markets have had contributed to the recovery of the economy in the last years overseas. As Hardt puts it (referred in Doling 2005) *"EU policy makers have come to realise that dynamic housing and mortgage markets can play a substantial role in boosting consumption and improving labour mobility."* This serves as a strong supporting argument for the further integration of financial markets.

Doling stresses that the processes that would emerge from a boosting mortgage market would be manifold though: besides the advantages, there is no evidence that the increase in mortgages would lead to a decrease in housing prices and costs and a growth in home-ownership. The reason he indicates is that the short-term effect would be an increase in housing prices since the supply is constrained but the demand would rise. Thus, existing owners (of housing and land) would directly benefit from rising house prices. He highlights that the long-term effect would be depending on the elasticity of housing supply, which again depends on numerous factors.

The author refers to another issue that emerges besides the rising housing costs: the increase of the groups that might be exposed to risks, as the growing mortgage markets would widen the access of households to high loan-to-equity products that normally are long-term loans. These products might increase the possibility of larger losses that derive from the disadvantageous processes of the financial and housing market.

The dynamics of housing markets and economic systems in the European area, and the related EU-level and national policies constitute a net of interrelated features, which do react sensitively upon changes in the associated sectors. Moreover, the territorial factor plays a crucial role which derives both from the special nature of housing as a commodity and from the recent economic developments in the European area.

4.2 Relevant policies

National, regional and local level housing policies have been struggling to define appropriate tools for the changing demand and dynamic processes in the housing markets and for the problems related to social stratification and disintegration. The European Union recognised the significance of decreasing the differences in access to housing and in the quality of housing between the different regions. Because of the imperfect transmission of economic development to the regional housing markets, the house price disparity and differences in affordability tend to be higher than the differences in economic potential, which makes the process of European unification (free movement of people and capital) more difficult. Despite the fact that housing policy is an important element in addressing

regional differences and promoting social and economic cohesion, EU has tended not to be directly involved in housing policy. However, indirectly, EU sector policies had substantial effects on integrating housing policies.

The Member States have to respond to the challenges related the territorial processes caused by the uneven regional development both at national and European level. The wide disparities in demographic trends (fast increase in developing region and decreasing population in declining regions) are accompanied by the growing house price differences and affordability problems on the one hand and worsening housing quality on the other hand. Intra-regional segregation as a consequence of the economic, demographic and social factors has become an important social issue. The housing policies of Member States have tried to develop different strategies managing the problems of the social segregation. Housing in the new Member States and candidate countries is more critical, as housing has been a neglected area of social policy during the political and economic transition.

Housing policies development has a long tradition in Europe. While municipalities have realised the need of including housing into their development strategies, the nationwide policies have focused on rather different schemes of promoting housing investment and access to housing. The trend of considering housing policy as a tool to foster sustainable development has gained an increasing importance during the past few years.

The review of housing policies focuses on the diversity of the levels where such policies are formulated and stresses the links between housing policy and the wider policy context where it is placed. Thus, policies of European importance, at national, regional, and local level are used to reflect the variety of aspects housing policies take into account. The elements that especially refer to the territorial processes related to housing are highlighted.

4.3 EU level

The European Union does not have a Community level housing policy, but it applies several policies that have a direct or indirect influence on the housing sectors of the Member States.

Presidency proposal (Great Britain) Financial Perspective 2007-2013

The most recent development that has been launched is based on the Presidency proposal (Great Britain) Financial Perspective 2007-2013. As for housing, it aims at broadening the resources of the new Member States and the two applicant countries for financing housing projects from ERDF resources. This aspiration can be considered as a changing attitude towards the role of housing in enhancing regional and social cohesion, which will manifest itself in developing relevant national initiatives. The details of the proposed regulation connected to this potential funding were not available at the time of the preparation of the study; nevertheless, the arrangements suggest that the broadened financial resource should focus investments in social housing and/or housing estates.

URBAN-Housing Intergroup of the European Parliament

With the strengthening role of housing among the aspects that might contribute to social cohesion and growth, also some institutional elements emerged at the European level. The newly established URBAN-Housing Intergroup of the European Parliament has a prominent position in this respect, as it has launched the preparation of the European Charter of Housing. This policy paper raises the possibility of EU-wide housing policy goals and formulates them based on numerous EU documents i.e. the Lisbon Agenda, the Revised Social Charter of the European Council, the Agenda for Social Policy 2006-2010, the General Provisions of the Regional Development Fund, Social Fund and the Cohesion Fund, and the European Parliament Resolution on the Green Paper on services of general interest. This fact also stresses that housing policy has already been embedded in numerous European level policies, and its interaction with the goals set therein prove its relevancy also on EU level. Once accepted, this policy paper will provide a basis for further fostering the role of housing both at European and at Member Country level. We must accentuate, that the housing approach applied in the policy paper is multidisciplinary, and related fields of sustainable urban development, social and territorial cohesion, employment, welfare issues, competitiveness, financial sector development, and energy efficiency are mentioned as interacting areas.

Presidency Conclusions of the Lisbon European Council

The Presidency Conclusions of the Lisbon European Council contains some of the most referred and discussed goals at the European level since 2000. The aim of increasing growth and employment in order to enhance the competitiveness of the European area has been investigated and numerous fields of interventions are being discussed. As pointed out above, further documents refer to the findings of the Lisbon Agenda, among them some that explicitly concern housing. This comes from the fact that the Agenda promotes raising cohesion and inclusion, and sees housing as one of the tools in achieving this goal. Simultaneously it places housing on the Member States' level and suggests including aspects into national policies that enhance inclusion.

Revised European Social Charter

The root of the European level discussion of housing is strongly nourished by the Revised European Social Charter. This 1996 treaty is one of the core elements of today's housing policy discussions as this is the European level document that states that everyone has the right to housing (Art. 31.). As proposal it encourages states to design their housing policies in order to promote access to housing of an adequate standard, prevent and reduce homelessness with a view to its gradual elimination, and make the price of housing accessible to those without adequate resources. As housing is concerned, this policy paper focuses on the group of people who need special attention in terms of their access to and sustaining of housing. Hence, it highlights a different core element housing policies should be concerned with than those put up 4 years later by the Lisbon Agenda.

Charter of Fundamental Rights (2000)

A constrained content in comparison with the Revised European Social Charter can be found in the Charter of Fundamental Rights (2000). As this policy paper is binding for all Member States, the statements herein seem to have less powerful messages as it has to take into account that both social and housing policy matters are competences of the national levels. This Charter of Fundamental Rights states that the EU acknowledges the right to social and housing *assistance* in order to combat social exclusion and poverty. This element of the Charter is often debated and numerous institutions promote changing and firming up the content so as to ensure more security in Housing (especially FEANTSA's role is outstanding in this issue).

Some more general policy papers exist that are connected to housing policy, and especially to its role of contributing to social cohesion and to the reduction of poverty. Furthermore, the basis of financing and regulating housing in the Member States is defined in these documents.

Social Agenda (2006-2010)

The Social Agenda (2006-2010) *"calls on the Commission and the Employment and Social Affairs Council to ensure the attainment of original Lisbon objectives, particularly the reduction of poverty in the EU"* and promotes all interventions that serve social inclusion. A further policy often referred to that has attracted substantial attention in the past years is the EU's treatment and definition of services of general (economic) interest; a largely debated issue, which has its relevance in the sphere of housing, especially social housing. All these interventions have territorial relevance.

European Parliament resolution on the Green Paper on services of general interest

The recently adopted European Parliament resolution on the Green Paper on services of general interest has utmost importance for the Member States' housing policies, as the national public housing stocks are regulated and financed differently in the countries of the EU, and decisions made based on the common rules of the competition directives have shed light on the difficulties of such regulations (e.g. housing associations/cooperatives in the Netherlands and Sweden had to face EU critics about their funding level). It was considered great progress when the referred document of 2005 stated that public and social housing do not fall within the scope of EU competition law and should only be subject to supervision by the Commission as to any apparent abuse of discretionary power in defining such services.

European Parliament resolution on the European Regional Development Fund

The year 2005 brought about a further change, which served as a starting point for further developing the idea of the European Charter of Housing and defining the Financial Guidelines of the EU for the next budgeting period. The European

Parliament resolution on the proposal for a Council regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (COM(2004)0492 – 2004/0163(AVC)) considers that expenses which relate to renovation of social housing with a view to saving energy and protecting the environment should be included within eligible expenditure in the Structural Funds.

The EU level policies that are related to housing are numerous, and reflect the complex role of housing in social cohesion, welfare provisions, employment, sustainable development and competitiveness – all issues with territorial reference.

4.3.1 National level

Already in 1996, the EU prepared the often cited summary on housing policies in the European Union.²¹ This paper referred that the observed 13 countries of the then-member 15 had applied a wide range of policies and instruments. As housing is (still) financed from national budgets, funds are made available from below national level, and there are differences in the economic, social and institutional circumstances in the countries. There are only a few elements that are common to all or at least most of the countries (further details are discussed in chapter on scientific discussion).

So, as to highlight the state's role in housing policy, this chapter discusses two national housing policy papers from New Member States, , the Czech Republic and Lithuania. The questions that arise are diverse: what role does the state define for itself, what scale of resources is available, what forces are behind the development and the implementation of the housing strategy, and how does it link to further policies or strategy papers of the state.

National housing policy of the Czech Republic

The recently adopted (2005) national housing policy of the Czech Republic focuses on the problems addressed of high ratio of vacancies, immense disparity between the relatively broad range of supply and the spending resources of many households, lack of adequate and affordable units, high housing expenditure, especially in the rental sector, quality deficits of the housing stock, rising ratio of households with serious risks, growing segregation, and discord between housing supply and demand, deriving also from the distorted labour market. The Czech Republic, as a transition country has been facing all these problems as a result of the transformation of the housing system and hence had to develop tools to answer to these challenges which lack application experiences in the given country. The approach applied divides mid-term and short-term goals, whereas the first are very broadly defined. The reference to other national policies is not obvious, but EU guidelines on state aid (referring to services of general interest) are seen as a major rule in designing interventions. The necessary matching of supply and demand is the territorial reference that is

²¹ Housing Policy in the EU Member States, DG Research, Working Documents, Social Affaires Series, W14

referred to in the document. The state sees its role as a legislative and executive body that ensures law enforcement and that provides sufficient financing (e.g. through mortgage subsidies) and promotes the vulnerable groups' participation in the housing market.

The short-term goals are defined in line with the above mentioned, with a very strong European focus, which is apparent while expressing the need for assessing the compliance of the Czech housing subsidy system with the European norms, defining low-cost-housing in harmony with the reduced VAT rate norms, and the aim to speak up for EU financing of housing. The territorial elements of the policy are relevant in terms of both the institutional system (revision of role of municipalities in housing) and a specially targeted Spatial and Social Segregation Program that aims at combating territorial segregation.

The policy contains the framework of the necessary interventions, and relies strongly on the state, whilst it designates the regions and local municipalities to carry out their operation in the defined directions. The influencing power of the local authorities on the local housing markets is especially stressed, and the regions' role is defined as mediating, monitoring and information disseminating actor.

The policy identifies some challenges that could emerge while implementing the policy: the unclear role of municipalities in the field of housing, the undefined balance between due professional care and the socially focused management of the municipal housing stock, the lack of tools for the state to accomplish such tasks, and the lack of the regulatory framework can all hinder a successful performance.

National Strategy for Sustainable Housing of Lithuania of 2002

The National Strategy for Sustainable Housing of Lithuania of 2002. In accordance with European development values, the strategy foresees strengthening the basis of sustainable housing management, implementing the tools for sustainable housing choices, improving social cohesion in housing and developing the tools for a sustainable housing production.

The strategy is especially geared to deal with the challenges that are mostly related to the Soviet legacy of the country. These problems are seen as multiple results of numerous phenomena, such as the disturbance of the life-cycle model in housing, decrease in housing investment outputs, and changes in the housing consumption patterns of the households. The problems that the housing strategy intends to answer are thus also manifold: the mismatch between housing demand and supply, also in terms of housing quality and tenure, regional disparities, affordability problems both of utility costs and of entering the housing market, low mobility, low energy efficiency, low performance housing management and maintenance and legal uncertainty of law enforcement in multi-dwelling buildings, deteriorated housing, insufficient performance of housing finance institutions, and costly and regressive subsidy schemes. These characteristics of the Lithuanian housing system require a highly targeted and well designed intervention scheme, all aims specified in this strategy paper.

The logic of design and the first steps towards implementation are well set up in the strategy paper, and the contribution of the interventions to the set goals of (economic, social and environmental) sustainability is to be expected. A profound review of the current housing subsidy system is carried out, and recommendations for future developments are formulated. Thus, besides the solid definition of necessary developments, financial targets are set, which is a very strong element in this strategic paper.

The paper's context, similarly to the Czech Housing Policy, is the European sustainable development environment, although the increase in social cohesion also gains importance and is discussed in further policy papers of the national government. In addition, the strategy paper stresses that the complexity of the national scale strategy of sustainable housing has to face some constraints, such as a modification of the government programs on housing, budgetary constraints, regulatory constraints, information constraints, institutional constraints, and the widespread phenomenon of corruption. Further challenges identified are the necessity to increase the role of municipalities in the social rental sector and encourage them to increase relevant investments e.g. through new municipal financing features, which will most probably be problematic.

The national level, thus, has a special role in formulating housing policies: it has to take into account the European goals and frameworks, and at the same time, it has to count with the possibly antipodean environment of the lower level governments in the decentralised countries. Thus, a key element of the national housing policies (so as to refer to two New Member States here) seems to be sufficient power of the state to involve other actors in carrying out the policy goals, and at the same time, to implement tools that further social cohesion and follow the strategic goals defined in other sectors of the economy and the EU.

4.3.2 Regional level

The regional level has a special role covering its territorial relevance. Numerous settlements and urban areas have realised the fact that they should develop their strategies based on a wider context, not only in terms of sectors but also in a spatial sense. The connections to the adjacent territories of urban space especially promote this approach, as thus administrative boundaries loosen and regional aspects gain more weight. Numerous cooperation-schemes based on such recognitions function throughout the Member Countries, with the aim of capitalising on the advantages of cooperation and the distribution of resources.

Regional Housing Strategy for the East of England, 2005-2010

The policy paper of our choice, the Regional Housing Strategy for the East of England, 2005-2010 delivers a very comprehensive insight into the setup of a broadly accepted and accomplishable policy that functions as an intermediary document between the concerned authorities, the sectoral policies, and the national policies. The Regional Housing Strategy aims at raising territorial and social cohesion by coordinating sub-regional and local housing strategies with national framework policies and by strengthening the incentives for cooperation among the stakeholders. It puts housing in the framework of economic development, sustainable environment, and makes it explicit that housing is seen

as a tool for promoting social inclusion within sustainable communities, improving the Region's health, and well-being and reducing inequalities (for a comprehensive discussion of the measures see Part III). The territorial context of the policy document is one of its corner stones: the features of the affected sub-regions and their qualities are assessed and scenarios are elaborated in order to promote the region's strengthening in Great Britain.

4.3.3 Local level

As pointed out above, the processes of housing policies first of all manifest at the local level; it is therefore vital that the effects of the local policies take numerous elements into account when measures are drafted. Nevertheless, local policies are only viable if they refer to higher level policies, such as regional and sectoral strategies, notwithstanding the environment defined by national and EU-wide concepts.

As regards housing policies at the local level, it is vital to explore this kind of interconnectedness with wider policies, and our analysis of local policies has found different approaches: generally, there are two major groups of policies available at the local level. Policies belonging to the first group formulate measures for the strengthening of the housing market for the local population. Those belonging to the second group promote approaches for housing as a tool for wider economic (and urban) development which form part of the regional and territorial processes of the surrounding areas. The first approach is more widely applied, and delivers rather short term results. It is less concerned with possible imbalances caused by the interventions, whereas the second type of approach reflects more comprehensively on the interconnectedness of housing with other sectors.

Operative Programme, Town Development, Housing and Infrastructure. Project of City, 2004-2007 of the City of Madrid

The policy selected for demonstrating a complex approach is the Operative Programme, Town Development, Housing and Infrastructure. Project of City, 2004-2007 of the City of Madrid. The policy formulates the vision of making Madrid a better place to live, a more integrated, sustainable and participative city, as well as one of the leading European cities. This goal setting stresses the embedded character of Madrid both into the Spanish and into the European net of cities, and deals with a variety of measures that are both urban development measures but also strongly relate to the city's housing infrastructure. This comprehensive policy also stresses the institutional elements that have to be strengthened while drafting and implementing the formulated visions and goals, which to a large extent rely on institutionalised partnerships where the city has a leading role. Based on a firmly founded institutional structure, the potential bottleneck is stated as the lack of financial resources necessary to implement the programme successfully.

Madrid's approach reflect the city's key goals to enhance cohesion. The tools defined for housing mirror this aim, while also taking the urban heritage of the ancient city into account. The policy paper also elaborates on the problematic spheres related to housing, such as the distortions of the housing market,

affordability issues, inequalities of housing quality, and sustainable city development.

4.3.4 Summary of the policy review

The above policy review aimed at summarizing those aspects that shed light on possible approaches for housing at the European, national, regional and local level. These levels are interconnected, which is not only due to the funding structure to finance the measures of housing policies, but is also dependent on the legal and institutional structures of the individual states.

The EU policies related to housing especially place it in a context of social and regional cohesion, and highlight its role as a tool to enhance growth. National policies reflect the European perspectives, but on the other hand, based on the setup of the decentralised governmental structures in most European countries, they focus on legal and financial frameworks, while the implementation of housing policies is rather delegated to regional and local levels.

Our outstandingly comprehensive example for a regional level housing policy sufficiently proves that the regional level has to have a mediating and coordinating role in order to make use of the task sharing options and synergies in a given region and enhance its competitiveness and stability.

Local level housing policies are the key to understand the territorial impact of housing policies. We found that there are diverging approaches that might even conflict with higher level policies. More progressive policy papers refer to housing as a tool for promoting (urban or economic) development, and thus the goals defined for housing are contributions to some wider strategic aims.

4.4 Scientific discussion and empirical indication

There is vast literature both on housing policy and research, therefore we will only highlight those topics that are especially relevant in today's discussions and which also have relevance for territorial processes. We deliver a short description to each topic, its significance for the ESPON project, and summarise some findings provided in the literature. We will not go into details of (econometric and mathematical) methods applied e.g. in exploring housing price differences and territorial inequalities, and we will not be able to consider all contributors' views in the debates, but we try to comprehensively highlight the main questions raised in the scientific discussions.

To simplify the complexity of the interrelatedness of housing with territorial processes, we will focus on the following main topics in this part of the work package:

- Housing at a local and urban level
- Housing perspectives at EU level – Eastern and Western models
- Relations between housing market and economic development and employment

This short list serves highlighting some of those multiple interrelations that are being discussed in today's scientific literature and that analyse housing with a view to related territorial processes.

4.4.1 Housing and urban development

The relation of urban planning and housing is a widely known and accepted paradigm in housing discussions. The awareness of their historical connectedness is especially relevant for understanding the current housing policies' focuses. As Matznetter (2005) states, as long as housing policy itself did not gain a special weight, housing issues were discussed in the framework of urban planning. He refers the historical model of the emergence of housing policy of Gerd Albers (1969) who points out that the planning methods applied in the 19th century (risk averting – 'Gefahrenabwehr') still has a strong influence on today's settlements' housing profile as the territorial setup of the cities is largely defined by the processes they underwent in the past. With the rising awareness of urban functions, new models of planning emerged, and already from the beginning of the 20th century, containment planning (Auffangplanung) gained space. As Albers describes, this period is characterised by the introduction of rough zoning methods, where housing functions are already treated as a special area of urban space. This approach has then been refined in the past decades with the refinement of zoning methods.

Matznetter identifies some parallel aspects of Albers' theory to that of Boelhouwer's European housing history theory (1991) who shows that after the severe housing shortage that resulted from the war damages could be combated, the housing development focused more on quality than quantity improvements. He considers the new impetus in the sixties for knowledge and research based planning ('Stadtentwicklungsplanung') as a similar progress. This planning method is based on improved methodology, but it still lacks the coordination of housing developments and investments. Nevertheless, it provided a good basis for further improvements, which are incorporated in the newest trend (as put by Klaus Selle, 1999, cited by the author) in urban planning. This already involves a variety of stakeholders, hence additional skills are applied to mediate and coordinate the broad circle of institutions and players. This 'Urban management' paradigm is significant in progressing urban areas, and its potential is widely relied on e.g. in Great Britain (see also the referred housing policy of South-East England).

Urban planning concerns settlements within or across administrative borders of urban areas and their adjacent environment. Interventions concerning neighbourhoods mean a set of special measures, which has been very much strengthened by the paradigm of an area based approach. This broadly debated paradigm means the set of actions that are defined based on the complexity of problems recognised in that given area. This approach has had a major influence on urban renewal interventions (see later), because it seems that the interdisciplinary knowledge that stems from economics, sociology, and planning can find more adequate answers to a region's or area's problematic features.

Area based policies have been criticised for their given constraints. As Slob et al (2005) put forth, they focus on one area, and other problems that may derive e.g. from the wider economic or regional context remain unsolved. They draw

attention to the fact that often the causes of problems cannot be found within the boundaries of the intervention area and therefore the solutions are designated to be insufficient. An additional major shortcoming of this approach is the phenomenon of the "spatial knock-on effect". These are effects that emerge as a result of the area based policies on other territories, hence the problems are reallocated (related paradigms are spill-over effect or displacement effect). We can observe such effects as a result in urban renewal programs when given areas are gentrified through interventions in the housing stock, and thus the lower-income or deprived households move out from the gentrified area. The theory put forth by Slob et al adds a new element to the abovementioned paradigms: as for the effect of housing investment it would emphasise the results of a policy carried out in a different area much stronger than the intervention's territory, hence it would observe the results of both areas (in a given case: both the gentrifying and the declining one).

Area based policies are strongly related to the phenomenon of urban sprawl, as especially being the focus of discussions from the 1980s. It is often referred that urban sprawl has negative consequences including a low control on development, decreasing sufficiency of services for affected areas and those with limited mobility, increasing pollution due to environmental pollution, loss of green space, and last but not least, declining housing prices that are results of segregated spatial segments of urban areas, etc.

The scientific literature from the early sixties captures the processes of the expanding urban space with the help of several paradigms, such as suburban growth, the loosening of the compact city, and spatial mix of functions. Processes of mononuclear cities or multi-centred cities are evaluated in this framework. The definitions offered vary to a large extent, and are based on land use, on impacts of urban sprawl, density characteristics, etc. Further discussions highlight the negative social impacts of this endemic urban - also if uncontrolled - growth phenomenon.

Urban sprawl not only includes the growing of urbanised areas, but has relevance for housing as a sector of urban functions. Moving from declining areas of a city to outskirts with higher life quality has been already discussed in the theses of the Chicago school in the early decades of the twentieth century, whereas it gains more and more relevance in today's understanding of housing developments of the urban areas. The attractiveness of urban zones for labour force functions has driven large urbanization processes, whilst the stratification of the housing sectors and the growing wealth has reinvented the lower density places for housing environment for the better-off, leaving areas behind with declining housing prices. Exploring these interrelated processes constitute the core of the discussions.

Additional relevance of urban sprawl is given by its prevalent role for urban and housing policies. As Tosics (2004) points out, *"proper housing construction and land use policies may play a prime role in combating sprawl and dispersal in urban areas. The keywords for such policies might include public land-banking, affordable new construction, social mixture etc. A kind of regional cooperation is unavoidable if these policies are to cover not only the city but also the agglomeration areas."* (p. 73). Such policies seem to be crucial for developing sustainable cities.

It is obvious that urban sprawl has common mechanisms as so called neighbourhood change; this can be seen as the other side of the coin. Therefore, some theoretical models that are relevant for our discussions are investigated in detail below.

A common root of the discussions of urban sprawl and neighbourhood change originates in the findings of the Chicago School. As Beckhoven et al (2005) points out, there are numerous approaches that have been added to the discussions for the last app. 75 years. We will highlight some of the developed models as discussed by Beckhoven et al, because they help to understand the territorial processes undergoing in Europe today.

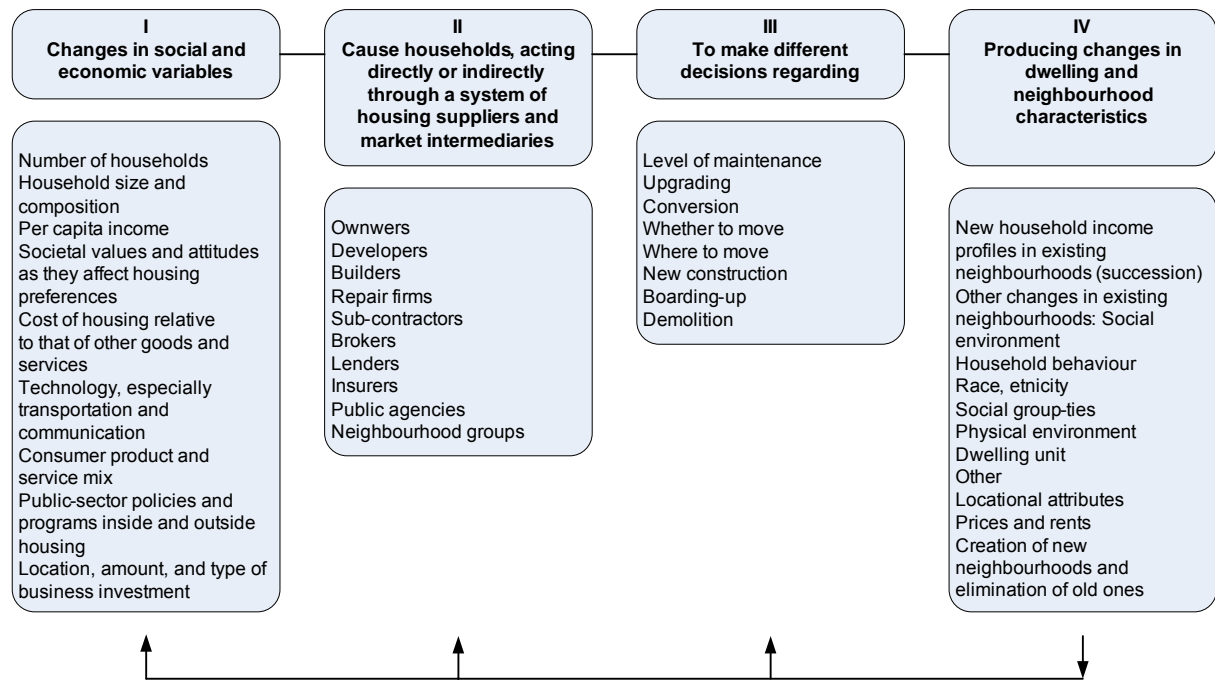
The most influential paradigm, on base of which numerous concurring and additional approaches have emerged, is undoubtedly the human ecology approach. The main point of this paradigm is that there is economic competition for urban locations among social groups, and some additional push and pull factors drive the households' decisions to opt for particular living spaces. While discussing this paradigm more in-depth, Beckhoven *et al* lists the well-known models of Burgess of invasion and succession, the bid-rent theory of Alonso about the balance of the cost of commuting and renting, Hoyt's filtering theory, and some border or tipping models meaning that out-migration is a panic move because low-income people move into a certain area.

A further paradigm referred by Beckhoven et al is the subcultural approach that emerged as a reaction to the human ecological theory. The added findings of this theory are that besides the economic factors, there are social, psychological and demographic aspects that define one neighbourhood's processes, and contrary to the findings of the human ecological school, neighbourhoods are not doomed to deteriorate. The residents can also improve their neighbourhood, and can induce processes that hinder the decrease in homogeneity in a given neighbourhood that largely contributes to a break down of social relations and hence to the motivation of people to move away. This approach has broadly been criticised based on the overemphasizing of the processes in one neighbourhood and neglecting the influence of external factors.

A further paradigm cited by Beckhoven *et al* is the political economy approach. This approach basically incorporates elements of the institutional theory, while it relies on the division of a local and a state level. In this framework, the state (through its welfare regime) has a crucial role: if subsidies for housing are withdrawn, it can lead to deterioration of neighbourhoods, since the resources have to be redistributed and the poorer may no longer have access to them. Either better-off move out or lower-income households have to move to more affordable places. The local level processes are also crucial in this theory, and they show some similarities with the subcultural approach: while investigating the inequalities among neighbourhoods, the emergence of some growth machines suggests that urban elite has a particular role in neighbourhood change. It can accumulate economic power, promote real estate and population growth.

The three above-listed paradigms have recently often been combined so as to deliver a more comprehensive picture on processes of neighbourhood change. Beckhoven et al lists several discussions, some of which are investigated below.

Figure 23 Grigsby's model of neighbourhood change

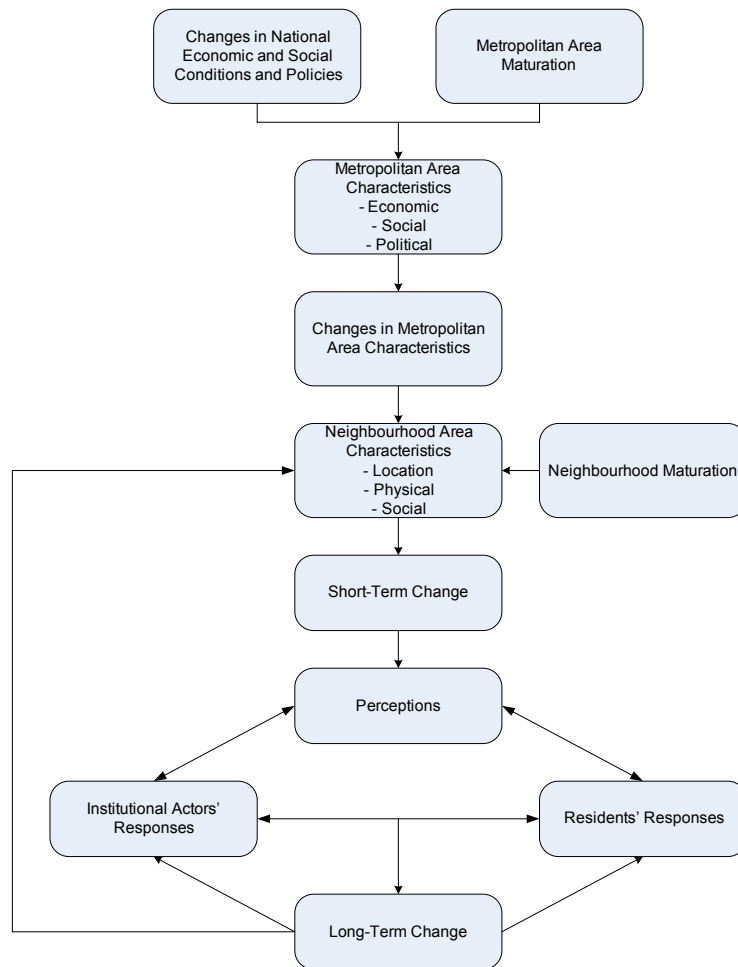


Beckhoven et al cites Grigsby's model of neighbourhood change. Source: Grigsby, W., Baratz, M., Galster, G. and D. Maclennan (1987): The dynamics of neighbourhood change and decline. *Progress in Planning*, 28, pp. 1-76.

Grigsby's comprehensive model is outstanding in combining internal and external factors. Nevertheless, it seems not to count with the residents' possible actions. As Beckhoven et al refers to its critics, some basic assumptions of the model are rejected (e.g. lifespan of areas cannot be postponed infinitely, the concentration of poverty does not necessarily have to lead to deterioration (p. 11).

According to the authors, a representation of further developed models is that of Temkin and Rohe (1996), which has some additional elements for the understanding of change. It emphasises the importance of the social fabric, and within its multidisciplinary approach, it identifies two relevant forces for neighbourhood change: changes in national economic, social and political conditions, and the maturation of an area (residents age, marry, die). It admits the crucial role of location, physical and social characteristics, and considers neighbourhood change as a kind of dialogue between residents and larger social forces. Nevertheless, not enough weight is given to the physical characteristics of the neighbourhood.

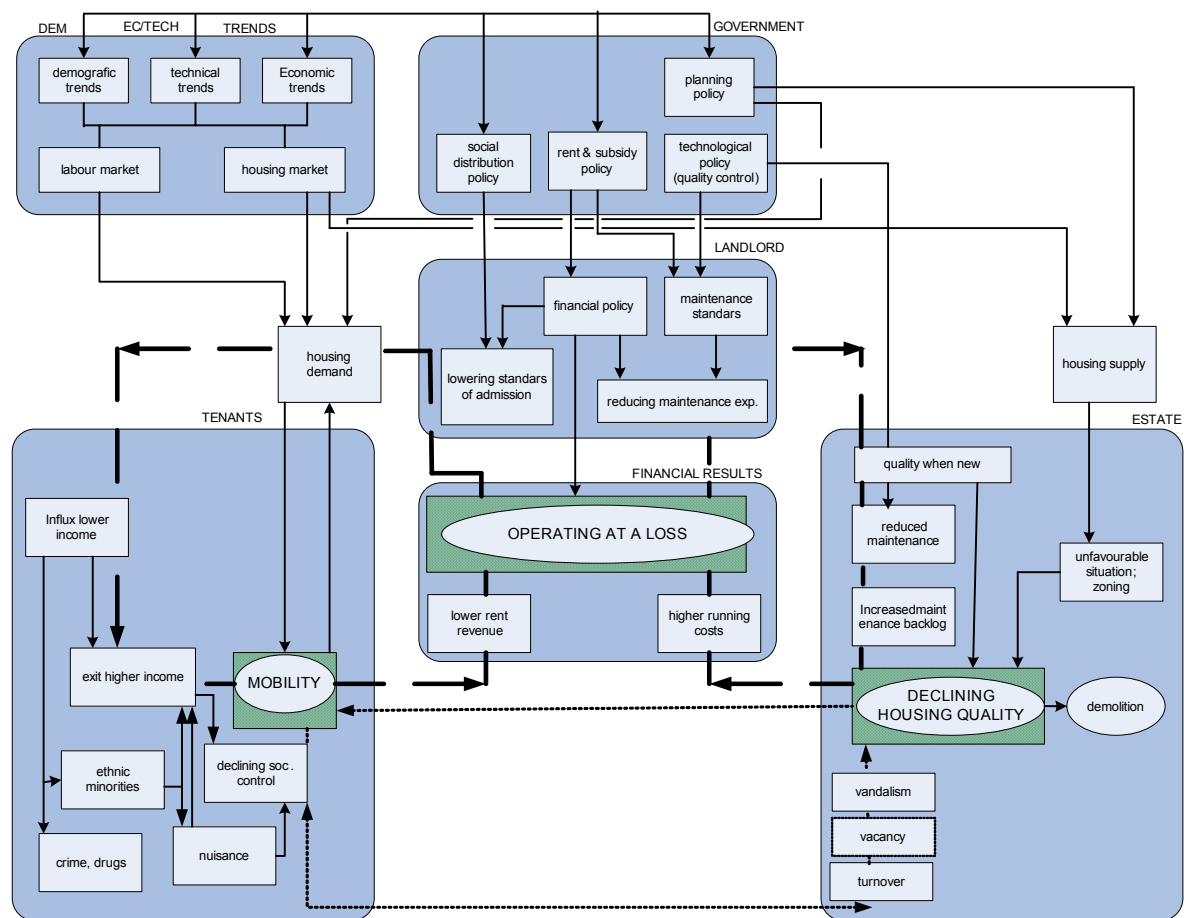
Figure 24 Temkin and Rohe's model of neighbourhood change



Beckhoven et al cites Temkin and Rohe's model of neighbourhood change. Source: Temkin, K. and Rohe, W. (1996): Neighbourhood change and urban policy. In: Journal of Planning Education and Research 15 (3), pp. 159-170.

One of the most comprehensive models according to Beckhoven et al is the model of Prak and Priemus (1986). The so-called spirals of decline draft a systematic approach to multiplying and interrelated elements of neighbourhood changes. The referred authors state that decline is a result of fortifying results: social decline, economic decline and technical decline. The social decline is based on the change of the composition of tenant population, which results in numerous moves from the area. They admit that a faster turnover may contribute to vacancies, and hence results in technical decline, because of the lack of sufficient resources to cover the operational costs). This may lead to further growing mobility, and even higher running costs emerge. The end result can be an economic decline of the area.

Figure 25 Prak and Priemus's model of the spirals of decline



Beckhoven et al cites OTB 1989: *Exploitatieproblemen in de Naoorlogse Woningvoorraad; Diagnose en Therapie* (Operational management problems in the post-war housing stock: diagnosis and treatment). Den Haag: Ministerie van VROM, DGVH-DOC.

Beckhoven et al identifies some similarities of Skifter Andersen's model (2003) to Prak and Priemus's scheme in the sense that he sees neighbourhood decline as a 'self-perpetuating process' which is based on three elements. These elements comprise given circumstances (i.e. local housing market conditions, rent level, physical appearance and amenities), observed problems (i.e. passivity and low engagement among residents, social and behavioural problems, problems connected with immigrants and bad reputation), and residential changes (i.e. difference between the initial composition and that of new residents). He distinguishes two processes of deprivation: interior (all processes in the neighbourhood) and exterior (negative influence on the inflow and outflow of people and capital). The added value of this model is the influential role of immigrants in neighbourhood change, but critics highlight its insufficiency to reflect on macro-factors.

The relevance of housing in neighbourhood change is undoubted, and most probably this is the most obvious field where the territorial relevance of housing comes to light. One special issue of neighbourhood processes will be discussed later when referring to the recently developing discussions of post war housing estates, as a special spatial unit in urban space which has very specific housing qualities.

A further influential element for understanding urban processes is the possible impacts of the differences between tenures for urban processes and housing mobility. Discussions on this topic take into account the complex interdependency between the features of the housing market sector with the dynamics of the wider economy, the social stratification of the population, and the role of a variety of policies. Findings mostly concern a given area or country, whereas there have been numerous attempts to conclude some common processes on a comparative basis.

As for the tenures' meaning for urban renewal processes, some policy evaluations also highlight that throughout the European countries, interventions that are based on taking into account the features connected to the tenure types do gain importance. Especially in this framework, it seems that the gaps between the population's groups are somewhat to be captured with the help of tenure types. Tenure mix as a tool to achieve social mix is mostly based on the mix of social with owner occupied tenure (see Kleinhans, 2004). The move of some European housing policies towards promoting home-ownership is believed to have a stabilizing impact on neighbourhoods. Nevertheless, the negative results, as Kleinhans refers to Malpass and Murie (1999) are also widely known: the residualisation of public housing raises the question of to what extent the widening of owner-occupation contributes to sustainable housing sectors and welfare policies.

Recent discussions among Europe's New Member States' researchers about the future model of urban renewal programs (Tosics, 2004) are related to the possible tools that enhance the options of interventions. One of the most important findings is that the low ratio of public rented dwellings in the housing stock form a major limitation to actions as the home-owners' will and ability to participate in such programs seems to be low compared to western models. Discussions point out that the role of states has to be enlarged e.g. through implementing a repurchase of privatised dwellings. This model would enable housing policies to better plan and carry out 'drastic' interventions in urban renewal programs.

In Europe demographic changes are often referred as major impacting element on housing supply and demand especially in urban areas. The changing household structures result in smaller households, an increase in the number of single-person households, which has a direct effect on housing demand. In addition, the changing household demand drives changes also on the supply side, which manifests in a variety of patterns that have influence on the urban space.

Buzar et al (2005) emphasise, that household demography has a conceptual importance in investigating the ways of urban transformation in the developed world. The demographic processes the authors especially refer to are *"new patterns of marriage, cohabitation and divorce; improved life expectancy; falling fertility rates; a wider spectrum of ties of kin and friendship; and increasingly complex transitions of the individual through different household arrangements"* (p. 414). They put their discussion into the framework of the so-called *"second demographic transition"*, a paradigm that refers to the growing gap between the populations' size and the households' number, declining household size, falling fertility rates and a widening range of household setup.

The discussions about the interrelatedness of demographic processes and the housing sector have gained new impetus in the nineties, among others based on Sassen's discussions (1991) about the interrelatedness of the urban gentrification processes and population changes, and the changing consumption patterns. Buzar et al refer to the socio-spatial consequences of the demographic changes while pointing to the findings of Marcuse and van Kempen (2002) and state that the *"concentration of a homogenous set of household structures in a restricted territorial setting is crucial to the emergence of territorial differences in the consumption of services and goods, and the production of urban space in different parts of the city. One of the most visible consequences of such discrepancies is the 'partitioned city'"*. (p. 426) This paradigm refers to increasing segregation processes in the city and its implications for the urban space and social structure of the cities.

A further element that contributes to our discussion about the impact of the demographic changes (and the interrelated patterns of migration processes) on the changing demand of housing, leads us to Watters's (2004) investigations (referred in Buzar et al, 2005), who discusses 'urban tribes', i.e. groups that emerge based on the clustering of household structures and consumption patterns in the case of young households, as having special role in shaping urban space. The revitalization of some before-then declining inner-city areas seems to be largely based on this population's gentrifying settling down. Processes throughout Europe strengthen the relevance of this concept.

The discussion of housing estates represents a further complex housing issue of territorial relevance. 'Housing estates' are the products of the era of industrialization and urbanization processes that underwent by the beginning of the 20th century. World War II's damages gave new impetus to housing stock increase with comparably cheaper and quicker industrialised technology. The demand for new dwellings was raised by the baby boom shortly after WW II. The housing estates developed from the 1940ies are comparably larger than their ancestors. The constructed dwellings were largely supposed to be public tenures. Throughout Europe, around 45 million dwellings were constructed in housing estates, and while the construction housing estates in Western Europe already diminished by the seventies, the Central and Eastern European countries applied this construction method even up to the early nineties.

There are some definitions to housing estates in the scientific literature, but in order to discuss this issue in a coherent context, we refer here to Murie et al's (2003) analysis about housing estates. They point out that housing estates are built in the second half of the twentieth century, they comprise at least 2000 dwellings, they are perceived as distinct geographical areas in the urban space, and they were planned with state support.

At the time of their construction, housing estates answered the severe shortage of housing. As Beckhoven et al (2005) state, housing estates included flats that were spacious and well equipped apartments. Nevertheless, already shortly, problems arise, that are manifold.

The authors refer to Turkington, who delivers a comprehensive list of possible problems in the case of housing estates, which are largely supported by Dekker et al (2006):

- structural problems (poor insulation),
- internal design problems (small number of rooms small service area),
- competition problems (low market position),
- urban design or spatial problems (poor location, noise pollution),
- internal social problems (crime, anti-social behaviour of neighbours),
- financial problems (rents, arrears, vacancies),
- management and organizational problems (inadequate maintenance and insufficient resources),
- legislative problems (ownership of flats, the common areas, and area around the buildings), and
- wider socio-economic problems

Since large housing estates represent a considerable share of housing stock in urban areas, and more elements from above lengthy listing of identified problems appear on one housing estate, numerous interventions have been applied in some housing estates throughout Europe. The policy developments are largely based on the findings of the scientific discussions, whereas we must add that the processes we observe in Western Europe's largely declining status housing estates are luckily still not of full relevance in Eastern Europe's similar sector.

The future of housing estates depends on a variety of factors, among others the housing market position of estates. The increasing housing output in the past few years in at least some European countries, draws our attention to the fact that the German model of raising housing quality of housing estates at all price can lead to a huge loss of financial resources. Thus, it seems that policies designated to answer the interrelated problems of housing estates also have to be put into the framework of the discussions about neighbourhood change, urban areas' positions, housing demand and supply, etc.

As pointed out above, the changing of an urban area has impact on the housing stock, and vice versa. A broader context than changes in the urban area (urban sprawl or neighbourhood change) is the discussion of processes that emerges in the competing environment of cities among each other.

A paradigm that became the topic of vivid discussions is referred by Weesep and Dieleman (1993), who point out that urban economies are tied into a single global market, and there are as well local effects, with hindsight that local policies try to contribute to the city's goal to achieve a leading position. In the context of this paradigm, cities are considered as parts of networks, and vast literature deals with the dynamisation of the relation of cities, especially in the European context. As Weesep and Dieleman (1993) point out, *"new nodes are being added, which will affect the relative positions of cities throughout the continent."* (p. 879) This process brings about the decline of some cities, which is defined by economic and demographic factors, and political developments.

However, the convergence of cities can as well be observed, which derives from an increasing accessibility of areas via infrastructure development (roads and networks). To put it in Rietvelt's wording (1993), the position of cities is defined by the 'gravity index' based on their accessibility.

The history of the discussions about the relative position and 'urban wing' concept started already in the beginning of 1990ies. Meijer (1993) refers about Brunet's concept of the Banana of Datar, and its further development which takes into account the 'second banana' in the Mediterranean area. Further competing models are Noble's concept of the 'Lotharingian core' and Palomaki's concept of the capital triangle. As Meijer summarises, newer discussions get away from the morphological approach, and deliver a classification of the cities' functional division which should express the cities' role in the context of an international market competition.

For our discussion, it is vital to note that leading cities' housing markets contribute to the regional inequalities between them and the stagnating or declining areas. The macro-economic factors contributing to the forming of leading cities impact, the local housing markets and social stratification processes. Therefore, with this paradigm one more argument can be added to the variety of interrelating aspects of territorial processes on housing.

4.4.2 Housing perspectives– Eastern and Western models

The move from supply side subsidies to demand side subsidies in the housing policies of Western Europe is one of the key findings of the scientific literature that deals with the forming of housing policies and analyses their impact on the housing systems of the countries of Europe.

The discussions point out that the European housing policies went through different stages after WW II. While in the 1940s the emphasis was on the reconstruction of war damages; the main legal and financial instruments were not changed. Elements of the housing policies, such as rent control, the main institutional and organisational settings remained untouched. In the following two decades the emphasis shifted to investment into new social housing, bringing about a variety of institutional solutions: in the U.K. the municipalities played the most important role, in the Netherlands housing associations, in Sweden municipal companies, in France special public-private organizations (HLM companies), etc. A great shift occurred in the 1970s and the 1980s: deregulation, privatisation and the increase of the private sector took place, and the housing policies moved towards the support of the owner occupied sector in disfavour of the social sector. An additional factor in market economies that supports the shift towards demand-side subsidies is that these schemes have been used to increase the transparency and effectiveness of subsidies (Katsura and Romanik, 2002).

Several researchers point out that besides some main tendencies (such as a shift from the supply side subsidies towards demand side subsidies and from the direct public provision towards a kind of public-private partnership, and from the special housing finance institutions towards the universal bank system), there are very few common elements in the housing policies in the European countries (Balchin, 1996; Harloe, 1995, Lowe, 2004, Maclennan et al, 1998). The reason

that lies behind the diverging solutions is to be found in the historical differences in the emergence of the institutional structure of the housing policies.

Maclennan et al (1998) argues that despite the recent convergence pressures, the differences in housing and financial market institutions across the EU Member States are still enormous. Further papers deliver evidence of Maclennan's arguments: according to a recent European Central Bank report (ECB, 2003) there has been no general trend in the last decade in the development of housing policies in EU Member States (ECB 2003).

The move from supply side subsidies to demand side subsidies has its effects also on the households' side: as the key characteristic of any supply-side housing program is the lack of choice, meaning that a household must take or leave what the producer offers. In contrast, demand-side housing programs channel subsidies directly to the household through cash-like allowances or grants. Typically, the household pays the market price and is allowed to select its home from a variety of suppliers. As Dübel (2000) points out, one element of this process was that government-controlled agencies have withdrawn from direct subsidising and lending in favour of provision for private lending practice.

The analyses of several national policies point out this tendency: the privatisation of the municipal housing in the UK, and the support to the housing associations represent this trend in the 1980s (Lowe, 2004). The other sign of the states' withdrawal as direct providers is that public funds for mortgages were replaced in several countries, e.g. in Finland, Sweden, etc. (Asselin et al, 2002; Boelhouwer and Elsinga, 2002). Another example is the change of the role of the housing associations in Holland (Priemus, 2003) and in Denmark (Enberg, 2000).

To summarise, two interrelated trends can be traced in the housing policies of the developed countries in the last three decades: (i) a shift from the supply side subsidies toward the demand subsidies, and (ii) the change of the role of the state from a direct service provider to the "enabling role".

Nevertheless, the changes in the national housing policies took place gradually, and several elements of the institutional and financial structure of housing policy remain alive, representing direct supply side subsidies, e.g. in France and Austria. For example, many countries use both housing allowances and aid to bricks and mortar in variable proportions. E.g. in France the balance is 3/4 housing allowance, 1/4 aid to bricks and mortar. (Taffin, 2003)

The scientific discussions about particularities of East European housing systems in contrast to the other European Union countries contribute to understanding of the new processes going on in this region throughout the past few decades.

The largest differences highlighted by Musil (1993) that derive from *"the socialist economy, its redistributive nature, the non-existence of a land market, and the specific features of socialist housing policies (the decommodification of housing in the first decades of socialism) had discernible socio-spatial effects"* (p.901) in the former socialist countries.

Under this model, several "sub-models" (versions) emerged as responses of the individual countries to challenges in the process of the development of the socialist economy (Turner et al, 1992). The structural conflicts ("cracks") were

managed by different methods, introducing strict control mechanisms (Bulgaria, Russia, East-Germany), or allowing quasi market processes (Former Yugoslavia, Hungary). Differences of the models could be characterised by the tenure structure (state-owned rental, cooperative housing sector and owner occupation), the role of different financial and economic organizations, and by the significance of "self-help housing" (Hegedüs, 1992). Differences were explained partly by exogenous factors, such as the organisational development of the party and the state, the economic and social policy, and partly by the endogenous development of the housing institutions.

The outcomes of different policy options – even among countries with the same level of the GDP – were quite different in terms of the quality and quantity of housing. Despite all these, it is important to emphasise the common typically "East-European" elements of the different versions, e.g. the housing estates, the under-maintained public sector, and rationed "elite" houses for the nomenclature, which justify the use of the term "East-European Housing Model" (Hegedüs and Teller, 2005).

Hegedüs and Teller refer to Struyk (1996) exploring the possibilities of the East European Housing Model in the transition period: theoretically there were two basic options: 1. to use the housing sector as an "engine" of change; or 2. to use as it as "shock absorption". The first option was practically unfeasible, because in the time of the economic decline the under-maintained and under-financed housing sector could not be totally "marketed" without huge and unmanageable social conflicts.

Today's developments show that the East European countries' housing systems are characterised broadly by the lack of "social housing", not merely in the sense of the public ownership, but in the operational sense, too, that is, housing for people who are facing huge affordability problems. The institutional solutions are under "construction", and we can talk about different attempts (e.g. the Polish TBS, or the municipal housing in other countries) which point into that direction. As Hegedüs and Teller (2005) further point out, a further common element in the region related to the risk and security of homeownership is the consequence of the hardship paying the increased housing related costs in a "constrained" macroeconomic environment. That is a relatively wide share of the households is facing the problems of arrears, a huge social and political issue that has to be managed by the transitional countries. Recent developments in housing finance show a converging trend with common European processes, as at the beginning of the 2000s, the housing output has gradually started to increase, and new, market oriented housing finance institutions have emerged, and housing finance has thus started to grow slowly.

4.4.3 Relations between housing market and economic development and employment

The changes of the housing output and the housing market are largely connected to the economic development of the countries and regions. Discussions point out that an efficient housing sector can effectively contribute to economic growth. The economic effects of the housing sector mark employment, output, investment, financial systems and household consumption.

The interrelatedness of housing and the economic growth has broadly been discussed in the framework of the changing housing investment throughout Europe, and more detailed explorations in this field shed light on the complex processes that have an influence on the nature of this relation.

The investigation of Doling (2005) points to the possible connection of housing and economic growth that has been underpinned by several policy analyses in Europe. The Lisbon Agenda has a prominent role in promoting discussions in this field, and its influence can be seen from the numerous policy developments on the European level (see some points in the policy review part of this paper).

The discussions that analyse the impacts of economic changes on housing markets in Europe point to the fact, that in countries with large housing investments, the main drivers were low interest rates and improved economic growth (Ball, 2005). These findings are related to the discussions about housing cycles, which are thoroughly described in numerous scientific discussions. It is often pointed out that a contribution of housing investment to growth in the early part of economic upswings has usually been important (see also OECD, 1995).

The numerous investigations about the dynamics of GDP and housing investments in several countries find that there is no clear evidence throughout the world economies about the directions of the causalities. It seems that the existing literature does not provide conclusive empirical evidence on the issue of a long term relationship between housing and non-housing investment and economic growth (Liu et al, 2002). Nevertheless, the phenomenon of rising housing investments in developing regions is undoubted. This brings us to the most recent findings pointed out in Helbling (2005) that the processes in the housing markets and the economic development are interrelated in numerous ways.

European housing markets have experienced large ups and downs throughout the last decades. Investigations have focused both on the reasons behind these price fluctuations and the results of housing price changes, among them the inequalities that might emerge as a result of such processes.

Vast literature has been devoted to the context of housing price movements. The neo-classical economic theory stresses the demand and the supply side of housing markets, which, in the context of market forces would be heading towards equilibrium prices. As De Vries and Boelhouwer (2005) refer, the variation *"in the house price is the result of the disequilibrium between supply and demand, in which the demand for housing services is a function of demographic factors, income, interest rates and the housing stock, and the supply is a function of the price of land, building costs and credit conditions."* (p.81). They stress that the theories in the framework of this paradigm do not sufficiently investigate the housing supply element that is of special importance for the national housing markets, as new housing supply changes the position of the existing stock. They highlight the time factor involved in new housing supply, based on which distortions of the equilibrium of supply and demand can easily occur.

The authors argue that such concepts are insufficient to capture the local housing markets' features. They stress that at a national level, house price developments

are influenced by macroeconomic factors, among them anticipated prices and income and interest rates, whereas on the local level qualitative housing characteristics are determinant (also on home, street and neighbourhood level). They refer to numerous empirical studies from the 1990ies that observed that house price developments of the recent past influence the short-term expectations of price increase, referring to the phenomenon of price bubbles.

De Vries and Boelhouwer also discuss other relevant discourses of macro-economic models of price increases, and highlight the interrelation of income, inflation and interest rate changes that affect house price changes. Getting back to price movements on the local level, they conclude the importance of neighbourhood and house characteristics. They refer to Simons et al (1998) who analysed the importance of new investments in a given area that promotes price increase based on the perception that new investments are associated with attractiveness of a neighbourhood. This finding shows the relevance of a territorial approach in observing price developments on spatial level.

One of the most recent analyses, Helbling's discussion (2005) points to the channels through which price movements are driven: *"(i) household wealth, which influences consumption; (ii) the market value of the capital stock relative to its replacement value, which influences fixed investment; (iii) balance sheets of financial intermediaries, other firms, and households; (iv) capital flows which affect demand through the real exchange rate"* (p. 34). This overview reflects the influence of both macro and micro developments.

As pointed out, territorial processes should be analysed in the framework of broader economic tendencies, which largely have to do with the changing position of spatial units in urban areas, and which depend on e.g. labour market tendencies, the city's role in the world market development, etc. A prominent recent example for such analyses is Tutin's investigation (w/o year) about housing price development processes in Paris, where push and pull factors (e.g. upper segment moves, office market and public policies) seem to define the residential market's development. This analysis draws the attention to the paradigm of market segmentation and social division of space.

To conclude, on a national scale, house price developments are strongly influenced by macro-economic factors such as anticipated prices, income and interest rates, replacement values, etc. House prices at district or smaller scale level are as well defined by qualitative characteristics of individual homes and neighbourhoods.

On the other hand, there is a very specific feature that has an impact on the housing market, and which very directly relies on certain presupposed processes of the housing market. This phenomenon is related to the impacts of monetary transmission.

The relevance of the monetary transmission effect for housing is discussed in the framework of state monetary interventions that influence lowering inflation. In this discussion, housing has a role as a sector which is driven by households' and investors' decisions to regroup their resources from the financial markets to asset markets, once the expected gains from financial products lessen, as compared to the real estate market in case of lowering interest rates. The related

discussion has shown transmission's relevance for the national level housing markets, which means as well that the effects of transmission have a territorial reference.

Monetary policies can have a multiple influence on households' behaviour. As Kiss and Vadas (2005) refer, these channels are the interest rate channel, the asset price and wealth effect, and the credit channel. The interest rate channel means that lowering interest rates raise the security of mortgage lending, and thus they might contribute to higher loan to value products and to long maturity. This increases the possible extent of debt. An additional element related to the interest rate channel is the setting of the ratio of monthly installment to disposable income that increases the security of repayment. The second channel, referred to as asset price and wealth effect, comprises the effect that with housing price increase, the housing wealth of households increases as well, leading to a regrouping of consumption. The relevance of the third channel is the influence the possibility of a default – if housing prices increase, the risk premium decreases, and the monthly instalments are reduced (in case of loans when the mortgage repayment is tied to the collateral). The authors refer to a comprehensive ECB study (2002) on monetary transmission mechanisms that concluded that among the three channels, it was the interest rate channel that was applied to the largest extent.

Thus, monetary policies have a multiple effect on the housing market: the growing mortgage markets that emerge based on lower key interest rates and deregulation of the mortgage market, can lead to an increase in housing prices and thus contribute to broadening consumption (wealth effect). This process is not self-evident: Kiss and Vadas also refer cases when this development did not occur. Nevertheless, monetary policies comprise national level interventions, and hence can contribute to the increasing or decreasing territorial differences of housing markets.

A further dimension that very much has to be taken into account while elaborating on the possible effects e.g. of housing price developments or monetary policies, is the tenure structure of the housing system. In addition, the related discussion feeds into the elaboration of economic development and mobility.

Vast literature deals with the meaning of tenures in the different housing systems. The particularities of different tenure types are mostly discussed in the framework of the (bundle of) rights that are prevalent in the different sectors and through the diverging roles of the tenures in different housing systems. Special attention is paid to the differences between the former socialist countries' tenure setup and that of Western European countries (this statement is further discussed later). In addition, the debates about housing choice have given a strong impetus to analyse the consequences deriving from the tenures' diverging characteristics. (A by far non-comprehensive list of some relevant recent discussions is Marcuse 1996, Mandic-Clapham 1996, Hegedüs-Tosics 1996, Lowe et al 1998, Kemeny 1981, Ronald 2002, etc.).

In the discourse of the relation of housing and mobility, one of the most recent discussions for the European growth of employment and competitiveness concerns the role of tenures for increasing mobility, which is strongly believed to

be one of the engines for increasing employment. Here again, the evaluation of different countries' processes deliver partially diverging results. As Doling (2005) points out, there have been empirical evidences delivered by Oswald (1999), that in economically advanced countries there is a significant relation between home-ownership and unemployment. This relation is thought to derive from the relative immobility of homeowners. Doling reflects on Oswald's two arguments supporting his assumption: the one is related to the amount of transaction costs (average time for complying with the legal transaction and the involved costs e.g. of the real estate agents, the taxes, the possible loss of a bad decision, etc.), whereas the second seems to be more relevant for our discussion of territorial processes and their relation with housing. This latter argument states that immobility is connected with the regional variations in house prices, as discussed by Maclennan et al (1998) and depressed areas tend to have lower housing values, which hinders unemployed households living in these depressed areas to move away to higher value areas.

As Doling points out, Oswald's findings have to be put in the context of competing discussions. He refers to works of Van Leuvensteijn and Koning (2000) who delivered evidence that workers' mobility might not have to do with home-ownership as such. They pointed out, that employed home-owners move house less often than tenants did, but, it turned out that in the case of unemployed renters and owners, the relation is reverse. Thus, mobility does not necessarily have to do with the differences in tenures, rather with job stability. We must acknowledge, that in a framework of residualised public rented sectors, with the growing distance between the wealth statuses of the population's groups in the housing sectors, investigations about the tenure's role in mobility may deliver findings that might need more explorations.

A further paradigm that is related to housing tenure's role in mobility is connected to the institutional setup of the public rental sector. Actually, this approach delivers evidence that besides exploring the difference between the ownership and the rental sector as a whole, there are relevant elements in the rental sector's segments as well. Doling refers that the bureaucratic procedures and rent control are constraining elements. Hence mobility in the public rental sector by nature might be constrained.

Another widely accepted finding in the scientific discussions that often provides input to the housing policies e.g. of the East European countries where the vast majority of the public stock was privatised, is put up by the ECB (2003). As Doling refers it, the economic growth approach stresses that more renting and less ownership would be the preferred option in order to enhance labour mobility.

4.4.4 Summary of the scientific discussions

The above mentioned three different topics that are being broadly discussed in the current scientific literature suggest that there are highly interrelated processes undergoing in the housing sectors of the European area. In addition, these housing processes can be interpreted in their territorial reference, so as to reflect phenomena that define processes in neighbourhoods, the housing market of cities and regions, or even national housing markets. Policy development often refers to the scientific discussions and draws on the results offered by the discussions.

We found that the territorial embedding of housing can be captured by inequalities at the spatial level. The inequalities derive from a number of aspects, including macro-, micro, and cultural differences, institutional setups, physical characteristics, etc. Thus, a European level discussion of the territorial development's impact on housing (and vice versa) should focus on related disparities.

4.5 Territorial patterns of housing

As pointed out in the previous section, there are numerous aspects that demonstrate the territorial differences in housing. The reasons behind such differences are wide-ranging. Hence, only some major points can be discussed in the framework of this research.

Earlier we stressed that the disparities among housing sector characteristics can be observed on various levels: sub-urban, urban, regional, and national level analyses may deliver useful results for a discussion about the interrelatedness of housing and territorial development.

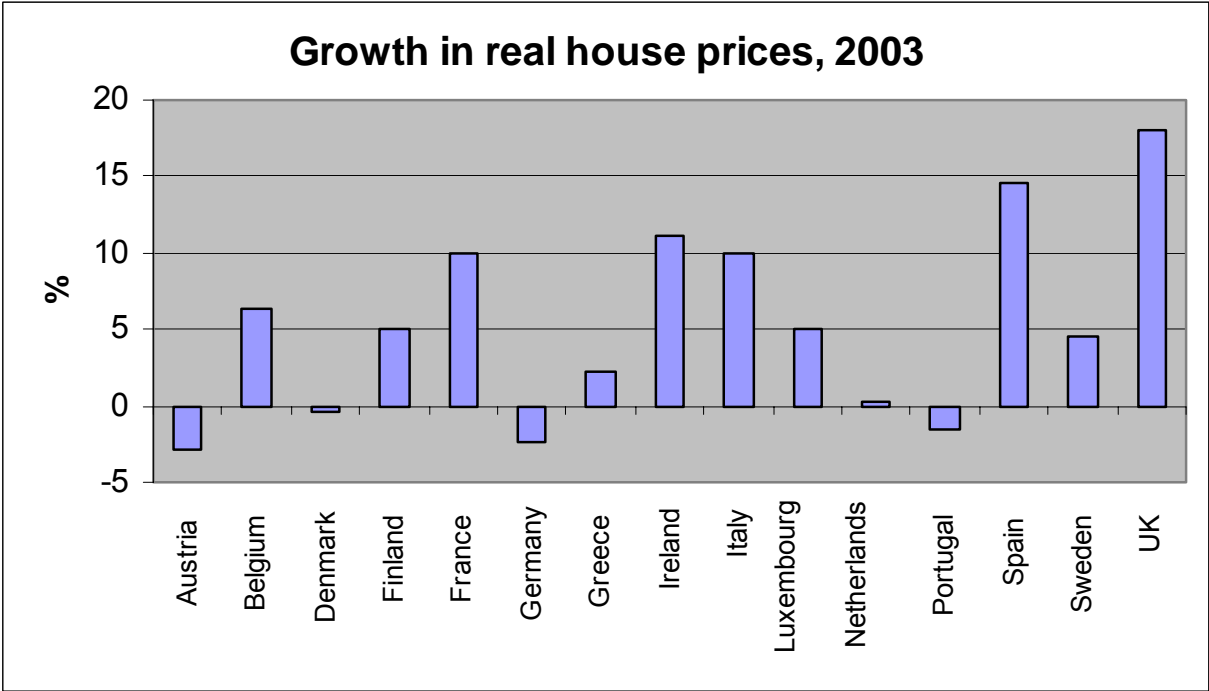
While reviewing the data resources for EU25+2+2 we had to find that there is great scarcity in terms of available and suitable data for comparisons based on empirical resources for the whole European region. Consequently, either we have to constrain ourselves to drawing up results of a few cross sectional analyses, or we have to tighten the area of our observations.

So as to demonstrate at least some findings that are closely related to the abovementioned scientific discussions, we try both ways.

Real house prices

To illustrate the regional differences in housing market developments (see possible reasons and impacts in section 4.3), we summarised the data available for the EU 15 (source: ECB, 2003).

Figure 26 Growth in real house prices, 2003 in the EU15



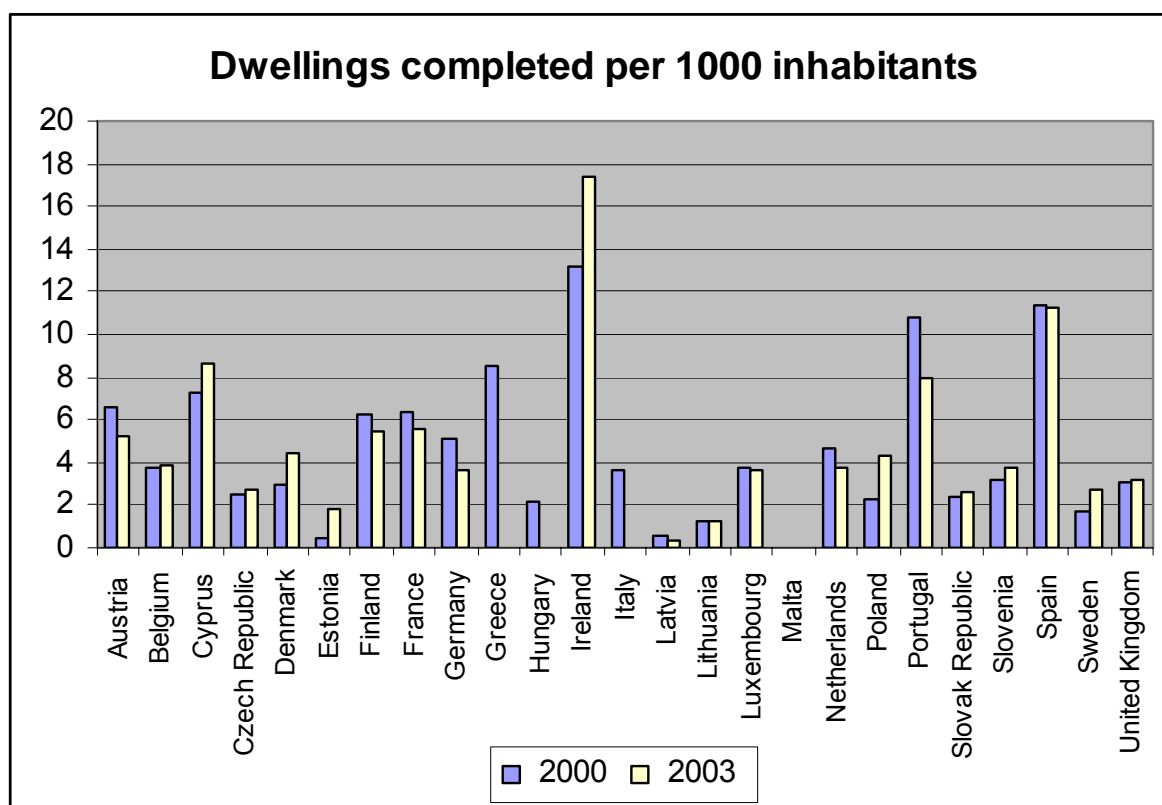
Unfortunately, there are no such data available at the regional level, and the comparison was only compliable for this year as this series of data was published only for 2003).

Dwellings completed per 1000 inhabitants

We had to face similar difficulties when trying to define a comprehensive indicator for the dynamics of housing investment (which also has to do with price increase). We had to draw on two cross sectional data sets delivered by the Housing statistics in Europe, 2004 (see details and further possible indicators in Part III).

The fact that even at national level so many data are missing, allows us to only formulate restricted findings. The dynamic e.g. Irish output draws our attention to the effects of a boosting economy on housing output, and other data show that the New Member States still lag behind with mostly very low housing construction indices. The available data permits no further conclusions.

Figure 27 Dwellings completed per 1000 inhabitants, 2000 and 2003, EU 25



Home ownership

One of the crucial inequalities in Europe’s housing markets is the affordability of housing. There have been several attempts to compile data on this issue, but more than national data are not accessible for the time being (if one wants to have data for more than EU12/15, the more recent housing statistics of the European Union are useful resources, with the constraint that they deliver no time-series). We tried to refine the available results based on the Urban Audit database, but unfortunately without success. This step would have been immensely necessary, as for the regional level, the level on which ESPON focuses, there is only a minimum of available data.

Despite this, the Urban Audit data collection gave new impetus for data availability on lower than national level, and even if the bunch of missing data rather limits the usability of the available data, they are useful resources of information. However, these data do not cover all regions on an aggregated level, rather urban zones and sub-urban level units, thus, their coverage is not identical with the NUTS 3 level (see remarks on the following maps).

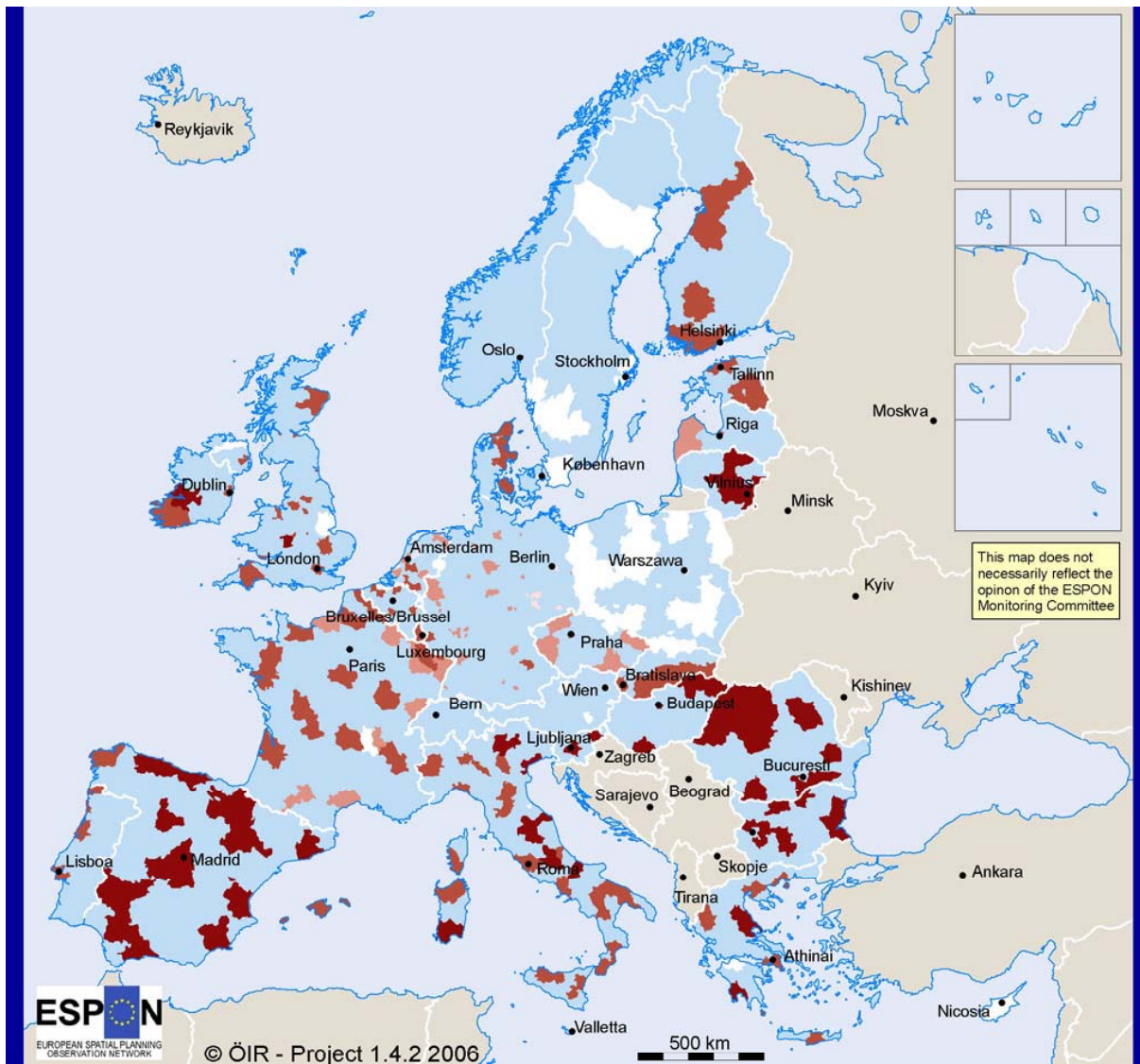
There is a territorial difference in the ownership structure among the countries of EU 25+2. As the Urban Audit data show, the southern countries and the new Member States, similarly to Bulgaria and Romania show higher ownership rate than an average urban region of the EU. This derives from a multiplicity of facts as referred to in the scientific review, but at the same time, it also contains important messages about the governance of the social stock and the welfare system, the labour market mobility, and the housing finance system and

differences between aspects that define housing affordability. Thus, as proposed in Section 4.6, this interrelatedness should be further investigated.

Housing quality

A map showing territorial differences aims at indicating the inequalities of housing quality. It uses also the data of the Urban Audit. Households in Europe have different life standards and their access to the levels of quality of housing varies as well. There are historic facts behind that, since the housing investment patterns that resulted in the current stock (see first subchapter of the scientific discussion) did and do differ from region to region. On the other hand, this shows the difference in the supply offered not only in the national but also in the regional housing markets. The same information – even if the amount of missing data allows for vague conclusions – is the target of investigation when the supply of basic amenities in the dwellings is explored.

Map 21 Home ownership



Ratio of households owning their own dwelling

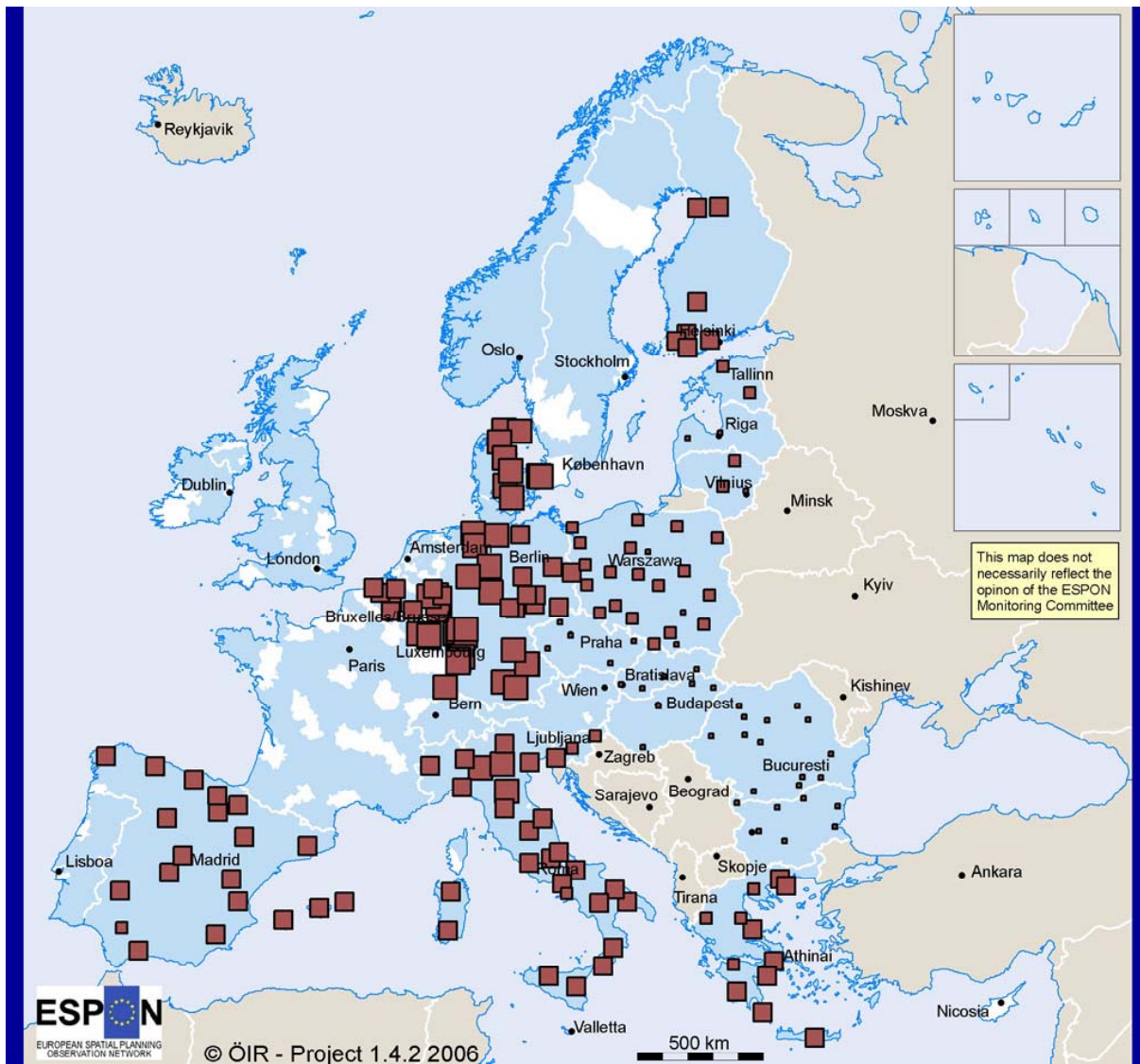
- 18.3% - 25%
- 25.1% - 50%
- 50.1% - 75%
- 75.1% - 93.3%
- no data available

- ESPON space / no Urban Audit region
- Non ESPON space

Source of data: Urban Audit 2004; EuroGeographics 2001.

This map was generated based on a reclassification of the Urban Audit (UA) data to NUTS 3 level data, thus, the map indicates information for larger regions than covered by the UA.

Map 22 Average area of living accommodation (m2 per person)



Average area of living accommodation (m² / person)

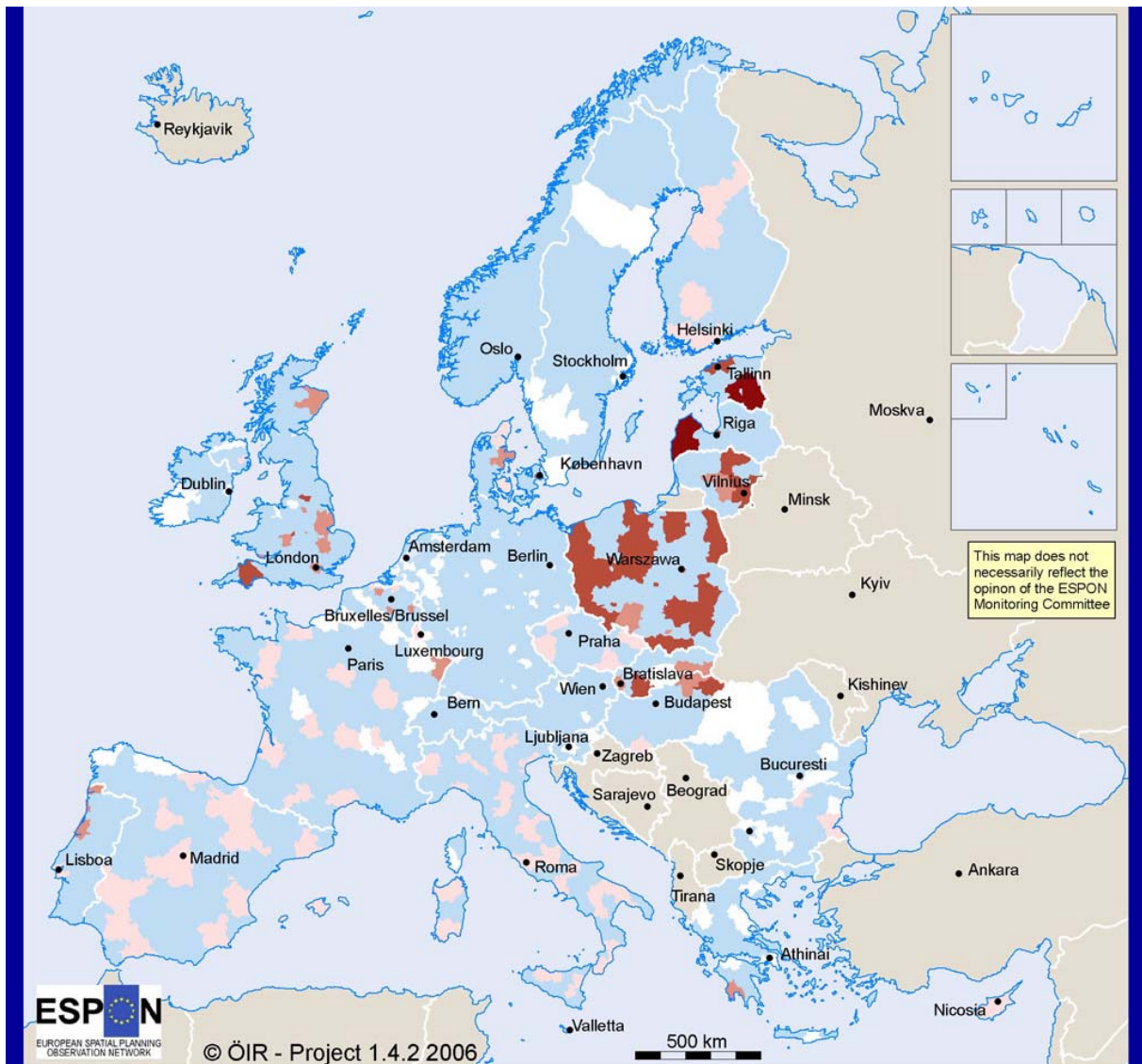
- 13 - 20
- 21 - 30
- 31 - 40
- 41 - 53
- no data available

- ESPON space / no Urban Audit region
- Non ESPON space

Source of data:
Urban Audit 2004;
EuroGeographics 2001.

This map was generated based on a reclassification of the Urban Audit (UA) data to NUTS 3 level data, thus, the map indicates information for larger regions than covered by the UA.

Map 23 Proportion of dwellings lacking basic amenities



Proportion of dwellings lacking basic amenities

- 0.2% - 5%
- 5.1% - 10%
- 10.1% - 25%
- 25.1% - 42.7%
- no data available

- ESPON space / no Urban Audit region
- Non ESPON space

Source of data:
Urban Audit 2004;
EuroGeographics 2001.

This map was generated based on a reclassification of the Urban Audit (UA) data to NUTS 3 level data, thus, the map indicates information for larger regions than covered by the UA.

4.6 Conclusions and research questions

The review of policies and the scientific discussions concerning the interrelatedness of housing and territorial development reveals that housing policy and research has numerous area based aspects.

The analyzed territorial processes and developments suggest, that there are dynamic processes in the housing systems of the EU 25+2+2 that can be captured via exploring their territorial manifestation, e.g. through housing market developments, housing investment, and quality of housing supply. The broad range of topics that have been shown as being relevant for the current policy and scientific discussions indicate that housing research is related to numerous social aspects and social and economic processes co-determine the territorial processes of housing. Thus, there is a strong interrelatedness with the fields investigated in the current study.

4.6.1 Indicators

Several ways to measure the territorial and social differences that are related to housing are discussed in various forums, and numerous datasets have been developed worldwide to provide sufficient data bases. These databases explore the disparities in housing supply and housing quality, and the inequalities of housing access throughout the countries of the world, or of given continents. These sources are most relevant, especially because the scientific discussions point out the processes that lead to such inequalities, deliver explanations for the observed dynamics and explore the results of these inequalities. Similarly, housing policies aim at handling very similar questions through specifically designed interventions, and they need access to appropriate data providing sufficient information both for the design and the evaluation of the efficiency of housing policies.

Nevertheless, there is a lack of available harmonised data for developing comprehensive indicators covering not only national but also sub-regional levels. Thus, the representation of results based on comparable quantitative data becomes rather difficult.

The proposed indicators for describing comprehensively housing processes in the EU 25+2+2 typically suffer from a lack of proper data resources, or restricted access is due to several reasons (e.g. missing data, old data, non-harmonised data). So, in future more profound indicators for housing should be developed. However, the in ESPON 1.4.2 proposed indicators can be comprehensively elaborated and interpreted in a broader social and economic context.

1. Housing affordability indicator I (house price to income ratio): The indicator can be used for measuring housing affordability, even is its value is influenced by macroeconomic factors as well.
2. Housing affordability indicator II (rent to income ratio) This indicator describes the differences in access to housing in the rental sector. It is influenced by territorial processes (uneven economic development, migration) and measures its consequences as well.

3. Tenure structure – share of social housing: The regional differences of the tenure structure and its change can describe the different housing policies at national level.
4. Dynamics of housing investment (housing output): This indicator aims to explore the regional differences of the housing markets.
5. Housing supply – housing quality: The regional differences of the housing stock shows both the potentials of the housing markets and the problems that the local population has to face in terms of living standards.

Exploring housing price development, the supply of housing and the framework where housing policy works, are key elements to further understanding the territorial differences and processes of the EU 25+2+2 area. Nevertheless, there are debates on options of comparative housing research without analyzing their relation with other social aspects as e.g. the labour market developments and social security systems. Thus, prior to large scale investigations of regional disparities of the housing sectors, a comprehensive methodological approach has to be developed, and further data collection should be carried out aiming at improving the information basis for further research.

4.6.2 Typologies

There have been several scientific debates about a potential typology of housing systems throughout the EU25+2+2 area. Some of these approaches use typologies developed for the neighbouring field of welfare systems to deliver similar categories for housing (e.g. the recent works of Hulse or Matznetter). Others see the path-dependent elements of the European housing systems more relevant and interpret e.g. the Eastern European housing systems as housing systems with a different logic that has a great impact on today's housing systems in this region (e.g. works of Hegedüs or Clapham). One aim of these discussions is, however, to develop a comprehensive approach to place housing in the framework of the differing welfare systems and to see the functioning of the national housing systems in the context of this framework.

The aim of the research in ESPON 1.4.2 was to highlight processes of housing with territorial relevance. A typology considering such characteristics has not yet been developed, but in order to understand the dynamics of the EU25+2+2 area, such a typology would very much contribute to further understanding the divergences among the European regions. An important aspect would be develop typologies with relevant messages for the regional level based on the meta-typologies taking into account the differences in the governance structures of the housing systems throughout the ESPON area.

4.6.3 Policies

As shown further above, there are several levels where policies are developed that either are direct or indirect housing policies. There is a trend to specifically formulate policies for housing. Moreover, other policies have direct impact on housing services, assistance or production as e.g. services of general economic interest, VAT matters, basic rights, social inclusion policies etc..

As housing is a national matter of responsibility, there is a broad range of national level policies. consequently, there are great differences of the role of housing in the different countries. This divergence makes it even more difficult to provide a Europe-wide typology, as it is not only the policies but also the governance of housing that show great differences.

Depending on the governance structure of each country there can exist housing policies on the regional and sub-regional level. Some of the policies on the lower level are conflicting policies on the higher level. However, the different levels of policies have to be observed, when housing conditions, local housing markets, etc. are analysed in order to see the territorial effects (e.g. contribution to cohesion or, on the contrary, to growing discrepancies) of housing and vice versa.

4.6.4 Relationship between territorial and housing issues

The recent debates in the current scientific literature suggest that there are highly interrelated processes undergoing in the housing sectors of the European area. As the discussions focus on processes in neighbourhoods, the housing market of cities and regions, or even national housing markets, the processes can be interpreted concerning their territorial reference.

As pointed out further above, the territorial embedding of housing can be captured by spatial inequalities. The inequalities derive from a number of aspects, including macro, micro, and cultural differences, institutional setups, physical characteristics, etc.

Several housing features that can be best explored, analysed and interpreted on local (urban/rural) level, whereas these phenomena have to be put into the wider context of the EU level (broader international framework). This link can be best established by identifying the relations between housing market and economic development and employment (which is strongly related to welfare and education as well).

These multiple interrelations that have been discussed reveal that housing analysis should be carried out with a view to related territorial processes.

4.6.5 Key research questions

The key research questions that emerge from the analysis within ESPON 1.4.2 are related to the interrelatedness of housing to the social sector, labour market developments, etc.. Territorial and housing issues that opens the scope for further research themes. Key research questions are

- (a) to explore the role of housing policies in the national policies e.g. for increasing mobility of labour force or enhancing competitiveness of region;
- (b) to analyse inter-regional level inequalities, and intra-regional segregation as a consequence of the economic, demographic and social factors that may contribute to emerging of social tensions;
- (c) to investigate the relationship of housing and labour markets on supra-national level, as labour market integration, cohesion policies and competition policies are key policies on EU level;
- (d) to develop models that apply diverse housing and social policies for different goals, i.e. social inclusion, increasing flexibility of labour market through augmenting labour mobility, considering the divergence of the Member States.

5 EDUCATION AND TRAINING

5.1 Background

There are major efforts underway to reform the European practices, programmes and policies in the field of education and training, in accordance with the constitutional principle of access to education as a fundamental right.

Education has been given the mission of ensuring the acquisition of skills and competences that are closely linked with the access to job opportunities. This dynamic process comprehends several interrelated dimensions.

On one hand, it is associated with the human capital dimension at an individual level, by determining a person's socioeconomic situation and consequently his/her standard of living, which generally impacts the social sphere.

On the other hand, it has an economic dimension, since these skills and competences strongly influence the levels of productivity, innovation and economic growth.

These two dimensions are also linked to a third one, which has to do with the states' capacity, or lack thereof, to provide social protection to its citizens, namely by guaranteeing the access to the various levels of education, free of cost and with a broad regional coverage, thereby promoting social cohesion.

Ensuring a high degree of inclusion in the schooling system has been suggested as a means to integrate minorities subject to exclusion due to their educational disadvantage, and to overcome the significant barriers to their social inclusion in general. This is why educational inclusion policies are often implemented in relation with employment policy guidelines.

Bearing these issues in mind, the main objectives of the key theme "education and training" in ESPON 1.4.2 are to:

- identify the relevance of education and training for the pursuit of social cohesion in the EU;
- identify regional differences in educational performance and their relation with differences in terms of territorial competitiveness;
- identify regional differences in terms of education and training and their relation with the goals of the Lisbon Agenda.

5.2 Relevant policies

5.2.1 The evolution of the educational policy guidelines

The Lisbon Strategy called for profound changes in economic policy-making, as well as in social welfare systems, in order for Europe to rise up to the challenge of the *“tremendous change brought about by globalisation and the new knowledge-based economy”*, namely:

- the need of new qualifications and competences in order to answer to the new challenges in competitiveness and labour market;
- the new informational order due to information society;
- the globalisation of knowledge linked to technologies diffusion;
- the increasing mobility of people and economic flows;
- the new forms of social inclusion due to info-exclusion and reorganization of economic activities;
- and the process of demographic ageing

In recognition of their potential to induce adjustments in the other layers of the social and economic fabric, a central role was given to the reformulation of the education and training spheres.

Hence, the central role that lifelong training and education has come to play is very much a consequence of the Lisbon Strategy, since it is at the *“core of the creation and dissemination of knowledge, essentially determining the innovation potential of a given society. It is therefore a central part of these new dynamics in close relationship with other areas of action of the EC, including employment, research and innovation, business policy, the information society and the domestic markets”*.

The Joint Report on Social Inclusion – Part I: The European Union, including its synthesis (2001)²², identifies eight core challenges that must be overcome²³. Included in these eight challenges, we find one that has to do with the need to tackle educational disadvantage in order to fight poverty and social exclusion. In stating this goal, several policy guidelines are indicated that include:

- A long term vision with regard to investment in education aimed at preventing poverty and social exclusion;
- Tackling school drop-out and promoting the reintegration in the schooling system of those who left it prematurely;
- Improving the acquisition of basic skills as a way to fight functional illiteracy.

²² http://www.europa.eu.int/comm/employment_social/publications/2001/ke4202521_en.pdf

²³ Eight core challenges: 1) Developing an inclusive labour market and promoting employment as a right and opportunity for all; 2) Guaranteeing an adequate income and resources to live in human dignity; 3) Tackling educational disadvantage; 4) Preserving family solidarity and protecting the rights of children; 5) Ensuring good accommodation for all; 6) Guaranteeing equal access to quality services (health, transport, social, care, cultural, recreational, legal); 7) Improving delivery of services; 8) Regenerating areas of multiple deprivation.

The crucial impact of education and training upon the performance in the economic, social and civic spheres has made it a major policy concern within the EU. One of the earliest consequences of this discussion was the decision by the Member States to centre their policy actions on bringing down the rate of illiteracy. In doing this, however, some Member States focussed solely on educational policies, and not giving training policies enough consideration.

At a later stage, a new discourse emerged, structured around concepts having to do with the knowledge-based economy and with a special emphasis on the acquisition of skills and competences. There was thus a policy shift, from an emphasis on fighting illiteracy to a more integrated perspective, centred on e-Learning and on the acquisition of competences in fields such as the new information and communication technologies.

It is now understood that the priorities in education policy should include all inter-related domains where direct impacts are to be expected, and which are not limited to education alone. In particular, such impacts are to be expected in the following domains:

- economic outcomes, especially increasing employment levels, adaptability, productivity, and international competitiveness;
- social outcomes, including improving health, reducing criminal behaviour and other anti-social activities;
- other outcomes, including cultural outcomes, increasing equality of opportunity and citizenship.

In a period of significant change in this field, several papers and proposals were put forth that lay the grounds for the design policies and action programmes in various fields. All these initiatives are classified in a recent document from EU, "Education and Training 2010 – Main Policy Initiatives and Outputs in Education and Training since the year 2000" (2005²⁴) in the 10 followings domains. (In each domain, main policy initiatives and outputs in education and training are listed (Appendix 1)):

- an integrated policy framework "Education & Training 2010"
- developing lifelong learning strategies
- higher education reform
- developing school education policies
- enhanced cooperation in vocational education and training and adult education
- removing obstacles to mobility
- promoting multilingualism
- ICT for innovation and lifelong learning (information and communication technology)
- measuring progress in education and training (statistics, indicators and benchmarks)
- expert networks in economic and social sciences

²⁴ http://europa.eu.int/comm/education/policies/2010/doc/compendium05_en.pdf

The first milestone documents date back to 2001/2002, when an integrated policy framework for education and training was designed, and many parallel and integrated initiatives in different domains were adopted. For education and training particularly 6 educational and training strategies which are essential in improving competitiveness and social cohesion are highlighted:

An integrated Policy Framework – “Education and Training 2010”

As regards policy interventions in the field of education, the guideline matrix put forth in the Commission report entitled *“Future objectives of education and training systems”* (Education Council report, 2001), is especially worthy of mention. It was the support for the *“Detailed work programme on the follow-up of the objectives of Education and training systems in Europe”*, adopted by the Council Commission in 2002, that specifies and defines the areas of action and is, therefore, a specific framework of action until 2010.

Lifelong training as a key field in the education and training targets of Lisbon Strategy

As part of lifelong learning strategies, the document *“Making a European Area of Lifelong Learning a Reality”* (2001) plays a central role, due to its major importance on labour force qualification and competitiveness improvements.

eLearning as a support to new challenges in education and training

“The eLearning Action Plan – Designing tomorrow’s education” (2001) focuses on the importance to improve communication technologies and competences in different domains of education and training.

Vocational education and training as a field of education and training 2010 – The “Copenhagen Declaration” milestone

A key document focusing *“Enhanced cooperation in vocational education and training and adult education”* is *“The “Copenhagen Declaration”*, adopted in 2002, that has reinforced cooperation in the field of vocational training and education at the European level. It put forth initiatives aimed at promoting transparency and by establishing a single credit transfer system for vocational training and education based on quality criteria. This declaration also laid the foundations for the creation of a *“group of reference indicators in the areas of lifelong guidance and counselling, non-formal education and the training of teachers and trainers in vocational training and education”*. A commitment was made to reinforce cooperation in the field of vocational training and education in such a way as to include all the social partners in the process.

The need to remove obstacles to mobility – The Single Community framework for the transparency of qualifications and competences – “Europass”

“Europass” aims at reducing obstacles to mobility. It results from a Decision No. 2241/2004/EC of the European Parliament and of the Council, in 2004, which introduced a single European framework for the transparency of qualifications and competences. With this document, a further step was taken towards *“establishing a single Community framework for achieving the transparency of qualifications and competences..., which European citizens can use on a voluntary basis in order to communicate and display their qualifications and competencies more efficiently all over Europe”*.

Table 14 Policy fields and the corresponding major initiatives.

Policy Fields	Initiative
An integrated Policy Framework ‘Education & Training 2010’	Future objectives of education and training systems Education Council report (February 2001)
ICT for innovation and lifelong learning)	The eLearning Action Plan – Designing tomorrow’s education Communication from the Commission to the Council and the European Parliament (March 2001)
Developing lifelong learning strategies	Making a European Area of Lifelong Learning a Reality Commission Communication (November 2001)
An integrated Policy Framework ‘Education & Training 2010’	Detailed work programme on the follow-up of the objectives of Education and training systems in Europe Work programme of the Education Council in cooperation with the Commission (February 2002)
Enhanced cooperation in vocational education and training and adult education	“Copenhagen Declaration” – Enhanced European cooperation in vocational education and training Declaration of the European Ministers of Vocational Education and Training, the European Social Partners and the European Commission (November 2002)
Removing obstacles to mobility	Europass Single Community framework for the transparency of qualifications and competences, Decision No 2241/2004/EC of the European Parliament and of the Council, December 2004)

5.2.2 Education and training policies and programmes

An integrated Policy Framework – From the “Future objectives of education and training systems” to the “Education and Training 2010” Working Programme

Regarding policy interventions in the field of education, the guideline matrix from the Commission report entitled “Future objectives of education and training systems”, an *Education Council report* (2001), is especially worthy of mention.

As pointed out in the Report, it is fundamental that educational systems can respond to the changes and challenges that affect the EU, namely:

- Changes in working life, especially changes in the labour market and skill requirements in the service sector. More than a reform of educational

systems, lifelong learning appears to be a prerequisite to remain competitive in the labour market.

- Demographic changes, such as ageing, and migration reinforcement contribute to social and societal changes. Young and skilled people are becoming a scarce resource, particularly in countries with tight labour markets. At the same time, replacement migration has been occurring in all European countries, especially within the low-cost labour force of non-skilled sectors of the economy. The challenge of these demographic trends in education and training systems implies: the need for people to continue learning to become more employable and entrepreneurial; and the need to provide for information and guidance and continuing education and training for people during a longer and more active life-span.
- More varied migration flows, requiring education and training systems to cater to a more diversified and multilingual public in order to promote social cohesion.
- Promoting equal opportunities, through updating of skills, in order to contribute to the social inclusion of vulnerable groups such as people with special educational needs.
- The enlargement process of the EU.

Building on this diagnosis of the main challenges, this document proceeds to identify the main areas of intervention:

- I) to improve the level of education and training in Europe, by improving the quality of the training of teachers and trainers and by putting special efforts into the reading, writing and mathematical skills;
- II) to facilitate the general access to lifelong learning, by improving the access to lifelong education and training and by ensuring its attractiveness through the enhancement of mobility within the educational system (e.g., from vocational training to higher education);
- III) to upgrade basic skills, bearing in mind the characteristics of the knowledge-based society, integrating ICT skills, paying greater attention to interpersonal skills and tackling other insufficient competencies;
- IV) to open education and training to the local context, Europe and the rest of the world, fostering the learning of foreign languages and mobility and reinforcing the relationship between the business world and the educational system;
- V) to use available resources more effectively, guaranteeing the quality of the education and training institutions, matching resources to the needs and enabling the schooling institutions to develop new partnerships with the aim of enhancing their role as an integrating platform.

In 2002, the Commission adopted the "Detailed work programme on the follow-up of the objectives of Education and training systems in Europe", a Work programme of the Education Council in cooperation with the Commission.

The scope of the initiatives implemented under the "Education and Training 2010" work programme are not limited to the more immediate and short-term goals; rather, they take into account the guidelines of the European Employment

Strategy, as well as those of the overarching matrix created with the aim of giving rise to the creation of a European Research Space and all other related aspects of the knowledge-based society. To these components, one should also add the strategies in the fields of economic policy, domestic labour markets and industrial policies. Such an all-encompassing range of concerns is an essential condition for a tight fabric of cause and effect to be knit, leading up to the achievement of the goals in the field of lifelong training and education formulated in the Lisbon Strategy.

The close relationship between the economic and social components that is present in the goals of the "Education and Training 2010" Work Programme underline the twin role of the education and training systems. The innovation capacity, in close association with the potential for excellence, is a paramount determinant of the competitiveness of each country or region, which in turn originates upstream, at the level of the lifelong training and education systems. This should take place alongside Europe's social advancement, which has to do with upholding the values of equal opportunities, social participation, improvements in the area of health, fighting crime, environmental awareness, democratisation and quality of life.

The "Education and Training 2010" Work Programme is focused on three major strategic objectives, which are broken down into 13 associated objectives:

- (1) improving the quality of education and training systems:
 - improving education and training for teachers and trainers
 - developing skills for the knowledge society
 - ensuring access to its for everyone
 - increasing the recruitment to scientific and technical studies
 - making the best use of resources
- (2) facilitating access for all to education and training
 - open learning environment
 - making learning more attractive
 - supporting active citizenship, equal opportunities and social cohesion
- (3) opening education and training to the world
 - strengthening the links with working life and research, and society at large
 - developing the spirit of enterprise
 - improving foreign language learning
 - increasing mobility and exchanges
 - strengthening European co-operation

The implementation of the detailed work programme is also supported by European cooperation in other forms: community programmes, action plans, visits of decision makers, comparative and prospective studies, statistical and other surveys, pilot projects, etc.

General target results are expected according to the main objectives:

- (1) *"improving the quality of education and training systems"*:
 - halve the number of 18- to 24-year-olds with only lower-secondary level education by 2010;

- ensure that all education and training institutions have access to the internet and to multimedia resources by the end of 2010;
 - take steps to ensure that all the teachers involved are qualified in the use of these technologies by the end of 2002; bring about a substantial increase in per capita investment in human resources every year.
- (2) *“facilitating access for all to education and training”*:
- halve number of 18 to 24 year olds with only lower-secondary level education who are not in further education or training by 2010.
- (3) *“opening education and training to the world”*:
- promote training for entrepreneurs + self-employed workers;
 - encourage people to study two EU languages in addition to their mother tongue(s) for a minimum of two consecutive years;
 - promote mobility of students, teachers, trainers and researchers.

In 2003 the Commission Staff Working Document presented the *“supporting document for the draft joint interim report on the implementation of the detailed work programme on the follow-up of the objectives of education and training systems in Europe”*. In general it made a positive evaluation of the action plan implementation: The work of the past two years nevertheless illustrates the vitality of the education and training systems in gradually adapting to the knowledge-driven society and economy. At the same time they stressed the need to close the huge gap in order to attain the objectives set for 2010 by the Heads of State and Government. These included in particular making the European education and training systems *“a world quality reference by 2010”* (pp.5 6).

Many indicators showed a modest evolution, such as the small decrease of school drop outs, showing the importance of:

- *“investing more and more efficiently, focusing reforms on key areas;*
- *define truly coherent and comprehensive lifelong learning strategies (conclusion of the interim report on the implementation of the detailed work programme of 2003);*
- *create a Europe of education and training*
- *and the need for each Member State to submit a consolidated report each year (starting in 2004) on all educational and training measures taken which contribute to the Lisbon strategy. These national reports should evaluate the contribution of education and training to the Lisbon strategy and should be articulated in a coordinated way, in parallel to those on the European employment and social inclusion policies.”*

In general, the action plan is fundamental to the development of a European education and training policy, and to the achievement of social cohesion goals.

Lifelong training as a key field in the education and training targets of the Lisbon Strategy

In parallel to the policy framework on education and training described above, other policies have been developed, of which lifelong training and eLearning strategies play a special role. In the document that was issued by the Lisbon Council in March 2000, particularly the guidelines on *“education and training for*

life and work in the knowledge society", give a clear indication that lifelong training has become a priority. In order to meet this challenge, "the European education and training systems will have to be adapted to suit not only the demands of the knowledge society but also the need for more and better jobs. They will have to provide learning and training opportunities that cater for target-groups in different stages of their lives: young people, unemployed adults and working people at risk of seeing their competences lose their relevance in the presence of rapid change". This formula comprises three main components: "the development of local learning centres, the promotion of new basic skills, particularly in the field of information technologies, and greater transparency with regard to qualifications".

The European Council held at Feira in June 2000 urged the Commission and the Member States to design coherent strategies and practical measures in order to encourage all citizens to pursue lifelong training and education. The pursuit of this aim led the Commission to publish a report on "Making a European Area of Lifelong Learning a Reality" (2001), which set the standards for the development and implementation of comprehensive and coherent strategies in this field, as well as a series of priorities at the European, national, regional and local levels.

In order for lifelong education (in the aforementioned sense) to become a reality for the European population, it is essential to:

- develop a partnership approach that include all relevant actors;
- gain insight into the needs of students, or potential students, along with the needs of organisations, communities, the larger society and the labour market;
- ensure adequate and transparent allocation of resources;
- match learning opportunities to learners' needs and interests;
- facilitate access by developing the supply side to enable learning by anyone, anywhere, at any time;
- value non-formal and informal learning;
- and create a culture of learning, by increasing learning opportunities, raising participation levels and stimulating demand for learning.

Their priorities for action are: valuing learning, information, guidance and counselling, investing time and money in learning, bringing together learners and learning opportunities, basic skills and innovative pedagogy.

Progress is measured and monitored through the use of indicators. In 2001 the Communication on Structural Indicators proposed three indicators related to lifelong learning:

- investment,
- participation
- early school leavers.

Together with these, another five existing indicators provide measures to monitor progress within three of the above 'priorities for action' areas, namely investment in learning, basic skills and innovative pedagogy.

One year later, in 2002, the Commission Report based on the work of the Working Group on Quality Indicators, entitled "Quality Indicators of Lifelong Learning – Fifteen Quality Indicators"²⁵, defined a series of guiding principles and indicators for the actions in the field of lifelong training, setting parameters aimed at making it possible:

- to build an inclusive society which offers equal opportunities for access to quality learning throughout life to all people, and in which education and training provision is based first and foremost on the needs and demands of individuals;
- to adjust the ways in which education and training is provided and at the same time to ensure that people's knowledge and skills match the changing demands of jobs and occupations, workplace organisation and working methods; and
- to encourage people to participate in all spheres of modern public life, especially in social and political life at all levels of the community, including at European level.

Those indicators could be aggregated into 4 groups: Skills, Competencies and Attitudes; Access and Participation; Resources for Lifelong Learning; and Strategies and System Development.

While big differences persist in how the various Member States have incorporated the EU guidelines into their own policies, a broad consensus has been established regarding the need for an ongoing effort in bringing the European population into the process.

Among the aspects that now seem to be fairly unanimous and which have been given greater emphasis in the reports, the following are most worthy of mention:

- lifelong training as a major concern, as a source of basic knowledge and skills and as a privileged vehicle for the training of the economically active population;
- the realisation that lifelong training can provide a second opportunity for a significant share of the population to gain access to basic competencies;
- broad sharing of responsibility for the implementation and funding of training initiatives among the various stakeholders, including local and regional entities, social partners, the civil society, businesses, associations, etc.;
- the removal of the obstacles to the democratisation of the access to training, including the accreditation of formally and informally acquired competencies;
- the expansion, diversification and dissemination of the training curriculum and instruments as a constant aim for the trainers themselves.

Nevertheless, the Commission Progress report on the follow-up to the Council resolution of 2002 (2003) for EU and EFTA/EEA countries and for acceding and candidate countries, entitled "Implementing National Lifelong Learning Strategies

²⁵ http://europa.eu.int/comm/education/policies/lll/life/report/quality/report_en.pdf

in Europe”, lists a series of issues that have not been adequately addressed thus far. Of these neglected issues, we would like to highlight the following:

- pre-school learning, including the family learning environment;
- the training and adaptation of teachers at the level of basic education so as to ensure that they are in a position to set their students’ ongoing training process in the right course from an early stage;
- the workplace as the fundamental place in which most training initiatives should be implemented, since it is where the needs and demands are most pressingly felt and because the work environment makes it possible to immediately put into practice the newly acquired knowledge and competencies;
- the learning of foreign languages.

Increasing participation in lifelong learning has also become a central concern of a range of programmes, from those that target the unemployed to those aimed at the expansion of family support programmes, promoting equality of opportunities, increasing employment rates (from 61% to 70% by 2010), increasing women’s employment rate (from 51% to 60% by 2010) and cutting in half the percentage of young people who do not pursue education or training by 2010.

One of the overarching principles of the guidelines for lifelong training concerns the promotion of active ageing, by encouraging the older workers to remain active and modernising the lifelong learning systems, as well as the health care and prevention systems.

Integrated Communication Technologies as a support to new challenges in education and training – The key role of “The eLearning Action Plan. Designing tomorrow’s education”

The arrival of multimedia and the internet, particularly the world-wide-web, in the early 1990s, started a new era that demanded a strong response from the EU. The associated changes had major implications on the competitiveness of world regions and in the restructuring of the labour force market.

The eLearning initiative was one of the EU answers to all these challenges (“eLearning: Designing tomorrow’s education”, adopted by the European Commission on 24th of May 2000). This document became true in “The eLearning Action Plan – Designing tomorrow’s education”. The purpose of this Action Plan is:

- to accelerate the deployment in the European Union of a high-quality infrastructure at a reasonable cost.
- to step up the training drive at all levels, especially by promoting universal digital literacy and the general availability of appropriate training for teachers and trainers, including technology training as well as courses on the educational use of technology and management of change.
- to strengthen cooperation and dialogue and improve links between measures and initiatives at all levels — local, regional, national and

European — and between all the players in the field: universities, schools, training centres, decision-makers and administrators responsible for selecting equipment, software, content or services (including the social partners).

It is organised in four main lines of action, each one with key measures:

- (1) infrastructure and equipment – with the following measures:
 - development of a tool to assist decision-making;
 - a European research area for new learning environments;
 - encouraging the development of infrastructure
- (2) training – with the following measures:
 - new skills and eLearning;
 - training of teachers and trainers,
- (3) services – with the following measures:
 - a conducive environment;
 - priority areas for innovation and development
- (4) strengthen cooperation and dialogue -with the following measures:
 - the eLearning site;
 - reinforcing the European education and training networks

The eLearning programme aims to address each of these four areas in a coherent and consistent way, fighting the digital divide, reinforcing the role of universities and higher education institutions, developing school twinning via the Internet and developing transversal actions for the promotion of e-learning in Europe, building on the monitoring of the eLearning Action Plan. Those are adopted by all Member States in their national policies and respective Action Plans in an integrated way.

The main actors are the European Commission, Member States, European Investment Bank, Eurostat, Eurydice and CEDEFOP.

The analysis of the “eLearning Action Plan” and the new eLearning programme for 2004-2006, shows that one of the critical dimensions is the promotion of digital literacy. That point has a key role in the improvements of competencies, with automatic effects on labour market qualification as well as on social inclusion, all together contributing to territorial cohesion. The evaluative reports show that the plans from the national Member States are ongoing and first results have been achieved, especially in infrastructure support.

Another critical dimension is related with infrastructure support and the possible effects of territorial “segregation”. In fact, each country defines their “territorial” network. It is important to develop studies and indicators that can measure these effects, namely for territorial cohesion observed on a more detailed scale than at the NUTS III level.

Vocational education and training as a field of education and training 2010 – The “Copenhagen Declaration” milestone

The development of the European education and training programmes, started by the Bologna declaration on higher education in June 1999, have been a key factor for improving cooperation at the European level. On 30 November 2002 the Education Ministers of 31 European countries and the European Commission adopted the “Copenhagen declaration”, a document that is essential to promote employability, active citizenship, social inclusion and personal development and to develop strategies for lifelong learning and mobility.

The Declaration follows a Resolution of the Education Council of 12 November that integrates the candidate countries, EEA-EFTA countries and Social Partners. In the declaration, 4 main priorities were defined: European dimension, transparency, information and guidance, recognition of competencies and qualifications and quality assurance.

The following principles will underpin enhanced cooperation in vocational education and training:

- I) *Cooperation should be based on the target of 2010, set by the European Council in accordance with the detailed work programme and the follow-up of the Objectives report in order to ensure coherence with the objectives set by the Council of the European Union (Education, Youth and Culture).*
- II) *Measures should be voluntary and principally developed through bottom-up cooperation.*
- III) *Initiatives must be focused on the needs of citizens and user organisations;*
- IV) *Cooperation should be inclusive and involve Member States, the Commission, candidate countries, EFTA-EEA countries and the social partners”.*

The Member States, EEA countries, the social partners and the Commission have begun cooperation at a practical level, focused on a number of concrete work outputs on the following issues:

- transparency of competencies and qualifications (with the publication of a “Common European format for Curricula Vitae – CVs, Communication of March 2002, and “Europass”, Decision of the European Parliament and of the Council, 2004);
- system of credit transfer for VET taking forward the communication “Realising the European Higher Education Area”, made in Berlin, in 2003;
- common criteria and principles for quality in VET, taking forward the work of the European Forum on Quality;
- common principles for the validation of non-formal and informal learning, whose aim is to develop a set of common principles to ensure greater compatibility between approaches in different countries and at different levels (“Validation of non-formal and informal learning”, Conclusions of the Council of May 2004”);
- lifelong guidance, with the aim to strengthen the European dimension of information guidance and counselling services, and enabling citizens to have

improved access to lifelong learning (It takes into account "the Making a European Area of Lifelong Learning a Reality", a Commission Communication).

In essence, the 4 main priorities contribute to enhance cooperation in vocational education and training and remove obstacles to mobility, in accordance with the Lisbon Agenda on labour market requirements. In social terms the most visible consequence is the "openness" of the educational system and, in the future, the labour market mobility that, in theoretical terms, should contribute to social and territorial cohesion of territories.

The need to remove obstacles to mobility – The Single Community framework for the transparency of qualifications and competences – "Europass"

In sequence to the recommendations of the Copenhagen Declaration emerges the need to have a single document that integrates all actions to increase transparency in vocational education and training, through the implementation and rationalisation of information tools and networks. Europass allows this integration, namely at the European and national level.

The main objectives are to:

- *"Improve transparency of qualifications and competencies to facilitate mobility between countries as well as across sectors. "*;
- *"...increase transparency in vocational education and training, through the implementation and rationalisation of information tools and networks, including the integration of existing instruments into one single framework";*
- *"...establish a single Community framework for achieving the transparency of qualifications and competencies by means of the creation of a personal, coordinated portfolio of documents."*

Participation shall be open to acceding States and to non-Community countries of the European Economic Area in accordance with the conditions laid down in the EEA Agreement.

Each Member State shall be responsible for the implementation of this DECISION at the national level. For this purpose, each Member State shall designate a National Europass Centre (NEC), which shall be responsible for the coordination at national level of all activities referred to in this Decision and which shall replace or develop, where appropriate, existing bodies currently carrying out similar activities.

Europass consists of five documents, available in all official EU languages:

- Europass CV – the CV is the backbone of the Europass portfolio;
- Europass Mobility – its purpose is to record experiences of transnational mobility for learning purposes in a common format;
- Europass Diploma Supplement – personal document developed jointly with the Council of Europe and UNESCO which records the holder's educational record;
- Europass Certificate Supplement – a supplement to a vocational education and training certificate, clarifying the professional qualifications of all individuals holding such qualifications;
- Europass Language Portfolio – a document in which citizens can record their linguistic skills and cultural expertise.

Europass, more than a policy of transparency of competences and qualifications, is a way to improve new opportunities for learning and employment in Europe. In fact, it is a way for people to validate their qualifications and competencies in EU Member States, EFTA/EEA countries and candidate countries, in line with the mobility and labour market adjustments required by Lisbon goals.

There is no doubt about the importance of Europass as well as all other documents that guarantee the transparency, equal recognition of competencies and qualifications and quality assurance, and improved mobility at the European level. The various European regions, however, are very heterogeneous in many aspects (different demographics with differing levels of ageing, unequal educational levels, and different productive, economic and social systems). That possible effect the increase of mobility especially in specific labour sectors (especially for the more qualified and better educated). This should be taken into special account in the process of social and territorial cohesion in less developed, rural or sparsely developed territories).

Moreover, Europass strategies should be strongly linked with the development of school education policies and the promotion of multilingualism strategies. The goal of competencies certification and increasing mobility, is naturally more feasible between countries that speak the same or similar languages or for those sectors/enterprises where a common language (such as English) is spoken.

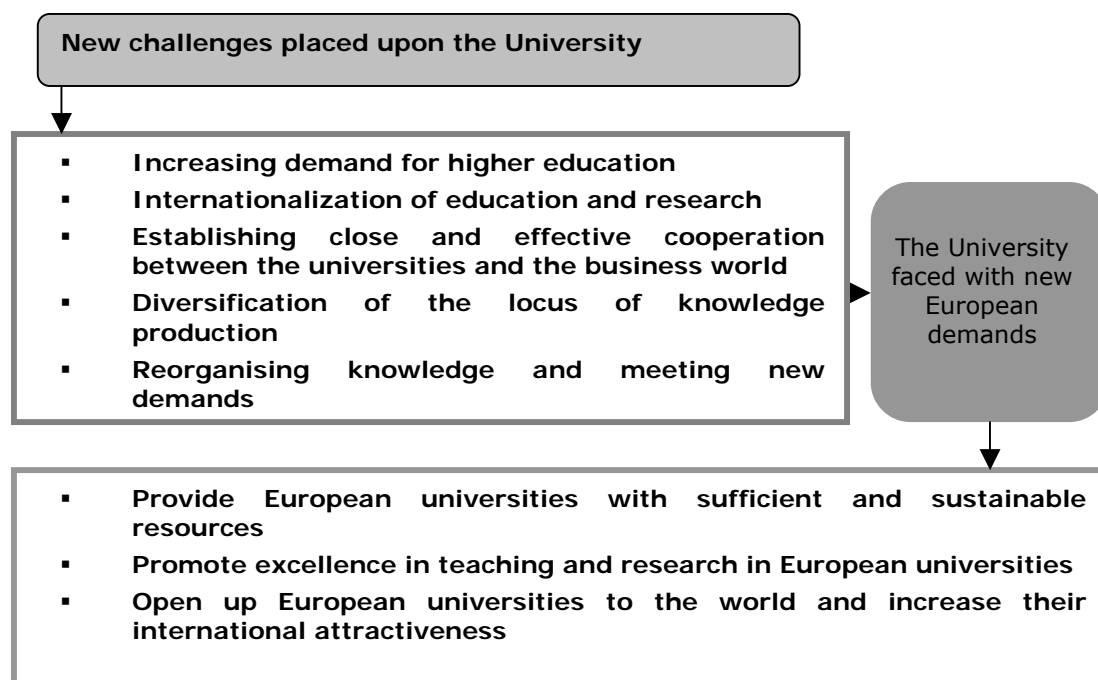
The central role of the university institution in the pursuit of the Lisbon targets

Higher education is a more specific dimension of policy intervention in the field of education. Sapir, in his work *"An Agenda for a growing Europe"* (2003), stresses the idea that *"(h)igher education is more than the capstone of the traditional education pyramid; it is a critical pillar of human development worldwide. In today's lifelong learning framework, higher education provides not only the high-level skills necessary for every labour market but also the training essential for teachers, doctors, nurses, civil servants, engineers, humanists, entrepreneurs, scientists, social scientists, and myriad personnel. It is these trained individuals who develop the capacity and analytical skills that drive local economies, support civil society, teach children, lead effective governments, and make important decisions which affect entire societies."*

It is therefore only natural that the Commission should come up with programmes specifically targeted at higher education, which acknowledge the central role played by the university institution in the pursuit of the Lisbon targets.

The task of setting up a truly European-wide university system remains an extremely challenging one, due to the typically national (or occasionally regional) logic under which most universities operate. In concrete terms, this has translated into poor student mobility within the European space. By 2000, a mere 2.3% of the students pursued their studies outside their country of origin. This took place despite the numerous efforts by the EU aimed at enhancing research, education and training so as to provide these activities with a truly European dimension and thereby enable the higher education system to lead in a context of fierce global competition.

Figure 28 New challenges placed upon the University



Hence, it is important to reflect on how universities should position themselves in order to overcome the current challenges and consolidate the European dimension of the university system, so as to play a decisive role in helping the EU meet the goals of the Lisbon Strategy.

Bearing in mind the new challenges and demands placed upon higher education in the EU context, the Commission has urged the development of a constellation of university programmes that meet a variety of different education and training needs while sharing a common concern: to consolidate the continental character of the system through cooperation/interconnectivity between the Member States.

There are various such programmes, which articulate a series of guidelines: the *Comenius* programme (*Decision No 253/2000/EC of the European Parliament and of the Council, January 2000*); the *Erasmus* programme, also part of the second

phase of the Community action programme in the field of education 'Socrates' (*Decision No 253/2000/EC of the European Parliament and of the Council, January 2000*); *Erasmus-Mundus*, which is aimed at enhancing quality in higher education and promoting intercultural understanding through cooperation with third countries (2004 to 2008) (*Decision No 2317/2003/EC of the European Parliament and of the Council, December 2003*).

As for the *Leonardo da Vinci* programme', *Council Decision of April 1999*, it is a programme that seeks to facilitate adaptation to an evolving labour market and to meet the demand for skills and competences.

In turn, the *Grundtvig* programme, the second phase of the Community action programme in the field of education 'Socrates' (*Decision No 253/2000/EC of the European Parliament and of the Council of January 2000*), comprises measures aimed at meeting the challenges posed in the field of education by the ageing of the European population and helping to provide the adult population with alternative education and training opportunities so as to enhance their knowledge, skills and competencies.

Finally, the goals of the *Jean Monnet* programme are to foster teaching, research and intellectual production in the area of European integration studies and to facilitate the establishment of an adequate set of institutions and organisations dedicated to issues having to do with European integration, as well as education and training in a European perspective.

The financial outlook for 2007-2013 set some specific financial objectives for the four central programmes. This financial allocation was decided based on the expectation that one out of every 20 students will participate in the *Comenius* programme during this period of financial programming. Likewise, 3 million *Erasmus* students, 150,000 *Leonardo da Vinci* trainees and 25,000 participants in the *Grundtvig* mobility programme are expected during this period.

In sum, education, particularly university education, plays a crucial role in ensuring the transformation of Europe's social and economic structure in such a way as to adapt the pool of knowledge, skills and competences in order to overcome the obstacles in the transition to the knowledge society.

This fundamental idea underlies the *Commission Communication* (January 2003), "Investing efficiently in education and training: an imperative for Europe", which states: "... education plays a key role in fostering the advancement and dissemination of science and technology in the transition to the knowledge society. The knowledge sector is dependent on the ability of education, in particular of universities, to offer high quality curricula in knowledge-intensive areas and to attract a sufficient number of qualified persons to science and technology. Furthermore, while innovation requires research and development activities, it is also dependent on the ability of social partners to ensure that a generally well-educated and creative labour force stimulates it, uses it and underpins it".

5.3 Scientific discussion and empirical indication

The European Union has been conducting substantial efforts to support education as well as lifelong learning. The multiple regional differences of the education systems and the various adopted solutions are reflected in different capacities in which such issues are addressed. The analysed bibliography has allowed us to identify community level issues related to education and lifelong learning across Europe, such as:

- 1) the great educational differences within the European Community and the uneven participation in the several schooling levels (from pre-school to high school education) causing differing performances and varying degrees of human capital adaptability to changing realities;
- 2) early school leavers and social issues related to low qualifications result primarily in lack of professional opportunities;
- 3) a diversity of systems in education supply within the EU
- 4) the need to equip the labour force with adequate skills for the new demands of the labour market and civic participation;
- 5) the different models of investment in education and their respective outcomes increase the education inequalities, which in turn create differentiated regional patterns;
- 6) the different regional education systems do not help to harmonise EU level education, training and skill certification systems, thus compromising mobility and increasing regional disparities.

These issues will be examined separately, in an attempt to understand trends and theoretical questions and suitable approaches to deal with them. The outcome will be an analysis of patterns highlighting the different education models of the EU and their problems and potentials.

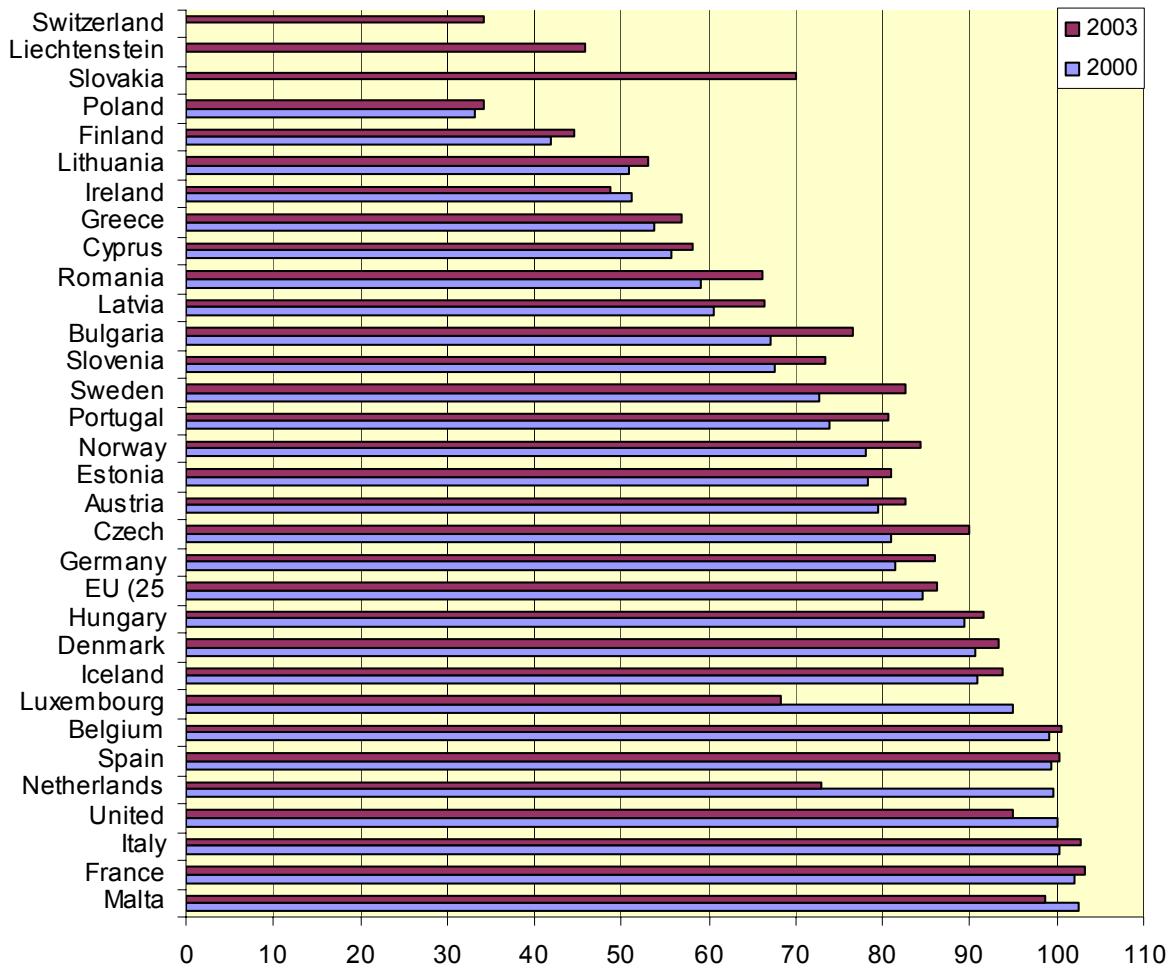
5.3.1 The great educational disparities within the EU

It is being increasingly recognised that increases in average educational levels translate into economic growth. In empirical terms, *"a one year increase in the average level of education of the population translates into a 5% increase in the growth rate in the short term, and an additional 2.5% in the long term. Besides, the positive impact of education upon employment, health, social integration and active citizenship has been amply demonstrated"*. Moreover, it is commonly pointed out that *"an additional year of schooling increases aggregate productivity by 6.2%"* (Education and Training 2010 Work Programme).

Nevertheless, differences between countries and regions are quite important and define different levels of human capital capacity.

Pre-school enrolment

Figure 29 Percentage of the 4 years olds who are enrolled in education-oriented pre-primary institutions (2000-2003)



The education contrasts start in pre-school enrolment. Countries such as Malta, France, Italy, United Kingdom, Netherlands, Spain, Belgium present values between 99 and 100%. The tendency in some of the countries in this group is to decrease their level of support. For instance, the United Kingdom and the Netherlands have decreased from 100 to 94,9% and from 99,5 to 73% respectively. The inversion of this process is tied to the option of accompanying the first years of the children (European Report on the Quality of School Education – Sixteen Quality Indicators, 2001).

A group of significantly different countries presents lower rates of pre-school enrolment, with rates between 34 and 49%. This group includes countries like Ireland, Finland, Poland, Liechtenstein and Switzerland. Apart from these groups with extreme rates, there is a large group of countries around the EU average (25 countries), i.e., around 86,3%. (European Report on the Quality of School Education – Sixteen Quality Indicators, 2001)

Secondary education

Unequal patterns emerge also when we look at the youth education attainment level (Percentage of the population aged 20 to 24 having completed at least upper secondary education). The first group includes 10 countries that have between 85% and 95% of the population aged 20 to 24 with a secondary education (Austria, Croatia, the Czech Republic, Finland, Norway, Poland Slovakia, Slovenia, and Sweden). This situation has different causes and effects explaining the productivity and competitiveness of the various regions. Northern European countries, for instance, have a quite consolidated education system and the education levels are reflected in their living standard patterns. The Eastern European countries, on the other hand, despite having fairly high levels of education, do not always provide education that is adequate to the present needs and demands (Third report on social and economical cohesion, 2004).

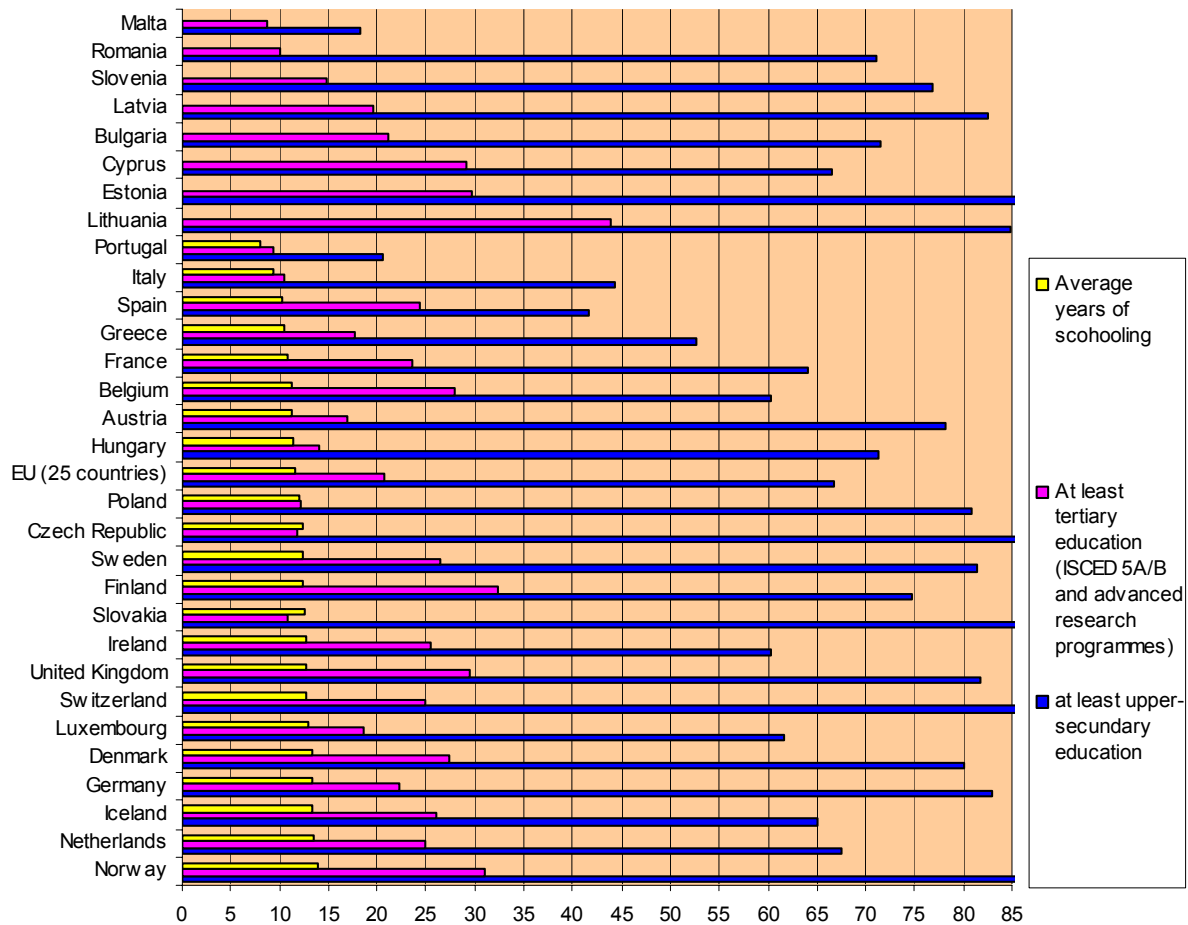
A group, with rates below the EU average (25 countries), i.e., 76,7%, includes countries like Bulgaria, Denmark, Germany, Italy, Netherlands, Romania, Spain and the United Kingdom. The lowest levels, with rates under 50%, are found in Portugal and Malta.

These differences are particularly important when analysing the education attainment levels and average years of education as a percentage of the population aged 25-64 who have at least upper-secondary/tertiary education (Career Guidance 2004). A three-group division of the population having completed at least secondary school is as follows:

- Between 80% and 88% – Czech Republic; Denmark. Estonia; Germany; Latvia; Lithuania; Norway; Poland; Slovakia; Sweden; Switzerland; United Kingdom. In this indicator, the majority are also Eastern and Northern countries.
- Between 60% and 78%, – Austria; Belgium; Bulgaria; Cyprus; Finland; France; Hungary; Iceland; Ireland; Luxembourg; Netherlands; Romania; Slovenia. This group includes a mixture of Northern, Central and Eastern European countries around the EU average (66,7%). Different realities are comprised here, from countries with growth potential to countries with stabilised education systems.
- Under 53% – Greece; Italy; Malta; Portugal; Spain. This group comprises Southern countries, along with Malta. The countries with the lowest percentages are Portugal and Malta, with 20,6% and 18,3% respectively. The dynamics and productivity of the labour energy of these countries is conditioned by these levels.

In this context, the balance between prosperous countries with a strong human potential and the less prosperous ones also having human potential causes two distinct flows with different impacts: on the one hand, migratory movements and, on the other one, the loss or decline of productive activities.

Figure 30 Education attainment levels and average years of education; percentage of population aged 25-64 who have at least upper-secondary/tertiary education and average years of education (2002)



Secondary Level Education Supply

Concerning the Secondary Level Education Supply, the following aspects can be highlighted: The document "The place of Secondary School in the Education System", Eurydice (2005), addresses some of the issues that explain the considerable heterogeneity of the secondary school models of supply in the European Union. For starters, there are different designations: in six of the twenty five countries of the EU (Denmark, Finland, Iceland, Norway, Portugal and Sweden,), the term "secondary school" only covers what is considered higher secondary school in the remaining countries. "Lower" secondary school simply does not exist as such. As a matter of fact, basic school in these six countries is organised in a single structure.

France, Greece, and Italy have two levels of secondary school, ministered in different schools. In the first level, called "integrated", students have access to a common program of education, at the *Gymnasio*, the *Collège* and the *Scuola Media* respectively. In the higher secondary level, students have the option between different educational orientations. Students must then choose a school depending on the education area they wish to pursue.

A third group of countries shares the will to provide a common basic education to every student in the first years of secondary school. This type of education is designed for students up to 14 years of age and is ministered in the *socles de compétence* of Belgium's French community, in the *gemeenschappelijke basisvorming* of the Flemish community, in the Spanish compulsory secondary school, in Ireland's *Junior Cycle Curriculum*, in the English and Welsh *National Curriculum* and in Northern Ireland's *Curriculum*. In these countries, students can receive their whole secondary education in the same school.

In Austria, Germany and Holland, all students receive a basic education through common syllabuses offered in different types of schools (Germany's *Orientierungsstufe* and Holland's *Basisvorming*). Certain types of schools are devoted exclusively to lower secondary education, while others include both higher and lower secondary education. Luxembourg's secondary school, for instance, includes two alternatives (general high school and technical high school).

As for the objectives, there are two main categories, depending on whether the secondary education system provides a general education or vocational training. In the first level, the objective of general secondary education in all countries is to provide an adequate and balanced education meant to allow for a suitable ulterior orientation. Apart from this objective, basic education in Spain aims at preparing students for working life. In most countries, common upper secondary education serves the main purpose of preparing students for university education.

The objective most commonly pursued by vocational training is preparing students for working life. Most countries, notwithstanding, also mention the importance of a common education parallel to vocational training. The objective is to allow qualified students to continue their studies.

The duration of this type of education varies from 2 years in Belgium and 5 or 6 years in Germany. However, in most of the countries this type of education lasts three years.

As far as upper secondary education is concerned, its duration varies greatly in both common education and vocational training on account of different options when it comes to additional opportunities, contents and skills in secondary education.

Table 15 Average years of schooling (2002)

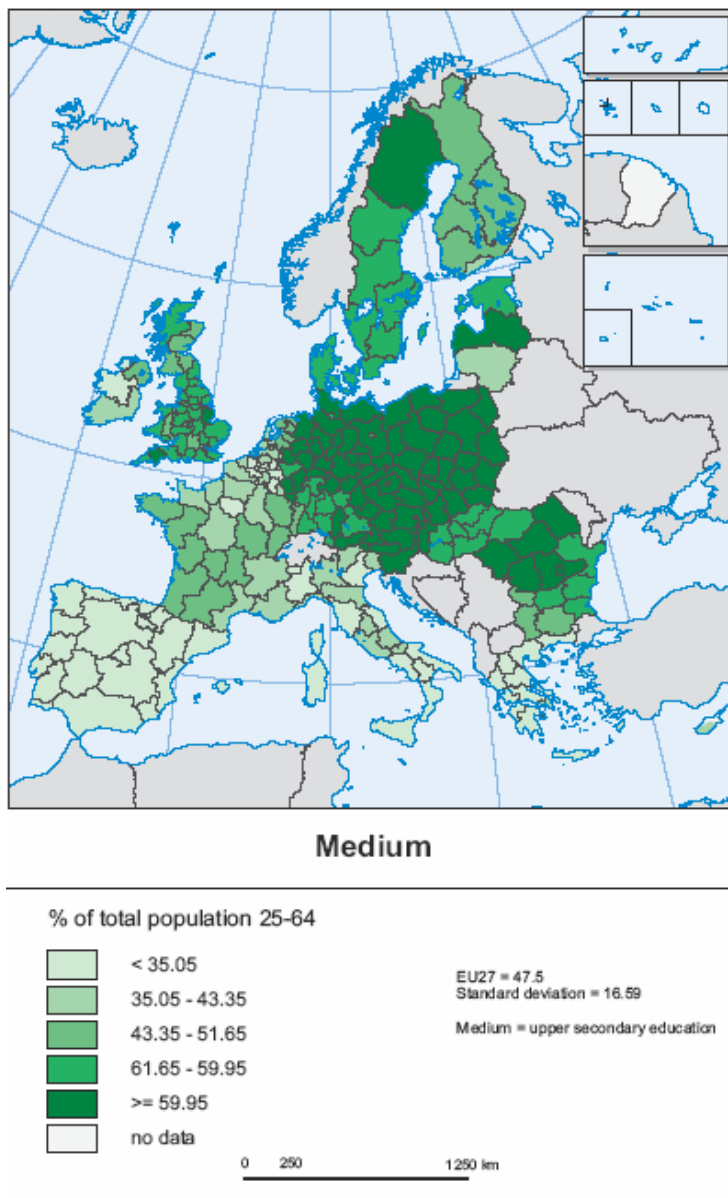
8	9	10	11	12	13	14
					Iceland Germany Denmark	
				Finland Sweden	Luxembourg Switzerland	
			Austria Belgium	Czech Republic	United Kingdom	
			France Greece	Poland Hungary	Ireland Slovakia	Norway
Portugal	Italy	Spain				Netherlands

The opportunities upon the conclusion of both these types of education are necessarily related to their objectives. The logical outcome of lower secondary education is the progression to higher secondary education. However, in those countries where it is only compulsory to finish lower secondary school (Greece, Spain, Ireland, Italy, Luxembourg, Scotland) or where there only is a single structure (Denmark, Portugal, Finland, Sweden, Iceland, Norway), students may also choose to start a working life. As mentioned before, second level common education normally leads to the prosecution of higher level education, whereas vocational training leads mainly to getting a job. It also gives access to university level education, however, an option that is increasingly being pursued.

Focussing, even if superficially, on the analysis of the 10 new EU Member States, the only significant differences when compared to the remaining fifteen countries are the amount spent on education and the percentage of students who actually get a secondary education.

The public investment on basic education is similar to the 25 EU Member Countries, but the individual expenses, globally speaking, and teacher salaries are lower in the 10 new Member Countries. These countries have a higher percentage of individuals with higher secondary education diplomas, women included, but these diplomas do not guarantee access to university education. The growth rate of university students is, nonetheless, higher in these countries.

Map 24 Education attainment medium levels (2002)



Source: Third Report on Economic and Social Cohesion

Main trends

One main trend is the increase of pre-school accompaniment, with some exceptions, as some countries have decreased their performance during recent years. For example, the Czech Republic, Finland and Estonia, all belong to the group with the higher values. There is also an increase of labour force education but the discrepancies between Eastern, Central and Southern European countries are tangible throughout all levels of education.

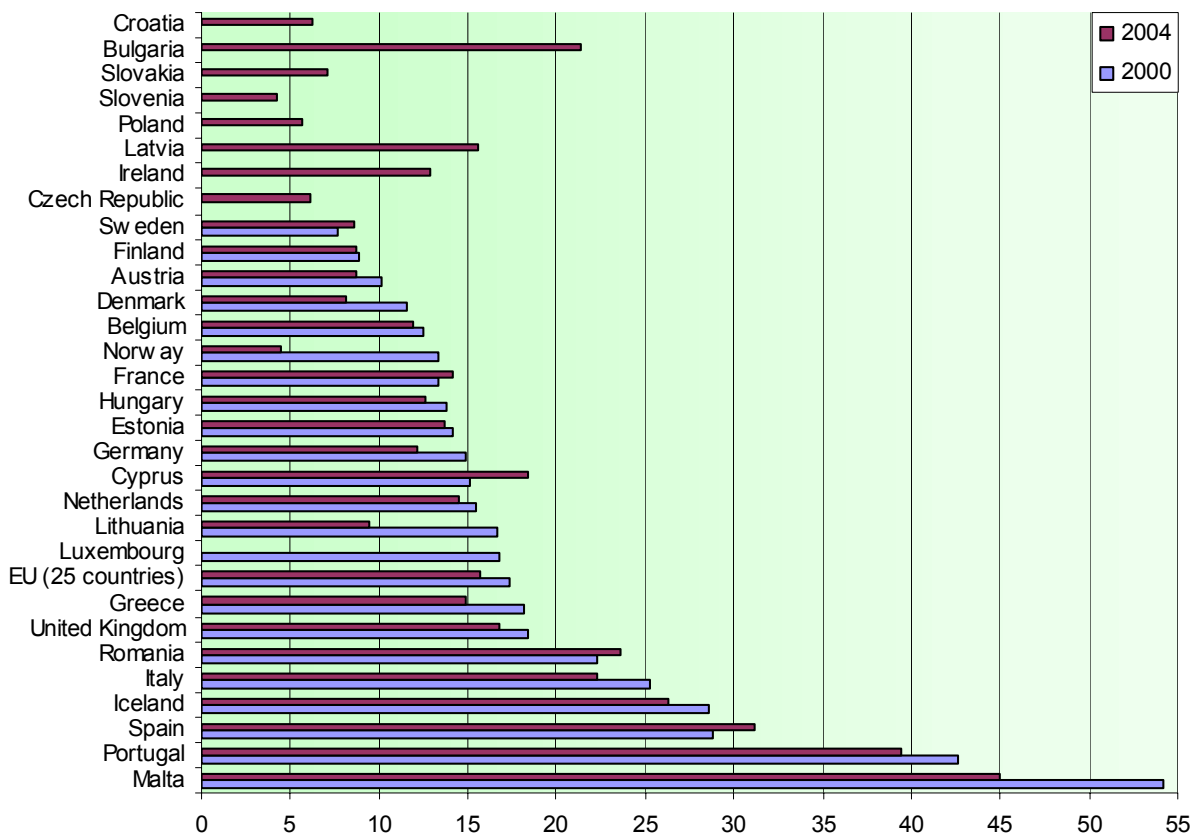
5.3.2 Early school leavers and social issues related to low qualifications

The issue of early school leavers (school drop-outs by population aged 18 to 24) has its main impact on countries such as Malta, Portugal and Spain, with 45%; 39,4% and 31,1% during 2004, a strong contrast from the 25 countries EU average (15,7%).

Displaying the lowest rates of school drop-outs is a group of Eastern European countries, between 7% (Slovakia) and 4,2% (Slovenia), as well as Norway with 4,5%. Belgium, Denmark, Germany, Finland, and Sweden have values about 10%.

This reality is compounded by the problem of the increasing rates of school drop-outs, and is especially worrisome due to the fact that even those students that dropped out of the school system before finishing their secondary education seldom seek to pursue additional training. This effect is apparent in the fact that almost one out of every five individuals that have dropped out of school has a low level of skills. The percentage of low-skilled youths that are outside the education and training system is 24% in Italy, 29% in Spain, and registers its highest figure in Portugal (46%).

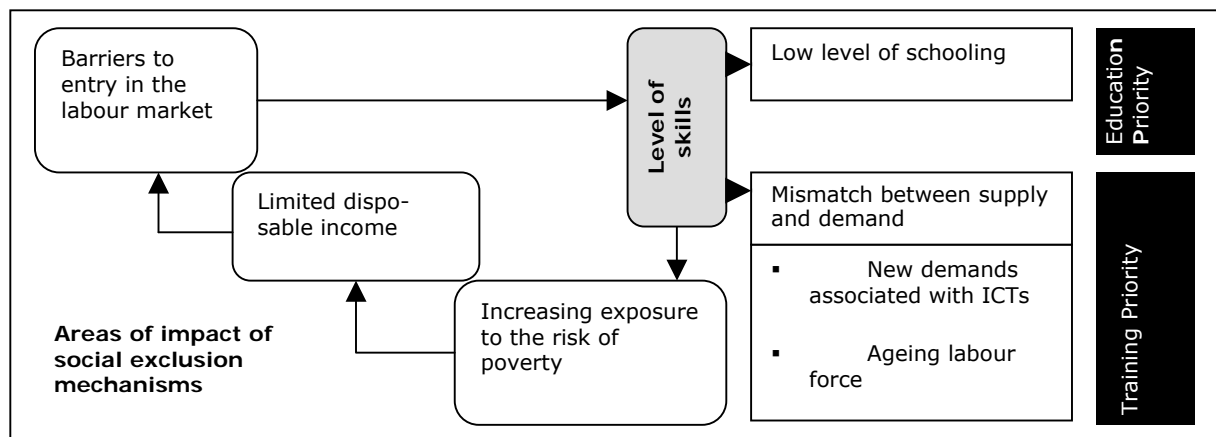
Figure 31 Early school leavers (Percentage of the population aged 18-24 with at most lower secondary education and not in further education or training) 2004



Source: Eurostat

The origin of the skills and competences lies in the schooling system, on the one hand, and in ongoing training initiatives, on the other, and one consequence of the awareness of the distinctive impacts and specificities of each of these two components is their relatively separate treatment in the literature. The differences, in terms of their impacts upon the full access to citizenship, as well as the goals to which they are associated, are presented in the following scheme.

Figure 32 Distinctive impacts and specificities of skills and competences



It is possible to establish a direct relation between the level of education and access to the labour market, as analysed in chapter 3 - employment. A group composed mainly by the new EU countries shows high unemployment rates. Slovakia is the country with the highest rate of unemployment in the group of individuals with less than secondary education (42,5%), having a rate of 14,3% for individuals with secondary education and 3,1% for those with a tertiary level education.

The differentiation of labour market access for individuals with less than secondary school and individuals with tertiary education is quite considerable. This group includes many of the Eastern European countries, with unemployment rates between 20% and 30% for low qualification, whereas the unemployment rates for high qualification is below 10%.

Cyprus, Luxembourg, Netherlands, Norway, Portugal, Romania and Switzerland are the countries with the lowest unemployment rates of all groups, of Between 3% and 4% have not completed secondary school. In these countries the productive sectors are based on intensive labour, resulting in low unemployment rates. However, they indicate sound economical structure performance in other areas, absorbing almost their entire human potential.

The crucial stabilising role played by education and training in terms of the level of social welfare is well illustrated by the analysis of its relationship with the indicator that measures the poverty risk, and which has been defined as follows by the Joint Report on Social Inclusion (2004): "*the poverty line is defined as 60% of the median national income and the percentage of individuals that belong to households with an income below that level*". (More details about poverty see in chapter 2)

The poverty risk decreases as the level of disposable income increases. The level of disposable income increases as a function of the level of education. This is well illustrated by the fact that only 7% of the population with a tertiary education are at risk of poverty, a figure that rises to 11% among those with a secondary education and to 20% among those with less than a secondary education.

Alongside a host of other factors, the aforementioned figures are strongly influenced by the characteristics of the labour markets and by the range of job opportunities available to the young inexperienced workers – or lack thereof.

This same report also points out that a higher level of education significantly reduces the risk of unemployment. This is clearly visible in the fact that the unemployment rate for the individuals in the 25-64 age group with a tertiary education in 2004 was a mere 4.2%, as compared to 7.9% for those with a secondary education and 10.2% for those with less than a secondary education. It is worth noting that this latter figure is more than twice as high as that for the individuals with a university education.

Such positive correlations are also visible insofar as the level of income is concerned. The analysis for the EU-15 shows that the income level of the individuals with a tertiary education is 120% of the average income. The greatest difference can be found in Portugal, whereas the smallest occurs in the Netherlands.

Main tendencies

Then main tendencies can be described as following: There is a reduction of early school leavers, but the geographical distribution indicates great disparities that compromise the near future of human capital potential. This indicator, like others, shows that the peripheral regions are straying from the Northern and Central European standard.

5.3.3 Diversity of systems in education supply dimensioning dictates the territorial distribution of higher education levels

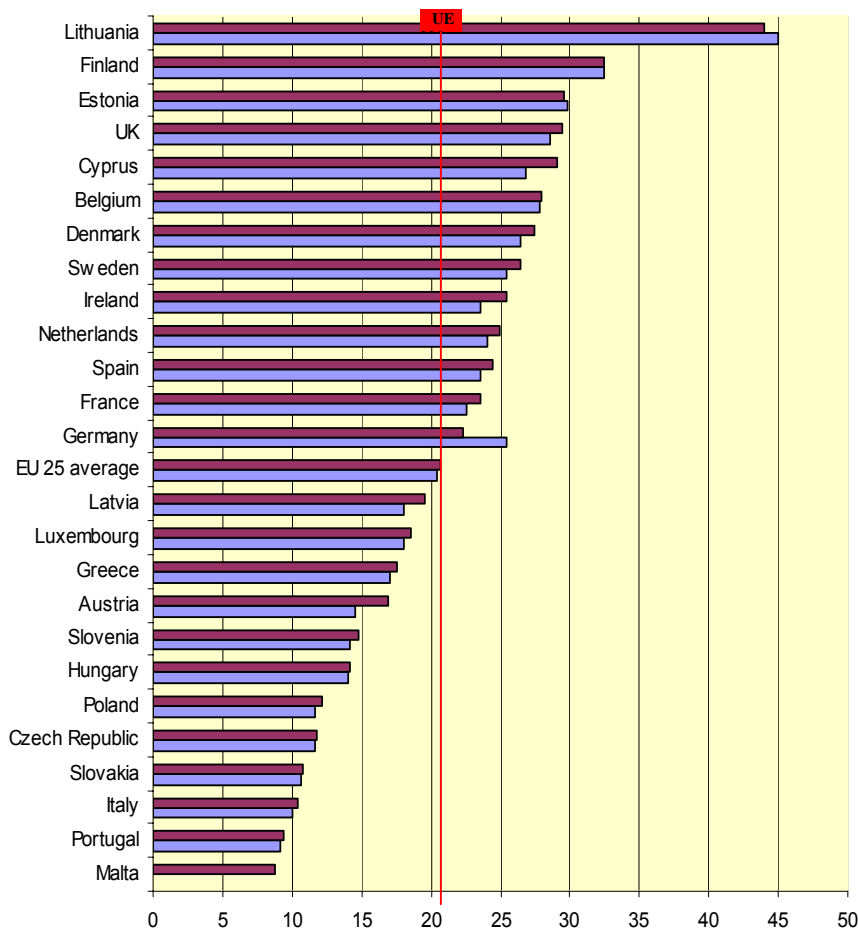
Situation of University Education Supply in the EU

The European Commission communication entitled “Mobilizing Europe’s intellectual resources: creating the required conditions so that universities can fully contribute to Lisbon Strategy” (2005), states that “*despite being considered a highly educated society, only 21% of [the European] population in active age has concluded higher education, a figure quite below the US (38%), Canada (43%), Japan (36%) and South Korea (26%)*”. The above-mentioned document mentions uniformity, isolation, excessive regulations and insufficient funding as the main barriers to Europe’s Higher Education.

This reality stands in contradiction to the recognition of the importance of knowledge, achieved through higher education, for the development of societies and territories: “*Higher education is more than the capstone of the traditional education pyramid; it is a critical pillar of human development worldwide. In*

today's lifelong learning framework, higher education provides not only the high-level skills necessary for every labour market but also the training essential for teachers, doctors, nurses, civil servants, engineers, humanists, entrepreneurs, scientists, social scientists, and myriad personnel. It is these trained individuals who develop the capacity and analytical skills that drive local economies, support civil society, teach children, lead effective governments, and make important decisions which affect entire societies," (Sapir, (2003)).

Figure 33 Percentage of the population 25-64 which has completed tertiary education



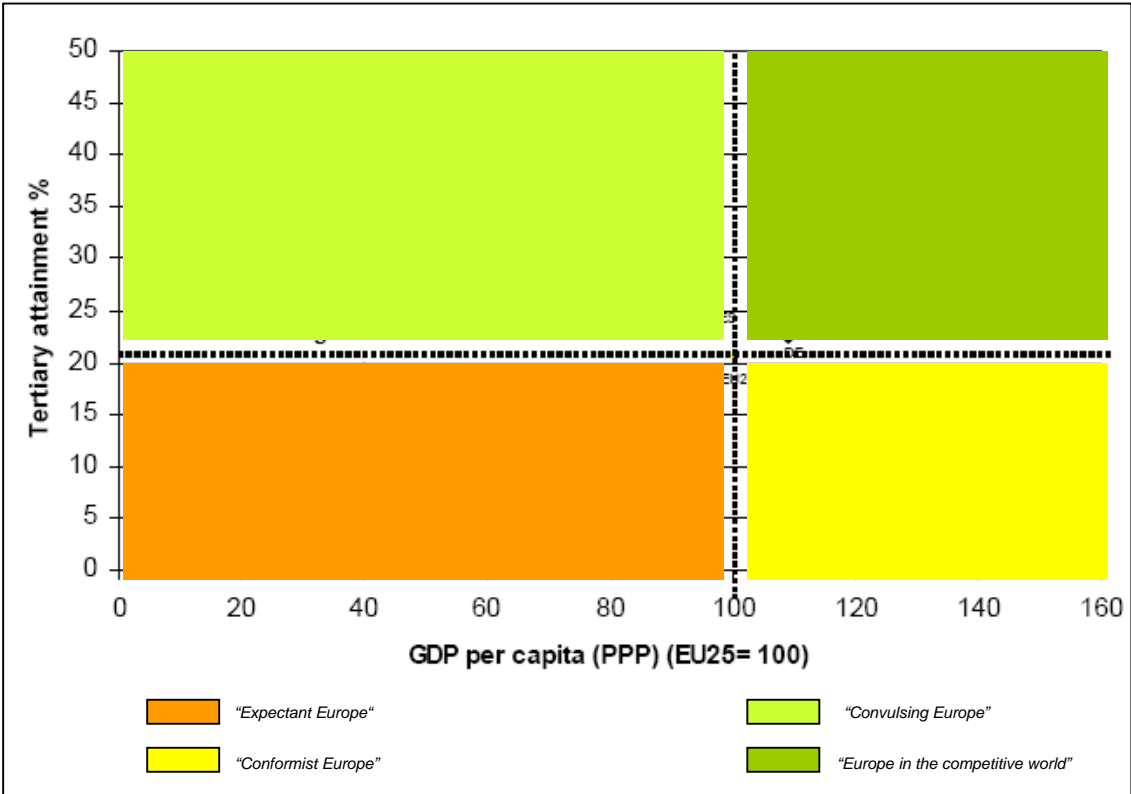
There are 3300 higher education institutions in the EU and this number reaches 4000 if we include the candidate countries. An effort is being made so that the facilities and the equipment can actually accommodate the increase of about 3,5 million students in the 1990s, totalling 12,5 million students. Between 1997 and 2002, the number of higher education students increased by 16%, with an average of 3,1% per year.

EU higher education has different patterns in each Member Country. The following chart shows that all European countries (except Germany and Lithuania) have increased the percentage of population holding this level of education. This global trend features the whole scale, from Portugal and Malta (9% of the population with higher education) to Finland (33%) and Lithuania (44%).

If we exclude both countries with the highest percentage (Finland and Lithuania) and attempt to group these realities, we notice that there are three distinct situations, each including 8 countries:

- I) The first group is composed by Czech Republic; Estonia; Hungary; Italy; Malta, Poland; Portugal and Slovakia;): only 9% to 15% of the population has higher education;
- II) The second group is composed by Austria, France, Germany, Greece, Latvia; Luxembourg; the Netherlands and Spain. This set of countries is in the EU average (20,7%), having 15 to 25% of the population in working age with higher education;
- III) Belgium; Cyprus; Denmark; Estonia, Ireland, Sweden, United Kingdom and compose the third group. In these countries, the population in working age with higher education represents 25% to 30% of the whole population.

Figure 34 Economic performance and higher education attainment levels of the adult education (25 – 64 years old) (2002)



Source: DG Education and Culture; Data: Eurostat Labour Force Survey for EU. OECD (Education at a Glance, 2004) for other countries (adapted).

A comparison of each country's higher education attainment of the countries with their economical performance related to the EU average, shows the following differentiation:

- The "expectant Europe" mainly includes Eastern countries, with somewhat precarious higher education systems, but in direct relation with their economical performance.
- The "conformist Europe" (Austria and Italy) has high GDP per capita but modest higher education rates.
- The "convulsing Europe" (some Eastern European countries) has high rates of higher education but a feeble economic performance.
- The Northern and some Central European countries compete directly with the US and Japan, presenting a higher educational average of about 30% of the population.

The European university education supply is essentially organised on a per Member Country basis, and often even on a regional level. Consequently, there is great heterogeneity in the models of organization, internal management and operating conditions. The disparity is also reflected in status, working conditions and researcher/teaching staff recruitment.

Education attainment high level

The map "Education attainment high level" represents the EU levels of higher education attained by NUTS II registered in 2002. The Inner London area, with almost one out of two individuals in working age having attained higher education, and the Brabant Wallon region, with 41,6%, have the highest values. These two European regions have the most human capital with higher education.

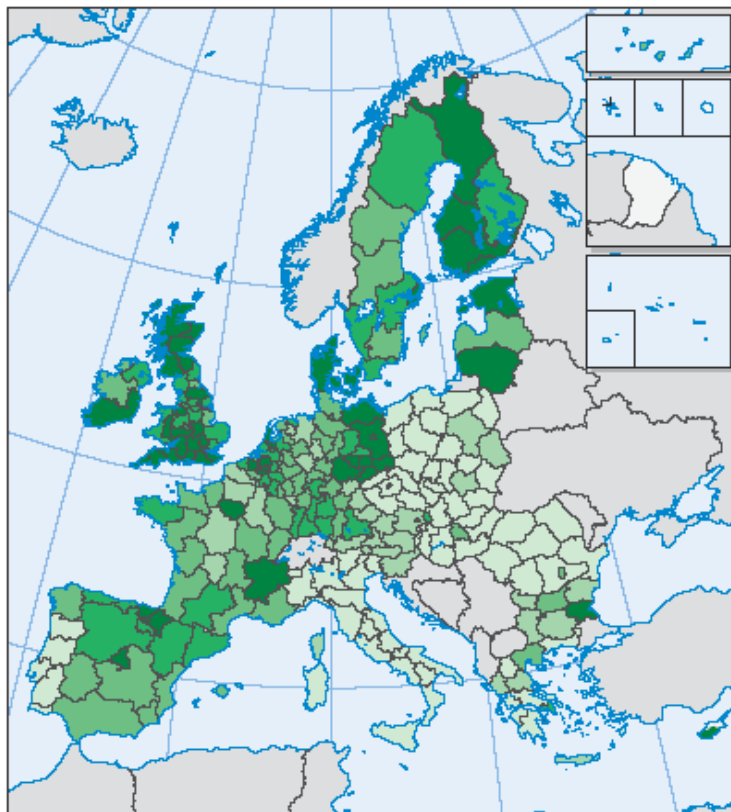
There are other regions ranging from 35% to 38% in this indicator: Berkshire, Buckinghamshire & Oxfordshire (37.4%), Outer London (37.0%), North Eastern Scotland (36.4%), Eastern Scotland (35.2%), Surrey and East & West Sussex (35.5%) in the United Kingdom; Brussels (37.3%); Etelä-Suomi (35.9%) in Finland; Stockholm (35.1%); Île-de France (35.0%). Madeira Island, in Portugal, has the lowest level of higher education attainment, as only 5.1% of its population of working age has higher education.

Severozápad (7,2%) in the Czech Republic, Valle d'Aosta/Vallée d'Aoste (7.7%) and Bolzano/Bozen (7.8%) in Italy and Sterea Ellada (7,8%) in Greece are also troubling cases.

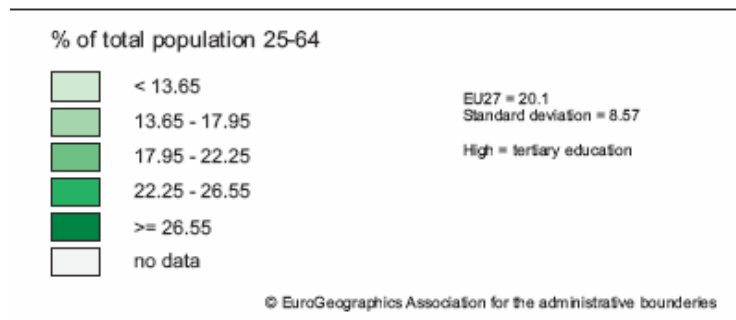
The internal differences are sometimes softened. However, the regional differences within each state are quite visible, for instance, in France, Germany or Spain.

Legislation and cultural differences are the main reasons for this discrepancy between the countries. The diversity of the EU allows one to identify specific vocations in the universities depending on their location. As such, each university must develop its specific ways of addressing its challenges.

Map 25 Education attainment high level (2002)



High



Source: Third Report on Economic and Social Cohesion

The reforms inspired by the Bologna process constitute an effort of the European institutions to define some common aspects in this diversity, trying to create a coherent common structure capable of rehabilitating the system. The system must become more pronounced on a European level and become more competitive. This process of transversal harmonisation relies on the stimulation of teacher and student mobility within the Community area. Despite being the main interest of the Bologna reform, mobility is difficult to implement as the present level of harmonization is not quite promising. For instance, in 2002, only 2,3% of the European students carried out their studies in foreign countries.

Table 16 Education attainment in 2002 (% in the population 25-64 years old with tertiary education)

Country	Region With highest value		Region with lowest value	
Austria	Wien	20,8	Burgenland	12,7
Belgium	Brabant Wallon	41,6	Hainaut	21,5
Bulgaria	Yugozapaden	29,5	Severozapaden	16,5
Cyprus		29,1		
Czech Republic	Praha	27,1	Severozápad	7,2
Germany	Desden	30,9	Oberpfalz	15,5
Denmark		29,6		
Estonia		30,5		
Greece	AttiKi	23	Stereia Ellada	7,8
Spain	País Vasco	34,1	Castilla-La Mancha	18
Finland	Etelä-Suomi	35,9	Åland	26
France	Île-de France	35	Corse	14,9
Hungary	Közep-Magyarország	21,3	Dél-Aföld	10,6
Ireland	Southern & Eastern	26,8	Border, Midland & Western	19,4
Italy	Lazio	12,8	Valle d'Aosta/Vallée d'Aoste	7,7
Lithuania		21,9		
Luxembourg		18,6		
Latvia		19,3		
Malta		8,9		
Netherlands	Utrecht	34,7	Drenthe	16,5
Poland	Mazowieckie	16,6	Kujawsko-Pomorskie	10,4
Portugal	Lisboa	14,8	Madeira	5,1
Romania	Bucuresti	21,1	Nord-Est	7
Sweden	Stockholm	35,1	Norra Mellansverige	20,3
Slovenia		15,3		
Slovakia	Bratislavsky Kraj	24,3	Západné Slovensko	8,5
United Kingdom	Inner London	48	Tees Valley & Durham	21,6
Data for Brandenburg-Nordost and Bradenbur-Südwest (DE) and Guadeloupe, Martinique, Guyane and Réunion (FR) are not available				

Source: Eurostat news Release, Regional diversity illustrated through figures, data on the 268 regions of the EU25, Romania and Bulgaria,(2005), Regions: Statistical yearbook

Main tendencies

The differences of the education systems have a clear influence on the education of the human capital. The population of periphery regions in countries such as Portugal, Greece, Italy and Spain, for instance, has less than 25% of higher education attainment.

Central European countries such as Austria, the Czech Republic, Germany, Lithuania, Poland, Romania, Slovenia or Slovakia have a significant part of their population in the middle level education segment. Some regions in Denmark, Latvia, Finland, Germany and the United Kingdom have the highest percentage of higher education attainment.

Higher education supply in the last two centuries has been greatly influenced by Wilhelm Von Humboldt's reform, which made research and the education of human capital the main objectives of universities. This paradigm has been vital for the specialization of institutions.

In this context, the European university education faces some serious challenges, such as:

- providing a suitable answer to the increase of higher education demand;
- creating mechanisms to increase the competitiveness inherent to education and research internationalization tendencies;
- developing effective strategies of cooperation between universities and local/regional development agents;
- proliferation of education/knowledge institutions;
- reorganization of knowledge;
- emergence of new needs.

5.3.4 The need to re-qualify labour force and to prepare human resources with adequate skills given the new demands

The High Level Group on the Lisbon Strategy made it clear in November 2004 that the efforts to provide the European population with the means to adapt to an evolving labour market have so far been insufficient. This insufficiency is all the more evident as we analyse the opportunities faced by the low-skilled population, estimated by this work group to make up a third of the European labour force (80 million people).

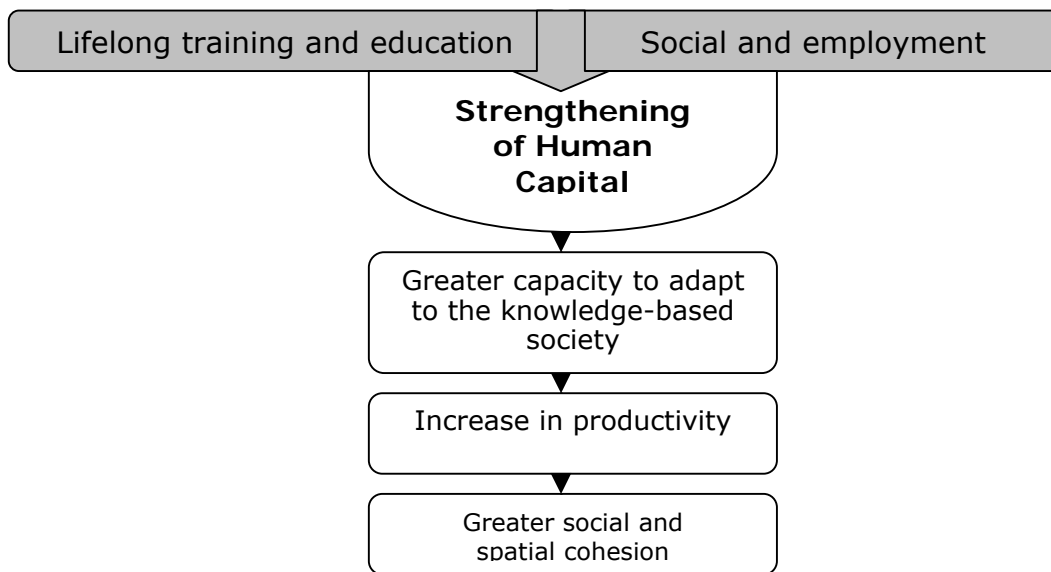
The CEDEFOP report (2004) predicts that, by the year 2010, workers with just a basic education will not be able to fill more than 15% of the new job vacancies. Conversely, 50% of the new job vacancies will require highly-skilled workers with a tertiary education.

Several reports refer to the mechanism that links together the various parts in the previous scheme. In this regard, the following statement is particularly worthy of mention: *"...ongoing education and training produces a well-educated, well-equipped and adaptable labour force that, in turn, helps achieve stable and sustainable economic growth"*.

This report also underlines the fact that *"education and training promotes an inclusive society with active citizenship"* (Evaluating Socio Economic Development, SOURCEBOOK 1: Themes and Policy Areas: Initial education and training and lifelong learning, 2004).

The importance of widening the range of training possibilities is recognised in order to facilitate the access to its contents by the citizens. The potential of the e-Learning, multimedia and interactive television solutions to contribute to this goal is especially important, as are the new forms of organisation of the workplace that enhance the impact of this multiplicity of forms of education and training.

Figure 35 Value chain starting with lifelong training and education



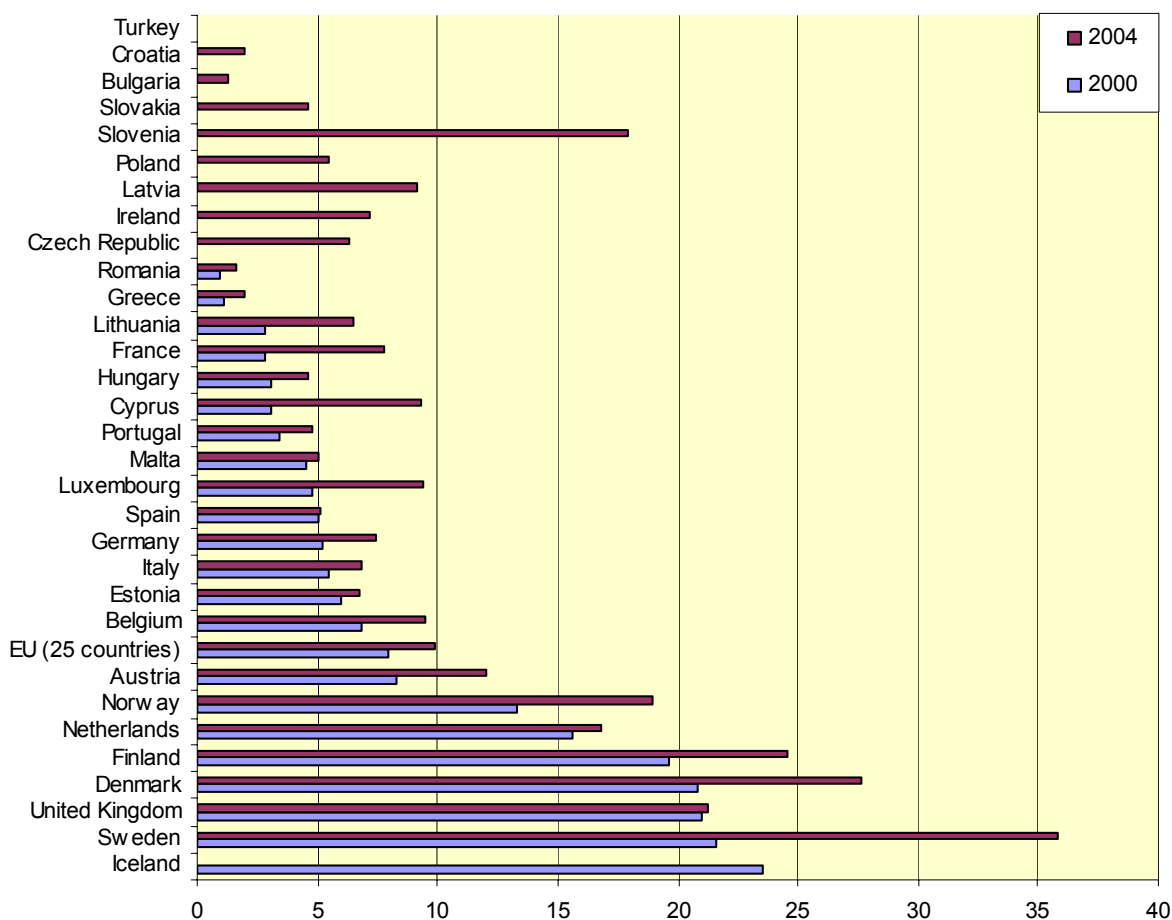
These guidelines aimed at diversifying supply are presented on a par with measures aimed at fostering demand, which include:

- the call for each individual to design his/her own personal training plan, tailored to his/her specific needs;
- the need for firms to develop their chain of competencies;
- the reform of labour regulations so as to include legal provisions that force both parties in a labour relationship to take measures for the benefit of all, by way of training programmes that enhance the competitiveness of the firm and the employability of the worker;
- improving assistance to families, in order to ensure that they have enough free time to invest in training.

A problem is the insufficient response to the rising demands. One negative sign is that the adult participation rate in ongoing training initiatives remains quite low (12.5%). The highest percentages of individuals in the 18-24 age group actively participating in their countries' education and training systems occur in the Netherlands, Denmark and Slovenia, with 62%, 63% and 64%. In contrast, the lowest rates of participation in the education and training system by individuals in the 18-24 age group can be found in Hungary and the Czech Republic (46% each), followed by Ireland (41%).

The values for the population aged 25 to 64 are quite low, with tangible changes in the patterns of distribution.

Figure 36 Percentage of the adult population aged 25 to 64 participating in education and training



Source: Eurostat

Considering the population in this age group that have been receiving lifelong training, it is possible to single out a large European region, which includes Sweden, Denmark, Finland and the United Kingdom, with 35,8%; 27,6%; 24,6% and 21,2% each, where this is a rather common practice (2004). The amplitude of this way of refreshing skills is quite considerable.

Main trends

All countries have increased their rates of participation but this tendency indicates that the countries with a higher level of education are more likely to participate in lifelong training. The commitment to assess the achievements in this field was rendered manifest by the 2003 "Education" Council, which set reference targets to be reached by 2010. These targets were set with a view to improve a situation in which *"the rate of participation by the Europeans in lifelong training and education remains too low, while the levels of school failure and social exclusion, with considerable individual, social and economic costs, remain too high. Moreover, there are no signs of a substantial increase in the total (public and private) investments in human resources"*.

5.3.5 The models of investment in education and their respective outcomes: education inequalities and differentiated regional patterns

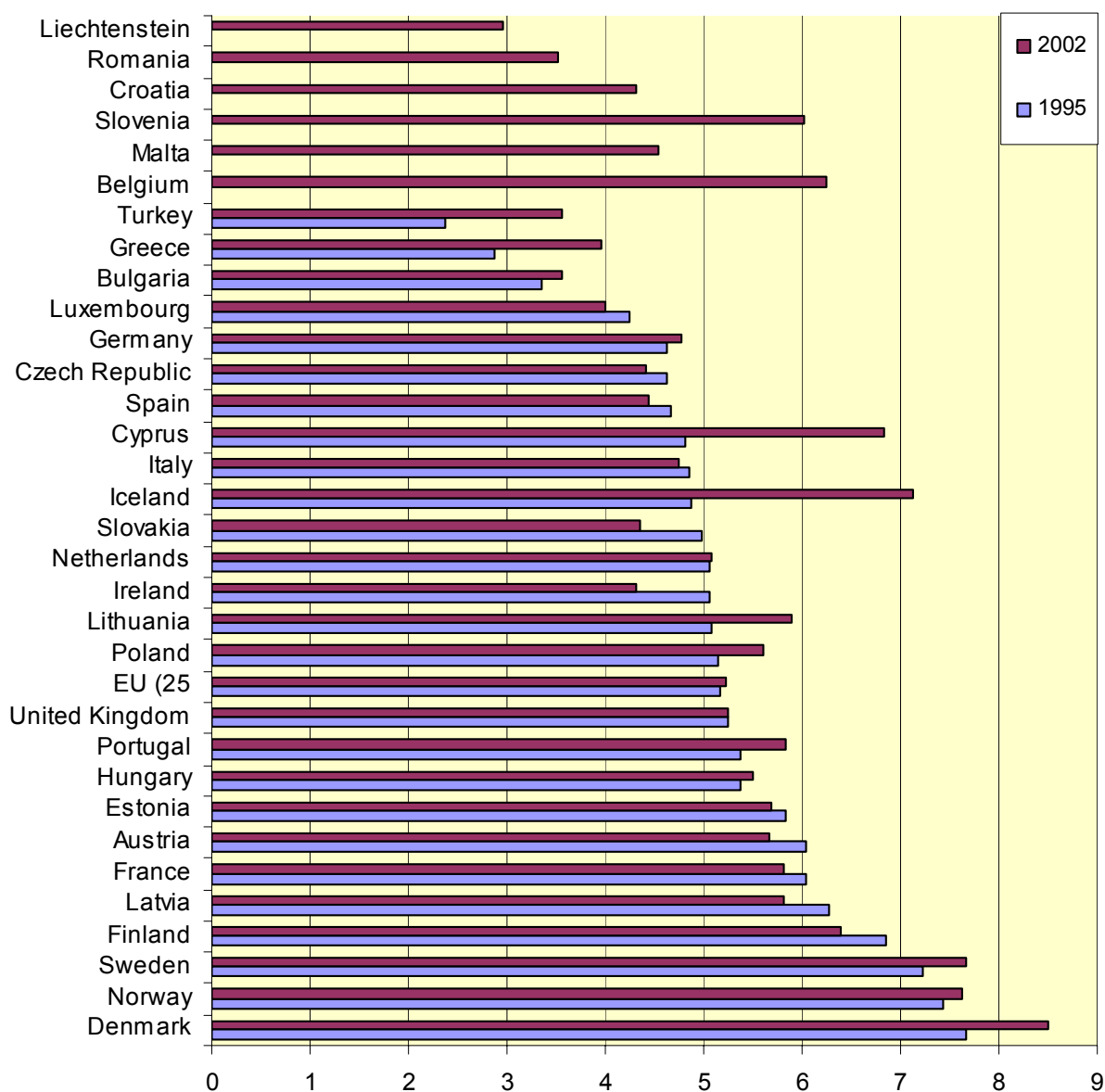
The investments into education system are completely unequal within the EU. The Northern countries are the ones that invest the most in their human capital, spending an average 7% to 8% of their GDP to finance their education systems.

There is also a second rather heterogeneous group of countries, composed by Central and Southern European countries, along with some of the new EU members. This group is around the EU average with 5,2% of GDP going into financing the education systems (2002).

The EU members that invest the least in training their human potential (around 4% or even less than that of their GDP) are mainly Eastern countries. The investment disparities are shown in the figure below.

Investment efficiency, particularly as far as the group around the EU average is concerned, is quite unequal, even if the levels of investments are similar, according to the indicators of education and competitiveness of their productive structure. The conclusion is that an increase of investment does not necessarily mean an increase in operational outcomes.

Figure 37 Spending on Human Resources (Total public expenditure on education as a percentage of GDP)



Source: EU: Eurostat. Others: OECD (Education at a Glance 2002, 2004); World Economic Forum, 2003-2004 (GCI)

Main trends

The majority of Member States have made budget efforts in order to increase education investment. The investment is equally high and is gradually increasing in the Northern European countries, the ones with the highest standards in Europe.

The Member States have established national objectives so as to increase the global levels of investment in human resources, in accordance with the conclusions of the European Council in Lisbon and the Guidelines on Employment. Considering the role to be played by governments, employers and

other involved parties, the level of investment in some of the countries is quite far from perfect.

Besides, Member States should establish objectives to increase participation in tertiary education, indicating the percentile increase that they wish to attain according to gender, age group, level of education and target group (Conclusions of the European Council of Lisbon, nr. 26, Guidelines for Employment Policies, a horizontal objective on lifelong learning, 2001).

5.3.6 The need to harmonise education, training and skill certification systems

Not enough progress has been made in the areas of inter-state cooperation and policy coherence. However, some progress can be seen, as exemplified by the creation of a single framework allowing for the transparent harmonisation of qualifications and competencies (called "Europass"). A reference framework for the criteria and key indicators presiding over the assessment of the quality of vocational training has also been created. Finally, a European credit transfer system has been implemented with the aim of fostering mobility in the areas of education and vocational training.

In this process, the university is regarded as playing a much more crucial role within the ambit of the Lisbon strategy than it does under the light of the Bologna process. Thus, the university should play a central role in *"such crucial and diversified domains as the training of teachers and future researchers, their mobility within the EU space, the role of culture, science and the European values in the world, openness to the business sector, regions and society in general, or the incorporation of the civic and social dimensions in the curricula"*.

The variety and attractiveness in the areas of education and training remain somewhat unsatisfactory, however, leading to internal imbalances as regards vocational training and certain technical areas of tertiary education. Last but not least, student mobility between the various Member States is still regarded as insufficient. In the EU-25, that mobility currently amounts to *"120,000 ERASMUS students (corresponding to 0.8% of the total number of students) and 45,000 young trainees (under the Leonardo da Vinci programme). These figures reflect a steady increase, but remain significantly below the level deemed necessary by the Commission: by 2010, there will have to be a considerable increase in the number of participants in the ERASMUS programme, as well as an expansion of mobility in education and vocational training"*.

The European guidelines stress the need to improve inter-state cooperation in the field of lifelong education and training, in order to contribute to the sustainability of the European Social Model. With that in mind, adaptations have been made in the educational systems in order to accommodate changes in the school curricula that serve to broaden the range of horizontal skills taught at the level of basic education.

Tertiary education reforms, including those brought on by the Bologna process, are regarded as a way to move forward in order to achieve the targets set in the Lisbon strategy, by fostering competition between universities in their capacity to attract students. That competition is still rather incipient, but it is steadily

increasing and is regarded as a possible way to reinforce the link between competitiveness, job creation and university training.

In order to meet this challenge, it will be necessary to reinforce the funding made available by the governments of the Member States to the programmes promoting mobility in the European Union, in order to ensure their operational effectiveness.

Main tendencies

There have been more initiatives to harmonise education and training parameters within the EU. Student mobility continues to increase. This mobility, along with the efforts to normalise skills, could be a factor of exclusion for less dynamic territories, as they turn out to be less attractive.

5.3.7 Scales of approach to the issue

Pezzini (2003) places greater emphasis on the spatial dimension of exclusion associated with regional development differentials, highlighting cross-country differences, but stresses that the intra-country regional disparities are even more pronounced – and increasingly so.

These inequalities are due to differences in each region's ability to foster its human capital and put it to productive use, with its endogenous endowment and exogenous influences playing a decisive role.

Using a taxonomy of regions that divides them into rural, intermediately urban and urban regions, the author argues, with regard to the former, that the problems associated with employment unleash a downward spiral of consequences that has a snowball effect in constraining opportunities.

The symbiosis between cause and consequence that brings together the mismatch in terms of demographic structure with the constraints to the various types of opportunities acts to create a serious situation, whereby the rural areas steadily lose their critical and creative capacity to engender solutions to their own problems.

The constraints created by the lack of demographic dynamics significantly – or sometimes even fatally – jeopardise these regions' development prospects. The aforementioned report formulates the problem in the following manner: "*Out-migration of young people caused by both lack of employment opportunities and inadequate access to educational and leisure facilities, along with in-migration of retirees in some places, has led to the significant ageing of the population. The resulting demographic structure is often not sufficient to support provision of adequate public services including economic services of a general interest*". The very factors behind the decline are the same that aggravate the vicious cycle of preventing development.

According to that report, factors that facilitate development have to mostly do with human/social capital, entrepreneurship, cultural identity, a culture of participation and association, human resource endowment and leadership

capacity at the local level. However, the lack of skills and qualifications is a widespread reality, creating additional barriers to the access to training – a factor that is considered as one of the main obstacles to the development of these regions, which are thus unable to access the networks whose spatial dynamics ensure their adaptation to the competitive demands of the knowledge society.

The dynamics in the intermediately urban regions are slightly different, having to do with the fact that even though their economic performance is also feeble at best, these latter regions, unlike the former, are able to attract population inflows. The incapacity to generate and sustain an expansion of their economic base in order to boost productivity is largely due to these regions' inability to draw in skilled professionals, which prevents the expansion of the most innovative and productive employment sectors.

In stark contrast with the two types of situations presented so far, the concentration of population and the generation of wealth are two central features of the urban areas, particularly in the case of large cities that function as economic poles in their respective countries. E.g. the region that includes Budapest, Hungary, provides an elucidating example, accounting for 42.2% of GDP and drawing in 65% of investment.

The transfer of knowledge between universities and the agglomeration of business activities allows these regions to outperform the others in terms of the most innovative and productive industries associated with the new information and communication technologies. Agglomeration allows greater efficiency in the transfer of knowledge, thus bringing about an expansion in the level of skills and competences of the labour force.

5.3.8 Synthesis of pattern situations: “ad-hoc-typology”

Based on the analysed documentation about this theme, and focussing on the above-mentioned main questions, we can identify four distinct models of education in the EU:

(1) Southern Countries - “multiple unbalances”

In this group early school leavers have a special term. The average schooling years are low and lifelong training options don't have a strong status. The human capital investment is below the EU average which has a direct effect on employment opportunities for the less qualified workers. These countries have a structurally unbalanced educational and qualification process.

(2) Central Group – “average standards”

In this groups includes central European countries that have values around the EU average. They have a limited amount of early school leavers, a guaranteed secondary level formation for the major part of the population, and an investment in human resources of around 5% of GDP. Adult education and training are well developed, minimising integration problems for the less qualified workers.

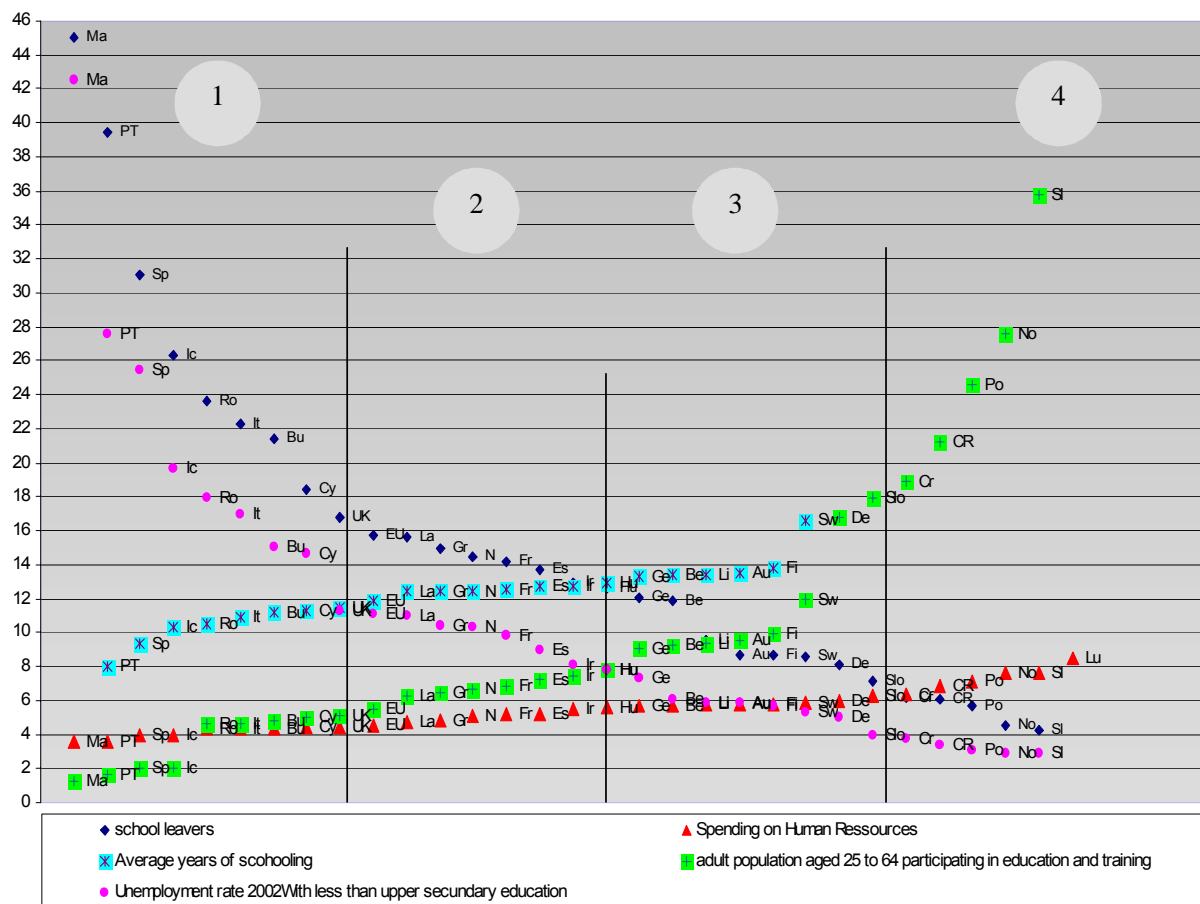
(3) Northern Europe "leading command"

The Northern European countries assume a leading role in education and training models. In this group the highest investments in education and training, solid instructions levels, high life learning participation and a reduced early school leaver's level can be observed. The educational level had resulted in a solid human capital and a competitive and innovative economy.

(4) Eastern Countries "between two worlds"

In this group the performance in education levels is average, or even good. Nevertheless, there is a mismatch between the educational level and the present economic needs. This is rather problematic because the strategies of training and life long learning are at an incipient level.

Figure 38 Typology of education and training in EU, supported in 5 key indicators



5.4 Territorial patterns of education and training

To get a brief picture of European regions in field of education and training, 3 indicators were chosen as they have been considered essential to provide a picture of Europe in important domains of education and training policies.

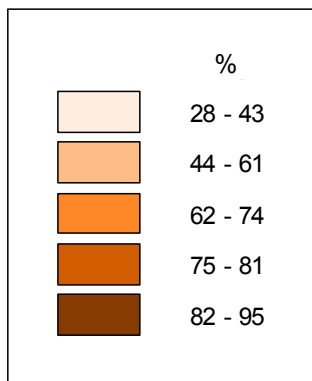
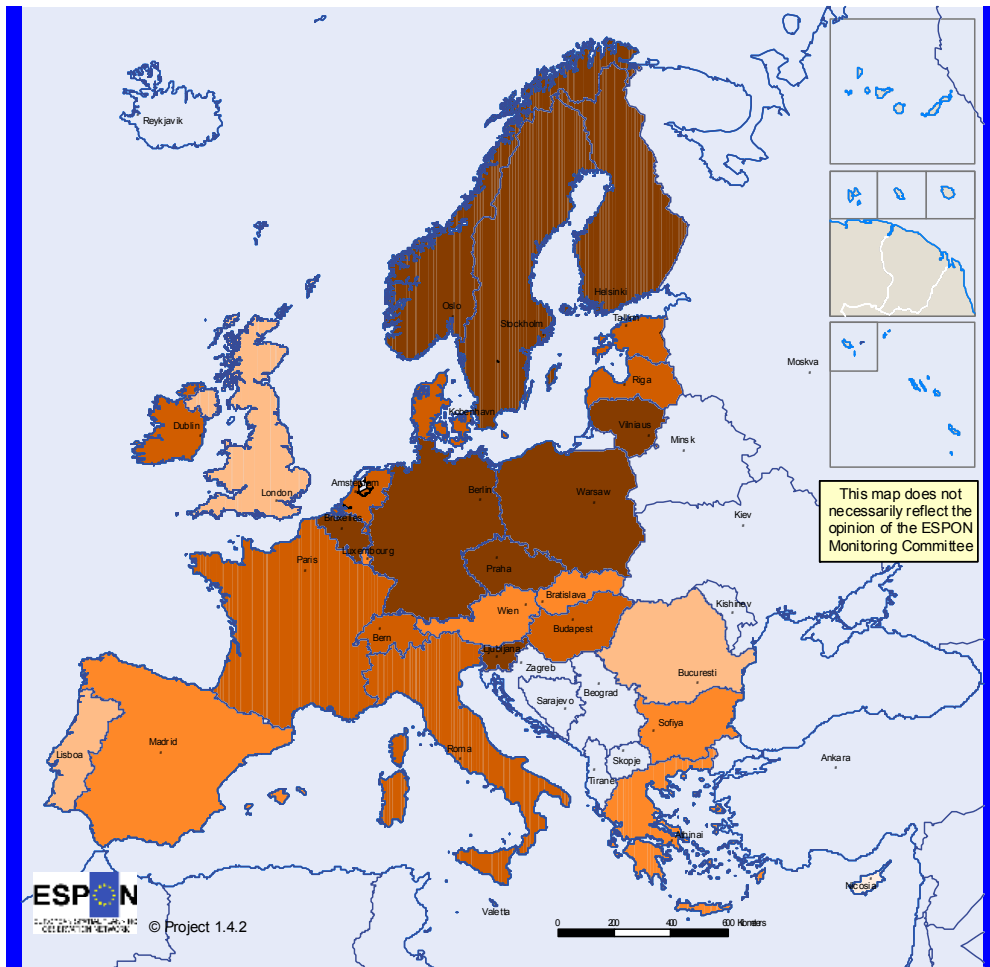
Participation in education

The first of it is "**Participation in education**" (% of students in ISCED level 3), of which regional picture of Europe is:

- 86% of EU27 population with 17 years old is in education, mostly in the upper secondary level;
- The highest participation rate is in Nordic and central European regions; lowest rates in southern regions as well Romania.
- There is a heterogeneous pattern of European regions depending on the structure of education systems that varies widely between countries.
- The highest percentages of students in general and pre-vocational programs are most found in the regions of the capitals.
- Compulsory education ends before upper secondary completion: in some countries, like Germany is 18 and Netherlands is 17; in countries like Czech Republic Spain, Hungary, with 17, people could have secondary level 3 completed.
- Vocational programs (until ISCED level 3) are particularly strong in the Czech Republic, Slovakia, Austria and in some regions of Belgian, Netherlands and UK.
- Benchmarks to 2010, point that at least 85% of 22 years old in EU should have completed upper secondary education. Some regions have to make a very strong effort to get it. Social and territorial cohesion of less developed.

Map 26 Participation in education

**Education participation rate, 2003
18-year-olds in all levels**



© EuroGeographics Association for the administrative boundaries
Origin of the data: Eurostat and others
Source: ESPON Data Base and others

Source: EU (2005) – Regions: Statistical yearbook 2005. Data 1999-2003, EU.

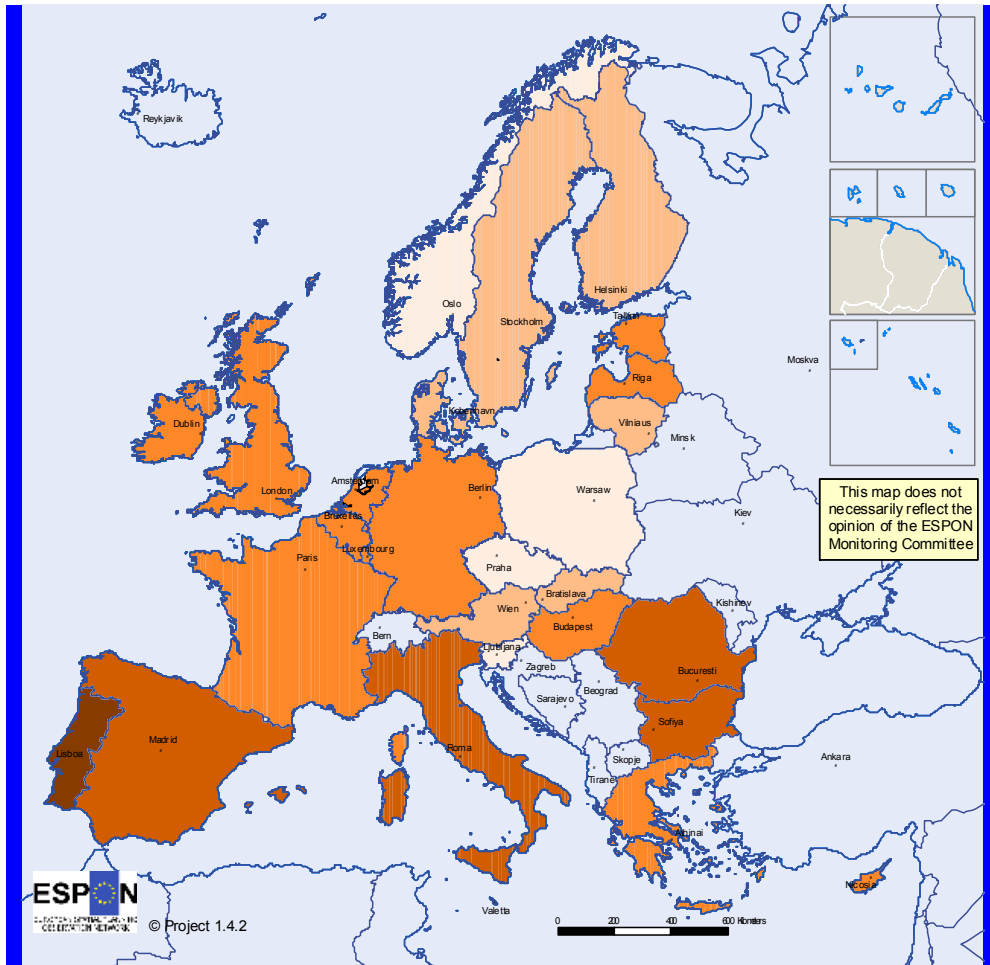
Level of early-school leavers

The second essential aspect that should be evaluated is the level of “early-school leavers” (% of population with lower secondary education and not in education or training), which regional European picture is mainly characterised by:

- 16,4% of EU27 population leaves school early. The benchmarks for 2010 points to 10%.
- Disparities between countries are higher than disparities among country regions.
- The highest levels are in southern countries, including Italy; the lowest rates are in Nordic and central countries.
- Nevertheless, in some countries, the intra-regional differences between urban and rural areas are more important than national differences.
- A goal is to reduce the value to 10% on 2010. We can preview that some countries and, specially some regions, will have problems to get it. Many Portuguese, Spanish, Greek and Italian regions presents values upper 20%. Many of these regions are rural and sparsely populated providing lowest service attainment levels.
- Reinforce strategies to improve levels of participation are urgent. Nevertheless, they should be quite well integrated with an infrastructure and service policy, supported in territorial cohesion principles. Otherwise, regional disparities will even increase.

Map 27 Early School Leavers, 2002

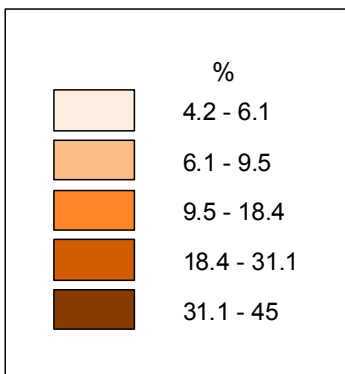
Early school leavers, 2004



© EuroGeographics Association for the administrative boundaries

Origin of the data: Eurostat and others

Source: ESPON Data Base and others



Source: EU, 2004, A new partnership for cohesion – convergence competitiveness cooperation. Third report on economic and social cohesion, EU.

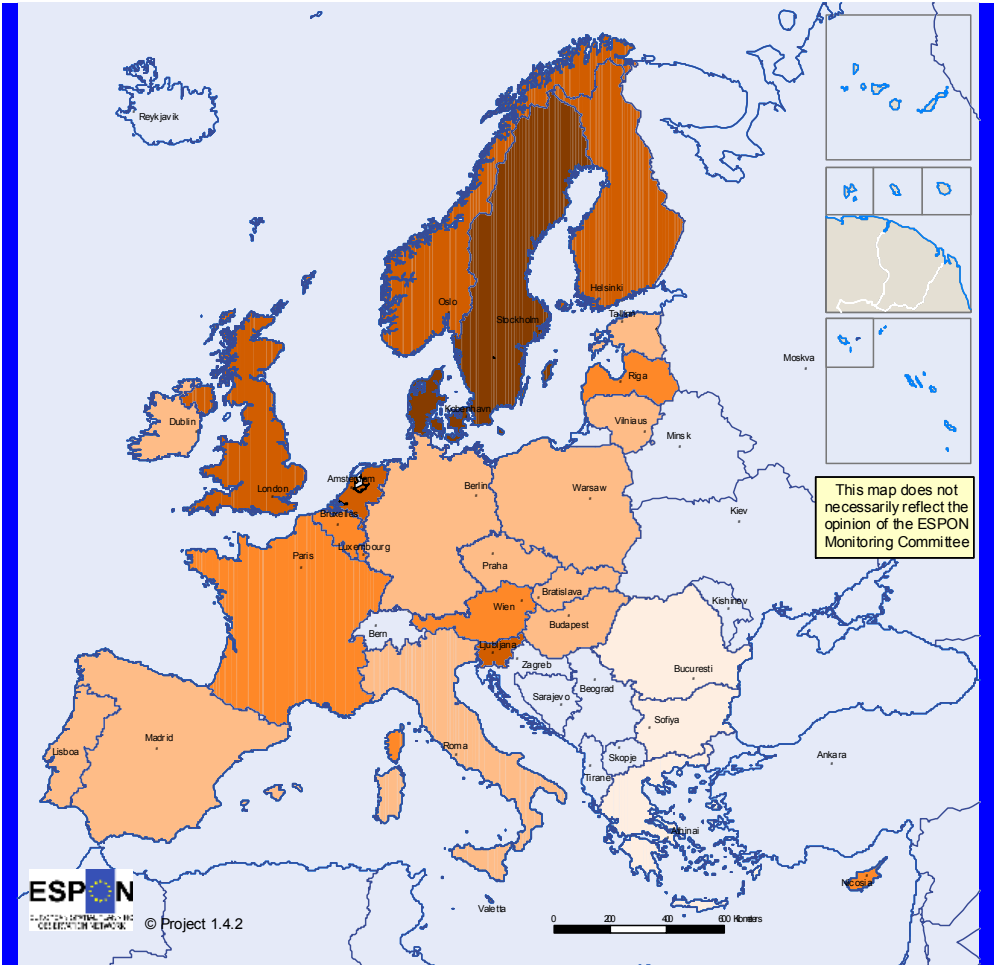
Lifelong learning participation

The third chosen indicator is the “Lifelong learning participation” (% of 25-64 years old participation in education or training), as it represents of the main objectives of present and future EU policies. The regional picture of EU shows the following:

- In 2001, the rate of involvement in education and training among the adult population was 8.4% for the EU (compared with 5.8% in 1997). Benchmarks for 2010 point to 12,5%.
- Participation in lifelong learning is high in all regions of Finland, Sweden, UK and Netherlands. The lowest rates are in regions of Bulgaria, Romania and Greece (in Voreio Aigaio is below 1%).
- The rates vary according to age and level of education. Population with 25–34 are five times more likely to be involved in education and training than those aged 55–64. Those with poorer qualifications are six times less likely to be involved in education and training than those with higher qualifications. Women are more involved in lifelong training than men (EU (2005) – Regions: Statistical yearbook 2005. Data 1999-2003, EU).
- Urban agglomerations have the highest participation rates in lifelong learning;

Map 28 Lifelong learning participation

Lifelong learning , 2004



%	
	1 - 2
	3 - 7
	8 - 12
	13 - 25
	26 - 36

© EuroGeographics Association for the administrative boundaries
 Origin of the data: Eurostat and others
 Source: ESPON Data Base and others

Source: EU (2005) – Regions: Statistical yearbook 2005. Data 1999-2003, EU.

Concluding territorial patterns of education in Europe

The picture of European regions in the analysed indicators is very heterogonous. This reinforces the key role of education and training policies to improve competitiveness as well social cohesion in European territory. These policies should be quite well integrated with an infrastructure and service policy, supported in territorial cohesion principles. Otherwise, regional disparities will increase more.

5.5 Conclusions and research questions

Indicators for education and training

The increasing importance of education and training policies and their relation with diversified aspects of economic and social European development highlight some aspects related with indicators.

Concerning the availability of indicators related with general and specific sources a diversified information (as "Educational Personnel", "Expenditure by funding source and transaction type", "Expenditure by nature and resource category", "Foreign Students Enrolled", "Graduates by age", "Students enrolled by age", "Students enrolled by type of institution") is available by country.

Nevertheless, in regional terms (NUTS II and III) available information is scarce. Particularly interesting are the available indicators "Participation in education", "Education attainment by level", "Lifelong learning participation" and "Percentage of Early-school leavers" as they gave a picture of Europe as well they represent evaluative/monitoring indicators of policies implementation.

The evaluative and monitoring processes demand more statistical information, to improve diagnosis as well to measure results and impacts, integrated in a evaluative process, strictly connected with general and specific goals.

In this context, in order to reinforce the previous picture of EU regional trends in education and training, other new indicators should be developed and provided at regional levels.

In order to evaluate the **quality of supply of educational institutions** at regional European level, it will be important to get some indicators that describe the relationship between the provision of education facilities (number of education facilities by level of teaching) and the number of students according to their participation in the education system by level of education (low level of education, medium level of education, high level of education).

These data should be available on NUTS II and NUTS III level in order to define indicators like e.g.

- average number of students per educational institution in the low level of education
- average number of students per educational institution in medium level of education
- average number of students per educational institution in high level of education

The number of students in universities by main scientific areas at regional levels, will allow to construct the indicator “% of **students in university by main scientific areas**”.

In order to evaluate the level of mobility and the level of attractiveness / competitiveness of high education establishments we propose the “% of **students in mobility in high educational programmes**”, that results from the ratio: “(number of students in mobility programmes)/(total of high education students), at NUTS II or NUTS III”. This indicator will be important to evaluate and monitor the EU mobility programmes as well their regional consequences, as it measures the level of attractiveness of universities in each region.

In order to evaluate teaching results, a third axe of difficult feasibility, could be proposed, supported in the “**rate of non success** by level of teaching, at NUTS II or NUTS III”. This information will complete the picture provided by the already available indicator – “average number of years of students in school to complete medium education level and high education level”.

These indicators, as they highlight the heterogeneity of European regional picture, they could represent also some of the most important European challenges.

Typologies

The analysed bibliography has allowed us to identify at EU level common trends and challenges related to education and lifelong learning. Those questions are as follows:

- The great education contrasts within the European Community and the uneven participation in the several levels of schooling (from pre-school to high school education) that causes different performances of human capital adaptability to new realities.
- Early school leavers and social issues related to low qualifications result primarily in lack of professional opportunities.
- Diversity of systems in education supply dimensioning within the EU dictates the territorial distribution of higher education levels.
- The need to labour force qualification and to prepare human resources with adequate skills to the new demands of labour market and civic participation.

- The models of investment in education and their respective outcomes increase the education inequalities, which in turn create differentiated regional patterns.
- The different regional patterns of education oppose the need to harmonise EU level education, training and skill certification systems, thus compromising mobility and increasing regional disparities.

Based on the analysed documentation about this theme, and focussing on the above-mentioned main questions, we can identify four distinct models of education in the EU:

Southern Countries - “multiple unbalances”

In this group early school leavers have a special term. The average schooling years are low and lifelong training options don't have a strong status. The human capital investment is below the EU average which has a direct effect on employment opportunities for the less qualified workers. These countries have a structurally unbalanced educational and qualification process.

Central Group –“average standards

In this groups includes central European countries that have values around the EU average. They have a limited amount of early school leavers, a guaranteed secondary level formation for the major part of the population, and an investment in human resources of around 5% of GDP. Adult education and training are well developed, minimising integration problems for the less qualified workers.

Northern Europe “leading command”

The Northern European countries assume a leading role in education and training models. In this group the highest investments in education and training, solid instructions levels, high life learning participation and a reduced early school leaver's level can be observed. The educational level had resulted in a solid human capital and a competitive and innovative economy.

Eastern Countries “between two worlds”

In this group the performance in education levels is average, or even good. Nevertheless, there is a mismatch between the educational level and the present economic needs. This is rather problematic because the strategies of training and life long learning are at an incipient level.

Policies

After Lisbon Strategy goals definition, education and training became one of the most important fields of intervention. The conclusion of the Council reflected the feeling that the nature of the policies to be defined from that moment onwards should enable Europe to rise up the challenge of the “*tremendous change brought about by globalisation and the new knowledge-based economy*”:

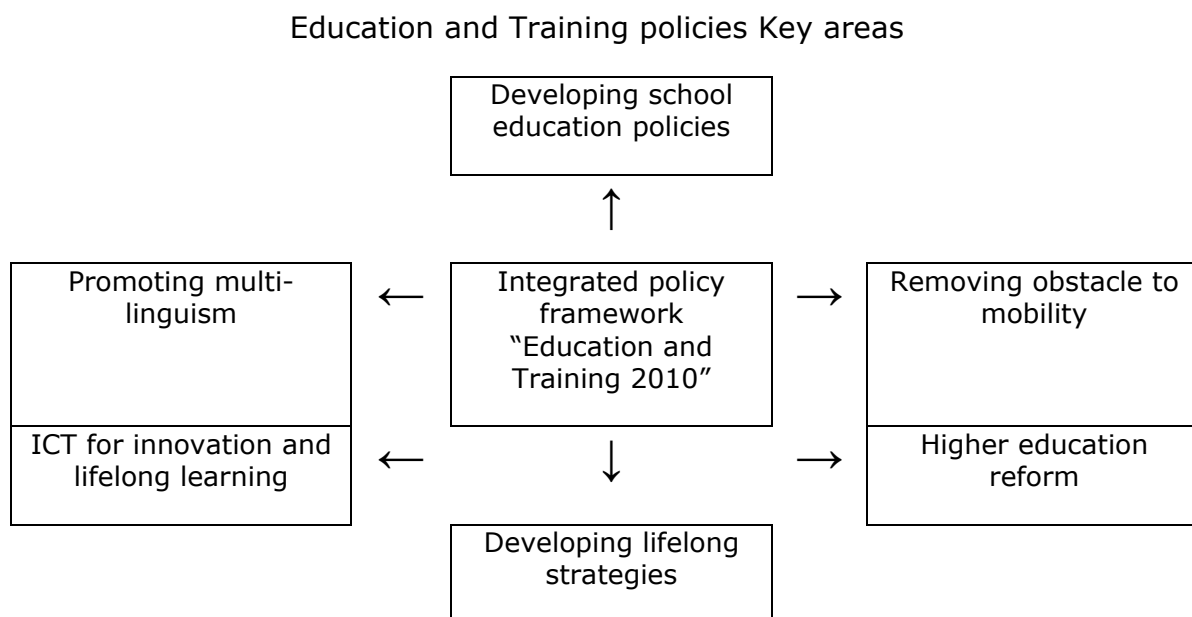
- the need of new qualification and competences in order to answer to the new challenges in competitiveness and labour market;
- the new informational order due to information society;
- the globalisation of knowledge linked to technologies diffusion;
- the increasing mobility of people and economic flows;
- the new forms of social inclusion due to info-exclusion and reorganisation of economic activities;
- the ageing of demographic structures.

Figure 39 Fields of action of education and training policies

1. Welfare in relation to human capital formation
2. Professional qualification and employability
3. Access to ongoing training
4. Social inclusion/exclusion
5. Overcoming the lack of non-basic skills by adults
6. Enhancing and upgrading competences
7. Learning in and for the workplace
8. Sharing responsibility among all the partners
9. Removing barriers to the access of at-risk of poverty
10. Fostering a “pro-science” culture
11. Putting in place a culture based on learning
12. Promoting a culture based on knowledge
13. Validation of formal and non-formal competences
14. Broadening the scope of European citizenship

The educational and training policy in the EU have been trying to answer to these changes. A key role should be pointed to the introduction of an integrated policy framework titled “Education and Training 2010”. Linked to this one, other already existing policies, namely in mobility domain and higher education reform, reinforce their role, as well as new domains of policies emerged (specially important have been ICT for innovation and lifelong learning and developing lifelong strategies).

Figure 40 Education and Training policies Key areas



The evolution of this integrated policy framework was marked by three major defining moments, which determined the orientation of the aforementioned guidelines as well as of many of those that were to follow. Needless to say, the impact of these guidelines has varied substantially from one Member State to another, for example as regards spending in the education and training systems as a share of GDP. In 1999, this latter indicator ranged between 4% in Greece and 8% in Denmark.

Figure 41 Evolution of integration policy framework – “Education and Training 2010”

March 2000	June 2001	February 2002
The European Council puts forth the Lisbon Strategy whose aim is to turn Europe into “ <i>the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion</i> ” by 2010.	The European Education Council sets three main guidelines: <ul style="list-style-type: none"> - <i>improving quality and effectiveness;</i> - <i>facilitating the access of all to education and training;</i> - <i>opening up to wider world</i> 	The Council held at Barcelona produces <i>Education and training 2010 Work Programme</i> , which prescribes in detail the actions to be taken in order to turn the European Educational System into a “world reference for quality by 2010”

Thus is clear that the major thrust behind the change in the orientation of the educational policy of the EU can be traced back to March 2000. From then on policy-making in this field has always been aimed at a twin goal comprising:

1. (global) competitiveness, aimed at pushing forth the frontiers of knowledge;
2. economic growth, as a precondition for job creation and social cohesion.

The prospective target set by the Lisbon strategy projects Europe into the arena of global competition and aims at the creation of a set of instruments that enable to complete in accordance with the rules of the knowledge economy.

Consequently, the need to define guidelines with the aim of strengthening the economic structure has been acknowledged, as has the need to reform the social protection system. In the report "Investing Efficiently in Education and Training: an Imperative for Europe" (2003), the "European Council stressed that this would require not only a radical transformation of the European economy, but also a challenging programme for the modernisation of social welfare and education systems". It also called for a "general reflection on the concrete objectives of education systems" and for "a substantial annual increase in per capita investment in human resources". It pointed out that the future of the European economy (and society) will depend on the skills of its citizens and that these in turn needed the continuous updating which is the consideration that education is the cornerstone of the new development paradigm.

6 SOCIAL ASPECTS OF TERRITORIAL TRENDS

6.1 Conclusions from the thematic key research fields

6.1.1 The European Social Model is a mosaic

In a world-wide context, the literature on European social policies refers to a unified "European Social Model". However, the policy review of the European social policies in the thematic key fields "access to social services, SGEIs and mechanisms of public transfers", "employment and income distribution", "housing and territorial development and "education and training" showed very clearly that one such European Social Model does not exist; rather there is a variety of different policies in existence.

The European Union has created some strategic documents on social policies, education, employment and even housing, but all in all, social policy lies in the responsibilities of the individual Member States.

Thus, the organisation of social policies differs from state to state. Responsibilities can lie in the central state, the regions and provinces or in the municipalities. Depending on its governmental structure, each European state has found its own differentiation of responsibilities for social policies. The organisation differs widely and in some cases policies on lower (local) levels might contradict policies on higher (National / European) levels.

This complex governmental system of decentralisation for policy implementation is a challenge for the aim of social and territorial cohesion.

Even the analysis of the status quo is challenging. So e.g. it is difficult to compare the social security systems in the countries of the EU29. Each country has a different technical-administrational construction of the social security systems, the entitlement and the level of benefits, own contributions, the share of population covered etc. Besides, there is an important difference between public and private expenditures and production of social services. In terms of housing the European, national, regional and even local levels have to be considered. These levels are interconnected in terms of the funding structure to finance the measures of housing policies, as well as on the legal and institutional structures of the individual states. Therefore, to compare the social systems or the housing policies for all 29 countries causes several methodological difficulties.

Moreover, social policy is a broad field, split in various different sectors, including non market driven fields like e.g. education, social welfare, poverty, elderly care, child care as well as more market driven fields like e.g. traffic networks, broadband, energy supply, employment, housing etc. Usually, for each of these fields there exist special regulations and competencies in each Member State.

Differences in systems create problems regarding the responsibility on creating social cohesion. The hypothesis has emerged that the national state as well as the regions pursue "beggar-thy-neighbour" and "NIMBY (not-in-my-backyard)" strategies in Europe – with an increase of social disparities rather than social cohesion as a consequence.

6.1.2 Poor European data availability social-territorial issues on NUTS3

Due to the decentralised responsibility for the legislation that lies within the Member States, the availability of European-wide, harmonised data on a regional level (NUT2 or NUTS3) for social issues is rather poor.

Within the project indicators various European and international sources and databases have been analysed (see table next page). More than 230 indicators have been identified as relevant for social-territorial issues. However, about 80% of all these social indicators are only available at national level, e.g. all OECD data and lots of UN-data.

Moreover, the data from the Urban Audit are just available for selected cities, not covering the territory of EU 25+2+2. They are therefore only usable to a very limited extent for analyses within the ESPON-space .

All in all, out of the huge database investigated, only 32 indicators were available at NUTS2 throughout Europe . (Just about 1/6 exist also on NUTS3 level.) Amongst the 32 indicators:

- 21 are related to "employment and income distribution"
- 4 are related to "social services"
- 3 are related to "housing and territorial development"
- 4 are related to "education and training"

European wide regional (NUTS2) data are rather rare. Only in the field of employment there exists a rather good data base. All in all the data situation demonstrating interrelationships between social aspects and territorial development is rather poor. Data about the territorial accessibility of educational and social institutions are missing at regional level. So the improvement of the data-situation and a creative approach concerning the elaboration on indicators will be essential for any future empirical, data driven analysis of social issues and territorial development at regional level throughout Europe.

Table 17 Investigated sources for data analysis

Investigated sources for data analysis
Bulletin of Housing and Building Statistics for Europe and North America, 2004
ESPON database: http://intranet.espon.eu
Housing Statistics in the European Union (1991 ongoing); last edition of 2004
Eurostat, Data on Population and Social Conditions/Living Conditions and Welfare/Income and Living Conditions/Non-monetary Poverty and Exclusion/Housing
Eurostat/Urban Audit, dataset for National, Larger Urban Zone (LUZ, "functional urban region")
Förster and Mira D'Ercole (2005), "Distribution de revenus et pauvreté dans les pays de l'OCDE", à paraître, OECD, Paris. OCDE (2004), Statistiques de la population active, 1983-2003, Paris
Labour Force Statistics: 1984 – 2004, 2005 Edition
OECD Education Online Database
OECD Employment Statistics. Society at a Glance: OECD Social Indicators – 2005 Edition
OECD Factbook 2005, Economic, Environmental and Social Statistics
OECD: Society at a Glance: OECD Social Indicators – 2005 Edition.
OECD (2004), Benefits and Wages, in Förster and Mira D'Ercole (2005), "Income distribution and poverty in OECD countries in the second half of the 1990s",
OECD Social, Employment and Migration Working Papers, forthcoming, OECD, Paris
Study programme in European spatial planning: Theme 1.3: Indicators for social integration & exclusion, final report, October, 1999. – Source identified: Eurostat
UN-Habitat: Global Urban Indicators to measure the progress of the implementation of the Habitat Agenda (selection) and Indicators to measure implementation of Habitat Agenda

6.1.3 The development of typologies needs further research

The development of well argued typologies at regional levels describing social territorial issues needs further research. The combination of the complex legislative situation and the rather poor availability of regional data is a great obstacle for the development of regional classifications.

Within the study at hand, typologies are being discussed in several chapters. In connection with the analysis of social services, the typology of welfare regimes constructed by Esping-Andersen (1989, 1990) was discussed defining four types of "welfare-regimes": "the social-democratic welfare regime", "the liberal welfare regime", "the conservative welfare regime" and "the socialist welfare regime" that dissolved during the transition of the Eastern European countries. Its limits were shown concerning different social sectors (it definitely does not suit to explain housing policies) and concerning the national level (it can not be transferred to a regional level).

Within the key field of education and training, for instance, an "ad-hoc-typology" about educational systems was set up, based amongst others on the indicators "early school leavers", "average schooling years" and "human capital investment. It defines four groups of countries: "Southern Countries - multiple unbalances" "Central Group - average standards", "Northern Europe - leading command" and "Eastern Countries - between two worlds".

However, these typologies are based on national data that are widely available. A typology at the regional level would need further research and probably a better regional data base.

6.2 Hypothesis on territorial - social trends

6.2.1 Hypothesis building

The study at hand on "Social Aspects of EU Territorial Development" splits the investigation about the relationship between social aspects and the territorial development into four pre-defined key fields "social services, SGEIS and public transfers", "employment and income distribution" "housing" and "education and training" in order to facilitate the research in that broad field. As various linkages exist between the four key fields, future research projects dealing with the social dimension of territorial development need to take these interrelationships into account. Consequently, beside the sectoral analysis within each key field, the study investigates their interrelationship focusing on existing trends and their territorial implications.

Methodological approach

The assessment of interrelationships between the four key fields "social services, SGEIS and public transfers", "employment and income distribution" "housing" and "education and training" is based on the knowledge of the involved experts in the study and on the results of the sectoral analyses. Therefore, the identification of relations is rather a hypothesis driven sketch built on expert knowledge, than a data based and evidence proved scientific result.

However, this hypothesis driven approach helps to identify questions in respect to the social-territorial trends and the impact of policies on them that should be investigated in future research projects. The know-how exploration of the involved experts and the condensation to territorial trends followed a three-step-approach.

Step 1: Identification of relationships between single key fields

As a first step the interrelationships between each possible pair of the four key themes were drawn up. The identification of these linkages is based on the results of the desk research done within the study (policy review, scientific review and the analysis of territorial patterns) and the experience of the involved researchers collected during a brainstorming session. The result of these **ad-hoc analyses** was drawn on one poster for each of the six relationships analysed:

- Education / Training - Social Services
- Social Services - Employment
- Employment - Housing
- Education / Training - Housing
- Social Services - Housing
- Employment - Education / Training

To provide a framework and an idea of the underlying concepts (based on the discussions of the involved researchers), the following figures picture the outcomes of this brainstorming concerning the pairs of above mentioned key themes (main relations and interdependencies).

Figure 42 Result of expert-brainstorming: Relationship Education - Social Services

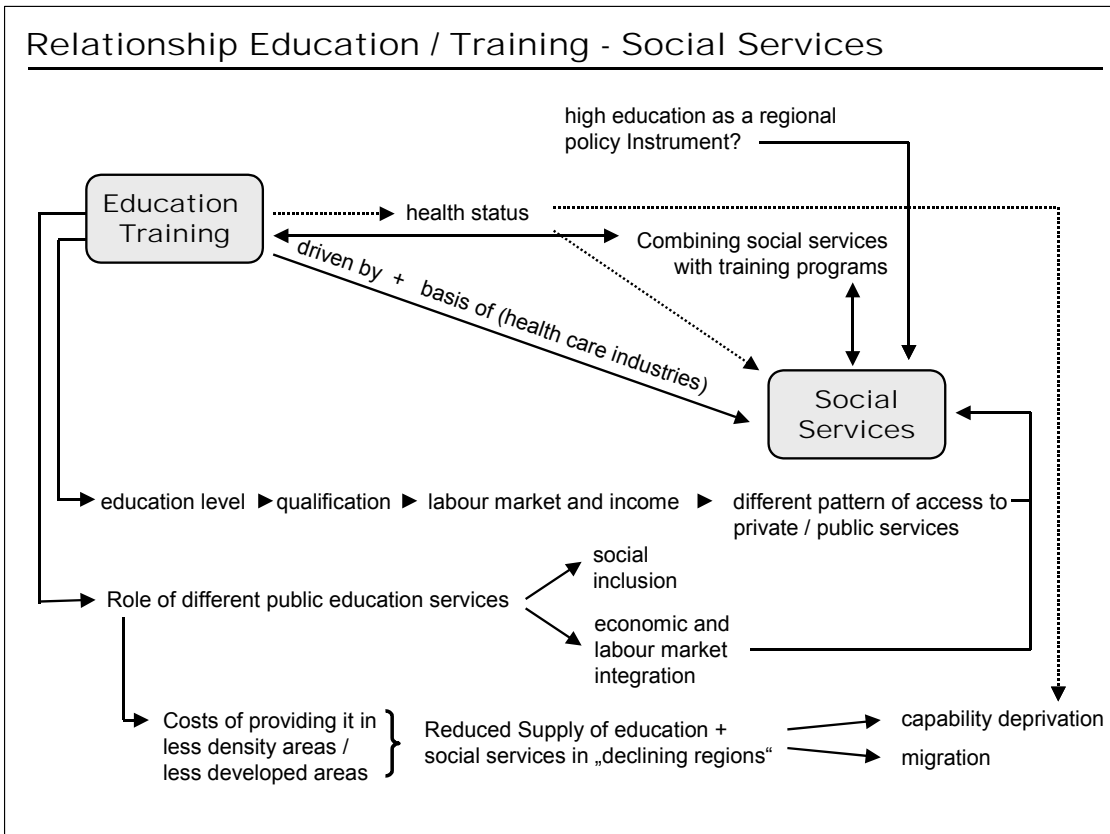


Figure 43 Result of expert-brainstorming: Relationship Social Services - Employment

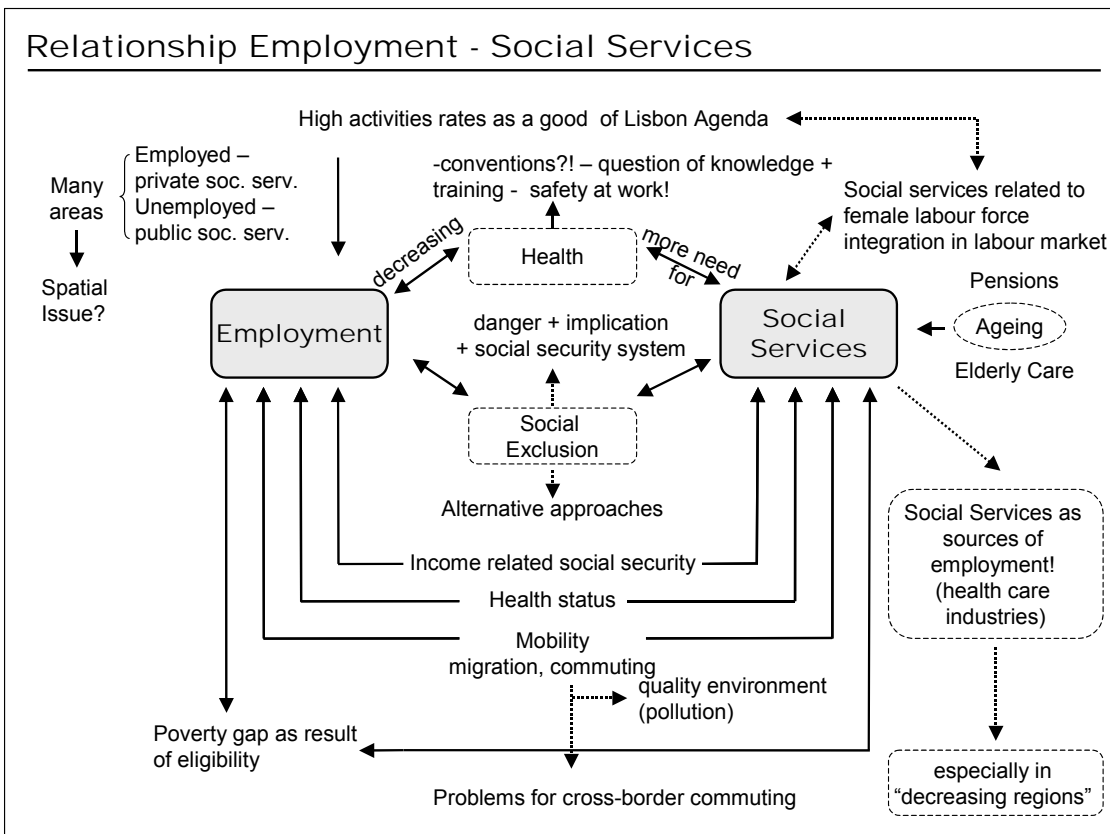


Figure 44 Result of expert-brainstorming: Relationship Employment - Housing

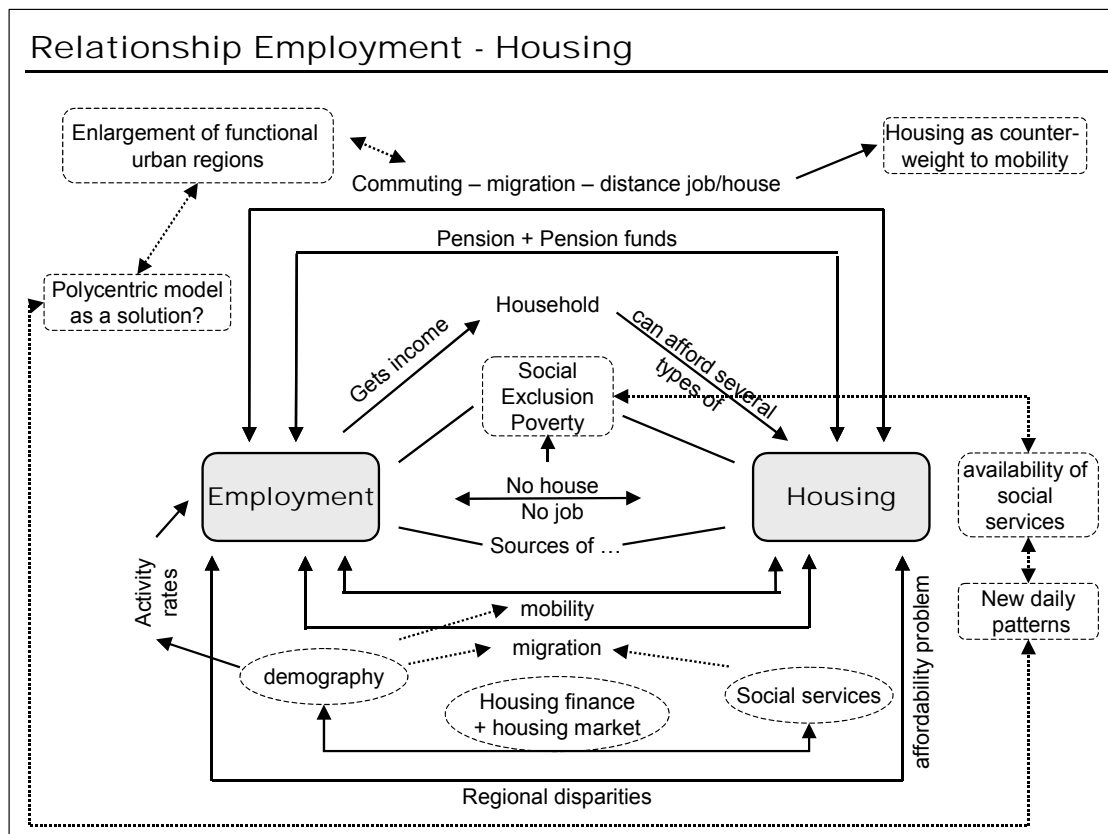


Figure 45 Result of expert-brainstorming: Relationship Education / Training - Housing

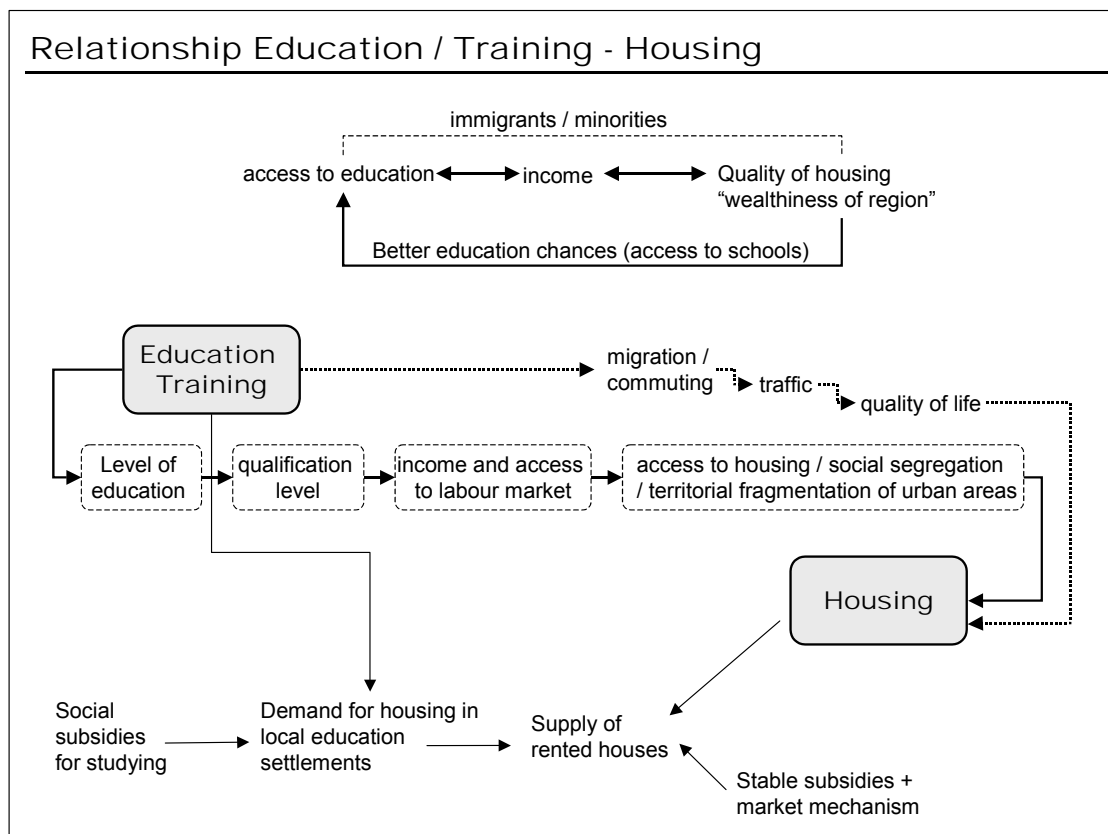


Figure 46 Result of expert-brainstorming: Relationship Social Services - Housing

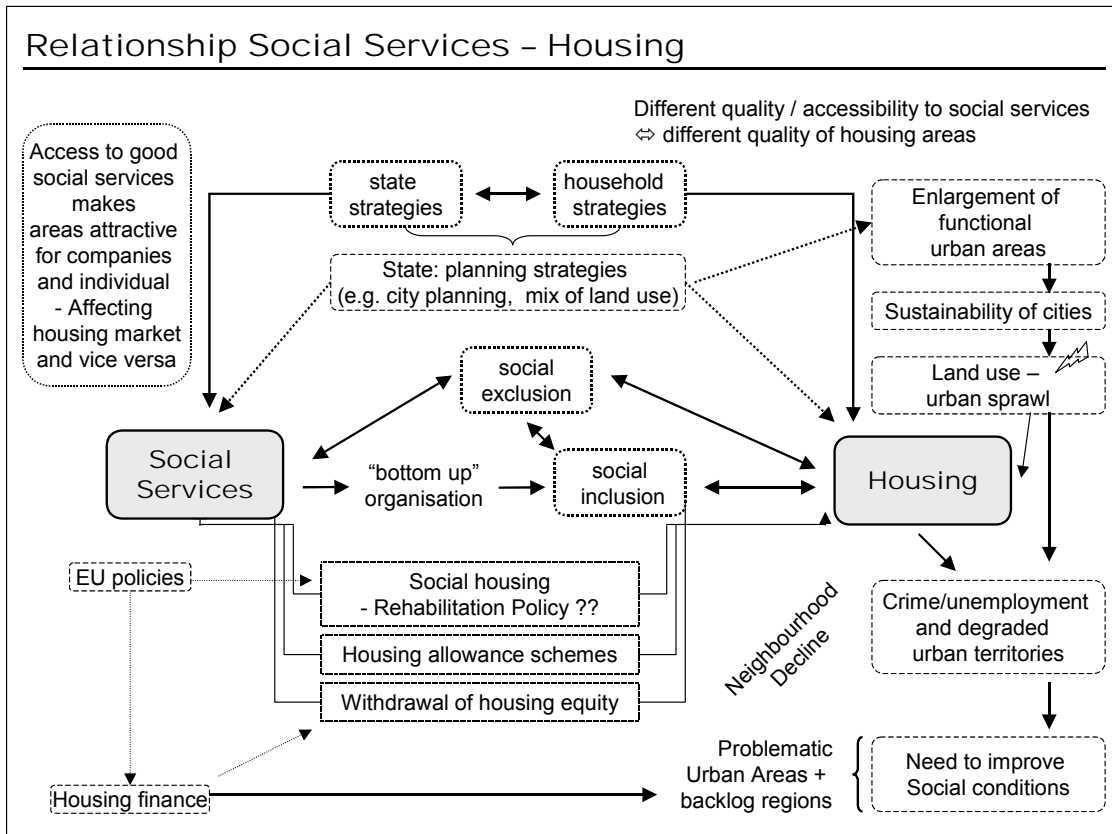
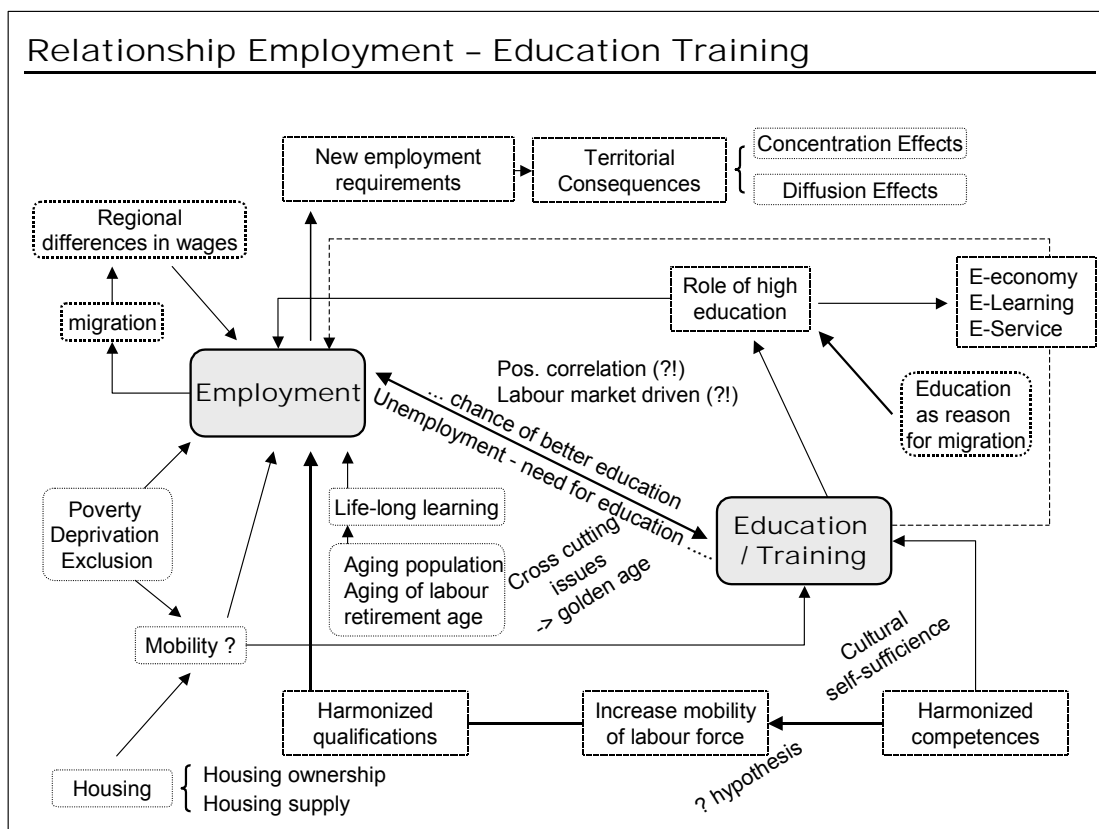


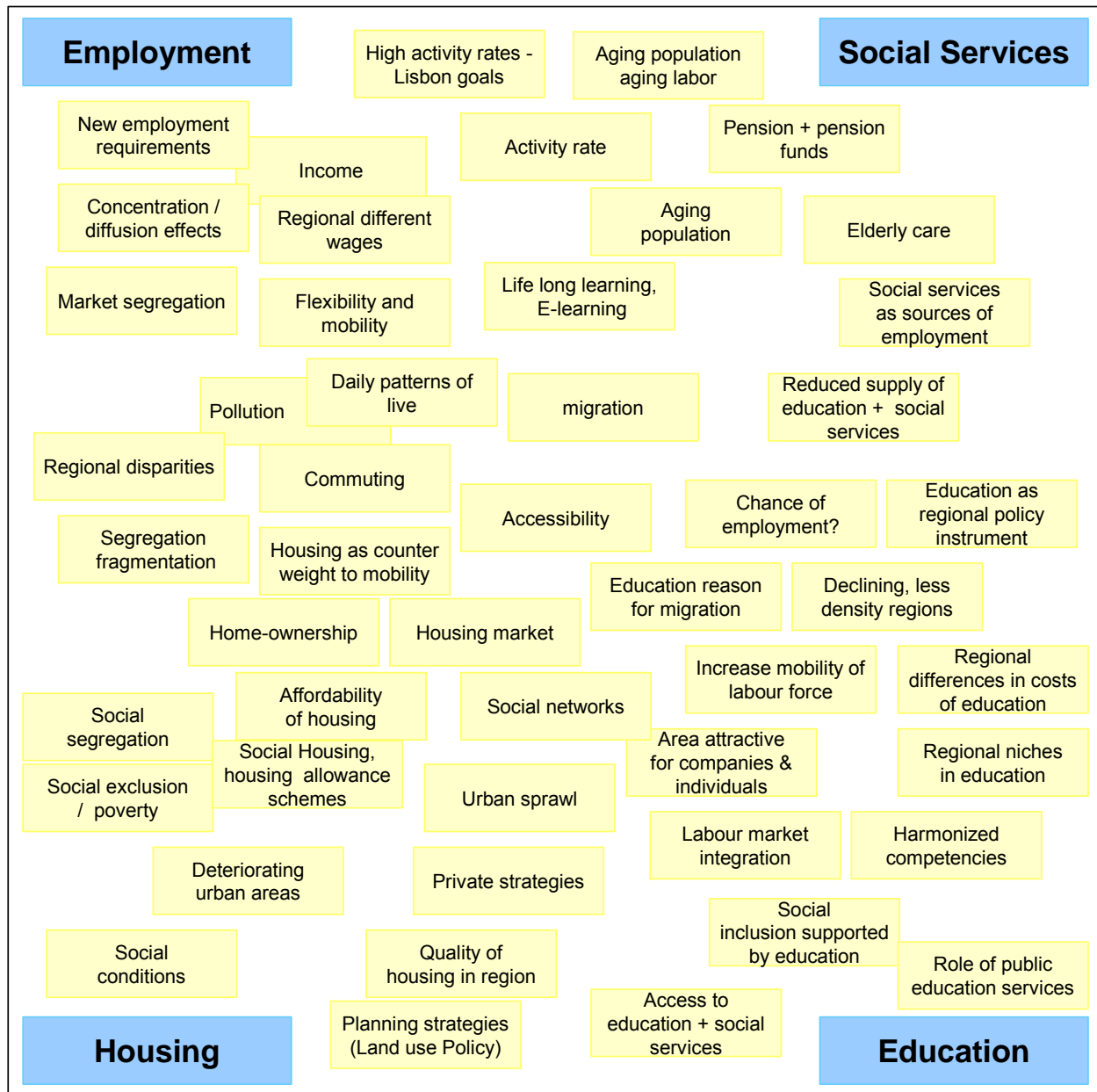
Figure 47 Result of expert-brainstorming: Relationship Employment - Education / Training



Step 2: Interrelationships between the pairs of key fields

In a second step the above shown interaction diagrams between the pairs of key fields have been matched into one single diagram. For this purpose, all of the territorial aspects identified in the thematically discussed relationship figures were arranged within one **concerted picture**, grouping similar aspects identified in different relationships.

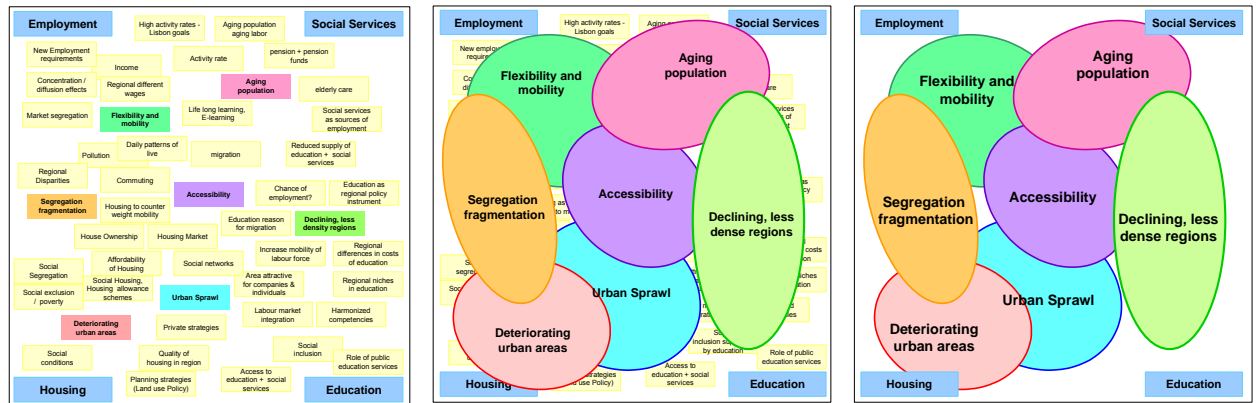
Figure 48 Identified aspects of the relationships between employment - social services - housing - education / training



Step 3: Identification of thematic clusters with similar interactions

Finally, within the concerted picture (see above) several **thematic clusters with similar interactions** relevant for more than one research field were identified. Each of these identified clusters represents a societal trend with a territorial component or a territorial trend with a social component.

Figure 49 Deduction of thematic clusters with similar interactions



The seven societal-territorial trends identified are:

- Social-territorial segregation / fragmentation
- Aging population
- Access to jobs, housing and educational and social services
- Flexibility and mobility
- Urban sprawl
- Deteriorating urban areas
- Declining, peripheral regions

Each of these seven societal-territorial trends is overlapping and interdependent with the other trends. The discussion about each of the trends can be started from each of the investigated key fields. The following description gives a brief overview about existing relationships between the four key fields and the identified societal-territorial trends and can be seen as a starting point for a deeper discussion and for further research.²⁶

6.2.2 Social-territorial segregation / fragmentation

In economic terms different wages and employment opportunities in different regions are a source of disparity between “wealthier” and “less wealthy” regions, even if only the difference in purchasing power is taken into account. As people tend to optimise their income, the given differences lead to → commuting or, if they do not succeed by commuting, they have to → migrate.

²⁶ The identified relationships are highlighted by inserted arrows before mentioning the related trend.

Central and peripheral areas

Especially in → declining, less densely populated, peripheral (mainly rural) regions people tend to move to places with higher chances of employment, mostly to central or urban areas. Generally, higher educated people are usually more flexible in choosing their domicile. Consequently the less flexible people tend to stay in lower income regions.

Habitually, the more immobile people, mainly older ones, are the ones who are highly socially rooted within the region. Additionally also → home-ownership has an effect as a counterweight to (territorial) mobility. As a consequence of this circumstance, the population with a higher average age rather stays in less densely populated areas with less economic power and → declining population, whereas the younger, more active people tend to move to economically more prospering areas. Due to the higher costs of social services per person, the → supply of social services often is reduced or even closed down. Thus, a tendency can be observed that leads to the strengthening of already “economically higher-than-average regions” and to the weakening of the lagging regions, widening the gap between central and peripheral areas. Following this trend, territories might become → segregated in social and economical terms.

Wealthy and poor neighbourhoods in urban areas

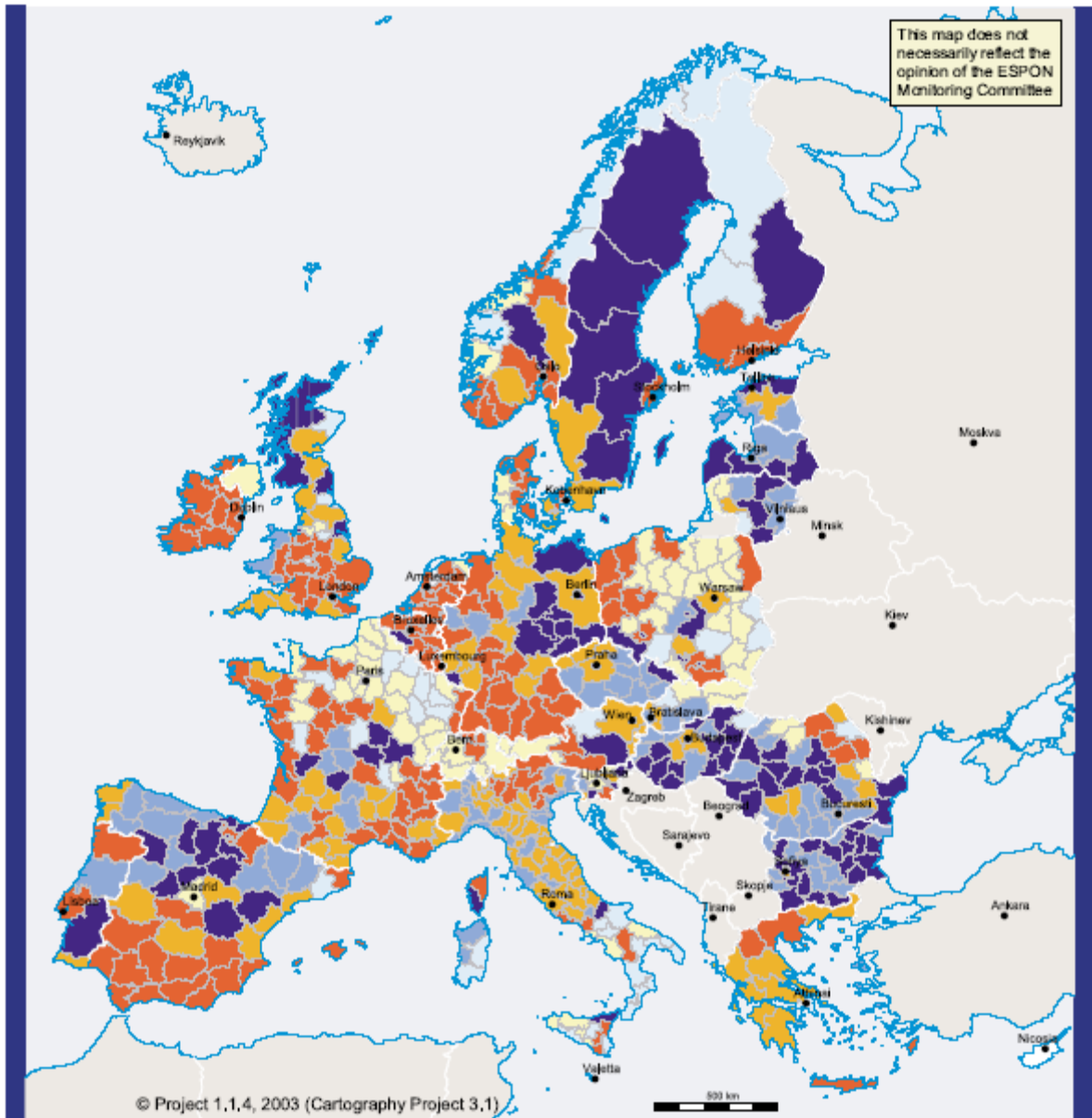
Segregation and fragmentation of the society can also be discussed under the aspect of the respective housing situation and housing policy. Especially in urban regions, prices for housing differ largely within comparatively small areas. The higher the difference of rents between “good” and “bad” neighbourhoods, the more people with less income have to live in the cheaper neighbourhoods whereas people who can afford it will try to move to neighbourhoods with better living conditions. Hence → segregation tendencies become stronger. Usually the social services and educational institutions are also in a worse condition in the “cheaper” neighbourhoods. Without any political interventions a downwards spiral can often be observed in these → deteriorating urban areas.

Quality of access to education and social services depends on the quality of urban residential areas

Usually the quality and density of the supply of social services and educational institutions is dependent on their location. The best schools, child care, health care and elderly care centres tend to be in the better residential areas. So the segregation in → housing quality implies also the segregation in the quality of the supply of health care, education and social care. Consequently, this territorial segregation is closely linked with a → social segregation in urban areas, whereas, the quality and supply of social services in suburban regions does often not coincide with the residential quality because of the relatively low housing density (as described below).

Map 29 Population development 1996 - 1999 (ESPON in progress, Preliminary results by autumn 2003)

Components of population development, 1996-1999



Population development by components

Population increase with

- positive migratory balance and positive natural balance
- positive migratory balance and negative natural balance
- negative migratory balance and positive natural balance

Population decrease with

- negative migratory balance and positive natural balance
- positive migratory balance and negative natural balance
- negative migratory balance and negative natural balance
- no data

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Origin of the data: EU15 and CC's: Eurostat,
Norway and Switzerland: National
Statistical Offices

Regional level NUTS 2 (besides NUTS 3) =
AT, CH, DE, FI, GR, MT, NL, PT, SE, UK

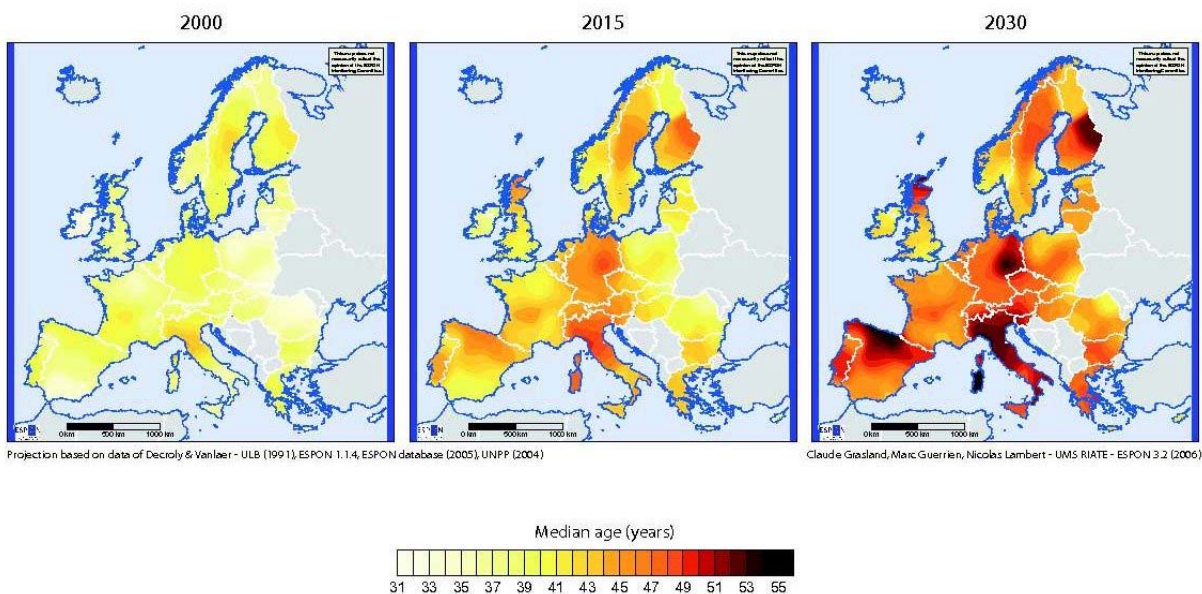
Source: ESPON Data Base

6.2.3 Aging population

Throughout Europe, the estimated median age of the population will increase. Whereas the average percentage of persons above 65 in the EU-15 was 24.1% in 2000, (an average of 25 often suggested as an 'unacceptable' rate in purely economic terms), the figure will reach at least 30% by 2015 and more than 40% by 2030. ESPON project 3.2 "Spatial Scenarios and Orientations" provided an overview about the regional distribution of the median age in Europe until 2030.

Map 30 Population aging in ESPON area (EU 25+2+2): Median age 2000, 2015, 2030
Source: ESPON 3.2 Spatial Scenarios and Orientations

POPULATION AGEING IN ESPON AREA



Employment, migration and declining regions

This trend of an aging population is closely linked to the field of → employment and income distribution. The rising share of elderly people leads to a higher share of retired people within the population and to a decrease of the → activity rate, counter-weighting the Lisbon-goals. Reacting to this trend, in many European countries the retirement age threshold is being raised or its raise is under discussion.

Moreover, the demographic trend of the aging population combined with the higher retirement age leads to a higher average → age of the working population. As the statistics prove, elder people are exposed to a higher risk of unemployment: unemployment rates of elderly people are above the average unemployment rate in many regions. Therefore, there is a higher probability for above average unemployment-rates in declining regions.

Mobility in social terms as well as in territorial terms can reduce the risk of unemployment in two ways: The more → flexible a person is in choosing a job the higher is the chance of employment. Life long learning and vocational training are preconditions for this job flexibility. Moreover the territorial flexibility increases the chances of employment.

In → declining regions the elderly people are often the less mobile ones (as they are also rooted deeper in societal terms). Whereas the young people move to regions with higher chances of employment the elderly stay behind. This tendency intensifies the problem of the → aging population in these often peripheral and less densely populated regions. In some urban areas, the (out)migration of - younger - people partly leads to the phenomenon of shrinking cities, with the less favoured people staying behind.

Changing requirements to social services

The aging of the population results in a changing demand for the → supply of social services. On the other hand, the number of necessary facilities for children and young people, as e.g. nurseries, schools, youth centres will decrease. In a → less densely populated, declining region usually the costs (per capita) for the supply of educational and social services are higher and the danger of the reduction of these services is high, especially according to the currently widespread policies of cutting public expenses.

Closing public facilities can lead to several problems in these regions: In small villages, e.g. the school can be part of the identity of the village. Losing such an important local social infrastructure reduces the opportunities and the quality of life. The loss of social services in such declining regions also means losing some jobs, often especially for women, who are partially overrepresented in these fields.

On the other hand, the aging population creates a higher demand for social services for this share of the population, as e.g. elderly care. The answer to this increasing demand for social services for elderly people has to take into account that - compared to the last decades - not only the life expectancy has increased, but also the general health of the elder people. Beside elderly care facilities other forms of social services have to be considered, as e.g. special forms of housing and assisted living.

Seasonal migration of elderly people

Some retired persons tend to move to regions where the living costs are lower or where the living conditions are better. E.g. during the winter months some retirees from northern countries move to warmer regions as e.g. to southern Spain, southern France or the Canary Islands, living there in hotels or in secondary residences. This migration of elderly people could be a chance as well as a challenge for the development of some → declining regions.

6.2.4 Access to jobs, homes, educational and social services

Amongst others, the living standard is determined by the access to jobs, access to the housing market and access to educational and social services. Accessibility has two aspects: A territorial one, which can be described as the possibility of reaching enterprises that offer jobs or social services within an acceptable distance, as well as a social-economic one, reflecting social and economic barriers to social and educational services and the housing market.

Generally, accessibility is determined by the supply of housing, services and jobs within an acceptable distance (= territorial aspect), as well as by the individual possibility to use this supply, determined amongst other factors by personal income and social status (=social-economic aspect).

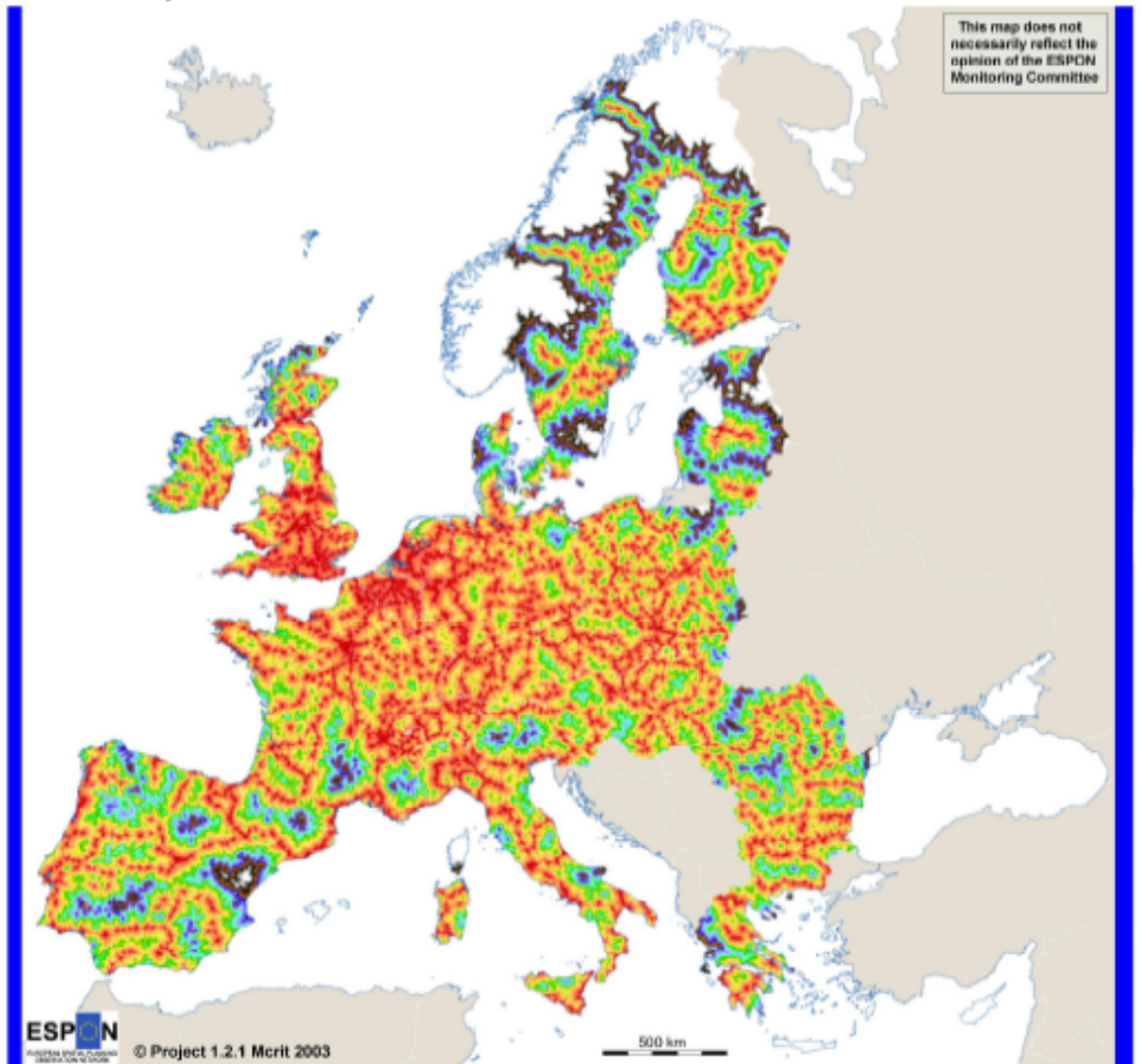
Access to jobs

The access to jobs is a precondition for employment. The individual access to the employment market depends on the personal qualification and the number of potential jobs that are relevant for one's education and that can be reached in an acceptable distance.

The number of jobs supplied within a region strongly depends on its economic prosperity. In prosperous regions it is higher than in → declining, less prosperous regions. Thus, people living in such disadvantaged regions face a reduced supply of job opportunities within a distance that is acceptable for daily commuting. This lack of job opportunities supports migration towards more prosperous regions (→ flexibility and mobility). Generally, the younger and more active people have a higher willingness to migrate, whereas the more inactive and immobile members of the population, often elderly people, stay in these declining regions, intensifying the problem of the → aging population, especially within such regions.

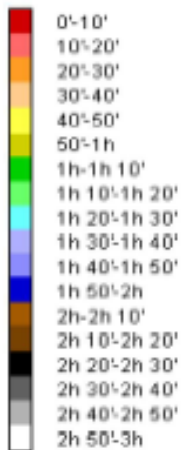
Map 31 Territorial component of accessibility: Connectivity to Rail stations (Source:

Connectivity to rail stations



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Access time



Origin of data: ASSEMBLING graph
European Commission
Source: ESPON Data Base

Access to educational and social services

Anybody's qualification depends strongly on their personal educational background. Higher education usually increases the chances of employment. Access to educational services therefore determine also employment opportunities. It depends on the one hand on the provided facilities and their quality within an acceptable distance, and on the other hand on the residents' personal capabilities and motivation to use the provided supply.

The supply of social and educational services is strongly determined by territorial patterns. In → less densely populated, peripheral areas, usually less facilities can be reached within a certain distance than in more densely populated central areas. Thus the settlement structure within a given region strongly influences access to educational and social services.

Moreover, especially in urban areas, the quality of the social and educational services depends on the quality and social conditions of the area they are located in. Usually, social and educational services located in "better" areas provide a higher quality. On the other hand, the chance of people living in → deteriorating urban areas to gain access to high quality social facilities is lower than for people living in "upper-class-areas". This reduces overall chances to get access to better jobs with higher income and to be able to afford living in areas offering higher quality.

Furthermore the access to social services is a → location factor for companies and individuals. Enterprises and persons who are widely free to choose the location of their businesses or their domicile are looking for sites with access to high quality social and educational services, as e.g. (international) schools, nurseries, cultural and recreational facilities, etc.

Concerning employment possibilities within the EU, especially the harmonization of competencies gained by the Europass supports → harmonised qualifications and facilitates the mobility of the labour force through the possibility of getting jobs in another country, thus consequently stimulating (cross-border) migration.

Access to housing market

The access to the → housing market depends strongly on the prices for housing in relation to the individual income (i.e. affordability). As the price for housing also depends on the quality of the neighbourhood, the differentiation of housing prices can lead to territorial segregation with a mono-structural tendency with "wealthy" areas on one side and → "deteriorating urban areas" on the other side. As in these "poor" areas job opportunities are rare and the quality of the social and educational facilities is below the average, social and territorial segregation of the housing market can result in → social exclusion.

Therefore → social housing and housing allowance schemes are instruments, which are partly able to reduce social exclusion and segregation tendencies by supporting → affordability of housing and a socially balanced composition of inhabitants.

6.2.5 Flexibility and mobility

In the context of the study, flexibility is seen as the capability to react to new challenges and conditions, especially to → new employment requirements and to territorial developments, as well as being able to take advantage of such transformation processes. Mobility is used as the territorial expression of this flexibility leading to commuting and migration.

Education as basis for social flexibility and employment

Changing → employment requirements need a reaction from employees, who need to be prepared to adapt their qualifications to the demand of the labour market. The "typical" career, meaning staying with one company in one job segment until retirement, does no longer correspond to the changing technology and economy. Thus, → life long learning is required in order to increase one's qualifications and job opportunities.

Beside the personal readiness for further education the accessibility to adult education facilities affects the chances of adapting to modified job requirements. Consequently → education is used as a policy instrument for regional development. However, if despite available educational facilities and training no adequate job is offered within the region, the consequence could be migration to regions offering more employment opportunities. Thus, education indirectly leads to migration, especially in → declining regions with a highly limited supply of jobs. As a result, education can not always be seen as an instrument in support of regional development.

Migration / commuting

The decision to migrate depends amongst others on an acceptable distance between home and work. Generally, many people prefer → commuting to migrating. Especially if they are rooted in social networks in their area of residence, they tend to avoid a complete change of their social environment and their → daily patterns. Moreover, home ownership encourages non- migration and makes longer commuting distances more acceptable. This is in sharp contrast to migratory patterns in the United States, where people are much more willing to move to other areas for job opportunities, even if home ownership is involved: Americans have a higher willingness to give up their known social environment and to sell house.

The higher the shares of commuting people, the more the residential areas become "sleeping towns". As commuters often use social services and SGEIs in their "working towns", the demand for social services in the "sleeping towns" becomes insufficient to maintain them. This development leads to a → segregation of functions within the catchment area of urban regions. However, if the living areas lack social and educational services, as well as employment opportunities, commuting is no longer a choice but becomes a necessity.

As in low density suburban areas (→ urban sprawl) even the supply of attractive public transport cannot be afforded, commuting by car is required. The intense use

of cars leads to → environmental problems, especially to noise and air pollution in the regions located along the commuter-corridors.

6.2.6 Urban sprawl

The reasons for the development of urban sprawls are manifold. One reason for moving from the core cities into the suburbs often is the → quality of life in urban nodes. High prices for housing combined with a reduced → quality of the environment (space, noise, air pollution) and a feeling of insecurity in the neighbourhood are push-factors for mid-class people who can afford buying a house in the suburbs to move out of the cities. On the other hand the municipalities in the suburbs enable → home-ownership at affordable prices making it attractive to settle there.

Urban sprawl and its relevance for urban and housing policies

Additional relevancy of → urban sprawl is given by its prevalent role for urban and housing policies. → Planning strategies, respectively land use policies, play a prime role in combating sprawl and dispersal in (sub)urban areas. In terms of developing sustainable cities, regional cooperation is of high importance, as these policies have to cover not only the cities, but the entire agglomeration areas.

It has become obvious that urban sprawl has common mechanisms to that of neighbourhood change. This latter can be seen as the other side of the coin: Living in the suburb requires a certain income and consequently a social-territorial → segregation takes place. New developing suburbs are dominated by middle class people, while people with lower incomes staying in the declining neighbourhoods are habitually a mixture of blue collar workers and immigrants from abroad.

Formerly socially mixed quarters are threatened by losing the income more affluent residents. Consequently, less money is being invested in the conservation of the low rent houses. Neighbourhoods that lose the wealthier part of the population and a good standard of housing stock are threatened to become → deteriorating urban areas.

Commuting as an inescapable consequence

The suburbs are characterised by rather homogenous social structures dominated by middle aged families and white collar workers and by very homogenous architectural patterns of detached or semi-detached houses or row houses. They are residential areas with very few on-site job opportunities, making → mobility and flexibility a requirement: As the work places are predominately situated in the core towns or in separated business or industrial zones, people living in suburbs need to commute.

Since density in suburbs is rather low, social and educational services often cannot be provided adequately in the suburbs. Consequently, commuting is also required to get access to these types of services.

As a result, the suburbs become more or less “sleeping towns” and much of the daily life takes place outside these towns. Commuting determines people’s → daily patterns of life.

As low densities also make public transport financially unviable, the level of service of public transport in suburban areas is often rather poor. Accordingly, commuting has to be done by car in many such areas, affecting the quality of the environment and the life quality especially of people living along the commuting-corridors with → air pollution and noise. The cheaper land prices in the suburbs are countervailed by higher transport costs, as often it is necessary for families to own two cars for organising their → daily living patterns.

6.2.7 Deteriorating urban areas

Bad housing conditions combined with unsatisfactory social conditions

In deteriorating urban areas, bad housing conditions are often combined with unsatisfactory social conditions. Substandard housing conditions make these areas unattractive for people with higher incomes who can afford superior homes. They tend to move to areas with better conditions, leaving socially underprivileged people behind, potentially resulting in → social-territorial segregation.

Due to the physical and social environment it is economically not profitable for home owners to invest in the maintenance of their houses, making living there even less attractive.

Quality of the social and educational services challenged

The decline of the housing conditions can also result in a decline of the quality of the social and educational services in such areas. Moreover, usually unemployment rates are rather high. As better education could help to increase the chances for a job and the integration in the labour market, the lack of good educational facilities reduces the potential of → flexibility, limits the → access to the labour market and reduces the chances for employment.

→ Social housing policies and housing allowance schemes are strategies to avoid such segregation tendencies, as they increase the chances for a social mix, even in higher status neighbourhoods. High quality public education services can help to ease the access to the labour market and to contribute indirectly to avoid poverty and social exclusion and enable a higher degree of → social inclusion.

6.2.8 Declining, peripheral regions

Declining - often peripheral and rural - regions are characterised by a decreasing number of jobs and people moving to urban areas or agglomerations which offer more → employment opportunities.

Less job and educational opportunities

The reduced amount of population in less densely populated areas increases the per capita costs of operating social and educational services. Due to the nowadays commonplace policies of increasing the economic efficiency of public expenditure, most public authorities reduce their expenditures and consequently the → supply of social services in such less density regions is decreasing.

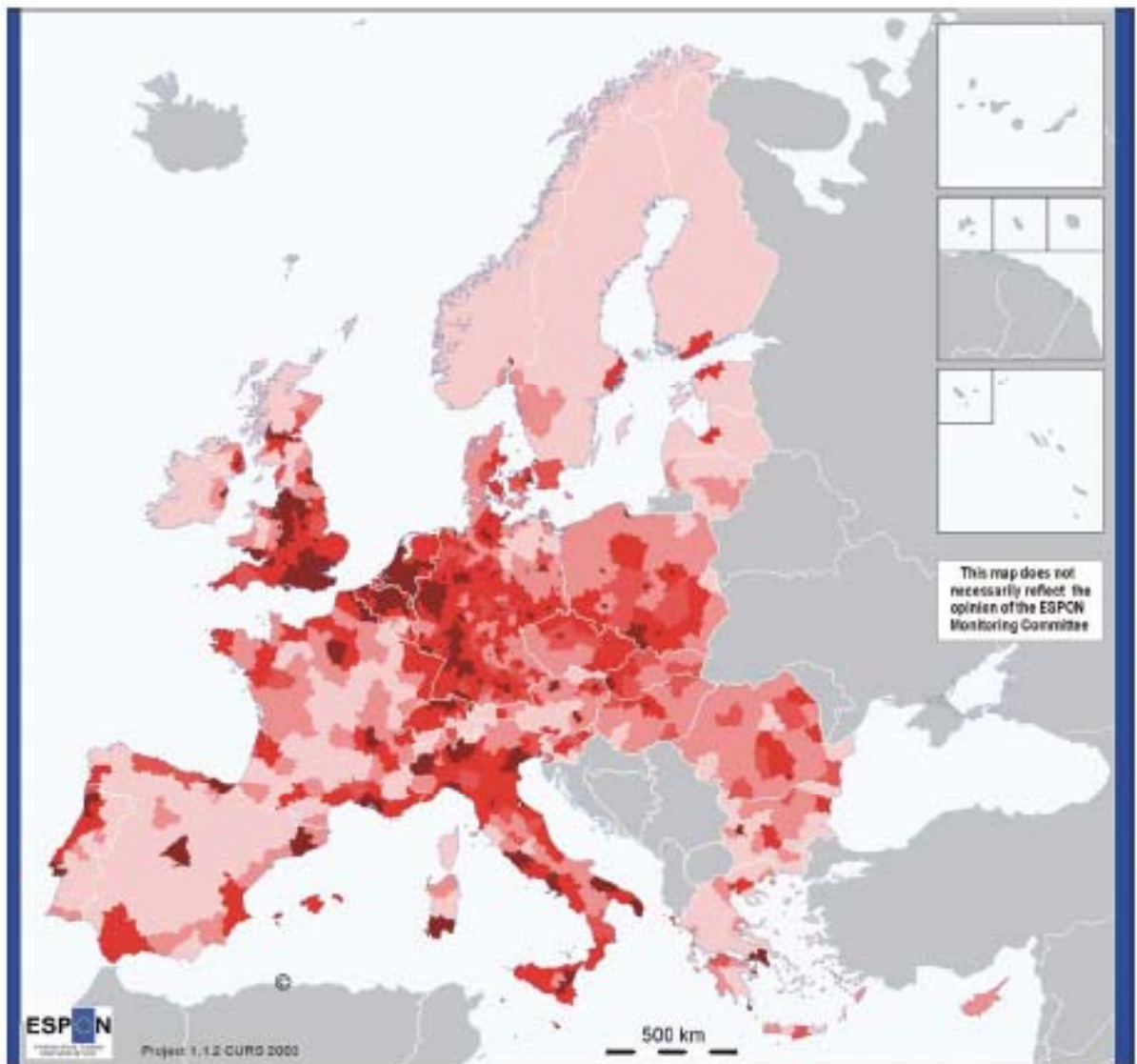
This intensifies the problem of a lack of jobs, as traditionally the public sector and social services are an important source for employment in rural peripheral regions, especially for women. The decreased job opportunities imply a low activity rate and make the region less competitive with other more prosperous regions.

Education as driver for migration

Education is often seen as a way to increase employment opportunities and is therefore used as regional policy instrument. Some regions find special → niches in which they specialise their competencies , making them more competitive.

However, if there are no job offers in accordance with the offered education, the highly educated people have no chance to get employed in the region. They have to commute to the urban places, where high qualified jobs are offered. Commuting is a first step to lose integration within local → social networks. Loosing the social linkage to the local networks combined with the job opportunities in the central areas eases the step from → commuting to migrating, especially for higher educated people. So education can lead to migration. That increases → segregation tendencies and sharpens the problem of the loss of population and the → aging of the remaining population.

Map 32 Population density (Source: ESPON 112)



Population density in NUTS3 regions in 1999

289 - 20 200	(371 NUTS3 regions)
117 - 268	(371)
98 - 116	(73)
56 - 97	(251)
0 - 55	(251)

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Origin of data: EU15 and CC's: Eurostat
 Norway and Switzerland: National
 Statistical Offices.

Source: ESPON Data Base

The average population density in EU25+4 is 107 inhabitants/km².

6.3 Proposal for further research

6.3.1 Conclusions based on the results of the research

Social policies encompass a broad field and the interrelationship between social issues and territorial development is manifold. So, basically the research in ESPON 1.4.2 was divided into four pre-defined key fields:

- "social services, SGEIS and public transfers",
- "employment and income distribution",
- "housing" and
- "education and training".

Beside these pre-defined key fields other social aspects with a territorial impact exist, e.g. migration and segregation tendencies or poverty and have been partly taken into account within ESPON 1.4.2.

Moreover, especially the field "social services, SGEIS and public transfers" comprises a variety of different issues. The term "social services" includes a variety of different services, usually based on dissimilar legislation, often provided by diverse institutions and financed in different ways, as e.g. day-care centres, hospitals, supply with general practitioners, child care, elderly care, homeless care etc. Also, the term "Services of General Economic Interest" includes several different services as e.g. transport systems, energy supply, broadcasting, telecommunication etc.

The analysis within each key field demonstrated that there are various policies within each of the four key-fields at different scales: a European scale, a national scale, a regional scale and even a communal scale. Often these policies are not organised in a top-down approach, where the higher authority provides general pre-settings serving as a basis for the regulations of the lower authorities. On the contrary, regulations at different levels sometimes compete with each other as e.g. shown with the housing sector (see chapter 4).

For each key field analysed interrelationships between the social aspects and territorial development exist. However, in many fields these relationships have not yet been profoundly analysed; there is a lack of proven empirical data about their structure.

The analysis of the linkages between the pre-defined key fields has revealed various interrelations between each other and between social and territorial developments. However, for most of these linkages the empirical proof is unsophisticated, as it is generally difficult to give empirical evidence for complex cause-impact-chains.

So the scientific analysis demonstrated in this report has resulted in a picture of a very complex structure of social aspects of territorial development:

- “Social issues” represent a broad field that is split into various sectors of which each has its own logic concerning regulations, financing, responsible institutions etc.
- The definition of the four key fields that were the basis of ESPON 1.4.2. was but an approach to make the scientific analysis of “social aspects of territorial development” more manageable.
- Although it is clear that “social issues” are an important component of territorial cohesion as defined in ESPON 3.2, even within each of these sectors there is just a fragmented knowledge about the interrelationships between social aspects and territorial development.
- Moreover, a variety of relations between the different sectors exists as e.g. between employment, education, child care and social security. (A huge list of such functional chains can be constructed.). As the policies in these fields are habitually seen as sectoral policies, the existing relationships usually are blinded out.
- This network of relations influences the development of regions and consequently the territorial cohesion. However, the relationship between social aspects and territorial development is more hypotheses-driven than based on empirical data, at least at the European level.

So, “Social aspects of EU territorial development”, as stated in the terms of reference, is a very complex field dealing with complex structures. It is fragmented into different sectors and policies which exist at various levels and are sometimes conflicting. Further empirical evidence is needed to confirm the hypothesis-driven findings about the interrelation between social and territorial development.

These findings have to be taken into account when defining proposals for future applied research projects about social aspects of EU territorial development.

6.3.2 Technical approach

According to the described complex and manifold relationships within the different fields of social issues and between social and territorial development and the broad lack of empirical data describing these interrelationships, a huge list of potential projects could be set up.

In order to focus on a few final project proposals, we choose a structured approach to finding the “top” themes for further projects within ESPON. This approach is based on five steps:

- Step 1: Conceiving a list of potential project ideas
- Step 2: Sketching each potential project
- Step 3: Expert assessment of each sketch
- Step 4: Ranking of project-sketches
- Step 5: Qualitative interpretation of the results

Step 1: Conceiving a list of potential project ideas

Within each of the four key fields a review of any relevant policies, a scientific review based on the analysis of the relevant literature and the analysis of territorial patterns were conducted. These thematically focused analysis of each of the four key themes resulted in several ideas about potential further projects on the relationship between social and territorial development, mainly focusing on the subject analysed within the thematic key field.

Hypotheses about existing relationships among the four key fields and between social and territorial development were derived during a brainstorming of the researchers involved in the study. These relationships were combined into thematic clusters picturing territorial-societal trends. These pictures also resulted in several ideas for further projects.

So, based on the results of the desk research within each thematic key field and the hypothesis about relationships between the key fields a list of potential projects was set up.

Step 2: A sketch for each potential project

For each of these potential projects a sketch was formulated describing the thematic scope and context and potential research objectives in a structured way.

Step 3: Expert assessment of each sketch

Because the final project proposals for future applied research should suit the overall ESPON-approach, the project-sketches were assessed based on the following four criteria reflecting the ESPON goals:

- **policy relevance:**
The project should be related to the key policy objectives and concepts of ESPON.
- **territorial relevance:**
The project should improve the knowledge of territorial development trends.
- **knowledge relevance:**
The project should contribute to improving and increasing the ESPON scientific knowledge base and enable cross analysis with other ESPON-projects.
- **relevant scales:**
Within the project it should be possible to analyse territorial trends on the three ESPON-levels: European (macro level) / Transnational-National (meso level) / Regional-local (micro level) on NUTS 3.²⁷

²⁷ E.g. a trend that can only be described on NUTS5 level, do not meet the requirements of ESPON)

The definition of these criteria aims to analyse how precisely a potential project would meet the goals of ESPON-projects. The assessment for each of the defined criteria was done along the following scale:

- Low accordance: 1 point
- Rather low accordance: 2 points
- Rather high accordance: 3 points
- High accordance: 4 points

Along these four criteria each sketch was assessed by the six experts that have been involved during the whole research for ESPON 1.4.2.

Step 4: Ranking of project-sketches

In order to get a comprehensive result of the assessment of the project-sketches four sub-steps had to be done:

1. In order to avoid outlier based on a personal background the six scores were reduced to four by eliminating the highest and the lowest score for each criteria of each project-sketch.
2. For each criterion of each project-sketch the four remaining scores were summed up and the average score was calculated.
3. The values of all four criteria were summed up to a total score.
4. Finally the project-sketches were ranked by the sums of the total scores. So the sketch with the highest was considered best meeting the ESPON-goals.

Step 5: Qualitative interpretation of the results

The formal calculation of the ranking of the project-sketches is a good estimation of which project-sketch meets the criteria for ESPON-projects in what quality. However, this list can only be a starting point for the elaboration of a proposal for a future applied research project.

Finally, it had to be a manageable project within ESPON, best contributing to the ESPON-goals. So the final step of deciding which projects should be developed for further research was a result of an intense discussion-process.

6.3.3 List of ideas of potential projects

Based on the results of the desk research, the brainstorming and the formulation of hypotheses on social-territorial development the following 19 ideas for future research projects have been derived:

- 1: Territorial consequences of Bologna and Europass processes
- 2: Quality of education – spatial aspects. Education system, multiculturalism, and social integration
- 3: Identify early-school leavers reasons and its consequences for EU competitiveness and labour market profile
- 4: Housing policies in the EU and territorial cohesion
- 5: Causes of disparities in regional housing markets
- 6: The interplay of housing markets and labour force mobility at inter-regional level
- 7: Effects of EU development models on social and housing policies
- 8: Spatial effects of poverty
- 9: Spatial effects of immigration, integration and welfare
- 10: Social and territorial cohesion in EU29
- 11: Spatial development from a gender perspective
- 12: Employment issues revisited – spatially, employment mobility + income distribution, lifelong learning
- 13: Regional social policy in the ESPON space – impact measurements and consequences
- 14: Social aspects of urban sprawl
- 15: Impacts of social policies on deteriorating urban areas
- 16: Theoretical basis of interrelationships between employment, social trends and territorial development
- 17: Regional determinants of education and its relation to regional development
- 18: Territorial impacts of employment
- 19: Territorial effects of social trends - empirical analysis of interrelationships in typical spatial settings

6.3.4 A sketch for each potential project

For each of the potential projects a sketch has been elaborated describing the following aspects:

- Potential title of the project
- Thematic scope and context
- Research objectives

Along these three components all 19 potential projects were briefly described in order to assess their accordance with the goals of ESPON.

Title	1: Territorial consequences of Bologna and Europass Processes
Thematic scope and context	<p>Between education systems and labour market strategies exist a strong connection. In both cases mobility and flexibility plays an important role.</p> <p>In this context, the EU set several steps to improve education and labour market mobility. The "Bologna Process", including "Bologna Declaration" aims to develop the European Higher Education Area that shall be realised in 2010.</p> <p>The "Copenhagen Declaration", adopted in November of 2002, reinforced European cooperation in the field of education and vocational training. It put forth initiatives aimed at promoting transparency and established a single credit transfer system for vocational training and education based on quality criteria.</p> <p>The "Europass", approved in December of 2004, is a single European framework for the transparency of qualifications and competences in order to communicate and display labour qualifications and competencies more efficiently all over Europe.</p>
Research objectives	<p>The targets of this project about territorial consequences of Bologna and Europass Processes are:</p> <ul style="list-style-type: none"> - to identify and understand the territorial consequences of students' mobility: what will happen in the less populated areas and peripheral countries/regions? Is there a pattern or different patterns of mobility supported by university status? - to evaluate the territorial consequences of financial support of high education system. - to identify the regional university profiles and their linkages to student mobility pattern in order to evaluate the importance of mobility to regional and local development; - to identify the linkages between regional competences provided by educational system and regional economic specialization. - to identify territorial consequences of labour force mobility (related with migration flows) supported by "Europass", namely to less developed areas (low density areas and rural areas) and the territorial consequences of these mobility patterns (related with migration flows) - to identify the consequences of a generalist (first cycle)/specialized (second/third cycle) education to labour market and to regional economic competitiveness.

Title	2: Quality of education – spatial aspects. Education system, multiculturalism and social integration
Thematic scope and context	<p>Since the nineties, intra-European migration flows, namely from eastern countries as well non-European immigrants, changed EU population distribution and labour market conditions, which contributed to increase intra and inter regional social disparities. At the same time, the EU became richer in cultural terms, although this mobility pattern provided an interchange of cultures and revives values and identities.</p> <p>In this context education appears as a fundamental instrument of social integration, as it promotes the humanistic values shared by our societies, as well the development of society, in particular by fostering democracy, reducing the disparities and inequities among individuals and groups and promoting cultural diversity. Education also promotes competences in several languages, as a key element in the personal and professional development of individuals (including in finding one's first job).</p>
Research objectives	<p>The targets of this project are:</p> <ul style="list-style-type: none"> - to discuss the regional/national heterogeneity in education and learning systems and its territorial consequences (differences between less developed areas and other ones); - to discuss the implications of the reorganisation of public services and their regional consequences to education offer, namely in depopulated areas; - to identify the territorial and social consequences for less developed areas as well to low income families according to the growing competences in several

	languages;
	- to identify the relation with gender and labour force qualification and their role to social integration;
	- to discuss the importance of religious, social and cultural aspects related with migration pattern and how education could promote social integration (e.g. pre-school education as a social integration solution);
	- to discuss the role of cultural and ethnical knowledge in the formal educational system and its contribute to promote multiculturalism and social integration;

Title	3: Identify early-school leavers reasons and its consequences for EU competitiveness and labour market profile
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Thematic scope and context	<p>The Council Conclusions on Reference Levels of European Average Performance in Education and Training (2003) point that "<i>investment in education is one with long-term returns and indirect as well as direct benefits</i>". The following targets were defined:</p> <ul style="list-style-type: none"> - to fight school drop-out, since it is considered essential to have access to a minimum knowledge base in order to be able to succeed in the knowledge society and, at the aggregate level, to optimise social cohesion and achieve full employment. - to achieve satisfactory levels of human capital formation, especially in mathematics, science and technology, since these are considered key areas for the knowledge economy. - to increase the percentage of individuals who successfully complete secondary education. - to develop the concept of basic competences, understood as a "package of knowledge, skills and attitudes for employment, inclusion, subsequent learning as well as personal fulfilment and development". - to foster lifelong training and the ongoing recycling of knowledge, skills and competences,
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Research objectives	<p>The targets of this project are:</p> <ul style="list-style-type: none"> - to analyse regional patterns of early school leavers; - to discuss reasons for early school leavers in a regional context (offer of public education, absorption capability of labour market and economic structure); - to identify the territorial interdependences between economy, labour force mobility and high rates of early school leavers to regions; - to discuss the importance of religious, social and cultural aspects of early school leavers, and how education could promote social integration (e.g. pre-school education as a social integration step); - to discuss the implications of the reorganisation of public services and their regional consequences to education offer, namely in depopulated areas; - to evaluate the role of e-learning and e-education to improve levels of education; - to identify the critical areas of social and labour market exclusion of population with low level of education (e.g. urban or rural; small/medium cities or metropolitan areas).
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Title	4: Housing policies in the EU and territorial cohesion
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Thematic scope and context	<p>In the EU the responsibilities for housing policy lie in the individual Member States themselves. Nevertheless European directives indirectly influence the housing policies of the Member States.</p> <p>Both housing policies and housing markets in the EU Member States have gone through radical changes in the last decades. A gradual integration process can be detected in housing policies and housing markets in EU countries, such as the integration of the financial markets, increasing dominance of homeownership and a</p>
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	<p>general shift from supply side subsidies towards demand side subsidies.</p> <p>Housing plays also an role in respect to the goal of territorial cohesion, meaning a balanced distribution of human activities across the Union. The different housing policies influence patterns of settlements, investments in new houses and access to the housing market for different social groups.</p> <p>Besides questions that are relevant even on the EU level, the role of housing policies in the national policies e.g. for increasing mobility of labour force or enhancing competitiveness of regions has gained further importance.</p>
Research objectives	<p>Main objective is to identify the regional and intra-regional disparities and similarities in terms of access to housing and level of housing services with special emphases on:</p> <ul style="list-style-type: none"> - Relationship of housing investments (new constructions, reconstruction,) with the national housing subsidy systems - Social housing sector policy (rent regulation, subsidies with special focus on housing and rent allowances) - Housing policy and city planning, building permits (role and effects of inclusionary zoning)

Title	5: Causes of disparities in regional housing markets
Thematic scope and context	<p>The risks of increasing regional and intra-regional disparities are a challenging issue for the EU cohesion policy. The differences in economic capacities, nevertheless, have to be conceived in a broader framework, of which access to housing markets and services are constituent parts.</p> <p>The regional and territorial processes result in increasing disparities in both housing quality and affordability on inter-regional and intra-regional level. Regional housing markets are characterised by great imbalances in demographic trends (fast increase in developing regions and decreasing population in declining regions), by growing house price differences and inequalities with respect to affordability problems. In addition, the governance of housing (e.g. housing subsidy systems) may contribute to fostering inequalities, or on the contrary decreasing disparities.</p> <p>Besides the inter-regional level inequalities, intra-regional segregation as a consequence of the economic, demographic and social factors has become an important social issue in numerous European countries, a problem, which has to be dealt with to decrease social tensions.</p>
Research objectives	<p>The targets of this project are:</p> <ul style="list-style-type: none"> - to identify the social and economic dimensions of regional housing markets - to evaluate the development trends of the regional housing markets - to identify the factors influencing the disparities of the regional housing markets

Title	6: The interplay of housing markets and labour force mobility at inter-regional level
Thematic scope and context	<p>Numerous aspects influence inter-regional migration and commuting (an alternative to migration), i.e. employment options, household income level and house price differences.</p> <p>Employment and higher income possibilities influence commuting rates in the same direction as migration rates; mostly however, high house prices have an opposite effect on migration.</p> <p>Migration processes can be fuelled by the relative house price (equity) differences, since through cashing the equity gap, households' income can be supported on the short run. However, on the long run, out-migration from depressed areas can contribute to conserving high and long-term unemployment, because less employment opportunities push down house prices, hence migration to higher value areas (with more employment options) becomes more difficult.</p> <p>Incentives put up by the tax system and benefit programs could neutralize the</p>

	distortions caused by the mismatch in the housing and labour markets, a question that should be conceived on supra-national level, as labour market integration, cohesion policies and competition policies are key policies on EU level.
Research objectives	The main research objective is to identify the relation between: <ul style="list-style-type: none"> - migration versus commuting and the relative house prices - employment opportunities and migration/commuting - the effects of taxation and benefit programs on the relationships of employment opportunities and migration/commuting

Title	7: Effects of EU development models on social and housing policies
Thematic scope and context	As housing in the EU is broadly decentralised and regionalised, the development of housing programs within the EU Member States leads to a great variety of models. Different models apply diverse housing and social policies for different goals, i.e. social inclusion, increasing flexibility of labour market through augmenting labour mobility, etc. In the system of EU cohesion policy, EU programs are evaluated. These evaluations revealed information about the functioning of the housing and social policies in these models. In ex ante evaluations hypotheses are set up which are validated in ex post evaluations. Thus, the complex nature of the interrelated elements of the development programs can be analyzed based on these documents.
Research objectives	The main research objectives are: <ul style="list-style-type: none"> - to describe and to compare the role of the housing and social policies in the different policy models - to explore the best and worst practices of applying housing social policies in the context of the development programs - to define the key elements of success and failures of the application of housing and social policies in reaching development goals

Title	8: Spatial effects of poverty
Thematic scope and context	Poverty is a complex and multi-faceted phenomenon. The research on poverty has shown, during the last 20 years, that there is not <i>one</i> type of poverty, but <i>many</i> . This is valid both regarding the theoretical as well as empirical findings. By focusing on income poverty alone, only one aspect of poverty is analysed; if only the number of recipients of social assistance/poor relief is taken into account, only one aspect of poverty will be analysed; etc. There is a different organisation and governance of welfare in spatial terms in different European countries: In the U.K. social assistance is a national program, in Germany it is a program run by the Bundesländer, in Sweden it is a program run by the municipalities, and in Italy each region can decide if social assistance is a regional or local matter. Most studies have been made on the spatial effects of poverty in urban areas, but not in a territorial wider perspective. Mostly these studies only focus on one aspect of poverty at the time.
Research objectives	According to the recent situation the objective of the projects "Spatial effects of poverty" is <ul style="list-style-type: none"> - to investigate poverty in a broader context combining various definitions of poverty - to analyse the spatial effects of poverty covering urban areas as well as rural areas and important aspects of e.g. social cohesion and social sustainability - to create a poverty index for Europe combining the different forms of poverty

Title	9: Spatial effects of immigration, integration and welfare
Thematic scope and context	<p>Between welfare and spatial development exist connections and interactions. The general trend in Europe is that in areas where many immigrants from poorer countries move in, the native population moves out. This sometimes is linked with an economic decline of the region. The result is usually a lower access to welfare for the inhabitants in these areas.</p> <p>This demographic challenge has raised questions on replacement migration and labour immigration to Europe. At the same time a majority of the immigrants in Europe has a lower access to welfare schemes and social services than natives. During the last 20 years this trend has been continuously negative. Since immigrants and natives live, in general, geographically separated there is a spatial aspect of immigrants' access to social services.</p>
Research objectives	<p>Key objectives of a research about spatial effects of immigration, integration and welfare are:</p> <ul style="list-style-type: none"> - to demonstrate the relation between migration and access to welfare schemes and social services - to analyse the spatial aspect of immigrants' access to social services

Title	10: Social and territorial cohesion in EU29
Thematic scope and context	<p>The issue of social cohesion is an issue of high priority in the EU policy documents. The concept of social cohesion implies that people should not be disadvantaged by wherever they happen to live or work in the EU.</p> <p>As there are a number of aspects of territorial balance in the EU, which threaten the harmonious development of the Union in future years, social cohesion has also a territorial component.</p> <p>Territorial cohesion aims to achieve a more balanced development by reducing existing disparities, avoiding territorial imbalances and by making both sectoral policies which have a spatial impact and regional policy more coherent.</p> <p>Alas, the NAP's Inclusion plan delegates most of the responsibility of the social questions to the single Member States that includes the risk of promoting social divergence rather than social cohesion.</p> <p>Moreover there are several aspects of territorial balance which threaten the harmonious development of the Union economy in future years, as e.g. the concentration of economic activity and population in the central areas and the demographic challenges of the aging population Europe is facing in the near future. These trends will challenge the aim of territorial cohesion, the balanced distribution of human activities across the Union and a fair access for citizens and economic operators to Social Services.</p>
Research objectives	<p>The interlinkage of social cohesion and territorial cohesion is manifold. The research objectives will therefore focus on the following aspects:</p> <ul style="list-style-type: none"> - picturing the differences of social policies in Europe focussed on specific issues - identifying the impact of selected social policies on territorial development - analysing the impact of different policies on the access to Social Services - measuring the influence of social policies on territorial development - showing which elements of social policies have most influence on territorial cohesion resp. segregation - discussing, if a common European policy on social cohesion could contribute to the territorial cohesion and which elements it could contain to counteract an increasing divergence between the European regions

Title	11: Spatial development from a gender perspective
Thematic scope and context	The implications of gender and territorial development are everything but explored, especially when it comes to aspects of social services, education and the labour

context	<p>market. Although the knowledge in the field is limited, it can be assumed that a gender perspective of gender and space may have important implications to social services, education and labour market issues.</p> <p>E.g. in many parts of Europe young women leave the rural and peripheral regions for metropolitan areas to a larger extent than young men. Is it pull factors as the city lifestyle attracting those women or is it the lack of educational possibilities and unemployment pushing more women than men from the rural and peripheral areas?</p>
Research objectives	<p>Spatial development in a gender perspective aims to analyse gender aspects in territorial development, especially in terms of</p> <ul style="list-style-type: none"> - different job and income opportunities - different migration patterns - different access to education - different access to social and welfare services and <p>and the linkages between these issues.</p>

Title	12: Employment issues revisited – spatially, employment mobility + income distribution, lifelong learning
Thematic scope and context	<p>The issue of employment – respectively its absence i.e. unemployment – is mainly analysed in the policy field of economic affairs. Still space – as always - matters and spatial aspects have to be taken into account when designing policy measures and heading for the goals of the Lisbon agenda.</p> <p>In order to complement research into the complexity of employment/ real wage building and labour market institutions a regional perspective should be taken on board. Therefore it is proposed to take the existing results of research on labour markets in Europe, which focus mainly on the national scale, as background and elaborate more on spatially relevant aspects – such as regional mobility of the labour force (which is one of the corner stones of the European Economic Union and does not work in reality) and its absence.</p> <p>Moreover, small scale mobility of the work force (commuting) does increase significantly and brings along social and environmental problems. The regional differences of income distribution (in real terms and depicting the purchasing power adequately) and their reason shall be another string of investigation together with the interconnectedness between education and training and labour markets on the regional level (as evidence on the national scale suggests that active labour market interventions – such as life long learning – correlates strongly with employment in a positive way).</p> <p>By focusing on the regional scale (NUTS II/ III) it will be possible to shed some light on the political leeway on the regional political level, without to forget the macro-phenomena of employment, which have to be seen as exogenous variables.</p>
Research objectives	<p>The following research objectives shall be tackled:</p> <ul style="list-style-type: none"> - revision of existing research results on the national and regional scale reflecting labour market theories (e.g. efficiency wages, insider-outsider approach) - embedding these theories into the regional scale and set-up of a regional labour market model paying special attention to picturing the interrelation between employment, income, housing and working and education and training as endogenous variables - feeding into the model the available empirical evidence in the ESPON space – thus depicting regional differences and similarities all over Europe - setting up of a typology of regions on the basis of the modelling results

Title	13: Regional social policy in the ESPON space – impact measurements and consequences
Thematic	Social Policy in Europe is mainly discussed and monitored on the national scale – the

scope and context	<p>European Social Model(s)²⁸ are to be seen as determinants of the regional social policy. Still regional policy (not only in federally organised states) offers some leeway to adopt own social policy orientations. This has led to significant efforts of EU – regions to set policy emphasis on labour market policy, education and training and other social policy fields such as health and elderly care. The distribution logic of the EU Structural Funds has encouraged the regions to design their specific regional social policy profile.</p> <p>Still there is hardly any empirical proof that these regional policy strategies are really an efficient and effective way to tackle problems of a macro-scale such as unemployment and ageing of the population. The hypothesis has emerged that by adopting this regional policy differentiation in the social field “beggar-thy-neighbour” and “NIMBY (not-in-my-backyard)” phenomena have been created all over Europe – with an increase of social disparities rather than social cohesion as a consequence. This project shall therefore have a closer look at the consequences and impacts of regional social policy measures in terms of the overall goals of territorial - and thus also social – cohesion (as specified in the ESPD). It shall provide empirical evidence whether (or not) the European approach of allowing for regionally competing social policy measures has led to an overall improvement of the situation – especially in the field of spill-over phenomena (like sectoral unemployment due to job shifts).</p>
Research objectives	<p>The main challenge when tackling such a research question is to clearly distinguish the regional policy cause-effect chains from the national ones. The research objectives will therefore be the following:</p> <ul style="list-style-type: none"> - Investigate in the regional social policy strategies and measures applied in the ESOPN space. Identify their mechanisms and potential impacts and effects on the regional scale. - Find empirical evidence (data) on the sectoral policy measure and their effects and impacts - Identify the interrelations and spill-over effects these regional effects and impacts may have on other European regions as well as non-European regions. - Capture these spill-over effects with data. - Distinguish these “regional” effects from the nationally induced social policy effects. – Try to pin down the regional leeway in real terms vis-à-vis the national policy power.

Title	14: Social aspects of urban sprawl
Thematic scope and context	<p>Beside territorial and environmental effects the development of urban sprawls causes also societal effects in the core cities as well as in the suburbs. Predominantly middle class families who are looking for an affordable house with a garden in commuting distance to the core city are moving out, the social structure in the suburbs is rather homogenous. In parallel in the core cities this segment is underrepresented that leads to segregation tendencies.</p> <p>The suburbs are characterised by a very homogenous architectural pattern of detached, semi-detached or row houses resulting in a rather low population density. Consequently, social and educational services as well as shopping opportunities often cannot be provided efficiently in these sprawling areas and job opportunities are rather far away from the residences.</p> <p>So, the suburbs become more or less “sleeping towns”. People living in suburbs have to commute to the places of employment, to shopping malls, to schools etc.. As the low densities also makes public transport inefficient, commuting predominantly has to be done by car. So, the cheaper land prices in the suburbs are counterbalanced by higher transport costs for people living there.</p> <p>Moreover, commuting by car affects the quality of the environment and the live</p>

²⁸ Commonly described as “the traditional-rudimentary model”, “the liberal-individualist or Anglo-Irish model”, “the Romano-Germanic model” and “the Social-Democratic model”

	quality especially of people living along the commuting-corridors by air pollution and noise. So the advantages and disadvantages of urban sprawls are distributed rather inhomogeneous.
Research objectives	The following main research objectives shall be tackled: <ul style="list-style-type: none"> - Analyse the effects of urban sprawling on the social structure of the core cities - Analyse the effects of the territorial and social "mono-structure" of suburbs on the provision of social and educational services and its impact on the organisation of social live within the suburbs and its economic effects for the household income. - Analyse social aspects of commuting (who benefits from the positive effects and who has to carry the negative effects).

Title	15: Impacts of social policies on deteriorating urban areas
Thematic scope and context	<p>In many European cities there exist deteriorating urban areas where bad housing conditions often are combined with unsatisfactory social conditions. Bad housing conditions make these areas unattractive for people with higher income who tend to move out leaving social underprivileged people behind, who are often immigrants from Non-European-Countries. These trend results in a social territorial segregation which is superposed by an ethnic component.</p> <p>Often in such areas unemployment is rather high. Combined with a usual education level below the average the chances for employment is not the best. Often in these deteriorating urban areas the investment in the maintenance of the houses is rather low and the decline of the housing conditions goes hand in hand with a decline of the quality of the social and educational services. This again reduces the chances for higher employment rates and increases the risk of poverty.</p> <p>Social housing policy and housing allowance schemes are strategies to avoid such segregation tendencies. The investment in social and educational services could help to ease the access to the labour market and create job opportunities and indirectly contribute to avoid poverty and social exclusion and enable a higher social inclusion.</p>
Research objectives	The following research objectives shall be tackled: <ul style="list-style-type: none"> - Analyse the triggers for social segregation in urban areas - Analyse which types of public intervention could help to stop the negative process and to improve such deteriorating urban areas - Compare the costs for investment in special social and educational services and in the refurbishment of houses in such areas compared to the costs for segregation, unemployment and a further ongoing of these negative processes.

Title	16: Theoretical basis of interrelationships between employment, social trends and territorial development
Thematic scope and context	<p>This preparatory project has shown quite comprehensively the complexity of the different components of social aspects of EU territorial development – let alone the complexity when combining these aspects.</p> <p>For each of the single aspects the theoretical basis has been depicted and their attempt to simplify this complexity has been shown. When finally trying to draw the interconnectedness of the aspects altogether the lack of a common theoretical backing, which might have facilitated and guided this compilation became quite striking. Although some inter-linkages are to be found in theory between the single aspects (e.g. labour market theory and social transfers) the overall picture remains unclear.</p> <p>The aim of this project should therefore be to try to tie together the existing theoretical foundations of the single components of social aspects (employment, social transfers, housing, education and training) to a single theory string. In order to simplify this otherwise over boarding task the spatial setting shall be limited to the regional level only. Thus a further analytical benefit will be achieved – as most of the theoretical concepts of the single components are calibrated on the nation state level.</p>

	The major benefit will be to design a common theoretical foundation, which enables a suitable reduction of complexity of the interrelatedness of the components of the social aspects of territorial development on the one hand. On the other hand by staying on the regional level it shall be detailed enough to capture cause effect relations which will allow for a practical benefit when depicting empirical evidence and deducting policy recommendations.
Research objectives	<p>The research objectives will be the following:</p> <ul style="list-style-type: none"> - Revise the existing theoretical foundations of the single components of the social aspects of territorial development – if necessary adopt them for an application on the regional level (e.g. new definition of exogenous and endogenous variables). - Construct a common theoretical framework for all the components together (e.g. by using system dynamics approaches) on the regional level. - Test this theoretical approach by analysing empirical evidence of EU case study regions and compare these results with a “stand-alone” analysis of all the components in the same regions.

Title	17: Regional determinants of education and its relation to regional development
Thematic scope and context	<p>The access to educational services depends amongst other on the provided facilities and their quality within an acceptable distance for (daily) commuting. It is unequally distributed: In less densely populated, peripheral areas usually less facilities can be reached within a certain distance than in more densely populated urban areas. Thus, the settlement structure of a region influences strongly the access to educational and social services.</p> <p>As employment opportunities are closely linked to personal education the access to education also influences the access to job opportunities.</p> <p>Furthermore the access to educational services is a location factor for companies and individuals. Enterprises and persons who are widely free to choose the location of their business or their domicile are looking for sites with access to high quality social and educational services, as e.g. (international) schools, nurseries etc.</p> <p>Improving education opportunities is used as a policy instrument for regional development. However, if there are no adequate job opportunities within the region, education could lead to migration to regions offering more employment opportunities.</p>
Research objectives	<p>The research objectives will be the following:</p> <ul style="list-style-type: none"> - Analyse the relationship of access to education opportunities and education level of the population. - Analyse the impact of education opportunities on job opportunities and on migration. - Identify, how the improvement of education facilities can be used as instrument for regional development.

Title	18: Territorial impacts of employment
Thematic scope and context	<p>Employment is to be seen as one of the corner stones of the social aspects of territorial development. It is the basis of economic wealth and wellbeing of a population and thus also the bottom line of competitiveness and economic performance of a region and a country.</p> <p>Following this argument the major (and in most of the cases the only) territorial impact of employment is the creation of economic wealth (measured in GDP per capita). Still this preparatory study has shown that there is a lot more “between the earth and the sky” than just economic wealth. An important differentiation of impacts would be e.g. the ability of employment to increase overall territorial welfare. This would include also other components, which are included in this study – like health care, elderly care, gender issues etc.</p> <p>The aim of this study shall therefore be to capture territorial impacts of employment</p>

	<p>in a very wide sense trying to embrace as many other components of the social aspects of territorial development as possible. These impacts will not only be identified but also will have to be captured by empirical evidence on the regional scale (NUTS II/ III) within the ESPON space.</p>
Research objectives	<p>The research objectives of this project will be the following:</p> <ul style="list-style-type: none"> - Identification and theoretical justification of possible impacts of employment on territorial development (on the regional scale). Selection of the most significant ones. - Depicting of the systemic interconnectedness of employment and the identified regional impacts; construction of indicators in order to capture these impacts empirically. - Collection of regional data in the ESPON space to fill these indicators of impacts of employment on the regional scale. - Set-up of a typology of employment impact for the EU regions in order to enable a more effective channelling of labour market support measures.
Title	<p>19: Territorial effects of social trends - empirical analysis of interrelationships in typical spatial settings</p>
Thematic scope and context	<p>As shown within this preparatory study the systemic complexity of territorial effects of the components of social aspects is overwhelming – especially when trying to depict the interrelations between all the components (like employment, education and training, housing and others) simultaneously in a specific territorial setting.</p> <p>Within this project the different components of social aspects of territorial development shall be observed and depicted in all their complexity and interrelatedness within different territorial settings all over Europe. These typical territorial settings will be differentiated by topography, demography and socio-economic conditions. In other words the aim of the project will be to analyse the systemic patterns of all components of social aspects simultaneously but within different “case study” regions (representing different types of regions).</p> <p>By comparing the results of such an analysis generalisable facts will be deductible and a basis for sound management of the compound of social policy measures shall be provided.</p>
Research objectives	<p>The objectives of the research projects will be the following:</p> <ul style="list-style-type: none"> - Based upon the findings of this preparatory study and the first draft of systemic interrelations of the different components of social aspects of territorial development elaboration of a thorough systemic model of the cause-effect relations of the components and their territorial effects/ impacts. - Set up/ adoption of existing regional typology in the ESPON space reflecting topographic, demographic and socio-economic conditions. - Selection of representative case study regions along this typology - Analysis of the social aspects within these regions following the systemic model and depicting major social trends in Europe - Comparison of the case study results and deducting of common issues and generalisable facts – improvement of the starting model and suggestion for a wider application within the ESPON space

6.3.5 Expert assessment of each sketch and ranking of project-sketches

These 19 project sketches have been assessed by six experts being involved in ESPON 1.4.2 along the following 4 criteria:

- policy relevance
- territorial relevance
- knowledge relevance
- relevant scales

For each sketch and for each criterion an average score was calculated, after eliminating the highest and the lowest score of each of the 4 criteria of each of the 19 project-sketches. These scores were summed up and based on the totals the projects were ranked on a ranking scale from 1 to 19, as shown in the table below.

Table 18 Result of the expert assessment of the proposed project-sketches

Title of the project-sketch assessed	policy relevance	territorial relevance	ESPON relevance	relevant scales	Total score	rank
1: Territorial consequences of Bologna and Europass processes	3,8	2,3	1,8	2,5	10,3	15
2: Quality of education – spatial aspects. Education system, multiculturalism and social integration	3,5	3,5	3,0	2,5	12,5	11
3: Identify early-school leavers reasons and its consequences for EU competitiveness and labour market profile	2,5	2,3	1,5	2,0	8,3	19
4: Housing policies in the EU and territorial cohesion	2,8	3,0	2,8	2,8	11,3	13
5: Causes of disparities in regional housing markets	2,8	3,5	2,5	1,8	10,5	14
6: The interplay of housing markets and labour force mobility at inter-regional level	3,0	3,8	3,5	2,5	12,8	10
7: Effects of EU development models on social and housing policies	3,0	2,3	2,8	2,3	10,3	15
8: Spatial effects of poverty	3,5	3,5	3,0	3,3	13,3	9
9: Spatial effects of immigration, integration and welfare	4,0	3,5	3,0	3,3	13,8	6
10: Social and territorial cohesion in EU29	4,0	3,8	3,5	4,0	15,3	1
11: Spatial development from a gender perspective	2,5	2,8	1,8	3,0	10,0	17
12: Employment issues revisited – spatially, employment mobility + income distribution, lifelong learning	4,0	3,5	3,3	3,8	14,5	4
13: Regional social policy in the ESPON space – impact measurements and consequences	3,8	4,0	3,8	3,5	15,0	2
14: The social aspects of urban sprawl	3,0	3,5	3,8	2,0	12,3	12
15: Impacts of social policies on deteriorating urban areas	3,0	2,5	2,5	2,0	10,0	17
16: Theoretical basis of interrelationships between employment, social trends and territorial development	3,8	3,8	3,3	4,0	14,8	3
17: Regional determinants of education and its relation to regional development	3,8	3,8	3,3	3,0	13,8	6
18: Territorial impacts of employment	3,5	4,0	3,5	3,3	14,3	5
19: Territorial effects of social trends - empirical analysis of interrelationships in typical spatial settings	3,3	4,0	3,8	2,8	13,8	6
goals / Indicators:						
policy relevance: Relation to key policy objectives and concepts						
territorial relevance: Describing and improving the knowledge of territorial development trends						
ESPON relevance: contribution to the improvement and increase of the ESPON scientific knowledge						
relevant scales: Three-Level approach, European / Transnational-National / Regional-level (NUTS3)						
Measure for accordance with goals: 1 ... Low, 2 ... Rather low, 3 ... Rather high, 4 ... High						

The assessment of the 19 project-sketches showed that the integral projects meet the goals of ESPON best as e.g. "Social and territorial cohesion in EU29" (rank 1), "Regional social policy in the ESPON space – impact measurements and consequences" (rank 2), "Theoretical basis of interrelationships between employment, social trends and territorial development" (rank 3), as shown below.

Table 19 "TOP 3" of the expert assessment of the proposed project-sketches

Title of the project-sketch assessed	policy relevance	territorial relevance	ESPON relevance	relevant scales	Total score	rank
10: Social and territorial cohesion in EU29	4,0	3,8	3,5	4,0	15,3	1
13: Regional social policy in the ESPON space – impact measurements and consequences	3,8	4,0	3,8	3,5	15,0	2
16: Theoretical basis of interrelationships between employment, social trends and territorial development	3,8	3,8	3,3	4,0	14,8	3
Measure for accordance with goals: 1 ... Low, 2 ... Rather low, 3 ... Rather high, 4 ... High						

On the bottom of the list are mainly projects that focus on highly specialised issues like "early school leavers" (rank 19), "spatial development in a gender perspective" and "deteriorating urban areas" (both rank 17), "Bologna and Europass processes" and "Effects of EU development models on social and housing policies" (both rank 15).

This can be interpreted that there is a strong need for basic research on social-territorial relationships within ESPON. It seems premature, however, to pick up special aspects of this relationship for near-future research projects.

6.3.6 Qualitative interpretation of the results towards a proposal for a future research-project

According to the result of the assessed project-sketches it will be necessary to set up a future project focusing on a more general issue of social aspects of territorial development, such as the highest ranked projects proposals shown above.

However, it has to be taken into account that the research within ESPON 1.4.2 has demonstrated very clearly that the relationship of social aspects and territorial development is a highly complex field. On the one hand various sectors exist as e.g. housing, social services, migration, employment, education etc. with special regulations, special responsibilities and special financing systems. On the other hand, the regulations and cause effect-chains can be constructed at different levels: at the European, the national, the regional and the communal level.

If a future research project shall successfully contribute to the improvement of knowledge within ESPON, the complexity has to be reduced in order to be manageable. Generally, two analytical approaches exist for dealing with such a complexity:

- a) to analyse the cause-effect relations for a certain sector of this complex field and on all levels (vertical approach),
- b) to analyse the cause-effect relations and the systemic patterns of the components in specific and differing spatial settings thus simulating "laboratory conditions" (horizontal approach).

Focus 1: Analyses of the impact of education and child care on regional employment, migration and territorial cohesion

The two highest ranked projects "Social and territorial cohesion in EU29" and "Regional social policy in the ESPON space – impact measurements and consequences" follow a rather similar approach: For both projects the different social policies at different scales are the starting point of the research, even if the first project-sketch has a broader approach and the second project sketch focuses more on the regional level. Both projects start with a description of different social policies within EU 29 and aim at identifying mechanisms and potential impacts on regional development by looking for empirical evidence (data) for policy measures and their effects and impacts.

However, both project-sketches include a more general view on social cohesion and social policies. In order to make a project manageable within ESPON, the scope has to be narrowed by reducing the sectors of social issues that shall be analysed.

We propose to concentrate on some of the public goods and the less market driven aspects of social issues, as e.g. social and educational services. When focusing on a smaller sector of social issues we decided to start with a core part of social policy, the non-market social services and therein focusing on two closely linked aspects: education and child care. As analysed, education influences employment and so the project will include a bundle of social aspects. The organisation of providing these social services, as well as employment issues represent core challenges within the EU in the next years.

The analysis shall fulfil the following goals:

- Picture the differences of social policies of education and child care in Europe.
- Identify their mechanisms and potential impacts and effects on the territorial development. Distinguish regional from nationally induced social policy effects.
- Find empirical evidence (data) on sectoral policy measures and their effects and impacts.
- Show which elements of social policies have most influence on territorial cohesion or segregation.
- Discuss, how much a stronger common European policy on social cohesion could contribute to the territorial cohesion and which elements it should contain to counteract an increasing divergence between the European regions.

Focus 2: Picturing the complex relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

The second highly ranked project starts with elaborating the missing theoretical and empirical background in order to describe the interconnectedness of the different social sectors and their relationship to territorial development.

In order to reduce the complexity of this interrelationship we propose to focus on the regional level. This enables to combine two project-sketches:

- a) "Theoretical basis of interrelationships between employment, social trends and territorial development" (to formulate the theoretical basis of the existing network)
- b) "Territorial effects of social trends - empirical analysis of interrelationships in typical spatial settings" (to test the theoretical concepts in typical territorial settings as e.g. sparsely populated areas, urban areas, suburban areas etc).

The analysis shall fulfil the following goals:

- Revise the existing theoretical foundations of the single components of the social aspects of territorial development – if necessary adopt them for an application at the regional level (e.g. new definition of exogenous and endogenous variables).
- Construct a common theoretical framework for all the components together (e.g. by using system dynamics approaches) at the regional level
- Elaborate a thorough systemic model of the cause-effect relations of the components and their territorial effects/ impacts on regional level.
- Set up/ adopt the existing regional typology in the ESPON space reflecting topographic, demographic and socio-economic conditions.
- Select representative case study regions along this typology.
- Test this theoretical approach by analysing empirical evidence of EU case study regions and compare these results with a "stand-alone" analysis of all the components in the same regions.
- Compare the case study results and deduct common issues and general facts to improve the starting model and make suggestions for a wider application within the ESPON space.

Future research projects

According to the results of our research we propose to further develop two research projects along the two focuses deduced from the potential project list:

- Focus 1: Analyses of the impact of education and child care on regional employment, migration and territorial cohesion
- Focus 2: Visualizing the complex relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

6.4 Project Proposal 1: The impact of education and child care on regional employment, migration and territorial cohesion

6.4.1 Thematic scope and context

Territorial cohesion and social cohesion

Social cohesion, as well as economic cohesion has a clear territorial component. Consequently, territorial cohesion is a necessary requirement of and complement to economic and social cohesion within the aim of sustainable development, meaning *"the balanced distribution of human activities across the Union"* (DG Regional Policy 2004).

The re-launch of the Lisbon Strategy, as adopted in March 2005, refocuses its priorities on growth and jobs as well as on the environment and on social networks. One of its main goals is to provide sustainable welfare for all citizens living in the European Union, including the creation of attractive areas for business development and for daily life. Although the Lisbon Strategy has no explicit territorial dimension, "sustainable welfare" does have a strong spatial aspect in terms of both the access to markets and the provision of services of general interest.

The concept of territorial cohesion *"extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it"* (Third report on economic and social cohesion 2004). In the Revised Strategy for Social Cohesion it is clearly stated that social cohesion is about the *"capacity of a society to ensure the welfare of all its members, minimising disparities and avoiding polarisation (...) it [social cohesion] is also about creating solidarity in society such that exclusion will be minimised"* (European Committee for Social Cohesion 2004).

However, the term "territorial cohesion" and its interpretation are widely discussed within ESPON, especially in ESPON 3.2. Three main components of territorial cohesion were defined:

- *"Territorial quality: the quality of the living and working environment; comparable living standards across territories; similar access to services of general interest and to knowledge;*
- *Territorial efficiency: resource-efficiency with respect to energy, land and natural resources; competitiveness of the economic fabric and attractiveness of the local territory; internal and external accessibility;*
- *Territorial identity: presence of 'social capital'; capability of developing shared visions of the future; local know-how and specificities, productive 'vocations' and competitive advantage of each territory."*

In the context of the proposed study especially aspects of territorial quality, as e.g. *"living standards across territories; similar access to services of general interest and to knowledge"* and aspects of "territorial identity" as e.g. *"presence of 'social capital'"* are relevant.

Consequently, the "White Paper on services of general interest" (COM(2004) 374 final) identifies under 3.3.: "[...] *The access of all citizens and enterprises to affordable high-quality services of general interest throughout the territory of the Member States is essential for the promotion of social and territorial cohesion in the European Union, including the reduction of handicaps caused by the lack of accessibility of the outermost regions*".

Accordingly, any project investigating the relationship between social patterns and territorial development in Europe must contribute to the enhancement and development of the concept of territorial cohesion.

The European Social Model and social policies - a policy review

In a world-wide context, the literature on European social policies refers to a unified "European Social Model". However, a policy review of the European social policies" shows very clearly that one such European Social Model does not exist; rather there is a variety of different policies in existence. Also, the National Action Plan delegates most of the responsibility of the social questions to the single Member States. So, social cohesion is to a large extent a matter of the governments of the Member States.

The European Union has created some strategic documents on social policies, education, employment and even housing, but all in all social policy lies in the responsibilities of the individual Member States.

Thus, the organisation of social policies differs from state to state. Responsibilities can lie in the central state, the regions and provinces or in the municipalities. Depending on its governmental structure, each European state has found its own differentiation of responsibilities for social policies.

Moreover, social policy is a broad field, split in various different sectors, including non market driven fields like e.g. education, social welfare, poverty, elderly care, child care as well as more market driven fields like e.g. traffic networks, broadband, energy supply, employment, housing etc. Usually, for each of these fields there exist special regulations and competencies in each Member State.

Consequently, any research on the influence of social aspects on territorial development needs a very clear definition, which impacts of what social policies shall be assessed. Moreover, an analysis of the existing types of policies is needed throughout Europe in order to set a basis for the identification of cause-chain effects between social policies, social cohesion, territorial cohesion and territorial development.

As a starting point of the research a policy review would have to be conducted in order to give a clear picture of the complex situation of social policies in Europe. It should take into account the European strategies as well as the national, regional and in some aspects probably even municipal level. According to the various sectors of social policy it should define, which sectors are being analysed. The study would focus on two aspects of non-market driven sectors, education and child care, and would analyse its impact on employment, a market driven sector.

The relationship between access to education and employment

One aim of education is ensuring the acquisition of skills and competences that are closely linked with the access to job opportunities. In empirical terms, *"a one year increase in the average level of education of the population translates into a 5% increase in the growth rate in the short term, and an additional 2.5% in the long term. Besides, the positive impact of education upon employment, health, social integration and active citizenship has been amply demonstrated"*. Moreover, it is commonly pointed out that *"an additional year of schooling increases aggregate productivity by 6.2%"* (Education and Training 2010 Work Programme).

Thus, economy has a strong educational component. At an individual level it determines a person's job opportunities and consequently his / her socio-economic situation and standard of living. At a macro-level, these skills and competences strongly influence the levels of productivity, innovation and economic growth of a region.

As described above, the individual education depends on the access to educational services. Accessibility has two aspects: A territorial one, which can be described as the possibility of reaching educational services within an acceptable distance (territorial accessibility), as well as a social-economic one, reflecting social and economic barriers to educational services (social accessibility).

Social accessibility is determined by the educational system and educational policies of the Member States. The territorial accessibility depends on the number and quality of the provided facilities within an acceptable distance for (daily) commuting. In less densely populated, peripheral areas usually less facilities can be reached within a certain distance than in more densely populated urban areas. Thus, the settlement structure and transportation system of a region strongly influences the access to educational services.

Within the study, the different educational systems should be analysed throughout the EU29 in order to identify the diverse patterns of social accessibility and territorial accessibility. The results of the policy analysis shall be linked to empirical data on the educational levels in the European regions. Additionally, functional chains would be assessed analysing the linkage between access to education (social access as well as territorial access) and employment.

Moreover, improving educational opportunities is used as a policy instrument for regional development. Still, there is hardly any empirical proof that these regional policy strategies are efficient and effective in tackling problems such as unemployment on a macro-scale. One hypothesis is that, should there be no adequate job opportunities within the region, education could lead to migration to regions offering more employment opportunities. So, the study will also analyse the effects of improving regional educational opportunities on job employment and migration.

Child care, education and employment

Close linkages exist between the organisation of child care and employment. Policy on child care institutions and child care subsidies have an impact on the cost of raising a child and on the household incomes. So the diverse organisations of child care influence regional employment patterns, as e.g. (female) employment rates. Reducing child care costs and offering high quality child care increases the participation in the labour market and consequently the workforce participation.

Furthermore, the participation in pre-school education can cause different performances of human capital adaptability to new realities. So child care and pre-school enrolment can influence the contribution to the education system and consequently the employment opportunities.

Within the study, the different child care systems should be analysed throughout the EU29 in order to identify the various patterns of their impact on further education. Functional chains should be assessed analysing the linkage between child care systems and male and female workforce participation.

Education, employment and migration

As described earlier, the more flexible a person is in choosing a job the higher is the chance of employment. Life long learning and vocational training are preconditions for this job flexibility. Moreover, the territorial flexibility increases the chances of employment. Interregional migrations are mainly dependent on the economic and social gaps between regions, with migrants often moving to economically better-off areas and/or with higher standards of social services. Young adults, for instance, are often migrating to urban areas in order to start their working life. Young and skilled people can become scarce, particularly in regions with tight labour markets.

So education can also influence migration patterns. Especially in declining regions often the elderly people are the less mobile ones (as they are also rooted deeper in societal terms). Whereas the young people move to regions with higher chances of employment the elderly stay. The migratory pattern is causing strong regional disparities in terms of age structure, often at the expense of the most rural and remote European areas. One further aspect of the study is to analyse the impact of education on migration tendencies.

The gender perspective

Although it is rather clear that there exists an interrelation between child care, education and labour market issues from a gender perspective, the relations of social policies, access to child care and education and the effects on male and female employment are rather unexplored on a European scale.

It can be observed that in many parts of Europe young women leave rural and peripheral regions for metropolitan areas - to a larger extent than young men. However, it is unexplored, to what extent educational possibilities and job

opportunities and the social role of women in parenting cause this effect and how social policy could react to these tendencies.

So, gender issues have to be taken into account, when analysing the relationship between child care, education and employment.

Identification of elements towards territorial cohesion

The empirical analyses will show tendencies of territorial cohesion and territorial segregation in terms of education, child care and their impact on employment and education. It will analyse, which types of policies in education and child care lead towards a more territorial cohesion and which types lead to more segregation.

The study will be able to conclude, which policies could contribute to strengthening territorial cohesion.

6.4.2 Primary research objectives

Policy review: educational policies and child care policies

Starting point of the study is the review of two fields of social policies in Europe: The educational policies and the child care policies will be reviewed in 25+2+2 European countries at national level and, if necessary, at regional level. It aims to shed light on the complex situation of these two particular social policies in Europe answering the questions:

- What educational policies are in place in Europe?
- How is child care system organised throughout Europe?

Empirical review

The empirical part of the study will analyse existing data sources. It aims to find empirical evidence (data) on sectoral policy measures and their effects on regional development in order to answer the following questions:

- What is the level of education of the population in the European regions?
- Are there differences in the access to educational services in the European regions?
- What is the relationship between access to educational facilities and the educational level of the population?
- How does the structure of settlements influence the access to education?
- How is the access to child care distributed in European regions distributed?

Functional chains

Functional chains will be assessed analysing the linkage between access to education (social access as well as territorial access), access to child care, access to employment and migration patterns. The following questions should be answered:

- How does access to education affect employment in European regions?
- How is access to child care linked with the workforce participation, for males and females?
- Are there linkages between child care participation and pre-schooling and the level of education?
- How does the access to educational institutions influence migration patterns for males and females?
- Does the level of education impact migration patterns?

Policy impact on territorial cohesion

Finally, the impact of the analysed policies of territorial developments shall be analysed against the goal of territorial cohesion, focusing on the following questions:

- Is the improvement of education opportunities an instrument for regional development and does it reduce or increase migration?
- Which types of policies in education and child care contribute to territorial cohesion and which ones affect segregation tendencies?

6.4.3 Territorial indicators

Analysis in ESPON showed that there are several indicators picturing employment issues in EU 25+2+2 on NUTS 3 or at least on NUTS 2. For education and training only data about the educational level in several age groups are available on NUTS 2. Additionally, data are available on NUTS 2 / 3 on migration trends in Europe.

However, the data situation picturing interrelationships between employment and education is rather poor. Data about the territorial accessibility of educational institutions are missing at regional levels. So the improvement of the data-situation and a creative approach concerning the elaboration on indicators will be essential in order to be able to construct functional chains. The indicators will have to go in the following direction:

- The territorial access is a core indicator when describing the quality of the regional supply with education services. So it will be necessary to investigate (and visualize) the territorial accessibility of educational institutions (e.g. the number of secondary education services within 30 minutes).
- Cross-impact analyses of the relationship between the educational status of the population and employment rates.
- The thorough analysis of education and employment data from male and female perspectives will be essential.

6.4.4 Expected results

The policy-review will provide a picture of the different **approaches of educational policies and child care policies** within Europe. Potentially, a typology of different types of educational and social policies in Europe can then be deduced, in order to facilitate the analysis of its impact on employment and migration. A first step for a further discussion could be the discussion about typologies within ESPON 1.4.2 in terms of housing, social policies and educational systems.

The empirical review shall give a **picture of the empirical regional differences of education and child care**: the level of education of the population in the European regions, differences in the access to educational services and child care services, the relationship between access to educational opportunities, the educational level of the population and of the settlement structure on the access to education.

The **functional chains** set up within the study will show **linkages between access to education** (social access as well as territorial access), **access to child care and employment and migration**, especially focusing on: the effect of access to education on employment, effect of access to child care on male and female workforce participation, linkages between child care participation and pre-schooling and the level of education, the influence of the access to educational institutions and the level of education on migration. These analyses will take existing ESPON-typologies into account, especially of urban and rural areas.

Finally the **impact of different policy-approaches of education and child care on territorial cohesion** will be analysed. Moreover, the effect of the improvement of educational opportunities on regional development and migration patterns will be shown.

6.4.5 Access points

The access points listed below can provide additional information on the proposed research-topic:

- The ESPON website (www.espon.eu) can serve as a helpful starting access point.
- ESPON 1.4.2 "Social aspects of EU territorial development" is dealing with special issues on Education, employment and social services.
- ESPON 1.1.2 "Urban-rural relations in Europe" provides a regional analysis of the urban-territorial relationship.
- ESPON 3.2 "Spatial scenarios in relation to the ESDP and EU Cohesion Policy" provides amongst others a profound discussion on the term "territorial cohesion" and translates it into the ESPON scope of research.
- The ESPON database.
- The EUROSTAT-database provides main data at regional level for Europe and keeps it regularly updated. (<http://epp.eurostat.ec.eu.int>)
- The "Revised Strategy for Social Cohesion" - the European Committee for Social Cohesion (CDCS) defines social cohesion.
- Analysis within Study Programme in European Spatial Planning (especially Theme 1.3: Indicators for social integration & Exclusion)

6.5 Project Proposal 2: The relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

6.5.1 Thematic scope and context

Territorial cohesion, social cohesion and regional development

Social cohesion, as well as economic cohesion has a clear territorial component. Consequently, territorial cohesion is a necessary requirement of and complement to economic and social cohesion within the aim of sustainable development, meaning *“the balanced distribution of human activities across the Union”* (DG Regional Policy 2004).

As mentioned above, the re-launch of the Lisbon Strategy, as adopted in March 2005, refocuses its priorities on growth and jobs as well as on the environment and on the social network. One of its main goals is to provide sustainable welfare for all citizens living in the European Union, including the creation of attractive areas for business development and for daily life. Although the Lisbon Strategy has no explicit territorial dimension, “sustainable welfare” does have a strong spatial aspect in terms of both the access to markets and the provision of services of general interest.

The concept of territorial cohesion *“extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it”* (Third report on economic and social cohesion 2004). In the Revised Strategy for Social Cohesion it is clearly stated that social cohesion is about the *“capacity of a society to ensure the welfare of all its members, minimising disparities and avoiding polarisation (...) it [social cohesion] is also about creating solidarity in society such that exclusion will be minimised”* (European Committee for Social Cohesion 2004).

However, the term “territorial cohesion” and its interpretation are widely discussed within ESPON, especially in ESPON 3.2. Three main components of territorial cohesion were defined:

- *“Territorial quality: the quality of the living and working environment; comparable living standards across territories; similar access to services of general interest and to knowledge;*
- *Territorial efficiency: resource-efficiency with respect to energy, land and natural resources; competitiveness of the economic fabric and attractiveness of the local territory; internal and external accessibility;*
- *Territorial identity: presence of ‘social capital’; capability of developing shared visions of the future; local know-how and specificities, productive ‘vocations’ and competitive advantage of each territory.”*

In the context of the proposed study, especially aspects of territorial quality, as e.g. *“living standards across territories; similar access to services of general interest*

and to knowledge” and aspects of “territorial identity” as e.g. “*presence of ‘social capital’*” are relevant.

When analysing the relationship of social aspects of territorial development in typical regional territorial settings, the impact of the social policies on territorial cohesion at the regional level has to be taken into account.

The complex social policies in Europe and their effects on territorial development

A review of the European social policies shows their complexity very clearly. There does not exist one European Social Model but a variety of different policies. The European Union has created some strategic documents on social policies, education, employment and even housing, but all in all social policy lies in the responsibilities of the individual Member States. Also, the National Action Plan against poverty and social exclusion delegates most of the responsibility of the social questions to the single Member States. So, social cohesion is to a large extent a matter of the governments of the Member States.

Thus, the organisation of social policies differs from state to state. Responsibilities can lie in the central state, the regions and provinces or in the municipalities. Depending on its governmental structure, each European state has found its own differentiation of responsibilities for social policies.

Moreover, social policy is a broad field, split in various different sectors, including non market driven fields like e.g. education, social welfare, poverty, elderly care, child care as well as more market driven fields like e.g. traffic networks, broadband, energy supply, employment, housing etc. Usually, for each of these fields there exist special regulations and competencies in each Member State.

These different sectoral policies regulated differently in the European states and sometimes regions effect territorial development in European regions. However, in spite of the diversity of social policies rather similar trends can be observed in several types of regions as e.g. in declining peripheral regions, in urban regions and in suburban regions.

Within each of these regional types a complex cause-effect-network exist which will be clear, when trying to depict the interrelations between all the components (like employment, education and training, housing and others) simultaneously in a specific territorial setting.

The study should contribute to overcome the lack of a theoretical as well as an empirically proved background for describing the interconnectedness of the different social sectors and their relationship to territorial development at a regional level.

The impact of social aspects on territorial development

The impact of social policies on territorial development is manifold and the interrelationship between the different sectors of social policies is complex. Within different types of regions different developments can be observed.

The start of discussing the impact of social aspects on territorial development can be set at various points, as e.g. employment: In economic terms, different wages and employment opportunities in diverse regions are a source of disparity between "wealthier" and "less wealthy" regions, even if only the difference in purchasing power is taken into account. As people tend to optimise their income, the given differences lead to commuting or, if they do not succeed by commuting, they have to migrate.

Especially in declining, less densely populated, peripheral regions (mainly rural, decentral located regions) people tend to move to places with higher chances of employment, mostly to central or urban areas. Generally, higher educated people are usually more flexible in choosing their domicile. Consequently the less flexible people tend to stay in lower income regions.

Moreover, the more immobile people are the ones who are highly socially rooted within the region, mainly older persons. Additionally also home-ownership has an effect as counterweight to (territorial) mobility. As a consequence of this circumstance, the population with a higher average age rather stays in less densely populated areas with less economic power and declining population, whereas the younger, better educated and more active people tend to move to economically more prospering areas. Due to the higher costs of social services per person, the supply of social services often is reduced or even closed down.

Thus, a tendency can be observed that leads to the strengthening of already "economically higher-than-average regions" and to the weakening of the lagging regions, widening the gap between central and peripheral areas. Following this trend, territories might become segregated in social and economical terms.

Usually the quality and density of the supply of social services and educational institutions is dependent on their location. The best schools, child care, health care and elderly care centres tend to be in the better residential areas. So the segregation in housing quality implies also the segregation in the quality of the supply of health care, education and social care. Consequently, this territorial segregation is closely linked with a social segregation in urban areas, whereas, the quality and supply of social services in suburban regions does often not coincide with the residential quality because of the relatively low housing density (as described below).

In agglomeration areas the phenomena of urban sprawl have also social aspects: housing conditions, as e.g. high prices combined with a reduced quality of the environment in the core city, combined with financially tempting offers of the surrounding municipalities lead to migration, especially of middle class people, from the city to the suburbs. As living in the suburb requires a certain income, a social-territorial segregation takes place. Since the density of the suburbs is rather low, social and educational services often cannot be provided efficiently in the suburbs

and the jobs are located in business zones or in the core city. Consequently, commuting is also required to get access to these types of services, especially challenging people without access to a car.

These relationships are just a few selected ones out of the complex interdependencies. The study has to take into account a variety of different relationships within the social sectors and between social sectors and territorial development, in the broad field of social aspects for different territorial settings, as e.g. peripheral, declining regions and areas with urban sprawl.

A common theoretical basis for the relationship between social policies and regional development

For most of the social sectors, as e.g. employment, housing, child care, elderly care, education, health care etc. there exists a sectoral policy and a theoretical basis. These theories mainly focus on one certain sector, trying to simplify this complexity while concentrating on one aspect.

Although some inter-linkages are to be found in theory between the single aspects (e.g. labour market theory and social transfers), the theoretical backing is missing that aims at drawing the interconnectedness of the diverse aspects of social policies and their territorial impacts.

However, the sectoral analysis will never lead to a comprehensive explanation of the relationship between social aspects and territorial development in different regions. One aim of the study is to try to tie together the existing theoretical foundations of the single components of social aspects (employment, social transfers, housing, education and training) to a common theory string.

As a starting point it is necessary to revise the existing theoretical foundations of the single components of the social aspects of territorial development and, if necessary, to adopt them for an application at the regional level (e.g. new definition of exogenous and endogenous variables).

Then the different approaches should be combined, in order to get a theoretical basis for the explanation of the linkages between social policies and regional development. This can be done by constructing a common theoretical framework for all the components together (e.g. by using system dynamics approaches).

In order to simplify this otherwise over-bearing task, the spatial setting shall be limited to the regional level only. A thorough systemic model of the cause-effect relations of the components and their territorial effects / impacts on regional level will be set up.

By staying at the regional level, the following analytical benefit will be achieved. As most of the theoretical concepts of the single components are calibrated on the national level, the analysis of the regional level will broaden the knowledge of regional development in Europe.

The major benefit will be a common theoretical foundation, which enables a suitable reduction of the complexity of the interrelatedness of the components of the social aspects of territorial development. A goal is to develop a "model on social aspects of regional development".

Types of regions and case studies

The analysis of the "model of social aspects of regional development" should not just remain on a theoretical level. Moreover, within this study the developed model shall be assessed in all its complexity and interrelatedness within different typical territorial settings all over Europe.

These typical territorial settings will be differentiated by topography, demography and socio-economic conditions. In other words, it will be necessary to test the model within different "case study" regions (representing different types of regions).

The existing ESPON-typologies can be a starting point for the definition of different types of regions, as e.g. concerning urban and rural areas. However, different types of regions as e.g. sparsely populated, decreasing rural areas, suburban areas, urban areas etc will be covered. So it will be necessary to define a typology with different socio-territorial patterns based on the ESPON typologies.

From the different types of regions case study regions have to be selected for testing the theoretical model. By comparing the results of such an analysis general facts will be deductible.

The test results of the theoretical approach (by analysing empirical evidence of EU case study regions) compared with a "stand-alone" analysis of all the components in the same regions.

The results of the case studies will be compared and common issues and general facts will be deduced in order to improve the starting model. Furthermore, a wider application suggestion for within the ESPON space will be made.

Evaluation of interventions of social policies

In the theoretical model and within the case studies the impact of different interventions of social policies on the territorial development should be analysed. So it will be possible to provide a basis for sound management of the compound of different social policy measures at the regional level.

When analysing the relationship of social aspects of territorial development in typical regional territorial settings the impact of the social policies on territorial cohesion at this regional level has to be taken into account.

The effect of the political interventions analysed in territorial terms have to be evaluated against the background of the concept of territorial cohesion: Do they

contribute to territorial cohesion or do they contrarily foster segregation tendencies?

As the analysis stays at the regional level it shall be detailed enough to capture cause effect relations which will allow for a practical benefit when depicting empirical evidence and when deducing policy recommendations.

6.5.2 Primary research objectives

The study combines the analysis of different theories on social aspects of territorial development with case studies in typical regional settings based on empirical data analysis in order to get a proved theory on social-territorial relationships in European regions combining the complexity of social aspects as e.g. housing, employment, social services, education, health care, etc. The detailed research objectives can be defined as the following:

Formulation of a theoretical basis for the relationship between social policies and regional development

As for most of the social sectors, as e.g. employment, housing, child care, elderly care, education, health care etc. there exist a sectoral policy as a starting point it is necessary to revise the existing theoretical foundations of the single components of the social aspects of territorial development and if necessary to adopt them for the regional level. Then the different approaches have to be combined in order to get a theoretical basis for the explanation of the linkages between social policies and regional development. The first step focuses on the following research questions:

- How could the existing theoretical foundations of the single components of the social aspects of territorial development be revised and adopted for an application at the regional level?
- How could the diverse theoretical foundations of the single components of the social aspects be combined into a common theoretical framework for all the components of social policies and their territorial impact at the regional level?
- How could a thorough systemic model of the cause-effect relations of the components and their territorial effects / impacts at regional level look like ("model on social aspects of regional development")?

Types of regions and case studies

The theoretical "model of social aspects of regional development" shall be assessed in all its complexity and interrelatedness within different typical territorial settings all over Europe. Therefore the model will be tested via case studies in different regional types. The following questions should be answered:

- How could a typology of regions can be found reflecting topographic, demographic and socio-economic conditions based on the ESPON space and picturing social aspects of territorial trends?
- Is there empirical evidence for the theoretical approach of the "model on social aspects of regional development" verifiable by the case study regions - especially compared to a "stand-alone" analysis of all the components in the same regions?
- Are the results generally applicable and which suggestions can be made for a wider application within the ESPON space?

Evaluation of interventions of social policies

The theoretical model and the case studies should enable to assess the impact of different interventions of social policies on the territorial development within different types of regions in order to provide a basis for sound management of the compound of different social policy measures on the regional level. The following questions should be answered:

- Which interventions of social policy measures effect which territorial developments in which typical regional settings?
- Do social policy measures at regional level contribute to territorial cohesion or do they contrariwise foster segregation tendencies?

6.5.3 Territorial indicators

Analysis in ESPON showed that there are several indicators picturing employment issues in EU 25+2+2 on NUTS 3 or at least on NUTS 2. For education and training just data about the education level in several age groups are available on NUTS 2. Furthermore, data are available on NUTS 2 / 3 on migration trends in Europe. However, the data situation picturing interrelationships between different social issues is rather poor.

The picturing of the complexity of social policies and territorial development as proposed within the study has not yet been conducted at ESPON-level. However, there exist already some indicators that picture some segments of social territorial issues. Nonetheless, some of them are only available at national level and should be further developed on NUTS 2 or NUTS 3 level. Some existing indicators are e.g. the following:

Examples for existing indicators for social services

- life expectancy at birth, life expectancy at the age of 65
- number of homeless persons
- number of licensed physicians/doctors per 100,000 inhabitants
- number of recipients of poor relief/social assistance
- share of population at risk of poverty after social transfers, including pensions
- share of population at risk of poverty before social transfers, including pensions
- number of hospital beds per 100,000 inhabitants

Examples for existing indicators for housing

- average area of living accommodation (m²/person)
- dynamics of housing investment (housing output)
- house price to income ratio
- housing supply – housing quality (living standards)
- proportion of dwellings lacking basic amenities
- ratio of households owning their dwellings
- rent to income ratio
- tenure structure – share of social housing

Examples for existing indicators for employment

- Economic activity rates (women)
- Unemployment rate
- Development Unemployment rate
- Unemployment rates (<25 years)
- Unemployment rates (women)
- Economic activity rates (total)
- Development employed persons by sex total
- Development employed persons by highest level of education attained
- Development employed persons by highest level of education attained – primary education

Examples for existing indicators for education

- education attainment by level
- lifelong learning participation
- number of students by establishment and by the level of education
- percentage of early-school leavers
- share of students in mobility programs in relation to the total number of high education students

Data about the territorial accessibility of educational and social institutions are missing at regional level. In those terms the improvement of the data-situation and a creative approach concerning the elaboration on indicators will be essential in order to be able to construct functional chains.

6.5.4 Expected results

The study formulates a theory-based and empirically tested "**model on social aspects of regional development**". This model is based on existing theoretical foundations of single components of social aspects of territorial development which are combined into a common theoretical framework of all the components of social policies and their territorial impact.

Starting from the existing ESPON-typologies (e.g. on urban and rural relationship) a **typology picturing social aspects of territorial trends** reflecting topographic, demographic and socio-economic conditions will be set up in order to picture different regional settings of the analysed relationships. This typology forms a sound basis for the selection of different types of regions for case studies as e.g. sparsely populated, decreasing rural areas, suburban areas, and urban areas.

By comparing the results of such an analysis with a "stand-alone" analysis of all the components in the same regions, general **facts** describing the **social aspects of regional development** will be available.

As the theoretical model and the case studies also assess the impact of different interventions of social policies on the territorial development within different types of regions, it will be possible to provide a **basis for sound management of the compound of different social policy measures at the regional level**. Especially the impact of such interventions on territorial cohesion can be described. This will allow deducting policy recommendations.

6.5.5 Access points

The access points listed below can provide additional information on the research-issue:

- The ESPON website (www.espon.eu) can serve as a helpful starting access point.
- ESPON 1.4.2 "Social aspects of EU territorial development" is dealing with special issues on education, employment and social services.
- ESPON 1.1.2 "Urban-rural relations in Europe" provides a regional analysis of the urban-territorial relationship.
- ESPON 3.2 "Spatial scenarios in relation to the ESDP and EU Cohesion Policy" provides amongst others a profound discussion on the term "territorial cohesion" and translates it into the ESPON scope of research.
- The ESPON database.
- The EUROSTAT-database provides main data on regional level for Europe and keeps it regularly updated. (<http://epp.eurostat.ec.eu.int>)

6.6 Conclusions

The research within ESPON 1.4.2 "Social Aspects of EU Territorial Development" has clearly shown that social policies encompass a broad field and the relationship between social issues and territorial development is manifold. There are various policies within each of the key-fields of social policies on different scales, such as a European scale, a national scale, a regional scale and even a communal scale. Often these policies are not organised in a top-down approach, where the higher authority provides a general presetting serving as a basis for the regulations of the lower authorities. On the contrary, regulations on different levels sometimes compete with each other.

Although it is clear that "social issues" are an important component of territorial cohesion, even within each of the sectors there is just a fragmented knowledge about the relationships between social aspect and territorial development. In many fields these relationships have not yet been scientifically analysed and generally, minor empirical evidence exists about their structure. As the policies in these fields are habitually seen as sectoral policies, the existing relationships usually are blinded out.

As discussed above, two research projects are being suggested, in order to improve the knowledge about the relation between social aspects and territorial development:

- Project 1: The impact of education and child care on regional employment, migration and territorial cohesion
- Project 2: The relationship of social aspects of territorial development in theory and practice in typical regional territorial settings

Whereas project 1 follows the vertical approach analysing the cause-effect relations for a certain sector on all scales, project 2 follows the horizontal approach, investigating the cause-effect relations and the systemic patterns of the components in specific spatial settings on the regional scale (Case studies). Both contribute to the increased knowledge about social and territorial cohesion in Europe.

**PART III
ANNEXES**

A.1 INFORMATION ON INDICATORS AND DATA

A.1.1 Identified indicators

The aim of the exploitation of existing EU sources according to relevant indicators describing the relationship of social aspects and territory is to build up a list of usable indicators, including an analysis of each single indicator. The indicators are based on existing harmonised regional data easily available from EU sources. They should cover the EU 25+2+2 territory, preferably at NUTS 3 level, or at another appropriate territorial scale lower than National, at least NUTS 2.

The “list of indicators on regional level (NUTS 2 or below)” comprises all relevant data on regional level. The analysis resulted in a description of 46 existing indicators that are describing the relationship between social issues and the territory on regional level.

Additionally the exploitation of the relevant sources resulted in a huge list of data and indicators, that are just available on national level. As they describe one country by just one value, they cannot directly be used for the analysis on regional level. Nevertheless they may be helpful for the question about further research needed.

The List of indicators includes the following information:

- term of indicator
- source (institution, homepage)
- short definition (what does the data indicate/parameters)
- availability (territorial reference, available years, further surveys foreseen?)
- quality of the indicator (Does the indicator point out important aspects or provide sound typologies? Is the indicator comparable within the territory?)
- note if the indicator has been identified or also collected (preparation of a map)

The summary of these assessments should lead to a definition of lists of available and usable indicators (one group per key field), with each of these indicators stated to enable the description of social aspects of territorial development.

Figure 1: Investigated sources for data analysis

Investigated sources for data analysis	
Abbreviation	Source
Bulletin Housing + Building Statistics	Bulletin of Housing and Building Statistics for Europe and North America, 2004 (most recent)
ESPON	Generally within ESPON a large variety of primary data sources is used in order to meet the goal of a European spatial observatory. http://intranet.espon.lu (database with limited access)
EU Housing Statistics	Housing Statistics in the European Union (1991 ongoing); last edition of 2004 is analysed with 25 Member Countries
Eurostat	Eurostat, Data on Population and Social Conditions/Living Conditions and Welfare/Income and Living Conditions/Non-monetary Poverty and Exclusion/Housing
Eurostat/Urban Audit	Eurostat/Urban Audit, dataset for National, Larger Urban Zone (LUZ, "functional urban region" – 150 indicators), City, and Sub-City Districts (SCD, 5 000 – 40 000 inhabitants – 31 indicators), exceptions: London and Paris, for three time periods 1989-1993, 1994-1998, 1999-2003, covering app. 20% of the national population, (original category as defined in the Urban Audit 2004 publication, Perception data are only available for EU15, and 31 cities
Förster/Mira D'Ercole	Source: Förster and Mira D'Ercole (2005), "Distribution de revenus et pauvreté dans les pays de l'OCDE", à paraître, OECD, Paris. OCDE (2004), Statistiques de la population active, 1983-2003, Paris
Labour Force Statistics	Labour Force Statistics: 1984 – 2004, 2005 Edition http://www.oecd.org/document/46/0,2340,en_2649_34251_2023214_1_1_1_1,00.html
OECD Education Online Database	OECD Education Online Database http://www.oecd.org/topicstatsportal/0,2647,en_2825_495609_1_1_1_1_1,00.html
OECD Employment Statistics	OECD Employment Statistics. Society at a Glance: OECD Social Indicators – 2005 Edition http://www.oecd.org/document/24/0,2340,en_2825_497118_2671576_1_1_1_1,00.html
OECD Factbook 2005	OECD Factbook 2005, Economic, Environmental and Social Statistics http://www.oecd.org/topicstatsportal/0,2647,en_2825_497118_1_1_1_1_1,00.html
OECD: Society at a Glance	OECD: Society at a Glance: OECD Social Indicators – 2005 Edition. http://www.oecd.org/document/24/0,2340,en_2825_497118_2671576_1_1_1_1,00.html OECD (2004), Benefits and Wages, www.oecd.org/els/social/workincentives in Förster and Mira D'Ercole (2005), "Income distribution and poverty in OECD countries in the second half of the 1990s", OECD Social, Employment and Migration Working Papers, forthcoming, OECD, Paris
SPESP – Eurostat	Indicator from: Study programme in European spatial planning: Theme 1.3: Indicators for social integration & exclusion, final report, October, 1999. – Source identified: Eurostat
UN-Habitat	UN-Habitat: Global Urban Indicators to measure the progress of the implementation of the Habitat Agenda (selection) UN-Habitat: Indicators to measure implementation of Habitat Agenda

Figure 2: List of indicators identified on regional level (NUTS 2 or below)

List of indicators identified on regional level								
Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
Access to Social Services, SGEIs and mechanisms of public transfers								
Health care/ hospitals	Eurostat	no. of hospital beds per 100.000 inhab.	EU-25 except FIN, POR, SLO, UK	some NUTS0, others NUTS1, NUTS2	From 1992	Annually/ 3-year interval.	Countries submit data to Eurostat on the basis of a gentleman's agreement	identified
Health care/ medical doctors	Eurostat	no of medical doctors/physicians per 100.000 inhabitants	EU-25 except BEL, FIN, UK	some NUTS0, others NUTS1, NUTS2	From 1992	Annually from 1992/ 3-year interval	Countries submit data to Eurostat on the basis of a gentleman's agreement	identified
typology of combined household and business telecommunications development	CURDS, ESPON	1=Highly advanced; 2=Advanced; 3=Moderately advanced;4=moderate; 5=Lagging;6=Highly lagging; 7=no available data	EU 25+2+2	NUTS 2	2002			identified
Share of Internet users to 1.000	CEIDT, ESPON core indicator	Share of Internet users to 1.000 inhabitants regression; Regression analysis,	EU 25+2+2	NUTS 2	2003		ESPON 122, no concretisation yet	identified
Employment and Income Distribution								
Employment rates by main categories	Eurostat/ European Union Labour Force Survey SPESP	definitions follow the ILO, employment by economic sectors available	EU 25+2, some missing	NUTS1 & 2	1999 onwards except MAL from 2002, BUL from 2000, ROM from 1999	Annually	Harmonisation is achieved through adherence of the MS to common principles of questionnaire construction	identified
Total employment	ESPON core indicator		EU27+2	NUTS 3	partly starting 1990, 1999, 2003	Annually	ESPON 31	identified
Employment by sector of activity (sectors by NACE)	ESPON core indicator		EU27+2, some missing also 2001	NUTS 2	partly 1990, 1995-2000, 2001	Annually	ESPON 31	identified
Employment by qualification and profession	ESPON core indicator		EU27+2	NUTS 2	partly 1990, 1995-2000	Annually	ESPON 31	identified
Unemployment rates by main categories	Eurostat/ European Union Labour Force Survey SPESP	definitions follow the ILO	EU 25+2, some missing	NUTS1 & 2	1999 onwards except MAL from 2002, BUL from 2000, ROM from 1999	Annually	Harmonisation is achieved through adherence of the MS to common principles of questionnaire construction.	identified

List of indicators identified on regional level

Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
Unemployment rates ²⁹	ESPON core indicator		EU27+2	NUTS 3	partly starting 1990, 1999, 2003	Annually	ESPON 31	collected 2003, 1999-2003
activity rate by sex	SPESP – Eurostat	activity rate by sex	EU 25	NUTS 2				identified
Activity rates	ESPON core indicator		EU27+2	NUTS 3	partly starting 1990, 2003	Annually	ESPON 31	identified
part-time employment	SPESP – Eurostat	part-time employment	EU 25	NUTS 2				identified
Household income by main categories	Eurostat	Household accounts include data for individuals or groups as consumers + possibly as producers of goods for own use +non-profit institutions serving households	EU 25. Missing entities: ESP, FRA, ITA, HUN, AUT, POL POR No data : CYP, MAL, LUX, SLO	NUTS 2	From 1995 to 2002/ 2003.	annually	Regional household accounts data disseminated through Eurostat's Reference database (Domain "REGIO").	identified
Unemployed under 25/1.000 inhabitants	INKAR, ESPON Database	Unemployed under 25 / 1.000 inhabitants , aged 15 -< 25 years	EU 25+2+2	NUTS 2	2001, 2003			collected 2003
Labour Force Replacement	Rauhut/ Johansson	Labour Force Replacement: population of ages 10-19/ population of ages 55-64	EU 25+2+2	NUTS 2	2000		Data from NORDREGIO	identified
Labour force	ESPON core indicator	population 15-65 years	EU27+2	NUTS 2	partly starting 1990, 1995-2000	Annually	ESPON 31	identified
Labour force by age	ESPON core indicator		EU27+2	NUTS 2	partly starting 1990, 1995-2000	Annually	ESPON 31	identified
Number of persons employed per km ²	Eurostat (ESPON 242)	population high education/ population total education	EU 25+2+2	NUTS 2	2001			collected 2003
Changes in Natural Growth Potential	ESPON Database	20-29 years in 2020 per 20-29 years in 2000	EU 25+2+2	NUTS 2	2000		ESPON 114	identified
Long-term unemployment	SPESP – Eurostat	Long-term unemployment	EU 25	NUTS 2				identified
Dependency rate	ESPON core indicator	relation of population 0-19 years plus 65+ years to population 20-64 years	EU27+2	NUTS 2	1999		ESPON 114	identified
Post active	ESPON core	relation of population 65+ years to	EU27+2	NUTS 2	2000		ESPON 114	identified

²⁹ Deficiencies in harmonisation of unemployment (e.g. definition of accounting for persons in training schemes)

List of indicators identified on regional level

Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
dependency ratio	indicator	population 20-64 years						
Impact of accessibility changes on employment	ESPON core indicator		EU27+2	NUTS 2	1999		ESPON 211	identified
Impact of accessibility changes on unemployment	ESPON core indicator		EU27+2	NUTS 2	1999		ESPON 211	identified
Housing and territorial development								
No. of households by main categories	Eurostat	household membership = place of usual residence Private household classified by size according to total no. of resident members in the household. persons living in private households on their relationship to the reference member of the household	EU 25+2, EFTA + others on the Western Balkans. (total: 31 countries)	NUTS3	2001/2002	One observation	data collected by NSI from spring to autumn 2002, referring to national censuses from May 2002 (POL) to Nov 1995 (MAL) that are in different stages of completion validated by Eurostat.	identified
Housing by main categories	Eurostat	basis of household membership = place of usual residence Private household classified by size according to the total no. of resident members in the household. persons living in private households on their relationship to the reference member of the household	EU25 + 2 + TUR, availability for ICE, NOR, SUI, CRO varies	NUTS3	selection of years between 1994-2003 (ie. income reference years 1993-2002)	Annually	Indicators based on ECHP, changes in methodology communicated in a periodic Newsletter from 2004, EU-SILC data collection governed by framework regulation of Council + Parliament	collected 2004
Tenure structure (listed under social aspects)	Eurostat/ Urban Audit	No. of households owning their own house, households in social housing/private rented housing, no. of homeless people	EU 25+2	National, LUZ, SCD	1989-1993, 1994-1998, 1999-2003	data 2005 not published yet	Numerous missing data	collected 2004
Affordability indicators	Eurostat/ Urban Audit	<ul style="list-style-type: none"> - Average price per m2 for an apartment/for a house - Average price per m2 for an apartment/for a house to median annual household income - Average annual rent for an apartment/for a house per m2 - Ratio average price to average rent for an apartment/for a house, Average annual social housing rents (to median annual household income) 	EU 25+2	National, LUZ, City	1989-1993, 1994-1998, 1999-2003	data 2005 not published yet	Numerous missing data	identified

List of indicators identified on regional level

Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
Housing quality/ basic amenities	Eurostat/ Urban Audit	Dwellings lacking basic amenities, Non-conventional dwellings	EU 25+2	National, LUZ, SCD	1989-1993, 1994- 1998, 1999-2003	2005 not published yet		collected 2004
Housing quality/ water + wastewater supply	Eurostat/ Urban Audit	- No. of dwellings connected to potable drinking water system, - No. of dwellings connected to sewerage treatment system	EU 25+2	National, LUZ, City	1989-1993, 1994- 1998, 1999-2003	2005 not published yet	best delivered for 1999- 2003	identified
dwellings with bathroom/shower, toilet	SPESP – Eurostat	dwellings with bathroom/shower, toilet	EU 25	NUTS 2				identified
Housing quality/ size	Eurostat/ Urban Audit	Average occupancy per occupied dwelling, Average area of living accommodation (m2 per person)	EU 25+2	National, LUZ, City	1989-1993, 1994- 1998, 1999-2003	2005 not published yet	Numerous missing data, best delivered for 1999- 2003	identified
Perception of housing costs and affordability	Eurostat/ Urban Audit	Easy to find good housing at a reasonable price	31 cities in EU 15 + 18 cities outside EU 15	49 cities	2004	2005 not published yet		identified
Perception of housing cost affordability	Eurostat/ Urban Audit	Has difficulties paying the bills at the end of the month (synthetic index)	31 cities in EU 15 + 18 cities outside EU 15	49 cities	2004	2005 not published yet		identified
Perception of safety	Eurostat/ Urban Audit	Feel safe in this neighbourhood (synthetic index), Feel safe in this city (synthetic index)	31 cities in EU 15 + 18 cities outside EU 15	49 cities	2004	2005 not published yet		identified
Tenure types	UN-Habitat	Tenure types (owned, purchasing with mortgage, private rental, social housing, sub-tenancy, rent free, squatter no rent, squatter rent paid, homelessness, other), %	EU 25+2+2 Missing data for BEL and others	Selected cities	1993, 1998 (2001 – unknown no data available for the third wave)			identified
Evictions	UN-Habitat	Average annual no. of households evicted	EU 25+2+2 Missing data for BEL and others	Selected cities	1993, 1998, (2001 – unknown – no data available for the third wave)	unknown		identified
Housing price and rent to income ratio	UN-Habitat	Median housing price and median rent to median income ratio	EU 25+2+2 Missing data for BEL, FRA, POR, FIN, etc.	Selected cities	1993, 1998 (2001 – unknown no data available for the third wave)	unknown		identified
Land price to income ratio	UN-Habitat	Land price of 1 m2 of highly developed, developed and raw land to median income	EU 25+2+2 Missing data for BEL, FRA, POR, FIN, etc.	Selected cities	1998	unknown		identified
Mortgage and non-	UN-Habitat	Percentage of dwellings purchased	EU 25+2+2	Selected cities	1998	unknown		identified

List of indicators identified on regional level

Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
mortgage		that are covered by mortgage and non-mortgage loans	No data available for European cities					
Access to water	UN-Habitat	Percentage of households with access to water	EU 25+2+2 Missing data for BEL, FRA, POR, FIN, etc.	Selected cities	1993, 1998 (2001 – unknown no data available for the third wave)			identified
Households connections	UN-Habitat	Households' connections to piped water, sewerage, electricity, telephone	EU 25+2+2 Missing data for BEL, FRA, POR, FIN, etc.	Selected cities	1993, 1998 (2001 – unknown no data available for the third wave)			identified
Education and Training								
Educational attainment level by educational levels by main categories	Eurostat	Data allocated to the various education levels of the International Standard Classification of Education (ISCED), UNESCO, 1976 and 1997.	EU15, some data missing	educ97 refer NUTS 2, in some countries in NUTS1 or NUTS0	mainly on school/academic years 1995/96 + 96/97 Educ97 starting with school year 1997/98	Annually	main source is the joint UNESCO/OECD/Eurostat questionnaire on education statistics, as defined in ISCED	identified
Share high educated population in %	Eurostat (ESPON 242)	population high education/ population total education	EU 25+2+2	NUTS 2	2002		ESPON 242	identified
Pupils by educational level	ESPON core indicator		EU 27+2	NUTS 3	1995, 2000		ESPON 112	identified
persons by educational level 25-59 years	SPESP – Eurostat	persons by educational level 25-59 years	EU 25	NUTS 2				identified
students in % of 15-30 year population	SPESP – Eurostat	students in % of 15-30 year population	EU 25	NUTS 2				identified
Demographics and others								
Demographic data – population and population change	Eurostat/ Urban Audit	Total resident population, population according to age groups (working age, 0-4, 5-14, 15-19, 20-24, 25-54, 55-64, 65-74, 75-), Population change over 1 year, Population change over 5 years, dependency rates	EU 25+2 Some missing data	National, LUZ, SCD	1989-1993, 1994-1998, 1999-2003	data 2005 not published yet		identified
Population change	ESPON core indicator		EU 27+2	NUTS 3	partly 1990, 1995, 2000		ESPON 114	identified

List of indicators identified on regional level

Term	Source	Definition	Availability	territorial reference	date of collection	Periodical survey	Quality of indicator/ additional Remarks	Identified /collected
Demographic data – households composition	Eurostat/ Urban Audit	Total no. of households, one person households (total), lone parent households (total, mail, female), lone pensioner (above retirement age) households (total, male, female), households with children aged 0 to under 18	EU 25+2	National, LUZ, SCD	1989-1993, 1994-1998, 1999-2003	data 2005 not published yet	Numerous missing data	identified
Typology of migratory balances by age classes	ESPON	Age profile of the different types	EU 25+2+2	NUTS 2	1995-2000		ESPON 114	identified
Typology crossing mobility and migratory balances	ESPON	for variable description see "additional metadata" or ask project 3.1/BBR (Volker.Schmidt-Seiwert@bbr.bund.de or Ingo.Heidbrink@bbr.bund.de)	EU 25+2+2	NUTS 2			ESPON 114	identified
Migratory balance	ESPON core indicator	migratory balance per 1,000 inhabitants	EU 27+2	NUTS 2/3	partly starting from 1990, 1996-1999		ESPON 114	identified
Relative depopulation, quartiles	ESPON core indicator	Depopulation category: Very low/low/high/very high relative depopulation; quartiles based on distribution between all regions and on NUTS2-level	EU 25+2+2	NUTS 3			ESPON 112, 114	identified
GDP/inhabitant	SPESP – Eurostat	GDP/inhabitant	EU 25	NUTS 2				identified
National Total Fertility Rates 1999-2000 CODE	ITPS, ESPON (core ind., 114)		EU 25+2+2	NUTS 2	1999-2000 partly 1990, 1995			identified
Natural population growth	ESPON core indicator		EU 27+2	NUTS 3	partly 1990, 1995, 2000		ESPON 114	identified
Average score on indirect "ageing"/ "depopulating" indicators	ITPS, ESPON (114)		EU 25+2+2	NUTS 2	2000			identified
Average score on indirect "ageing"/ "depopulating" indicators	ITPS, ESPON (114)	Grouped (quartiles)	EU 25+2+2	NUTS 2	2000			identified
Ageing "Labour Force" (4 groups)	ESPON core indicator		EU 25+2+2	NUTS 3			ESPON 114	identified

Figure 3: Indicators on national level

List of indicators identified on national level						
Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Risk of poverty rate by main categories	Eurostat	share of people with an equivalised disposable income below the risk-of-poverty threshold (60% of the national median equivalised disposable income (after social transfers)); calculated before social transfers (original income including pensions but excluding all other social transfers) and after social transfers (total income)	EU-25 + 2, EFTA countries except SUI.	annually from 1995	annually	Based on national income data
Expenditures per inhabitant on social exclusion not counted for elsewhere	Eurostat	published in national currencies and in purchasing power standards by main categories	EU-25 except CYP ICE, NOR, SUI. No data for ROM, BUL	Most since 1990	annually	ESSPROS methodology, NSI or/and Ministries of Social Affairs responsible for data collection
Long-term unemployment by main categories	Eurostat	share of long term persons unemployed for 12 months or more compared to no. of active persons (employed or unemployed)	EU-25	From 1992, but many missing data before 2000	Quarterly and annually	Eurostat is complementing quarterly data with the monthly indicator of the national unemployment delivered from the MS. Results give the harmonised monthly unemployment data
Activity rates by main categories	Eurostat	Employment/activity rates represent employed/active persons as a percentage of same age total population.	EU25 + EFTA (excl. LIE), + BUL + ROM; CYP data refer southern part; FRA excl. overseas departments	From 1992 for EU15, from 2000 for the New MS + NOR. No data for SUI	Quarterly and annually	If quarterly data of EU-LFS are not available, the quarterly national labour force survey data are used or the EU LFS data interpolated with reference to spring
Household Budget Survey	Eurostat	Final Consumption Expenditure per household and per adult equivalent as an average for the population, broken down by several cross-sectional variables	EU MS	1988 (10 MS), 1994 (15 MS) and 1999 (15 MS ++ 12 Candidates)	Periodical	Surveys carried out by the NSI using their own methodologies, Data of different years not compatible due to methodological changes
Gini-coefficient	Eurostat	standard measurement for inequality of income distribution	EU25, but with missing entities and years	From 1995	Annually	Under EU-SILC, responsibility for fieldwork at NSI
Income quintile share ratio	Eurostat	Inequality of income distribution to 80 % income earners divided by bottom 20 % income earners (80/20)	EU25, missing entities and years	From 1995	Annually	Under EU-SILC, responsibility for fieldwork at NSI

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Spatial patterns and size of built-up areas by main categories	Eurostat	Definitions used and described below are those of the UN-ECE Standard Statistical Classification of land use. Definition of forest and other wooded land is based on the UN-ECE/FAO Temperate and Boreal Forest Resources Assessment 2000.	EU-25 + BUL, ROM, TUR), NOR, ICE, LIE, SUI	for some countries from 1950 onwards	Every 5 years	data collected by NSI; for many countries only few data provided
Student enrolment statistics by main categories	Eurostat	Data and indicators disseminated include e.g. participation rates at different levels of education, enrolments in public and private institutions, tertiary education graduates, Science and Technology graduates by sex, pupil-teacher ratios, foreign language learning, expenditure on education per student and relative GDP etc.	EU15, some data missing	From 1998	Annually	main source: joint UNESCO/ OECD/Eurostat questionnaire on education statistics, as defined in ISCED (makes it possible to compare differing national educational levels)
Early school leavers by level of education, sex, age etc.	Eurostat	Based on the ISCED system.	BEL, GRE, ESP, FRA, ITA, AUT, FIN, SWE, HUN, ROM, SLO, SVK	2000	One observation	Based on LFS 2000
Life long learning by main categories	Eurostat	According to the European Union definition, " <i>lifelong learning</i> encompasses all purposeful formal + informal learning activity undertaken on an ongoing basis with the aim of improving knowledge, skills and competence". The intention/aim to learn is the critical point for distinguishing learning activities from non-learning activities (like cultural activities, sports activities etc).	EU-25 + ICE, NOR, SUI, BUL, ROM	2003	One observation	The Lifelong learning (LLL) data base's target population are persons in private households aged 25-64 years. The priority is to measure participation and volume of lifelong learning.
Housing expenditure in percentage of total expenditure by type of household and tenure status	Eurostat,	Housing expenditure in percentage of total expenditure by type of household (no of adults, age, no. of children/dependents,) + tenure status (owner or renter)	EU 15 Unreliable data for ESP; missing: BEL, FIN, POR	1994	No further collection undertaken	
Burden of the housing costs by type of household and income group	Eurostat	Burden of the housing costs by type of household (no. of adults, age, no. of children/dependents) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15; Missing: AUT, FIN 1994 LUX, SWE, unreliable data for ITA POR	1994-2001	No further collection undertaken	Comprehensive but a lot of data are missing
Burden of the housing costs by tenure status and socio-economic status	Eurostat	Burden of the housing costs (heavy burden, burden or no burden) by tenure status (owner or renter) and socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: LUX, GRE FIN, SWE unreliable data DEN, ITA, POR, UK	1994-2001	No further collection undertaken	
Arrears with payments by type of household and income group	Eurostat	Arrears with payments (mortgage payments for owners with and without mortgage, rents and utility bills) by type of household (no. of adults, age, no of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: GER, FIN, LUX, UK, SWE	1994-2001	No further collection undertaken	

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Arrears with payments by socio-economic status	Eurostat	Arrears with payments (mortgage payments for owners with and without mortgage, rents and utility bills) by socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: GER, FIN, UK, GRE, ITA, POR, SWE unreliable for BEL, DEN, FRA, POR, ESP, IRE	1994-2001	No further collection undertaken	
Durables by type of household and income group	Eurostat	Durables (car, colour TV, video recorder, dishwasher, microwave oven, telephone) by type of household (no. of adults, age, no of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: GER, SWE, LUX	1995-1998	No further collection undertaken	
Durables by type of household and socio-economic status	Eurostat	Durables (car, colour TV, video recorder, dishwasher, microwave oven, telephone) by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: SWE, FIN, LUX, NED, unreliable: LUX	1994-2001	No further collection undertaken	
Lack of amenities by tenure status and type of housing	Eurostat	Lack of amenities (dwellings with hot running water, bath and shower, flush toilet, central heating, missing at least one of the three basic amenities) by tenure status (renter, free renter or owner) and type of housing (house, flat, other living quarter)	EU 15 Missing: GRE, ESP, SWE, UK, DEN, FIN, IRE, BEL, NED	1994-2001	No further collection undertaken	
Lack of amenities by type of household and income group	Eurostat	Lack of amenities (dwellings with hot running water, bath and shower, flush toilet, central heating, missing at least one of the three basic amenities) by tenure status (renter, free renter or owner) and type of housing (house, flat, other living quarter)	EU 15 Missing: LUX, FIN, SWE	1995-2001	No further collection undertaken	
Lack of amenities by socio-economic status	Eurostat	Lack of amenities (dwellings with hot running water, bath and shower, flush toilet, central heating, missing at least one of the three basic amenities) by socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: GRE, LUX, NED, UK, SWE	1995-1998	No further collection undertaken	Comprehensive
Rooms per person by tenure status and type of housing	Eurostat	Rooms per person by tenure status (renter, free renter or owner) and type of housing (house, flat, other living quarter)	EU 15 Missing: ESP, LUX, IRE, POR, FIN, SWE.	1994-2001	No further collection undertaken	
Rooms per person by socio-economic status	Eurostat	Rooms per person by socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: FIN SWE, unreliable: LUX	1994-2001	No further collection undertaken	
Rooms per person by type of household and income group	Eurostat	Rooms per person by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Some missing or unreliable data for all countries, especially regarding household types	1994-2001	No further collection undertaken	

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Households living in overcrowded conditions by type of household and income group	Eurostat,	Households living in overcrowded conditions by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: DEN, IRE, LUX, NED, FIN, SWE, GRE and ITA.	1994-2001	No further collection undertaken	Unreliable data and no data are available regarding several household types for all countries
Housing problems by tenure status and type of housing	Eurostat	Housing problems (vandalism or crime, rot in the house or damp or leaky roof, darkness, not adequate heating facilities, noise, pollution, lack of space) by tenure status (owner, free renter, renter) and type of housing (house, flat, other living quarter)	EU 15 missing: ESP, FIN, GER, LUX, GRE, IRE, DEN, BEL, SWE, UK,	1995-1997	No further collection undertaken	missing: especially for "rent free" and "other living quarter" categories
Housing problems by type of household and income group	Eurostat	Housing problems (vandalism or crime, rot in the house or damp or leaky roof, darkness, not adequate heating facilities, noise, pollution, lack of space) by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: GER, LUX, SWE, UK, especially concerning households types	1995-2000	No further collection undertaken	
Housing problems by socio-economic status	Eurostat	Housing problems (vandalism or crime, rot in the house or damp or leaky roof, darkness, not adequate heating facilities, noise, pollution, lack of space) by socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: GER, LUX, FIN, UK, NED, SWE	1994-2000	No further collection undertaken	Comprehensive
Housing dissatisfaction by tenure status and type of housing	Eurostat Housing	Housing dissatisfaction by tenure status (owner, free renter, renter) and type of housing (house, flat, other living quarter)	EU 15 Missing: GER, LUX, FIN, UK, NED, GRE, ESP, IRE, BEL, DEN, SWE	1994-2001	No further collection undertaken	Comprehensive
Housing dissatisfaction by type of household and income group	Eurostat	Housing dissatisfaction by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: GER, LUX, FIN, SWE, UK, unreliable for IRE.	1994-2001	No further collection undertaken	Missing and unreliable data for more countries especially for household types in the category "not satisfied".
Housing dissatisfaction by socio-economic status	Eurostat	Housing dissatisfaction by socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: GER, IRE, LUX, SWE.	1994-2001	No further collection undertaken	
Tenure status of accommodation by type of household and income group	Eurostat	Tenure status of accommodation (owner, free renter, renter) by type of household (no. of adults, age, no. of children/dependents, age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing: SWE, FIN	1994-2001	No further collection undertaken	
Tenure status of accommodation by type of housing and socio-economic status	Eurostat	Tenure status of accommodation (owner, free renter, renter) by type of housing (house, flat, other quarter) and socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: ESP, LUX, FIN, SWE, UK.	1994-2001	No further collection undertaken	unreliable data for BEL, GRE, IRE, FIN, FRA, POR. Especially in the category "other living quarters"

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Type of housing by type of household and income group	Eurostat	Type of housing (house, flat, other quarter) by type of household (no. of adults, age, no. of children/ dependents, their age in 11 groups) and income group (below 60%; 60-100%; 100-140%; 140% and above of the median income in 4 groups)	EU 15 Missing FIN, SWE, POR.	1994-2001	No further collection undertaken	
Type of housing by tenure status and socio-economic status	Eurostat	Type of housing (house, flat, other quarter) by tenure status (owner, free renter, renter) and socio-economic status (employed, unemployed, retired, other)	EU 15 Missing: FIN, SWE, NED.	1994-2001	No further collection undertaken	unreliable data FRA, LUX, NED, IRE, GRE, AUT. Especially in the categories "rent free" and "other living quarters" and "unemployed"
No. of dwellings	Eurostat	No. of dwellings	EU 15 Missing: DEN, GRE, ESP, IRE, LUX, AUT, POR, FIN, SWE, UK	1971, 1981, 1991	No further collection undertaken	
No. of dwellings by type of living quarters	Eurostat, Census – Round 90-91	No. of dwellings by type of living quarters (Conventional dwelling, Principal residence, Residential buildings, One dwelling house, Residential buildings – other, For seasonal or secondary use, Other living quarter (hotel, institution, camp))	EU 15	1991	No further collection undertaken	Some missing data
Occupied conventional dwellings by tenure status	Eurostat	Occupied conventional dwellings by tenure status (owner, other)	EU 15	1971, 1981, 1991	No further collection undertaken	
Rooms per dwelling/ person and persons per dwelling by tenure status	Eurostat	Rooms per dwelling, rooms per person, persons per dwelling by tenure status (owner, other)	EU 15	1971 (some missing), 1981, 1991	No further collection undertaken	
Occupied conventional dwellings by date of construction	Eurostat	Occupied conventional dwellings by date of construction (Before 1919, 1919-1939, 1946-1960, 1961-1970, 1971-1980, 1981 and later, unknown)	EU 15 Missing: GER, POR, GRE, ESP	1971 (some missing), 1981, 1991	No further collection undertaken	
Occupied conventional dwellings by principal amenities	Eurostat	Occupied conventional dwellings by principal amenities (Piped water in dwelling, Bath, shower in dwelling, Flush toilet in dwelling, Central heating)	EU 15 Missing: GER, POR, GRE, ESP, FRA, LUX,	1971 (some missing), 1981, 1991	No further collection undertaken	
Average useful floor area per dwelling and per person	EU Housing Statistics	Average useful floor area per dwelling and person (m2), for total dwelling stock, dwellings completed, occupied dwelling stock	EU 25 Some missing data	Three terms from the 1991-2003, differing from country to country	Yes	last edition of 2004 is analyzed with 25 MS

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Average no. of rooms per dwelling and per new dwelling	EU Housing Statistics	Average no. of rooms per dwelling for total dwelling stock and per new dwelling	EU 25 Some missing data	Two terms from 1991-2003, differing from country to country	yes	last edition of 2004 is analyzed with 25 MS
Bath/Shower, hot running water and central heating in total dwelling stock	EU Housing Statistics	Bath/Shower, hot running water and central heating in total dwelling stock (%)	EU 25 Some missing data	Three terms from 1991-2003, differing from country to country	Yes	last edition of 2004 is analyzed with 25 MS, lot of data are missing for running water
Age distribution of the housing stock (%)	EU Housing Statistics	Age distribution of the housing stock (%) (-1919, 1919-45, 1946-70, 1971-81, 1981-90, 1991-)	EU 25	One year in the period 1991-2003, differing from country to country	Yes	last edition of 2004 is analyzed with 25 MS
Dwellings in high rise residential buildings	EU Housing Statistics	Share of multi-family and high-rise dwellings in total dwelling stock buildings	EU 25 Some missing data	2004?	Yes	last edition of 2004 is analyzed with 25 MS
Dwelling stock by type of building	EU Housing Statistics	Dwelling stock by type of building (total, multi-family, one-family)	EU 25	1980, 1990, 1995, 2000, 2002, 2003	Yes	last edition of 2004 is analyzed with 25 MS, Lot of missing subcategories
Dwellings per 1.000 inhabitants and dwelling stock	EU Housing Statistics	Dwellings per 1.000 inhabitants and total dwelling stock in thou for given years	EU 25 Some missing data	1980, 1985, 1990, 1995, 2000, 2003, total stock for one year from the period 2001-2004	Yes	last edition of 2004 is analyzed with 25 MS
Vacant conventional dwellings	EU Housing Statistics	Vacant conventional dwellings as % of the total stock	EU 25 Some missing data	Early mid nineties, and one more recent time, two data per country	Yes	last edition of 2004 analyzed with 25 MS
Occupied dwelling stock by tenure	EU Housing Statistics	Occupied dwelling stock by tenure (renter, owner, cooperative, other)	EU 25 Some missing data	1980, 1990, 1995, 2000, 2003	Yes	last edition of 2004 analyzed with 25 MS
Average no. of persons per occupied dwelling	EU Housing Statistics	Average no. of persons per occupied dwelling	EU 25	1980, 1985, 1990, 1995, 2000, 2003	Yes	last edition of 2004 analyzed with 25 MS

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
No. of persons per occupied dwelling by tenure	EU Housing Statistics	No. of persons per occupied dwelling by tenure (social/public, private rental, owner occupied, cooperative, total)	EU 25	for one year from the period 1990-2003	Yes	last edition of 2004 is analyzed with 25 MS, data missing, especially for subgroups rented stock
Dwellings completed by type of building	EU Housing Statistics	Dwellings completed by type of building (total, one-family, multi-family as %)	EU 25	1980, 1985, 1990, 1995, 2000, 2003	Yes	last edition of 2004 is analyzed with 25 MS, data missing for subgroups
Dwellings completed per 1.000 inhabitants	EU Housing Statistics	Dwellings completed per 1.000 inhabitants	EU 25	1980, 1985, 1990, 1995, 2000, 2003	Yes	last edition of 2004 is analyzed with 25 MS, data missing for subgroups
Dwellings demolished or otherwise removed from the housing stock	EU Housing Statistics	No. of dwellings demolished or otherwise removed from the housing stock	EU 25	1980, 1985, 1990, 1995, 2000, 2003	Yes	last edition of 2004 is analyzed with 25 MS, Some missing data
Building permits, no. of dwellings – growth rates	EU Housing Statistics	Building permits, no. of dwellings – quarterly growth rates (%)	EU 25 missing data for ITA, LAT, MAL	2002 Q1-2004 Q2	Yes	last edition of 2004 is analyzed with 25 MS
Building permits in 1.000 m2 of habitable/usable floor area, residential buildings	EU Housing Statistics	Index of building permits in 1.000 m2 of habitable/usable floor area, residential buildings (2000=100)	EU 25 missing data for AUT, CZE, ITA, SVK, UK	1990, 1995, 2000, 2001, 2002, 2003	Yes	last edition of 2004 is analyzed with 25 MS
Harmonized Indices of consumer prices	EU Housing Statistics	harmonized Indices of consumer prices and for housing (1996=100)	EU 25	1985, 1990, 1995, 2000, 2003, 2004	Yes	last edition of 2004 is analyzed with 25 MS, A lot of Missing: dates 1985 and 1990
Housing consumption as share of total household consumption	EU Housing Statistics	Housing consumption as share of total household consumption (%)	EU 25	1980, 1990, 1995, 2000, 2003	Yes	last edition of 2004 is analyzed with 25 MS
Disaggregated housing consumption	EU Housing Statistics	Disaggregated housing consumption (total housing, rent, imputed rent for owner-occupied housing, maintenance/repair, water supply/other services, electricity/gas/fuel, total housing consumption in EURO/inhabitant)	EU 25 Missing data for MAL	2003	Yes	last edition of 2004 is analyzed with 25 MS
Rent index of dwellings	EU Housing Statistics	Rent index of dwellings (1996=100)	EU 25 Some missing data	1995, 2000, 2001, 2002, 2003	Yes	last edition of 2004 is analyzed with 25 MS
Price index of existing one-family dwellings	EU Housing Statistics	Price index of existing one-family dwellings (nominal, real) (1985=100)	EU 25	1990, 1995, 2000, 2003	Yes	last edition of 2004 is analyzed with 25 MS, Lot of missing data

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Construction cost index, residential dwellings	EU Housing Statistics	Construction cost index, residential dwellings (2000=100)	EU 25	1990, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003	Yes	last edition of 2004 is analyzed with 25 MS, Lot of missing data especially before 2000
Average price for one-family dwellings	EU Housing Statistics	Average price for one-family dwellings (average price and size for existing dwellings/for newly completed dwellings, average construction cost per dwelling)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Average annual rent and average size for rental dwellings in the free and the regulated market	EU Housing Statistics	Average rent and average size per dwelling (free market, regulated market) (thou EURO)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Relative price indices for housing consumption	EU Housing Statistics	Relative price indices for housing consumption, gross rent, fuel and power	EU 25	1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002	Yes	last edition of 2004 is analyzed with 25 MS, lot of missing data, especially before 1999
Low-income households by tenure	EU Housing Statistics	Low-income households by tenure (total, owner, rent, 60% of median equalized income in PPS)	EU 25 no data for CYP	2001	Yes	last edition of 2004 is analyzed with 25 MS, some missing data
Households receiving housing allowances	EU Housing Statistics	Households receiving housing allowances (%)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Mean interest rate for private mortgages with selected fixed-rate terms and typical mortgage interest-rates	EU Housing Statistics	Mean interest rate for private mortgages with selected fixed-rate terms and typical mortgage interest-rates	EU 25	2003 and 2002-2003 for typical mortgage interest rates	Yes	last edition of 2004 is analyzed with 25 MS; lot of missing data
Ratio of outstanding residential mortgage debt to GDP	EU Housing Statistics	Ratio of outstanding residential mortgage debt to GDP	EU 25	1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Market shares of new gross residential mortgage lending by type of institution	EU Housing Statistics	Market shares (%) of new gross residential mortgage lending by type of institution (universal/commercial banks, savings banks, mortgage banks, cooperative and mutual credit banks, building societies/bausparkassen, insurance corporations/pension funds, other)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Supply side subsidies, public loans and public credit guarantees in the housing sector	EU Housing Statistics	Supply side subsidies, public loans (whereof state budget, regional or local budget – %) and existence of public sector credit guarantees (in mio. EURO)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Demand side subsidies in the housing sector	EU Housing Statistics	Demand side subsidies in the housing sector (total volume, whereof from state budget, regional or local budget – %, total volume of indirect support)- (in mio. EURO)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Public housing support in % of total public expenditure, state budget, and GDP	EU Housing Statistics	Public housing support in % of total public expenditure, state budget, and GDP (public housing subsidies expenditure, public housing loans expenditure)	EU 25	2003	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Social sector in % of rental stock, housing stock and new dwelling completions	EU Housing Statistics	Social sector in % of rental stock, total housing stock and new dwelling completions (rental and total)	EU 25 missing for UK	2003	Yes	last edition of 2004 is analyzed with 25 MS, some missing data
Supply of shelter in the houseless category	EU Housing Statistics	Supply of shelter in the houseless category (homeless shelter and temporary accommodation, women's shelter, temporary for immigrants, institutions, supported housing for homeless)	EU 25	2004	Yes	last edition of 2004 is analyzed with 25 MS; Lot of missing data
Dwelling stock	UNECE Human Settlements Database	Dwelling stock + Dwelling stock per 1.000 inhabitants Dwelling stock built before 1919; 1919-1945; 1946 – 1970; 1946-1960; 1961-1970; 1971-1980; 1981-1985; 1981-1990; 1986-1990; 1991-1995; no.	EU 25+2+2	1980-2004, mostly available after 1990	Annually	Missing data especially before 1990
Tenure structure	UNECE Human Settlements Database	Owned occupied dwellings; Rented occupied dwellings; Unknown tenure status; Other occupied dwellings, no.	EU 25+2+2	1980-2004, mostly available after 1990	Annually	Missing data especially for before 1990

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Housing construction	UNECE Human Settlements Database	Average floor space per dwelling completed; m2, Dwellings <ul style="list-style-type: none"> - authorized during the year; - begun during the year; - completed during the year - completed in other new residential buildings with 1 to 2; 3 to 5; 6 to 8; 9 storeys and over; - completed in other new residential buildings; - completed by other building activities, by private investor, cooperatives; by private investor, other private bodies; - completed by private investor, private persons; by private investor, total; by public investor, other public bodies; public investor, state and local governments; public investor, Rooms in dwellings completed, Value of construction (national currency)	EU 25+2+2	1980-2004, mostly available after 1990	Annually	Missing data especially for before 1990
Change in dwelling stock	UNECE Human Settlements Database	Increase in dwelling stock during the year; Decrease in dwelling stock during the year; (resulting from change in use, from demolition)	EU 25+2+2	1980-2004, mostly available after 1990	Annually	Missing data especially for before 1990
Quality of the constructed stock	UNECE Human Settlements Database	Dwellings completed: <ul style="list-style-type: none"> - connected to a sewerage system; no. - in ground-oriented new residential buildings; - in ground-oriented, 1-, 2-, 3- and-more dwelling buildings; - in new construction; in new non-residential buildings; - per 1.000 inhabitants, - with 1, 2, 3, 4, 5, 6, 7, 8 and more rooms; - with central heating; fixed bath or shower; piped water 	EU 25+2+2	1980-2004, mostly available after 1990	Annually	Missing data especially for before 1990
Slum population	Millenium Goals, Target 11	No. of people and Proportion of households to those with access to secure tenure (UN-HABITAT)	EU 25+2+2	1990, 2001	unknown	
Mid-year population, urbanization level, + population density	Bulletin Housing + Building Statistics	Mid-year population (million), urbanization level (%), and population density (sq km)	EU 25+2+2 Some missing data	1993, 1997, 2000, 2002 (urbanization level 1997, 2002)	unknown	

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Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Size of households by tenure	Bulletin Housing + Building Statistics,	Size of households by tenure (owner, renter, other)	EU 25+2+2 Some missing data	Differing form country to country, 1991-2003	unknown	large variance in data year
Households by no. of persons and no. of rooms	Bulletin Housing + Building Statistics	Households by no. of persons and no. of rooms	EU 25+2+2 Some missing data	Differing form country to country, 1991-2003	unknown	large variance in data year
Households by no. of persons and square metre (m2) of floor space	Bulletin Housing + Building Statistics	Households by no. of persons and square metre (m2) of floor space	EU 25+2+2 Some missing data	Differing form country to country, 1991-2003	unknown	variance in data year
Dwelling stock	Bulletin Housing + Building Statistics	Total dwellings (thou), dwellings per 1.000 inhabitants, dwellings in urban areas (%), dwellings privately owned (%), occupied dwellings (%)	EU 25+2+2 Some missing data	1993, 1997, 2001, 2002	unknown	
Change in dwelling stock	Bulletin Housing + Building Statistics	Increases (total, new construction), Decreases (total, demolition, change in use), total (thou)	EU 25+2+2 A lot of missing data	1993, 1997, 2001, 2002	unknown	
Dwellings by period of construction	Bulletin Housing + Building Statistics	Age of the dwelling stock built before 1919; 1919-1945; 1946 – 1970; 1971-1980; 1981-1990; 1991-2000; 2001 and later, (%)	EU 25+2+2 No data UK, SWE, NOR, GER, GRE, BEL	1993, 1997, 2001, 2002	unknown	
Classification of dwellings according to equipment	Bulletin Housing + Building Statistics	Dwellings with (as % of the total dwelling stock) piped water, fixed bath or shower, flush toilet, central heating, kitchen	EU 25+2+2 No data BEL, NOR, UK Some missing data	1993, 1997, 2001, 2002	unknown	
Size of dwellings by tenure	Bulletin Housing + Building Statistics	Dwellings with 1, 2, 3, 4, 5, 6, or more rooms as % of the total stock of owner, renter and other tenure (m2)	EU 25+2+2 Some missing data	Differing form country to country, 1991-2002	unknown	
Size of dwellings by period of construction	Bulletin Housing + Building Statistics	Dwellings with 1, 2, 3, 4, 5, 6, or more rooms as % of Dwellings with 1, 2, 3, 4, 5, 6, or more rooms (sq m)	EU 25+2+2 Missing data: Latvia, UK, SWE	Differing form country to country, 1999-2002	unknown	A lot of missing data
Average estimated floor space of dwellings by no. of rooms	Bulletin Housing + Building Statistics	Average estimated floor space of dwellings (total and by dwellings with 1, 2, 3, 4, 5, 6, or more rooms) (sq m)	EU 25+2+2 Missing: GER, POR, SVK, NOR, SWE	Differing form country to country, 1999-2002	unknown	

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Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
No. of dwellings completed	Bulletin Housing + Building Statistics	Total dwellings completed, - by new construction, - in urban areas, by private investors (%), - by 1.000 inhabitants	EU 25+2+2 Some missing data	1993, 1997, 2001, 2002	unknown	
Average no. of rooms	Bulletin Housing + Building Statistics	Average no. of rooms	EU 25+2+2 A lot of missing data	1993, 1997, 2001, 2002	unknown	
Average no. of rooms, average floor space per dwelling completed	Bulletin Housing + Building Statistics	Average floor space per dwelling completed in 1993, 1997, 2001 and 2002 (sq m)	EU 25+2+2 A lot of missing data	1993, 1997, 2001, 2002	unknown	
Value of total construction put in place	Bulletin Housing + Building Statistics	Total construction in mio. of national currency, residential construction and non-residential construction as % of total construction	EU 25+2+2 A lot of missing data	1993, 1997, 2001, 2002	unknown	
Value of residential and non-residential construction put in place	Bulletin Housing + Building Statistics	Residential construction, new and improvements - maintenance and repairs; Non-residential construction, new and improvements - maintenance and repairs (in mio. of national currency)	EU 25+2+2 A lot of missing data	1993, 1997, 2001, 2002	unknown	
Occupancy and floor area by housing type	UNCHS CitiBase database	Occupancy (occupied, vacant) and floor area by housing type (conventional, mobile, marginal)	EU 25+2+2 A lot of missing data	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated
Type of housing units by household size	UNCHS CitiBase database		EU 25+2+2 A lot of missing data	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated
Housing Units by no. of rooms	UNCHS CitiBase database	Housing Units by no. of rooms (1, 2, 3, 4, 5, 6 and more rooms)	EU 25+2+2 A lot of missing data	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated
Tenure	UNCHS CitiBase database	Tenure (owner occupied, tenant in government-owned housing, tenant in privately owned housing, sub-tenant, free of charge, other)	EU 25+2+2 A lot of missing data	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated
Period of construction of housing units	UNCHS CitiBase database	Period of the construction of dwelling stock (built before 1919; 1919-1945; 1946 - 1970; 1971-1980; 1981-1990; 1991-)	EU 25+2+2	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated
Newly-constructed and converted housing	UNCHS CitiBase database	Newly-constructed and converted housing according to stock (constructed, restored or extended or converted)	EU 25+2+2	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated hard to find detailed data for European cities

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Facilities – (water supply, toilets, lighting, kitchens, cooking fuel)	UNCHS CitiBase database	% of dwellings with water supply (indoor connection, standing pipe, no water), toilets (flush toilet, other, no toilet), lighting (electric, solar, oil, gas, candle, other), type of kitchen, cooking fuel	EU 25+2+2	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated hard to find detailed data for European cities
Collective living quarters	UNCHS CitiBase database	Collective living quarters (hotels or rooming and lodging houses, institutions, camps, others)	EU 25+2+2 A lot of missing data	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated hard to find detailed data for European cities
Homeless	UNCHS CitiBase database	Homeless (no. of males, females, children) (legal titles of plots/housing units provided to homeless, no. of homeless provided with social rehabilitation programmes, incl. temporary housing)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	A lot of missing data + old data, not updated hard to find detailed data for European cities
Type of buildings	UNCHS CitiBase database	No. of housing units by type of buildings (permanent, semi-permanent, non-permanent)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	
Squatter/slum settlements policy	UNCHS CitiBase database	No. of affected housing units by squatter/slum settlements policy actions (demolition, legalization, resettlement)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	
Investment in housing	UNCHS CitiBase database	Value of investment in local currency by type of investor (central/regional government, municipal government, other public, NGO/CBO, private, others)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	missing data
Housing affordability	UNCHS CitiBase database	is there a rent control in the city ? house price to income ratio, rent to income ratio)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	missing data
Construction costs	UNCHS CitiBase database	Construction cost index per m2, according to base year (cement, iron sheets, stone chips, bricks, tiles, others)	EU 25+2+2 No data for most European cities	one selected year between 1981-1994	unknown	missing data
average no. of persons per room	UN, Statistics Division	The average no. of persons per room (total, urban, rural)	EU 25+2+2	Differing form country to country, 1987-1996	unknown	wide range of data years
No. of human settlements in the country	UN-HABITAT: Global Urban Observatory	Total No. of human settlements in the country, by population and urban/rural areas, categories by population	EU 25+2+2 No data for SUI	Differing from country to country	unknown	Old data
No. of households by type of living quarters occupied, and no. of living quarters	UN-HABITAT: Global Urban Observatory	No. of households by type of living quarters occupied (conventional, basic, temporary, marginal, collective), and no. of living quarters, total country, urban, rural areas, cities	EU 25+2+2 No data for SUI	Differing from country to country	unknown	Old data

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Occupied housing units	UN-HABITAT: Global Urban Observatory	Occupied housing units by no. of rooms and no. of occupants (total, urban/rural areas, selected cities)	EU 25+2+2 No data for SUI	Differing from country to country	unknown	Old data
water supply system for households	UN-HABITAT: Global Urban Observatory	Households in occupied housing units by water supply system (piped water inside – private or community resource, outside), total, urban/rural areas, cities	EU 25+2+2 Missing for SUI and numerous cities	Differing from country to country	unknown	Old data
toilet facilities in occupied housing units	UN-HABITAT: Global Urban Observatory	Households in occupied housing units by toilet facilities (flush, non-flush, outside, other), total, urban/rural areas, selected cities	EU 25+2+2 Missing for SUI and numerous cities	Differing from country to country	unknown	Old data
type of solid waste disposal in occupied housing units	UN-HABITAT: Global Urban Observatory	Households in occupied housing units by type of solid waste disposal (authorized collectors, unauthorized, at the dump), total country, urban/rural areas, selected cities	EU 25+2+2 missing for numerous cities, and countries (SUI, NOR, BEL, etc.)	Differing from country to country	unknown	Old data
type of lighting in occupied housing units	UN-HABITAT: Global Urban Observatory	Households in occupied housing units by type of lighting (gas, oil/ceresin, other), total country, urban/rural areas, cities	EU 25+2+2 missing for cities, + countries (NED, SVK, ESP, etc.)	Differing from country to country	unknown	Old data
Population by sex and age, largest cities	UN-HABITAT: Global Urban Observatory	Population by sex and age groups (every 5 years), largest cities and total	EU 25+2+2 Missing UK etc.	Differing from country to country	unknown	
Percentage of population in urban areas	UN-HABITAT: Global Urban Observatory	Percentage of population residing in urban areas,	EU 25+2+2	1990, 1995, 2000, 2005, 2010, 2015, 2020, 2025, 2030	unknown	
population in urban agglomerations	UN-HABITAT: Global Urban Observatory	no. of urban agglomerations + percentage of urban population by size of urban agglomeration: major area and region	EU 25+2+2	1980-2015 – five-year intervals	unknown	No national data
population residing in large urban agglomerations	UN-HABITAT: Global Urban Observatory	percentage of total population residing in urban agglomerations with 750,000 or more inhabitants	EU 25+2+2	1980-2015 with five-year intervals	unknown	
The largest 30 urban agglomerations	UN-HABITAT: Global Urban Observatory	The largest 30 urban agglomerations ranked by population size (in mio.)	EU 25+2+2	1980-2015 with five-year intervals	unknown	Old data

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Development of no. of UN-households 1985-2030	UN-HABITAT: Global Urban Observatory	Estimated no. of households and annual household growth rate, 1985-2030 (15-year intervals); changes in no. of households (5-year increments)	EU 25+2+2	1985-2030	unknown	
Poverty rates,	OECD: Society at a Glance	proportion of individuals with equivalised disposable income less than 50% of the median income of the total population Poverty gaps = percentage difference between the average income of the poor	27 OECD Countries	Second Half of the 1990s	For two non fixed years	Comparable if pattern of evolution is considered
Income inequality	OECD: Society at a Glance	Child poverty Income of older people	27 OECD Countries	Second Half of the 1990s	For two non fixed years	Comparable if pattern of evolution is considered
social spending	OECD: Society at a Glance	Public social spending Private social spending Total social spending	27 OECD Countries	Second Half of the 1990s	For two non fixed years	Comparable if pattern of evolution is considered
pensions	OECD: Society at a Glance	Old-age pension replacement rate; Pension promise	27 OECD Countries	Second Half of the 1990s	For two non fixed years	Comparable if pattern of evolution is considered
Public social expenditure by main category as a percentage of GDP	OECD Factbook	Public social expenditure: cash benefits, direct "in-kind" provision of goods + services, tax breaks with social purposes Targets of social benefits: low-income households, elderly, disabled, sick, unemployed, or young persons public: government (that is central, state, and local governments, including social security funds) controls relevant financial flows Programmes regulating the provision of social benefits have to involve: a) redistribution of resources across households, or b) compulsory participation.	27 OECD Countries	1991-2001	Annually	For cross-country comparisons, the most commonly used indicator of social support is gross (before tax) public social expenditure related to GDP. Measurement problems with regard to spending by lower tiers of government, which may be underestimated in some countries.
Public social expenditure by main category in national currency	OECD Factbook	at current prices; at constant prices (1995) definitions see indicator "Total public social expenditure by main category as a percentage of GDP" above	27 OECD Countries	1981-2001	Annually	
Public social expenditure by main category Per head	OECD Factbook	at current prices and current PPPs, in US dollars definitions see indicator "Total public social expenditure by main category as a percentage of GDP" above	27 OECD Countries	1981-2001	Annually	Comparability possible
Mandatory private social expenditure as a percentage of GDP	OECD Factbook	definitions see indicator "Total public social expenditure by main category as a percentage of GDP" above	27 OECD Countries	1981-2001	Annually	Comparability possible

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Mandatory private social expenditure at current prices	OECD Factbook	in national currency definitions see indicator "Total public social expenditure by main category as a percentage of GDP" above	27 OECD Countries	1981-2001	Annually	Comparability possible
Total expenditure on health, % of gross domestic product	OECD Factbook 20055	Total expenditure on health, % of gross domestic product	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1965-1970-1975 – 2000, 2001, 2002, 2003	5 years until 2000; Annually after 2000	Comparability possible
Total health expenditure per capita, US\$ PPP	OECD Factbook 2005	Total health expenditure per capita, US\$ PPP	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1965-1970-1975 – 2000, 2001, 2002, 2003	5 years until 2000; Annually after 2000	Comparability possible
Development of health expenditure	OECD Factbook 2005	Average annual growth rate of Total expenditure on health	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1965-1970-1975 – 2000, 2001, 2002, 2003	5 years until 2000; Annually after 2000	Comparability possible
Public expenditure on health	OECD Factbook 2005, health data 2005	Public expenditure on health total an in % of total expenditure on health	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1965-1970-1975 – 2000, 2001, 2002, 2003	5 years until 2000; Annually after 2000	Comparability possible
Pharmaceutical expenditure, % total expenditure on health	OECD Factbook – health data 2005	Indicator usable	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1965-1970-1975 – 2000, 2001, 2002, 2003	5 years until 2000; Annually after 2000	Comparability possible
Practising physicians density	OECD Factbook – health data 2005	Practising physicians, density per 1.000 inhabitants	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1970 - 2000, 2001, 2002, 2003	10 years until 2000; Annually after 2000	Comparability possible
Practising nurses, density	OECD Factbook – health data 2005	Practising nurses, density per 1.000 inhabitants	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1970-...2000, 2000, 2001, 2002, 2003	10 years until 2000; Annually after 2000	Comparability possible
Acute care beds, density	OECD Factbook – health data 2005	Acute care beds, per 1.000 inhabitants	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1960-1970-...2000, 2000, 2001, 2002, 2003	10 years until 2000; Annually after 2000	Comparability possible
MRI units density	OECD Factbook – health data 2005	MRI units per million population	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1990-1995-2000 2000-2001-2002-2003	5 years until 2000; Annually after 2000	Comparability possible

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
CT Scanners per million population	OECD Factbook – health data 2005	CT Scanners per million population	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1980, 1990, 1995, 2000, 2000-2001-2002-2003	different years until 2000; Annually after 2000	Comparability possible
Employment rate/ Unemployment rate	OECD Employment Statistics	ratio of employed/unemployed persons to the working age population <ul style="list-style-type: none"> – persons employed: those aged 15 or over who report that they have worked in gainful employment for at least one hour in the previous week – persons not employed: persons out of work but seeking employment, students and all others who have excluded themselves from the labour force (e.g. due to incapacity the need to look after young children or elderly relatives) – Working age: persons from 15 to 64 (in some countries from 16 to 64) 	A AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1990-2001	Annually	measuring employment according to ILO Guidelines (except ICE, TUR) The sources for population in each age group are a mixture of labour force surveys, administrative records and population censuses.
Employment rate/ Unemployment rate by age group	OECD Employment Statistics	The population employed/unemployed in an age group in per cent of the total no. of people in that group. <ul style="list-style-type: none"> – persons employed: those aged 15 or over who report that they have worked in gainful employment for at least one hour in the previous week – persons not employed: persons out of work but seeking employment, students and all others who have excluded themselves from the labour force (e.g. due to incapacity the need to look after young children or elderly relatives) 	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	2000-2003	Annually	measuring employment according to ILO Guidelines (except ICE, TUR) The sources for population in each age group are a mixture of labour force surveys, administrative records and population censuses.
Jobless households	Förster/Mira D'Ercole.		FIN, FRA, UK, NOR, NED, ITA	1971-2003	Annually	
Working mothers	OECD: Society at a Glance		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	2002	One year	
Age at retirement	OECD: Society at a Glance		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1965-2005	Annually	OECD estimates derived from the European and national labour force surveys
Youth inactivity	OECD: Society at a Glance		FRA, POR, IRE, LUX, NOR, SWE, AUT, NED, SUI, DEN	1984 e 2002	For two Annually	Comparability possible

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Civilian employment by sector of activity	Labour Force Statistics	civilian employment (= total employment – military employees) at 1-digit level based on ISIC Revision 2	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	2002-2005	Annually	Comparability possible
Civilian employment by professional status	Labour Force Statistics	Civilian employment by professional status	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	2002-2005	Annually	Comparability possible
Self-employment	Labour Force Statistics	percentages of self-employed in total civilian employment (= total employment – military employees) – employed persons: those aged 15 or over who report that they have worked in gainful employment for at least 1 hour in the previous week – Self-employed persons: employers, own-account workers, members of producers' co-operatives, unpaid family workers (do not have a formal contract to receive a fixed amount of income at regular intervals but share in the income generated by the enterprise)	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1984-2004	Annually	measuring employment according to ILO Guidelines (except ICE, TUR) The sources for population in each age group are a mixture of labour force surveys, administrative records and population censuses.
Temporary work,	Labour Force Statistics		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1984-2004	Annually	
Duration of unemployment	Labour Force Statistics	data on unemployment by duration breakdown	AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1984-2004	Annually	
Educational Personnel	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Expenditure by funding source and transaction type	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Expenditure by nature and resource category	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Foreign Students Enrolled	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible

List of indicators identified on national level

Term	Source	Definition	Availability	date of collection	Periodical survey	Quality of indicator/ additional Remarks
Graduates by age	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Graduates by field of education	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
New entrants by sex and age	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Students aligned to Finance and personnel data	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Students enrolled by age	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Students enrolled by type of institution	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Total population by sex and age	OECD Education Online Database		AUT, BEL, CZE, DEN, FIN, FRA, GER, GRE, HUN, IRE, ITA, LUX, NED, NOR, POL, POR, SVK, ESP, SWE, SUI, UK	1983-2003	Annually	Comparability possible
Dependency rate 1995	ITPS, ESPON Database (ESPON 114)	Total population/population 20-64 years.	EU 25+2+2	1995		
Dependency rate 1999	ITPS, ESPON Database	Total population/population 20-64 years.	EU 25+2+2	1995		

A.1.2 List of indicators to be further developed

The following lists contain indicators, which are provided in the study at hand (use for preparing the maps). According to the situation of existing data, many of them are just available at national level.

Access to Social Services, SGEIs and mechanisms of public transfers

- Share of population at risk of poverty before social transfers, including pensions
- Share of population at risk of poverty after social transfers, including pensions
- Expenditures on social services per capita
- Total number of hospital beds per 100,000 inhabitants
- Number of licensed physicians/doctors per 100,000 inhabitants
- Poverty index: (e.g. by using variables no of persons living at risk of poverty, no of recipients of poor relief/social assistance, no of homeless persons, long-term unemployment, ...)

Employment and Income Distribution

- GDP per capita in PPS
- Labour productivity per person employed
- Employment rate
- Gross domestic expenditure on R&D (GERD)
- Dispersion of regional employment rates
- Long-term unemployment rate
- Unemployment rate
- Employment rate
- Growth in labour productivity
- Long-term unemployment rate
- Employment growth
- Activity rate
- Regional disparities – Underperforming regions
- Development of patents in high-tech sectors
- Development of patents in all sectors
- Patents (in total)
- Patents (in high-tech sectors)
- Unemployment rate per year
- Employment rate/Activity rate

- GRP ratio

Housing and territorial development

- Ratio of households owning their dwellings
- Average are of living accommodation (m2/person)
- Proportion of dwellings lacking basic amenities

Education and Training

- Education participation rate
- Early school leavers
- Lifelong learning participation

A.1.3 List of missing regional data

remark:

There is a huge list of data on regional level that would be essential to picture social aspects of territorial development. The indicators listed below can be seen as starting point for the discussion of the collection of indicators on regional level, especially concerning social services, education and housing.

Access to Social Services, SGEIs and mechanisms of public transfers

- Number of recipients of poor relief/social assistance
- Number of homeless persons
- Self-perceived health status
- At-risk-of-poverty rate after social transfers
- Life expectancy at birth, life expectancy at the age of 65

Employment and Income Distribution

- Employment rate of older workers
- Comparative price levels
- Business investment
- Total greenhouse gas emissions
- Energy intensity of the economy
- Volume of freight transport relative to GDP
- Activation of long-term unemployed
- Survival rate of newly born enterprises
- Diversity of contractual and working arrangements
- Trends in accidents at work
- Transparency of job vacancies
- Investment in human resources
- Employment gender gap
- Unemployment gender gap
- Gender pay gap
- Employment impact of parenthood
- Unemployment rate gaps for people at a disadvantage
- Unemployment rate gap between non EU and EU nationals.
- Working poor
- Taxation on low-wage earners
- Undeclared work

- Innovation on the company scale
- R&D ratio on company level
- R&D ratio public sector
- Ratio of enterprise founding
- Ratio of entrepreneurs
- ratio of female workers
- ratio of service industries
- GINI coefficient of household incomes
- ratio of service industries in the high-tech sector

Housing and territorial development

- Housing affordability indicator I: house price to income ratio
- Housing affordability indicator II: rent to income ratio
- Tenure structure – share of social housing
- Dynamics of housing investment (housing output)
- Housing supply – housing quality (living standards)

Education and Training

indicators already available at national level

- participation in education
- education attainment by level
- lifelong learning participation
- percentage of early-school leavers
- average no of years of students in school to complete medium and high education level

proposed new indicators

- number of students by establishment and by the level of education
- share of students in university by main scientific areas
- share of students in mobility programmes in relation to the total no of high education students
- rate of non success by level of teaching

A.1.4 Indication of performance indicators achieved

Table: Number of performance indicators achieved

No of spatial indicators applied and/or collected:	
- in total	15
- covering the EU territory	15
- covering more than the EU territory	0
No of concepts defined	0
No of typologies tested	0
No of EU maps produced	15
No of ESDP policy options addressed in that field	2

A.2 LIST OF ABBREVIATIONS

CDCS	Committee for Social Cohesion
CE	Council of Europe
CEC	Central European Countries
CEDEFOP	Centre Européen pour le Développement de la Formation Professionnelle (European Centre for the Development of Vocational Training)
CEE	Central and Eastern Europe
CEEC	Central and Eastern European Countries
CEIDT	Concurrent Encoding In Descendant Tree
COM	European Commission
CURDS	Centre for Urban and Regional Development Studies
CV	Curriculum Vitae
DG	Directorate-General
DGVH-DOC	Direction générale des Voies Hydrauliques
ECB	European Central Bank
EEA	European Economic Area
EFTA	European Free Trade Association
ERASMUS	European Community Action Scheme for the Mobility of University Students
ESC	European Economic and Social Committee
ESPN	European Spatial Planning Observation Network
ESS	European Social Survey
EU	European Union
EU12	Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom
EU-15	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom
EU25	EU-15 and Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, Slovenia
EU25+2+2	EU-25 + Romania, Bulgaria (=EU27) + Croatia, Turkey (=EU29)
Europass	Framework allowing for the transparent harmonisation of qualifications and competences
Eurydice	Programme to promote the exchange and the production of reliable and comparable information on education systems and on national policies in the field of education in Europe

FEANTSA	European Federation of National Organisations Working With The Homeless
GDP	Gross domestic product
HLM	« Habitations à Loyer Modéré »
ICT	Information and communication technologies
ILO	International Labour Organisation
ISCED	International Standard Classification of Education
IT	Information technologies
LUZ	Larger Urban Zone
MS	Member State
NACE	Nomenclature generale des activites economiques dans les Communautés Europeennes,
NAP	National Action Plan
NEC	National Europass Centre
No	number
NUTS	« Nomenclature des unites territoriales », territorial units for statistics
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
PSO	public service obligation
SDC	Sub-City Districts
SGEI	Services of General Economic Interest
SPESP	Study Programme on European Spatial Planning
TPG	Transnational project group
UA	Urban audit
UK	United Kingdom
UN	United Nations
UNESCO	Nations Education, Scientific and Cultural Organisation
URBAN	Community program aiming to support innovation in urban regeneration
VAT	Value Added Tax
WP	Work package
WWII	World war II

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A.3.1 Chapter 1 – Context of the study

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Evaluating Socio Economic Development, SOURCEBOOK 1: Themes and Policy Areas: Initial education and training and lifelong learning, (2004)

Göran Cars; Mats Johansson, Ola Nygren, Friedrich Schindegger (1999): Study Programme in European Spatial Planning: Theme 1.3: Indicators for social integration & Exclusion – Final Report.

Kok Wim (2003): Report of the Employment Taskforce chaired by,: Jobs, Jobs, Jobs. Creating more employment in Europe .

Kok Wim (2004): Report from the High Level Group: Facing the challenge The Lisbon strategy for growth and employment

Murielle Daelen; Chigako Miyata Ilse; Op de Beeck; Patrice-Emmanuel Schmitz; Jef van den Branden; Wim Van Petegem, DIRECTORATE GENERAL FOR EDUCATION AND CULTURE (2005): E-learning in Continuing Vocational Training, particularly at the workplace, with emphasis on Small and Medium Enterprises

Official Journal of the European Communities, COUNCIL RESOLUTION on lifelong learning, (27 June 2002)

Pezzini Mario, (2003): Cultivating Regional Development: Main Trends and Policy Changes in OCDE Regions

Progress report on the follow-up to the Council resolution of 2002 EU and EFTA/EEA countries, (2003): Implementing lifelong learning strategies in Europe

Proposta de Decisão do Parlamento Europeu e do Conselho que estabelece um programa de acção integrada no domínio da aprendizagem ao longo da vida, (2004)

Sapir André, (2003): An Agenda for a growing Europe

Schmidt, Pascal, (2005): Expenditure per student in tertiary education generally increases relative to country's wealth, Education and training,

Weber Andrea, Strade Andreas, Schön Karl Peter (2003): Development of indicators reflecting criteria of spatial differentiation. Synthetic analysis of selected indicators for the spatial differentiation of the EU territory. Study Programme on European Spatial Planning.

A.3.6 Chapter 6 – Conclusions and recommendations

ESPON Briefing 1, Diversity within the European territory, A selection of new European maps. 2004

ESPON Briefing 2, Mapping regional competitiveness and cohesion, European and global outlook on territorial diversities, March 2006

ESPON in progress, Preliminary results by autumn 2003

ESPON Project 1.2.1 Transport services and networks: territorial trends and basic supply of infrastructure for territorial cohesion. 2004.

ESPON Project 1.1.2 Urban-rural relations in Europe.

A.3.7 List of further sources of information

ESPON (<http://intranet.espon.lu>)

European Economic and Social Committee/social section http://www.esc.eu.int/sections/soc/index_en.asp

European Foundation for the improvement of living and working conditions (<http://www.eurofound.eu.int/index.htm>)

European observatory on health care systems (www.euro.who.int/observatory/ctryinfo/ctryinfo)

European Observatory on the social situation, demography and family (europa.eu.int/comm/employment_social/eoss/index_en.html)

European Social Survey (<http://www.europeansocialsurvey.org/>)

European System of Social Indicators (EUSI) (www.gesis.org/en/social_monitoring/social_indicators/EU_Reporting/eusi_indirect.htm)

Eurostat database (europa.eu.int/comm/eurostat/)

Eurybase (www.eurydice.org/Eurybase/frameset_eurybase.html)

IBE (International Bureau of Education) (www.ibe.unesco.org/International/Databanks/dba.htm)

International Labour Organization: ILO databases (www.ilo.org/public/english/support/lib/dblist.htm)

MISSCEEC: Mutual information system on Social Protection in European candidate countries (europa.eu.int/comm/employment_social/missceec/index_en.html)

MISSOC: Mutual information system on Social Protection in the EU Member States and the EEA (europa.eu.int/comm/employment_social/missoc/index_en.html)

OECD Programme for International Student Assessment (PISA) (www.pisa.oecd.org)

OECD statistics (<http://www.oecd.org/>)

Study programme on European spatial planning (<http://www.nordregio.se/spespn/welcome.htm>)

UN/ECE country profiles (www.unecce.org/stats/trend/trend_h.htm)

UNESCO statistics (www.uis.unesco.org/en/stats/stats0.htm)

Urban audit (<http://www.urbanaudit.org/index.aspx>)

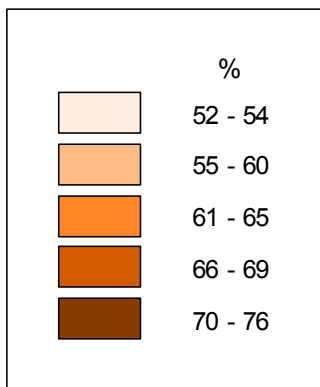
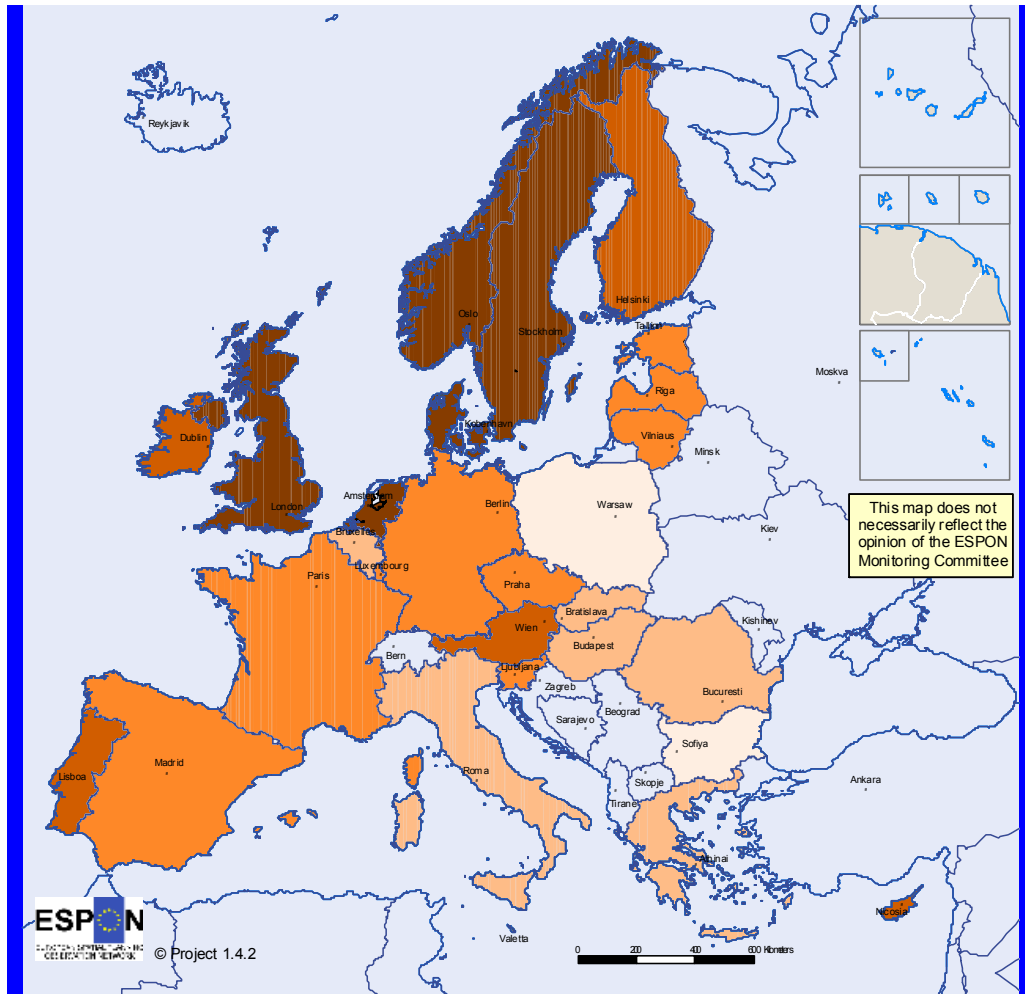
World Health Organisation (WHO): country reports (www.who.int/country/en/)

A.3.8 List of publications of the TPG members resulting from the research undertaken

According to the strict timetable, publications, which resulted from the research undertaken, have not been done, yet.

A.4 ADDITIONAL MAPS NOT INCLUDED IN THE CORE REPORT

Total employment rate, 2004

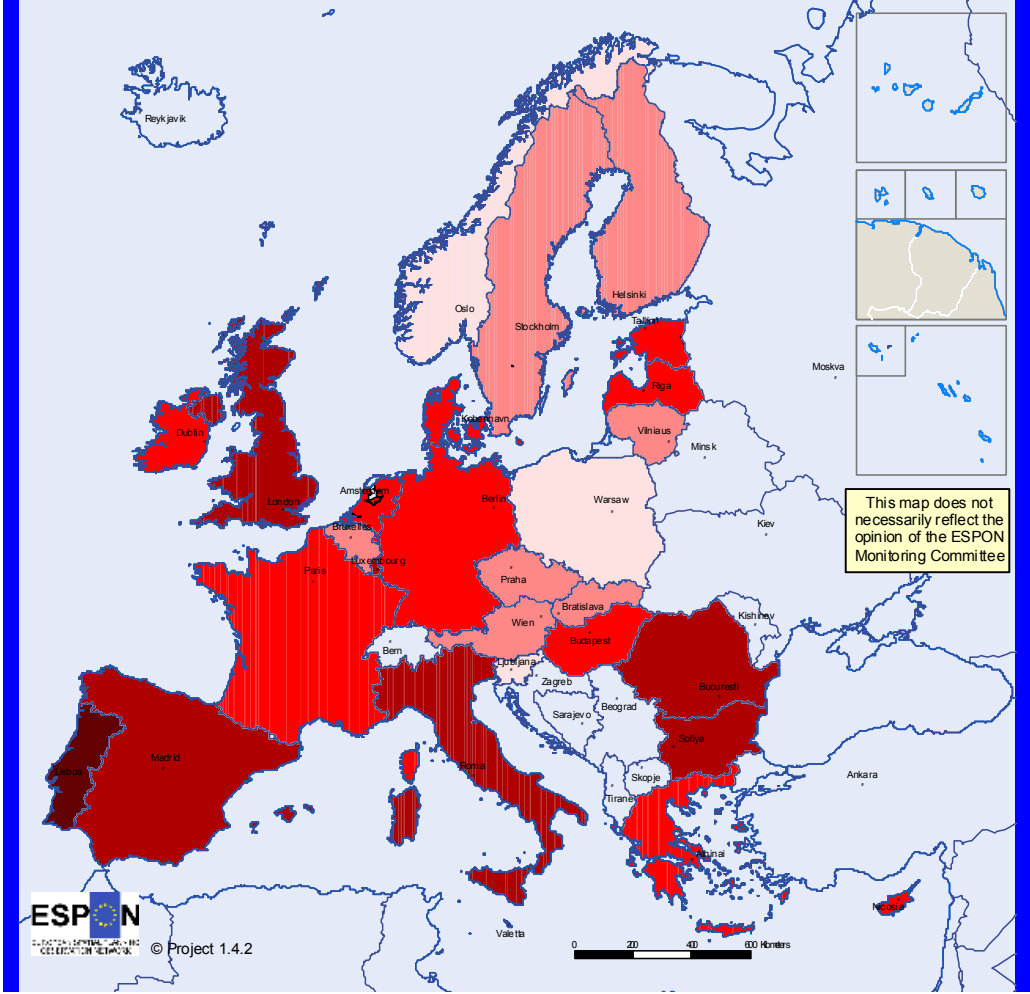


© EuroGeographics Association for the administrative boundaries

Origin of the data: Eurostat and others

Source: ESPON Data Base and others

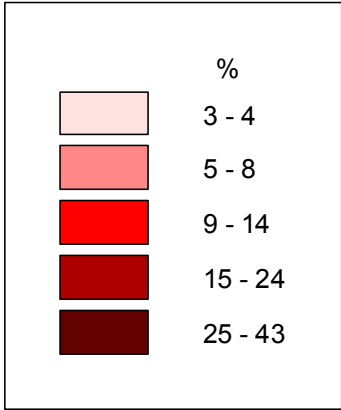
Female early school leavers, 2004



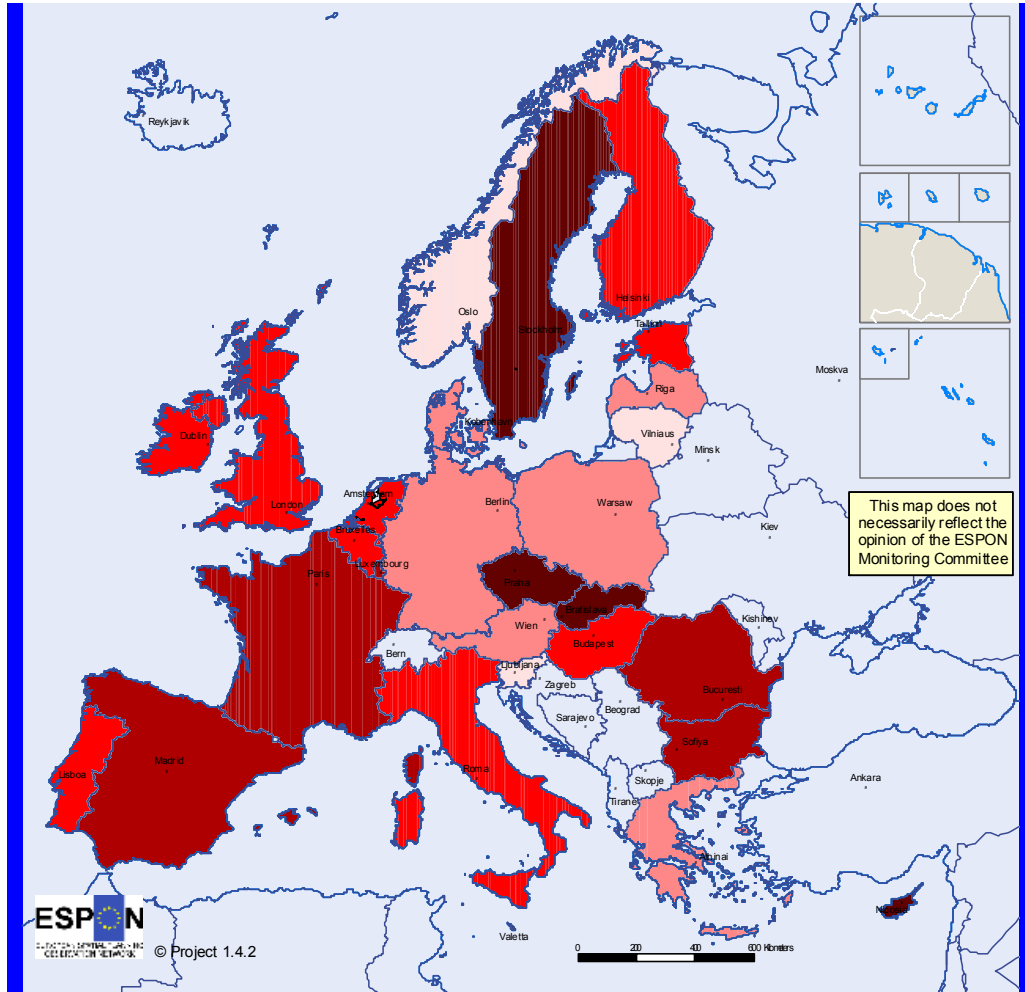
© EuroGeographics Association for the administrative boundaries

Origin of the data: Eurostat and others

Source: ESPON Data Base and others



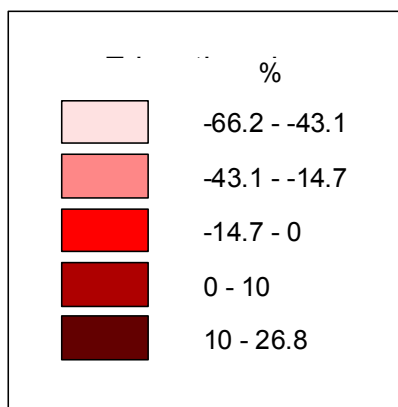
Early school leavers variation, 2000 - 2004



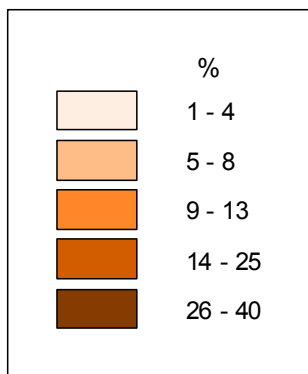
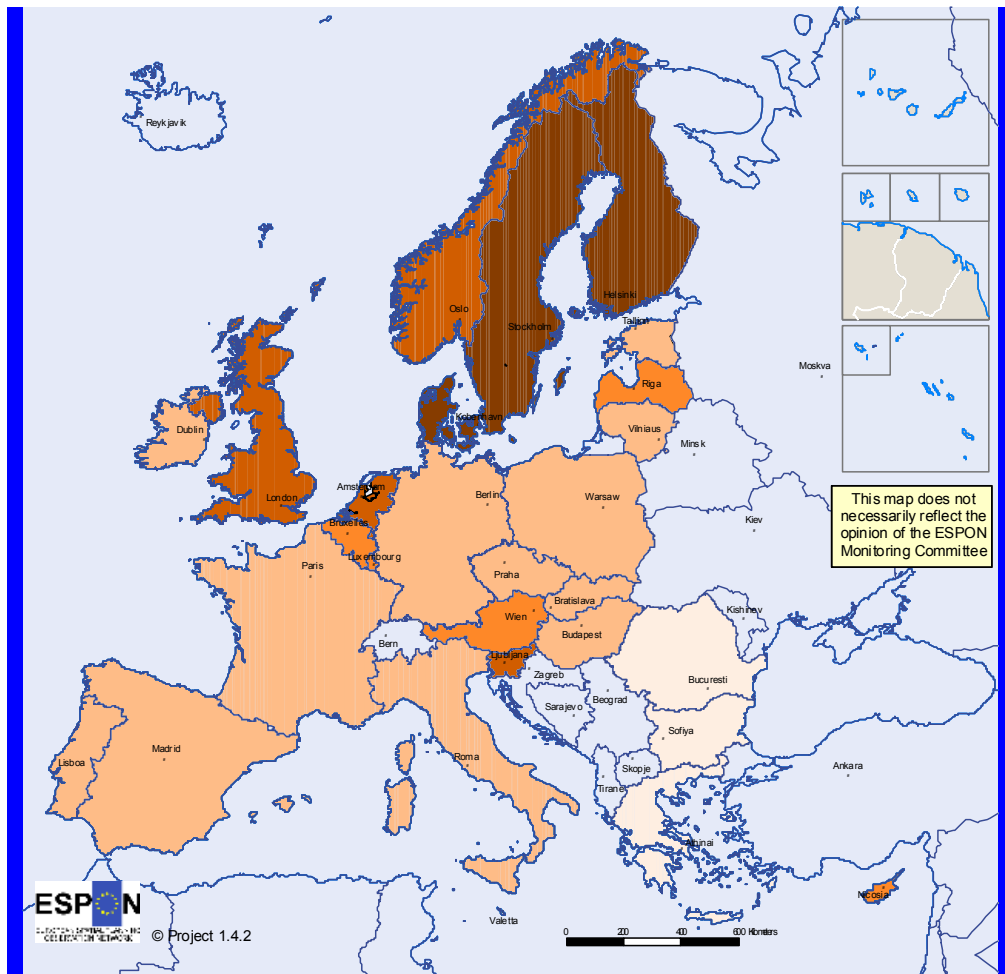
© EuroGeographics Association for the administrative boundaries

Origin of the data: Eurostat and others

Source: ESPON Data Base and others



Female lifelong learning participation, 2004



© EuroGeographics Association for the administrative boundaries

Origin of the data: Eurostat and others

Source: ESPON Data Base and others

A.5 RESULTS POLICY REVIEW

The policy review on the relationship of social aspects in the territorial development shall provide a picture of the **main policy orientations** at **EU level** and at **national level** for selected countries where **data is available**, covering the EU 25, plus Romania and Bulgaria, plus Norway and Switzerland. Additionally it may be useful to compare national and possibly regional situations with regards to public intervention and policy goals within the identified key fields.

Nevertheless, due to the limitation of resources the policy review has to be **based on existing overviews and comparisons** possibly available in English and the most important level remains the EU level and current EU policies and strategies.

Tool 2 – the analysis grid for the policy review – is divided in two parts:

- (1) **An overall view of sector-policies** dealing with social aspects in form of a table, which contains the most important information in a concise form (see figure 1).
- (2) A **short description of main contents and structure of each sectoral policy** to identify policy goals and mechanisms and to pose key challenges and questions to be dealt with in the future in order to contribute to further achievement of territorial and social cohesion objectives. (For a maximum of 5 relevant policies within each key field.)

The review of each sectoral policy is envisaged to have a length of a maximum of 2-3 pages. The proposal on the main contents (questions) and structure of these summaries is given in chapter 2.2.

The policy review provides a picture of the main policy orientations at EU level and at national level for selected countries where data is available. It highlights some relevant important information in a concise form:

- Name of policy (year of publishing)
- Source
- Territorial level of policy
- Key policy goals
- Implementation
- Monitoring foreseen

Additionally for a selected share of relevant policies a short description of main contents and structure of each single policy is provided (structure see the following page).

**Institution:
Title**

2004

Private Health Insurance in OECD Countries, Policy Brief

A) Key policy goals

Which policy goals are defined? Which territorial reference?

B) Strategies/measures

*Which strategies (measures) are referred to? Which territorial reference?
Normative or descriptive? Who should implement them?*

C) Key mechanisms and challenges, questions

Is the document containing or referring to such topics (short summary)? Are there questions formulated to be dealt with in the future, in order to contribute to the further achievement of territorial and social cohesion objectives?

D) Monitoring

Is a monitoring foreseen? How is it implemented? Which data/indicators should be monitored? Who is defined/proposed to realize the monitoring? Which intervals are proposed for the monitoring?

E) Conclusions

Which conclusions can be taken from this policy regarding the aim of ESPON 1.4.2?

A.5.1 Overview

Figure 4: List of policies dealing with social aspects

List of policies dealing with social aspects						
Name of policy	Source	Territorial level		Key policy goals	Implementation	Monitoring
Report of the High-Level Group on the future of social policy in an enlarged EU 2004	European Commission, Directorate-General for Employment and Social Affairs	EU, national	- - - -	Extend working life Lifelong learning Modernizing social protection Combining instruments for improved governance.	Descriptive	no
Private Health Insurance in OECD Countries 2004	OECD: Private Health Insurance in OECD Countries, 2004	EU, national	- -	Overview of the role of private health insurance and of policies in different countries. Governmental regulations is needed.	Descriptive	no
The social situation in the EU 2004	European Commission	EU, national	- -	Tackle the problems with an aging population by public investment on human capital. Tackle the differences between the EU-15 and the CEE new MS regarding the level of health status.	Descriptive	no
Joint report on social inclusion, 2004	European Commission, Directorate-General for Employment and Social Affairs	EU, national	- - -	Fight back poverty within a wide range of policies, e.g. health. Integrate economic and social policies with each other. Guarantee equal access to health	Descriptive	no
Revised Strategy for Social Cohesion, 2004	Council of Europe & European Committee for Social Cohesion	EU, national	- -	Reach and maintain social cohesion. Provide access to basic social rights, one is health care.	Descriptive	no
Financial Perspective 2007-2013, 2005	Presidency proposal (Great Britain) (http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/misc/87643.pdf) and SN 205/05	EU, national	-	Housing projects are eligible for financing from ERDF resources in the EU10, ROM and BUL	Normative, no measures available yet	yes
Proposal of a European Charter for Housing, 2005	URBAN-Housing Intergroup of the European Parliament. (www.iut.nu/EU/Charte%20Logement%20ENG%20v17-11-2005.doc)	EU, national	- - -	Access to decent and adapted accommodation is a key condition for maintaining social, territorial cohesion, and privileged tool for sustainable urban development Housing should be eligible for the Structural Funds Housing is a service of general interest Housing should fall under reduced VAT	Normative, no measures available yet	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Presidency Conclusions, Lisbon European Council 2000	Presidency conclusions (POR) 23-24 March http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm	EU, national	- mainstream the promotion of inclusion in MS' housing policies	Descriptive (?)	yes
European Social Charter 1996	Council of Europe: European Social Charter (revised) 3 May, 1996 (http://conventions.coe.int/Treaty/EN/Treaties/Html/163.htm)	National	- Everyone has the right to housing (Art. 31.) - Promotion access to housing of an adequate standard - prevent and reduce homelessness with a view to its gradual elimination - make the price of housing accessible to those without adequate resources	Normative, national policies should act like this	yes
Charter of Fundamental Rights 2000	European Commission http://europa.eu.int/comm/justice_home/unit/charte/index_en.html	EU	The EU acknowledges the right to social and housing assistance in order to combat social exclusion and poverty	Normative	
Social Agenda (2006-2010)	European Parliament resolution on the Social Agenda for the period 2006-2010 (2004/2191(INI) P6_TA (2005) 0210, 2005 (http://www.europarl.eu.int/omk/sipade3?PUBREF=-//EP//NONSGML+TA+P6-TA-2005-0210+0+DOC+PDF+V0//EN&L=EN&LEVEL=4&NAV=S&LSTDOC=Y)	EU, national	calls on the Commission and the Employment and Social Affairs Council - to ensure the attainment of original Lisbon objectives, particularly the reduction of poverty in the EU and - to safeguard the implementation of all the elements laid down in the framework of the open coordination for measures against poverty and social exclusion	Normative	yes
Services of general interest (Green Paper) 2005	European Parliament resolution on the Green Paper on services of general interest (COM(2003) 270-2003/2152(INI)) P6_TA(2005)0210 (http://www.europarl.eu.int/omk/sipade3?PUBREF=-//EP//NONSGML+TA+P5-TA-2004-0018+0+DOC+PDF+V0//EN&L=EN&LEVEL=4&NAV=S&LSTDOC=Y)	EU, national, regional, local	public and social housing do not fall within the scope of EU competition law and should only be subject to supervision by the Commission as to any apparent abuse of discretionary power in defining such services	Normative	yes

List of policies dealing with social aspects

Name of policy	Source	Terri- torial level	Key policy goals	Implemen- tation	Moni- toring
general provisions on ERDF, ESF and Cohesion Fund 2005	European Parliament resolution on the proposal for a Council regulation laying down general provisions on the ERDF, ESF and the Cohesion Fund (COM(2004)0492 – 2004/0163(AVC)), 2005 (Provisional Edition) http://europa.eu.int/scadplus/leg/en/lvb/g24231.htm	EU, national	considers that expenses which relate to renovation of social housing with a view to saving energy and protecting the environment should be included within eligible expenditure in the Structural Funds	Normative	yes
Housing Policy Concept CZE 2005	Ministry for Regional Development of the CZE, Approved by the Government under Resolution No 292 of 16 March, 2005 http://www.mmr.cz/upload/1122566030housing-policy-concept-2005.pdf	national, local	round off the full range of market-compliant instruments compatible with EU rules, - enabling all citizens, based on their capacity of higher or lower participation, to draw on instruments for the acquisition of housing, - and to ensure decent, adequate low cost housing for those citizens who are not capable of such participation	Descriptive	-
Regional Housing Strategy for the East of England, 2005-2010	East of England Regional Assembly: Regional Housing Strategy for the East of England, 2005-2010, July, 2005 http://www.goeast.gov.uk/goee/docs/192869/192874/233339/RHS	regional, sub-regional	To ensure everyone can live in a home which meets their needs, at a price they can afford and in locations that are sustainable. Contributing aims: - to use housing investment to support economic development - to provide a sustainable environment and attractive places to live - to promote social inclusion within sustainable communities - to ensure that housing serves to improve the region's health and well-being and reduce inequalities.	Normative, measures and stakeholders are identified	yes

List of policies dealing with social aspects

Name of policy	Source	Terri- torial level	Key policy goals	Implemen- tation	Moni- toring
Operative Programme, Town Development, Housing and Infrastructure. Project of City Madrid 2004-2007	Madrid, Area de Gobierno, de Urbanismo, Vivienda e Infraestructuras: Operative Programme, Town Development, Housing and Infrastructure. Project of City Madrid 2004-2007 http://www.urbanismo.munimadrid.es/gmu/area_presentacion/programa_operativo/Operative_Programme.pdf	local	<ul style="list-style-type: none"> - Renovation of houses on the city centre with view to converting it for residential use and empathizing its historical memory - Creation of new state-subsidised housing providing an easy access to housing to young adults and to other sectors which. - Unoccupied properties shall be put on to the market and aimed at the younger house-hunters. - undertaking serious and specific actions to eradicate sub-standard housing and slums. - To integrate marginalised sectors and immigrant population lacking the necessary resources to access a safe and comfortable mainstream property. - Preparation of actions aimed at restoring and renovating the emblematic buildings of the City Centre to recover their historic and tourist value. 	Normative, Measures and stakeholders are listed	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Guidelines for the employment policies of the MS 2005	EU Guidelines for the employment policies of the MS (2005/600/EC) http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_205/l_20520050806en00210027.pdf	EU	3 priorities: <ul style="list-style-type: none"> - Attract and retain more people in employment, increase labour supply and modernise social protection systems - Improve adaptability of workers and enterprises - Increase investment in human capital through better education and skills 8 guidelines: <ul style="list-style-type: none"> - 17: achieving full employment, improving quality and productivity at work - 18: promote a lifecycle approach to work - 19: ensure inclusive labour markets, enhance work attractiveness, make work pay for job-seekers - 20: improve matching of labour market needs - 21: promote flexibility combined with employment security, reduce labour market segmentation, - 22: ensure employment-friendly labour cost developments and wage-setting mechanisms - 23: improve investment in human capital - 24: adapt education and training systems in response to new competence requirements 	normative	yes
Integrated Guidelines for Growth and Jobs (2005-2008)	Commission Recommendation on the broad guidelines for economic policies, COM(2005) http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0141en01.pdf	EU	23 guidelines, according to the MS	normative	yes
Implementation of MS' employment policies	Implementation of MS' 2004/741/EC) Official Journal of the European Union L326/47-63	EU, national	Country specific recommendations and priorities <ul style="list-style-type: none"> - Increasing adaptability of workers and enterprises - Attracting more people to enter and remain on the labour market: making work a real option for all - Investing more and more effectively in human capital and lifelong learning - Ensuring effective implementation of reforms through better governance 	normative	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Strengthening of the Implementation of the European Employment Strategy (EES)	Proposal for a Council Decision on guidelines for the employment policies of the MS Recommendation on the Implementation of MS' employment policies COM (2004) 239 final http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2004/com2004_0239en01.pdf	EU 15 + 10, national	EES: 3 overarching objectives: - Full employment - Quality and productivity at work - Strengthening social cohesion and inclusion → include guidance on improving governance of employment policies (= recommendation to all MS): - Increasing adaptability of workers and enterprises - Attracting more people to enter and remain on the labour market: making work a real option for all - Investing more and more effectively in lifelong learning - Ensuring effective implementation of reforms through better governance	normative	yes
Guidelines for the employment policies of the MS	Guidelines for the employment policies of the MS (2003/578/EC) http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_197/l_19720030805en00130021.pdf	EU	1. Active and preventative measures for the unemployed and inactive 2. Job Creation and Entrepreneurship 3. Address change and promote adaptability and mobility in labour market 4. Promote development of human capital and lifelong learning 5. Increase labour supply and promote active ageing 6. Gender equality; 7. Promote the integration of and combat the discrimination against at a disadvantage in the labour market; 8. Make work pay through incentives enhance work attractiveness 9. Transform undeclared work into regular employment 10. Address regional employment disparities	normative	yes
Commission Recommendation on the Broad Guidelines of Economic Policies of the MS and the Community	COM (2003) 170 http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2003/com2003_0170en02.pdf	General (Part I) national EU-15 (Part II)	- Growth- and stability-orientated macroeconomic policies - Economic reforms to raise Europe's growth potential - Strengthening sustainability	normative	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Working together for growth and jobs – A new start for the Lisbon Strategy	COM (2005) 24 http://europa.eu.int/lex/lex/LexUriServ/site/en/com/2005/com2005_0024en01.pdf	EU	Identifies new Actions at European and National level which will help to see the Lisbon vision achieved - Launch a new Partnership for Growth and Jobs - Endorse the Community Action Programme and call MS to establish their own NAPs - Approve the new arrangements for governance of the Lisbon strategy (streamline the existing guidelines, simplified reporting)	normative	yes
National Action Plans (NAPs) 2004	http://europa.eu.int/comm/employment_social/employment_strategy/national_en.htm	national	Reaction of the National Employment policy to the employment guidelines and the specific Council recommendation - Different country-specific goals	normative	yes
National Reform Programmes 2005	(until 2005 National Action Plans) http://europa.eu.int/growthandjobs/pdf/nrp_2005_en.pdf	national, (no plan: HUN, POL)	Reaction of the National Employment policy to the employment guidelines and the specific Council recommendation - Various country-specific goals	normative	yes
Report of the Employment Taskforce chaired by Wim Kok	"Jobs, Jobs, Jobs Creating more employment in Europe" http://www.eu.int/comm/employment_social/employment_strategy/pdf/etf_en.pdf	EU	- Increasing adaptability of workers and enterprises - Attracting more people to the labour market - More investment in human capital and lifelong learning - Implementation of reforms through better governance	Basis for normative implementations	yes
The eLearning Action Plan – Designing tomorrow's education, 2001	Communication from the Commission to the Council and the European Parliament, Brussels, 2001 Adopted by the European Commission on 24 May 2000. COM(2001)172 final http://europa.eu.int/scadplus/leg/en/cha/c11050.htm	EU	Part of the comprehensive <i>eEurope Action Plan</i> purpose: to present ways and means of implementing the eLearning initiative : - to accelerate the deployment in the EU of a high-quality infrastructure at reasonable costs - to step up the training drive (promoting universal digital literacy, appropriate training for teachers and trainers) - to strengthen cooperation between measures and initiatives at all levels and between all players (universities, schools, training centres, decision-makers and administrators responsible for selecting equipment, software, content or services)	Key measures foreseen	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Report from the Education Council to the European Council 2001 "The concrete future objectives of education and training systems"	Report from the Commission the concrete future objectives of education systems COM(2001) 59 final, Brussels, 31.01.2001 http://europa.eu.int/comm/education/policies/2010/doc/concrete-future-objectives_en.pdf	EU	<p>targeted results according to the goal "improving the quality of education and training systems":</p> <ul style="list-style-type: none"> - halve the number of 18- to 24-year-olds with only lower-secondary level education by 2010; - ensure that all education and training institutions have access to the internet and to multimedia resources by the end of 2010; - take steps to ensure that all the teachers involved are qualified in the use of these technologies by the end of 2002; bring about a substantial increase in per capita investment in human resources every year. <p>targeted results according to the goal "facilitating access for all to education and training":</p> <ul style="list-style-type: none"> - halve number of 18 to 24 year olds with only lower-secondary level education who are not in further education or training by 2010,. <p>targeted results according to the goal "opening education and training to the world":</p> <ul style="list-style-type: none"> - promote training for entrepreneurs + self-employed workers; - encourage people to study two EU languages in addition to their mother tongue(s) for a minimum of two consecutive years; - promote mobility of students, teachers, trainers and researchers. 		yes
Detailed work programme on the follow-up of the objectives of Education and training systems in Europe, 2002	Official Journal of the European Communities, of 14.6.2002, Adopted by the Council Commission on 14 February 2002. (2002/C 142/01) http://europa.eu.int/comm/education/policies/pol/policy_en.html	EU	<p>programme supporting the implementation of the Lisbon strategy in the fields of education and training, focusing on three strategic objectives, which are broken down into 13 associated objectives:</p> <ul style="list-style-type: none"> - improving the quality and effectiveness of education and training systems in the EU, - facilitating the access of all to education and training systems, - opening-up education and training systems to the wider world. 	See explanatory notes	yes

List of policies dealing with social aspects

Name of policy	Source	Terri- torial level	Key policy goals	Implemen- tation	Moni- toring
Enhanced European cooperation in vocational education and training "The Copenhagen Declaration" 2002	Declaration of the European Ministers of Vocational Education and Training, and the European Commission, convened in Copenhagen on 29 and 30 2002 http://europa.eu.int/comm/education/copenhagen/copenhagen_declaration_en.pdf http://europa.eu.int/comm/education/policies/pol/policy_en.html	EU	principles to underpin enhanced cooperation in vocational education and training: - Measures should be voluntary and principally developed through bottom-up cooperation; - Initiatives must be focused on the needs of citizens and user organisations; - Cooperation should be inclusive and involve MS, the Commission, candidate countries, EFTA-EEA countries and the social partners		
Europass: Community framework for the transparency of qualifications and competences 2004	Community framework for the transparency of qualifications and competences (Europass) in: Official Journal of the European Union- 31.12.2004 http://europa.eu.int/comm/education/programmes/europass/index_en.html	EU	Europass is a new document showing the qualifications owner. Its main objectives are: - an improved transparency of qualifications and competences to facilitate mobility throughout Europe for lifelong learning purposes between countries as well as across sectors. - an improved transparency in vocational education and training, through the implementation and rationalisation of information tools and networks - the creation of a personal, coordinated portfolio of documents (Europass), which citizens can use on a voluntary basis to better communicate and present their qualifications and competences throughout Europe		
Proposal for a recommendation of the European Parliament and of the Council on key competences for lifelong learning 2005	Commission of the European Communities COM(2005)548 final 2005/0221(COD), Brussels 2005 http://europa.eu.int/comm/education/policies/2010/doc/keyrec_en.pdf	EU	- Identify and define the key competences necessary for personal fulfilment, social cohesion and employability in a knowledge society. - Support MS' work on ensuring that by the end of initial education and training young people have developed the key competences to a level that equips them for adult life, and that adults are able to develop and update them throughout their lives. - Provide a European level reference tool, traduced in key competences for lifelong learning – a European reference framework for policy makers, education providers, employers, and learners themselves to facilitate national and European level. - Provide a framework for further action at Community level both within the Education and Training 2010 work programme and within the community education and training programmes.	recommendations for MS implementation	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
The EU Education, Training and youth Programmes after 2006	European Commission, Directorate General for Education and Culture, Brussels 2002. http://europa.eu.int/comm/education/newprogconsult/consult_en.pdf	EU	three programs: Socrates, Leonardo da Vinci and Youth for Europe with the goals: - to strengthen co-operation in the fields of education, - to create advantages in the job market. - to make mobility more feasible and rewarding.		yes
Adopted Employment Guidelines 2005-2008	COUNCIL DECISION of 12 July 2005 on Guidelines for the employment policies of the MS (2005/600/EC); adopted on 12/07/2005 http://europa.eu.int/comm/employment_social/employment_strategy/index_en.htm	EU	3 main objectives: - full employment; - quality and productivity at work - and strengthened social cohesion and inclusion 4 priorities for action of general relevance for MS: - increasing adaptability of workers and enterprises; - <i>attracting more people to the labour market and making work a real option for all;</i> - <i>investing more and more effectively in human capital;</i> - <i>ensuring effective implementation of reforms through better governance.</i>	objectives include 10 specific guidelines and guidance on improving governance of employment policies.	yes

List of policies dealing with social aspects

Name of policy	Source	Territorial level	Key policy goals	Implementation	Monitoring
Lisbon Strategy + Report from the High Level Group chaired by Wim Kok	<p>Presidency Conclusions, Lisbon European Council, 23 and 24 March, 2000. http://europa.eu.int/european_council/conclusions/index_en.htm</p> <p>Report from the Commission to the Spring European Council, "Delivering Lisbon: Reforms for the Enlarged Union." Brussels: Commission of the European Communities. 20 February 2004. http://europa.eu.int/growthandjobs/pdf/kok_report_en.pdf</p> <p>Communication from President Barroso, in agreement with Vice-President Verheugen ,A new start for the Lisbon strategy http://www.europa.eu.int/growthandjobs/index_en.htm</p>	EU	<p>Commitment of the EU leaders at the Lisbon Spring Council that the EU should raise the rate of growth and employment to underpin social cohesion and environmental sustainability. Main objectives:</p> <ul style="list-style-type: none"> - growth and employment - social cohesion - environmental sustainability - knowledge economy - communication technologies - market opening initiatives - growth of productivity - open method of coordination <p>The need to reinforce a dynamic economy to fuel European objectives focused on growth and jobs. It must be ensured that:</p> <ul style="list-style-type: none"> - Europe is a more attractive place to invest and work, - knowledge and innovation are the beating heart of European growth, - policies allowing the European businesses to create more and better jobs are needed 		yes

A.5.1 Review of selected policies

Access to Social Services, SGEIs and mechanisms of public transfers

**European Commission:
Report of the High-Level Group on the future of social policy in an enlarged
European Union**

2004

A) Key policy goals

The report from the High-Level Group³⁰ contains *recommendations* for future policy goals. The territorial reference is EU level and national.

Their recommendation to *extend working life* both for elderly, young people, and women could be relevant for health and health care oriented questions. This since employment, social inclusion and good health are connected. And since the health care costs must be covered.

Another recommendation from the High Level Group deals with the demographic problem with an *elderly population*. The Group recommend actions to improve integrated immigration and policies to facilitate for young couples to have children. These recommendations are of relevance for health care in view of the fact that an unbalanced demography tends to undermine the health care system.

When it comes to the increasing expenditure for health care, the group stress that the solution would be greater efficiency and quality of the health care system with a better coordination of actors.

EU social policy (including health policy) should not try to harmonise the social systems, instead the High Level Group recommends defining common objectives and exchanging of good experience.

Further on they hope to find a comprehensive approach to coordinate policies for social inclusion, social protection and health care as well as an approach to combine institutional instruments for improved governance. The group also stress that an integrated approach, such as the Lisbon strategy where economic, employment and social policies brings together, would be fruitful.

B) Strategies/measures

No concrete strategies or measures are referred to.

They recommend no harmonized social system on EU level. They recommend defining common general objectives on EU level. The other recommendations are mostly addressed to national level.

³⁰ The High Level Group was established by the Commission to identify the main challenges, opportunities and pathways for action for the European Union over the period 2006-10 in the field of employment and social policy. (EC 2004a 5)

The recommendations are descriptive.

C) Key mechanisms and challenges, questions

The whole document contains challenges and questions to be dealt with in the future regarding territorial and social cohesion, such as:

- Unemployment
- Demographic problem with an *elderly population*.
- Immigration
- Increasing expenditure for health care

D) Monitoring

No monitoring is foreseen.

E) Conclusions

The conclusion would be that the High-Level Group points out some of the challenges for the future concerning employment, social protection and health care, which could be of interest for further studies.

2004

A) Key policy goals

The territorial reference is EU level and national.

The main purpose with this document is to make an overview of different policies and experiences concerning private health care and private health insurance. Governmental policies towards private health insurance markets shape their structure and dimension.

One of the concluding policy recommendations deals with the need of governmental regulations. Without governmental regulations there is a risk of creating a two level health care system according to ability to pay. Policy makers can for example regulate the minimum benefits that insurers must cover, require insurance products to be standardised, and limit the extent to which insurers can refuse cover and rate premiums on the basis of individual risk.

B) Strategies/measures

Descriptive.

Governmental regulations at national level are recommended.

C) Key mechanisms and challenges, questions

The document points out some of the risks with an unregulated private health care system. See above.

D) Monitoring

National governmental regulations is mentioned as a monitoring system.

E) Conclusions

The conclusion would be that if you want to get the whole picture when looking at health care sector and access to health care, it is necessary to cover both the public and the private sector. Within the OECD countries one quarter of the spending on health is privately financed.

Another conclusion would be that the experience of, the attitudes towards and the policies concerning private health care differ to a great extent within EU.

**European Commission:
The social situation in the European Union 2004**

2004

A) Key policy goals

The territorial reference is EU level and national.

The report recommends the following policies related to health care:

"Enlargement --- has introduced a new typology of population related issues in relation to health, gender and ethnic minorities. Paying due attention to these issues will be necessary for responding to the renewed challenges of economic cohesion within the enlarged Union."

To tackle the problems connected with an aging population and a small working age population and to provide the tax base for financing pensions and health care systems, the report recommend public investment on human capital:

"...human capital investment consists of parental costs --- and public expenditure on childcare, education, training, updating and other forms of lifelong development of competencies as well as of policies aimed at integrating women, the immigrants and other less favoured groups of population in the economic and social life."

The report also makes a short overview of other European health care policy:

"Community action, which shall complement national policies, shall be directed towards improving health, preventing human illness and diseases, and obviating sources of danger to human health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education"

(The EC Treaty, Title XIII Public Health, Article 152)

"The objective of the programme shall be to contribute to the establishment of a Community health monitoring system which makes it possible to a) measure health status, trends and determinants throughout the Community..."

(Article 1 of the Community Action on health monitoring. Decision No 1400/97/EC of the European Parliament and of the Council of 30 June 1997)

The Laeken European Council called for the development of an approach in the field of health care and care for the elderly similar to the one being developed for the pensions.

In the Communication of the Commission (COM 2001 723) the long-term objectives are accessibility, quality and financial viability of health and care systems. Particular attention will have to be taken to the impact of European integration on Member States' healthcare systems.

The Programme of Community action in the field of public health (2003-2008) stresses the importance of development and dissemination of health information and knowledge, including statistics, reports, reviews, analysis etc to competent authorities, to health and other professionals and to other stakeholders and the general public.

B) Strategies/measures

No concrete strategies/measures are referred to.

C) Key mechanisms and challenges, questions

The future challenges, according to the report, deals with the differences between the EU-15 and the CEE new Member States regarding the level of health status and the quality of health care systems. This challenge must be dealt with in order to contribute to further territorial and social cohesion.

Another important future challenge, according to the report, is the aging population and a small working age population, which will lead to an increasing pressure on the systems of healthcare.

D) Monitoring

No monitoring is foreseen.

E) Conclusions

The conclusion would be that the differences between the EU-15 and the CEE new Member States regarding the level of health status and the quality of health care systems represent a major challenge to further territorial and social cohesion.

European Commission: Joint report on social inclusion

2004

A) Key policy goals

The territorial reference is EU, national, regional and local levels, meaning the report recommend action or better policies on these different levels.

The report stresses the importance of fighting back poverty within a wide range of policies, e.g. health.

The report stresses the need of a strong integration of economic, employment, lifelong learning, cultural and social policies and that a concern with preventing and eradicating poverty and social exclusion is mainstreamed across all these policy areas.

Concerning health the report stresses the following policy

“Guaranteeing equal access to quality services (health, transport, social, care, cultural, recreational and legal). Ensuring the provision of quality services which are adequate, accessible and affordable for all citizens are still a major challenge --- in particular access to health...” (EC 2004c 37 & 64-)

B) Strategies/measures

No concrete strategies or measures are referred to. The recommendations are mostly addressed to national level and deals mostly with “put plans to action”.

The recommendations are descriptive.

C) Key mechanisms and challenges, questions

The challenges for the future is to ensure a strong integration of economic, employment, lifelong learning, cultural and social policies.

D) Monitoring

No specific monitoring is foreseen. But the report calls for better statistical capacities and improved evaluation procedures by further developing indicators and other monitoring mechanisms at the national and EU levels.

E) Conclusions

A conclusion would be that there is a need for integrated policies and action to reach social cohesion.

Another conclusion would be that ESPON 1.4.2 has a role to fill by proposing sufficient indicators for better evaluation procedures.

**Council of Europe & European Committee for Social Cohesion (CDCS):
Revised Strategy for Social Cohesion, approved by the Committee of
Ministers at the 878th meeting of the Deputies on 31 March 2004**

2004

A) Key policy goals

The territorial reference is European and national level.

CE stresses the need of reaching and maintaining social cohesion. CE claims that today there are a number of potential threats to social cohesion, e.g. changing employment patterns and uncertainties about the sustainability of social security systems. Social cohesion is currently at risk and is therefore "...one of the foremost needs of the wider Europe..."

CE stresses the importance of access to basic social rights, one is health care.

B) Strategies/measures

No concrete strategies/measures are referred to.

C) Key mechanisms and challenges, questions

Potential threats to social cohesion are, according to CE, changing employment patterns and uncertainties about the sustainability of social security systems.

D) Monitoring

No monitoring is foreseen.

E) Conclusions

Since the report stresses that social cohesion and access to basic social needs are regarded as some of the foremost requirements in Europe, it confirms the relevance of the ESPON 1.4.2 study.

Employment and Income Distribution

Council Decision of 12 July 2005 on Guidelines for the employment policies of the Member States

2005

A) Key policy goals

The territorial reference is EU level and national.

The Member States shall conduct their policies with a view to implementing following objectives:

- Full employment
- Improving quality and productivity at work
- Strengthening social and territorial cohesion

In addressing these objectives, action should concentrate on the following priorities:

- (1) Attract and retain more people in employment, increase labour supply and modernise social protection systems
- (2) Improve adaptability of workers and enterprises
- (3) Increase investment in human capital through better education and skills

B) Strategies/measures

The strategies are of normative character: "The guidelines shall be taken into account in the employment policies of the Member States, which shall be reported upon in the national reform programmes."

The paper contains 8 Employment Guidelines for time period from 2005 to 2008 which are part of the Integrated Guidelines (Nos 17 to 24):

General:

- 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, strengthening social and territorial cohesion
- (4) Attract and retain more people in employment, increase labour supply and modernise social protection systems
 - 18: Promote a lifecycle approach to work
 - 19: Ensure inclusive labour markets, enhance work attractiveness, make work pay for job-seekers, including disadvantaged people, and the inactive
 - 20: Improve matching of labour market needs
- (5) Improve adaptability of workers and enterprises
 - 21: Promote flexibility combined with employment security, reduce labour market segmentation, having due regard to the role of the social partners
 - 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms
- (6) Increase investment in human capital through better education and skills
 - 23: Expand and improve investment in human capital

24: Adapt education and training systems in response to new competence requirements

C) Key mechanisms and challenges, questions

The main challenge is refocusing the Lisbon Strategy on growth and employment which five years after its launching is far from being achieved. The strengthening of social cohesion is a key element for the success of the Lisbon Strategy.

D) Monitoring

All Member States have drawn up a National Reform Programme on the basis of the integrated policy guidelines. "The European Commission's 2006 Annual Progress Report on Growth and Jobs" includes a detailed assessment of each national programme, pointing out particular strengths as well as number of issues which can be further developed and strengthened. For each EU Member State, 14 structural indicators are presented:

- GDP per capita in PPS
- Labour productivity per person employed
- Employment rate
- Employment rate of older workers
- Gross domestic expenditure on R&D (GERD)
- Youth education attainment level
- Comparative price levels
- Business investment
- At-risk-of-poverty rate after social transfers
- Dispersion of regional employment rates
- Long-term unemployment rate
- Total greenhouse gas emissions
- Energy intensity of the economy
- Volume of freight transport relative to GDP

E) Conclusions

Council Decision of 22 July 2003 on Guidelines for the employment policies of the Member States

2003

A) Key policy goals

The territorial reference is EU level and national: "The Member States have responsibility for the effective implementation of the employment guidelines, including ensuring a balanced delivery at regional and local level."

The Member States shall conduct their policies with a view to implementing the following three overarching objectives:

- Full employment
- Improving quality and productivity at work
- Strengthening social cohesion and inclusion

A better governance is important for the effectiveness and success of the employment strategy: "The achievement of these objectives requires further structural reforms concentrating on 10 key interrelated priorities and special attention should be paid to the coherent governance of the process."

B) Strategies/measures

In pursuing the three overarching objectives, the following ten key interrelated priorities (specific guidelines) are formulated:

- (1) Active and preventative measures for the unemployed and inactive
- (2) Job Creation and Entrepreneurship
- (3) Address change and promote adaptability and mobility in labour market
- (4) Promote development of human capital and lifelong learning
- (5) Increase labour supply and promote active ageing
- (6) Gender equality
- (7) Promote the integration of and combat the discrimination against at a disadvantage in the labour market;
- (8) Make work pay through incentives enhance work attractiveness
- (9) Transform undeclared work into regular employment
- (10) Address regional employment disparities

Furthermore, the potential of the Cohesion and Structural Funds and the European Investment Bank should be fully exploited.

The strategies for a better governance are:

- Partnerships on all levels
- Involvement of parliamentary bodies, social partners and other relevant actors
- Adequate allocation of financial resources

C) Key mechanisms and challenges, questions

The key challenge is the successful implementation of the Lisbon agenda. One question to be dealt with in the future is, that employment and unemployment disparities between regions in the European Union remain large and will increase after

enlargement. A broad approach involving actors at all levels should support economic and social cohesion, making use of the Community Structural Funds.

D) Monitoring

The annual joint European Commission-Council report on employment ("Joint Employment Report – JER) is a monitoring of the implementation of the European Employment Guidelines and Council Recommendations. These reports are available for 2003/2004 and 2004/2005. The Employment Committee list following indicators to be used in the JER to monitor the employment guidelines:

- (1) Unemployment rate
- (2) Employment rate
- (3) Transitions by pay level
- (4) Growth in labour productivity
- (5) Transitions by employment status
- (6) Long-term unemployment rate
- (7) Preventative services
- (8) New start (a)
- (9) New start (b)
- (10) Activation of long-term unemployed
- (11) Follow-up of participants in active measures
- (12) Enterprise births
- (13) Employment growth
- (14) Survival rate of newly born enterprises
- (15) Diversity of contractual and working arrangements
- (16) Transitions by type of contract
- (17) Trends in accidents at work
- (18) Trends in occupational diseases
- (19) Transparency of job vacancies
- (20) Educational attainment of 22 year olds
- (21) Participation in education and training
- (22) Investment in human resources
- (23) Participation in CVT
- (24) Activity rate
- (25) Average exit age from the labour force
- (26) Employment gender gap
- (27) Unemployment gender gap
- (28) Gender pay gap
- (29) Employment impact of parenthood
- (30) Childcare
- (31) Early school leavers
- (32) Unemployment rate gaps for people at a disadvantage
- (33) Unemployment rate gap between non EU and EU nationals.
- (34) Working poor
- (35) Poverty trap
- (36) Unemployment trap
- (37) Taxation on low-wage earners
- (38) Undeclared work
- (39) Regional disparities – coefficients of variation
- (40) Regional disparities – Underperforming regions

E) Conclusions

Council Recommendation of 14 October 2004 on the implementation of Member States' employment policies

2004

A) Key policy goals

The policy goals are based on the assessment of the Employment Taskforce:

- (1) Increasing adaptability of workers and enterprises
- (2) Attracting more people to enter and remain on the labour market: making work a real option for all
- (3) Investing more and more effectively in human capital and lifelong learning
- (4) Ensuring effective implementation of reforms through better governance

In contrast to the Report of the Employment Taskforce which contains some country-specific messages concerning the respective strategy (mostly of comparative character), the Council Recommendation include a complete list with specific recommendations for every Member State for the policy goals 1) to 3).

B) Strategies/measures

The country-specific messages are listed for the EU-15 and the 10 new Member States. Concerning the new Member States, these recommendations are fully consistent with the examination of the Joint Assessments of Employment Policy in the Candidate States (JAP) and serve as a guidance for the implementation of the Employment Guidelines. Most new Member States need to further develop their efforts to modernise their employment policies with following strategies: a new balance between flexibility and security, increased participation in employment and investment in human capital and lifelong learning, improvement of the health of the workforce, social partnerships and significant improvements in the administrative capacity of public authorities to achieve full implementation and efficient use of European Social Fund support.

General strategies are:

policy goal 1):

- promote flexibility combined with security in the labour market
- modernise and broadening the concept of job security
- maximise job creation and raising productivity

policy goal 2):

- build comprehensive active ageing strategies;
- develop policies to increase labour market participation
- strengthen active labour market policies, with personalised services to all those seeking employment
- pursue 'make work pay' policies through both financial and non-financial incentives

policy goal 3):

- share costs and responsibilities between public authorities, companies and individuals

- broaden the supply of training, in particular for those most in need such as the low-skilled and older workers

policy goal 4):

- build reform partnerships to mobilise the support and participation of the social partners and various stakeholders
- define targets to reflect those set at a European level, and ensure effective use of public funds
- promote the role of National Action Plans and increase their visibility
- strengthen the role of the country-specific recommendations
- develop more effective mutual learning

C) Key mechanisms and challenges, questions

The main challenge is to force the employment policies of the Member States to foster the three complementary and mutually supportive objectives of full employment, quality and productivity at work, and social cohesion and inclusion.

D) Monitoring

See Monitoring of the 2003 Guidelines for the employment policies of the Member States.

E) Conclusions

Integrated Guidelines for Growth and Jobs (2005-2008) including a Commission Recommendation on the broad guidelines for the economic policies of the Member States and the Community

2005

A) Key policy goals

The territorial reference is EU level and national.

The main goal is to achieve higher growth potential and more jobs which will provide an essential contribution to a sustainable development and social cohesion.

B) Strategies/measures

The strategies are of normative character. But together with the increased focus on growth and jobs, the integrated guidelines provide flexibility for Member States to choose the local responses that best address their reform challenges.

Employment policies should go hand-in-hand with reforms in the services, product and financial markets and interact positively with growth and employment-oriented macroeconomic policies. Therefore the integrated guidelines contain macroeconomic, microeconomic and employment guidelines. These 23 guidelines are here presented in a list, but cross-references are made in the paper:

Macroeconomic guidelines

- (1) To secure economic stability.
- (2) To safeguard economic sustainability.
- (3) To promote an efficient allocation of resources.
- (4) To promote greater coherence between macroeconomic and structural policies.
- (5) To ensure that wage developments contribute to macroeconomic stability and growth.
- (6) To contribute to a dynamic and well-functioning EMU.

Microeconomic guidelines

- (7) To extend and deepen the internal market.
- (8) To ensure open and competitive markets.
- (9) To create a more attractive business environment.
- (10) To promote a more entrepreneurial culture and create a supportive environment for SMEs.
- (11) To expand and improve European infrastructure and complete agreed priority crossborder projects.
- (12) To increase and improve investment in R&D.
- (13) To facilitate innovation and the take up of ICT.
- (14) To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth.
- (15) To contribute to a strong industrial base.

Employment guidelines (see 2005 guidelines for the employment policies of the Member States)

- (16) To implement employment policies aimed at achieving full employment, improving

- (17) quality and productivity at work, and strengthening social and territorial cohesion.
- (18) To promote a lifecycle approach to work.
- (19) To ensure inclusive labour markets for job-seekers and disadvantaged people.
- (20) To improve matching of labour market needs.
- (21) To promote flexibility combined with employment security and reduce labour market segmentation.
- (22) To ensure employment-friendly wage and other labour cost developments.
- (23) To expand and improve investment in human capital.
- (24) To adapt education and training systems in response to new competence requirements.
- (25)

In the Commission Recommendation on the Broad Guidelines of the Economic Policies for the 2003-2005 period (the previous paper/COM(2003)170), there is a chapter relating to economic and social cohesion which includes following strategies (page 12):

- Support the broad Lisbon objectives, notably on employment, in order to achieve an inclusive labour market and a more cohesive society
- Improve the functioning of markets so that they are conducive to private investment in regions lagging behind
- Ensure that public support, including from EU sources, in regions lagging behind is strongly focused on investment in human and knowledge capital, as well as adequate infrastructure.

In the Integrated Guidelines, the aspect of social cohesion is not worked on in the part of the Broad Economic Policy Guidelines, but is shifted to the Employment Guidelines.

C) Key mechanisms and challenges, questions

The new start of the Lisbon Strategy aims to set out appropriate responses to following developments:

- The economic recovery has gradually taken hold since the second half of 2003
- The estimate overall employment rate is significantly below the agreed target level
- Low level of productivity growth

D) Monitoring

See Monitoring of the 2005 Guidelines for the employment policies of the Member State

E) Conclusions

2003

A) Key policy goals

The territorial reference is European level. The report contains also country-specific messages. The aim is "to identify practical reform measures for Member States to implement the revised European Employment Strategy". The report stresses on four key conditions for success:

- (1) Increasing adaptability of workers and enterprises
 - (a) Foster new business and maximise job creation
 - (b) Develop and disseminate innovation and research
 - (c) Promote flexibility combines with security on the labour market
- (2) Attracting more people to the labour market
 - (a) Make work pay
 - (b) Strengthen active labour market policies
 - (c) Increase participation of women
 - (d) Implement comprehensive strategies in response to ageing
 - (e) Integrate minorities and immigrants
- (3) More investment in human capital and lifelong learning
 - (a) Raising levels of human capital
 - (b) Sharing costs and responsibilities for increased investment in human resources
 - (c) Facilitate access to lifelong learning
- (4) Implementation of reforms through better governance
 - (a) Mobilising our societies to support reform
 - (b) Delivering reforms
 - (c) Using the EU instruments more effectively as a lever

B) Strategies/measures

According to the sub goals of the key conditions for success, following strategies are formulated. The Member States are urged to implement:

- 1a. Foster new business and maximise job creation:
 - reduce administrative and regulatory obstacles to the setting up and subsequent management of new businesses,
 - develop advisory services (such as one-stop shops) for business start-ups and providing help for SMEs in managing human resources and financial risks,
 - improve access to finance for start-ups and SMEs,
 - promote an entrepreneurial culture, particularly by increasing managerial training in tertiary and vocational education,
 - review insolvency law with the aim of reducing excessive risks to entrepreneurs and removing the stigma of failure,

- reduce the level of non-wage labour costs for the low-skilled and those on low wages,
- ensure employment-friendly wage developments that reflect the labour market situation and overall levels of productivity, and allow for sufficient wage differentiation across sectors and regions.

1b. Develop and disseminate innovation and research:

- encourage networks and partnerships for the promotion and the dissemination of innovation at regional or sectoral level, involving universities and research centres, enterprises and public authorities,
- spread the use of ICT by making it more accessible and increasing training at all levels,
- ensure proper incentives both fiscally and through intellectual property rights to encourage increased levels of private investment in research and innovation,
- exploit the potential of the European Single Market through common standards, cross- country co-operation and mobility of researchers.

1c. Promote flexibility combines with security on the labour market.

- examine and, where necessary, adjust the level of flexibility provided under standard contracts, to ensure their attractiveness for employers and workers,
- review the role of other forms of contracts with a view to providing more options for employers and employees depending on their needs,
- ensure there is adequate security for workers under all forms of contracts and prevent the emergence of two-tier labour markets,
- remove obstacles to the setting up and development of temporary work agencies as effective and attractive intermediaries in the labour market, offering improved job opportunities and high employment standards,
- promote the use of ICT and working time flexibility as tools to modernise work organisation,
- remove obstacles to, and raise the attractiveness of, part-time work for employers and workers,
- adapt social protection systems to support mobility in the labour market and facilitate transitions between different statuses, such as work, training, career breaks or selfemployment (job-to-job insurance).

2a. Make work pay

- seek to end unemployment, inactivity and low-pay traps by adjusting the balance between tax and benefits,
- strengthen efforts to transform undeclared work into regular employment.

2b. Strengthen active labour market policies

- offer personalised services to all unemployed and job-seekers at an early stage, in the form of guidance, training or new job opportunities, in line with the European Employment Guidelines on prevention and activation,
- improve the efficiency of their activation programmes by identifying the real needs of job seekers and by giving preference to tailor-made measures over general large scale programmes,
- develop rapid response schemes in the event of plant closures or large scale company restructuring, including ad hoc services such as counselling, retraining and placement for the workers concerned, in order to avoid unemployment or early-retirement,

- equip employment services so they can deliver tailor-made services and strengthen local partnerships for employment,
- address the specific needs of the most vulnerable, including disadvantaged young people and people with disabilities.

2c. Increase participation of women

- remove financial disincentives to the participation of women, notably in relation to wages and taxation, including the gender pay gaps,
- increase the availability, affordability and quality of childcare and eldercare,
- improve working arrangements, with measures to boost the attractiveness of part-time work and facilitate career breaks and flexible working,
- tailor measures to the specific needs of disadvantaged women.

2d. Implement comprehensive strategies in response to ageing

- providing incentives for workers to retire later and for employers to hire and keep older workers. This includes adjusting specific tax-benefits mechanisms, employment and pensions rules to enhance incentives for older workers to stay longer in employment and to discourage early exits from the labour market. Efforts to discourage early retirement should be pursued in all Member States,
- promoting access to training for all regardless of age and developing lifelong learning strategies, in particular workplace training for older workers, who are under-represented in training,
- improving the quality of work to provide attractive, safe and adaptable work environments throughout the working life, including the provision of part-time and career breaks.

2e. Integrate minorities and immigrants

- facilitate access to education, training and support services,
- combat discrimination at the workplace,
- address the specific needs of immigrant women,
- promote business creation by migrants, and
- improve the recognition of competences and qualifications acquired abroad.

3a. Raising levels of human capital

- give everyone a right of access to secondary education and a minimum level of basic skills,
- cut the number of young people who drop out of school early,
- promote access by a larger share of young people to university,
- increase access to training throughout the life-cycle, with particular attention for the low skilled and other disadvantaged people,
- better anticipate future skills' needs, including through a European network of forecasting agencies.
- Member States must set themselves transparent and ambitious targets, to complement those set at European level, for establishing effective lifelong learning systems.

3b. Sharing costs and responsibilities for increased investment in human resources

- make transparent the rights and obligations in terms of education and training for each party,
- define and control standards to ensure quality of education and training, whether provided by public authorities, companies or training specialists,

- guarantee a sufficient level of investment by employers as well as a fair sharing of costs and benefits between them, through a combination of compulsory and voluntary schemes, such as sectoral or regional training funds, and through other measures such as tax credits and support services.

3c. Facilitate access to lifelong learning

- improve the identification of individual needs and access to training. This could be achieved by making training a central element of contractual relationships, improving advice and guidance in creating personal development plans and enhancing the recognition and validation of competences and qualifications,
- broaden the supply of training by better exploiting new tools that are available such as e-learning,
- facilitate the development of the education and training sector,
- promote networking and partnerships between actors at all levels to foster co-operation and sharing of best practice.

4.a Mobilising our societies to support reform

- Governments need to improve their communication with the public to explain why reforms are desirable and necessary
- Building on the links between different reforms, particular in the form of Employment Pacts
- reform partnerships to find solutions of mutual advantage to different stakeholders

4.b Delivering reforms

- Formulating clear national policies with targets reflecting those agreed at EU level
- Ensuring that reforms are implemented within the budget constraints advocated by the Stability and Growth Pact
- Increasing the effectiveness of public delivery and control systems
- Promoting active participation and shared responsibility of the social partners
- Supporting partnerships and networks for innovation and employment

→ National Action Plans for Employment (NAPs) are an obvious tool to bring together these different elements in the programming of reforms.

4.c Using the EU instruments more effectively as a lever

- Strengthen the role of EU country-specific recommendations
- Use the EU budget as a lever
- Encourage strong commitment from the European social partners
- Reinforce dissemination and mutual learning through exchange of experiences

The strategies have a national reference, and they are a basis for normative strategies.

C) Key mechanisms and challenges, questions

Delivering more and better jobs is the main challenge.

D) Monitoring

See Monitoring of the 2003 Guidelines for the employment policies of the Member States.

Housing and Territorial Development

URBAN-Housing Intergroup of the European Parliament: Proposal of a European Charter for Housing

www.iut.nu/EU/Charte%20Logement%20ENG%20v17-11-2005.doc

2005

A) Key policy goals

Although housing is not a European Union level policy matter, yet the policies developed and supported by the European Union have an undeniable impact on this matter. It is proved that the lack of decent accommodations at a moderate price constitutes an obstacle to competitiveness, employment and social inclusion, which is opposed to the European values.

The proposed *European Charter for Housing* defines that housing is

- a necessary good, a fundamental social right, component of the European social pattern;
- a key factor to preserve social cohesion of the European Union;
- a lever for economic cohesion of the European Union;
- an inescapable component of the European Union territorial cohesion;
- a full-fledged component of the European Union sustainable urban development.

The territorial reference of the goals is European and national level.

B) Issues

The issues raised in the policy are widespread. It takes into account the policies laid down in diverse European level documents (Lisbon Agenda, Revised Social Charter of the European Council, Agenda for Social Policy 2006-2010, General provisions of the Regional Development Fund, Social Fund and the Cohesion Fund, European Parliament resolution on the Green Paper on services of general interest), and names the issues why a European level Housing Charter has become relevant:

- housing is at the heart of the societal problems;
- all the Member States recognise the access to a healthy and decent accommodation as an essential condition for social integration, participation to social life and as an indispensable vector of social cohesion;
- housing is an essential element to achieve the Lisbon strategy;
- it is the European Union's interest that the Member States develop housing policies which fully meet the social, urban and territorial cohesion issues of the European Union;
- the access to a decent housing for everyone is a common objective by the European Council of Lisbon and, as such, requires a coordination in the frame of the European inclusion strategy;
- employment pools, so much as building, renewal, settlement and community services, are linked with the field of housing;

- housing is an essential component of the European social pattern since it contributes improving the life conditions;
- housing is a structuring element of the sustainable urban development of the European Union, a key factor of social inclusion and of the struggle against exclusions and discriminations, a vector for creating employment as well as a factor of competitiveness and attractiveness of the territories;
- the right to aid for housing is recognised in the Charter of the Fundamental Rights of the European Union, and the right to housing was integrated as a fundamental social right in the revised social Charter of the European Council;
- the lack of accommodations at a moderate price holds back competitiveness and employment since it alters professional mobility within the European Union;
- well-balanced housing markets encourage professional mobility and contribute to the development of the financial services sector;
- European cities are in need of investments and long-term planning in view to improve the quality of life and to promote a sustainable urban development;
- the housing park needs to be renewed, particularly in the new Member States where the town centres have been damaged and where the existing housing park has often become unhealthy, bringing on that a great part of the mid-classes are leaving those city centres;
- at the same time, self construction of a disorderly type is growing in the peri-urban areas, in contrast with the requisites of sustainable urban development; reinforcing the risks of making worse the urban crisis and of spoiling social and territorial cohesion of the European Union;
- improving the energy efficiency of the residential sector to meet the Kyoto requirements leads to a better quality of life for all, as well as to massive employment creation and constitutes a priority of the European Union energy policy;
- housing is not a European Union skill, yet interactions between community policies and matters concerning housing are many and increasing, and show multiple dimensions;
- the role of housing in the European social pattern must be fully recognised by the Community Institutions and, in accordance with the constitutional tradition of the Member States, the right to accommodation should be set up as a fundamental right of the European Union and integrated as such in the Charter of the Fundamental Rights consistent with the social Charter of the European Council;
- the intervention conditions of the Member States' public authorities and of the housing actors are increasingly being supervised by the community regulations (VAT and States Aid regulations, general interest services, public markets);
- European standardization also aims at extending its intervention field to the services linked with housing and societal matters such as urban security and ill will prevention through construction and urbanism, without any democratic control.

C) Strategies/measures

The proposed Charter defines that the

- states will support the creation and the renewal of social housing or transit housing for low-income people

- the European Union and the Member States should undertake measures to facilitate renting and access to property by appropriate mortgage lending conditions for people who are in need.
- Any kind of discrimination related to housing is to be punished in accordance with Community regulations
- Parties should fork again speculative practices in the housing markets
- Housing needs should be taken into account when housing park is being constructed or adapted
- Parties should fight against spatial segregation for the sake of territorial cohesion
- The European Union and the Member States should enhance social balance and social diversity
- The parties should control peri-urban spreading over and urban sprawl, with regards to sustainable urban development.

In addition,

- Housing should be integrated into the economic, social and territorial cohesion policy, hence, renewal of social housing (saving energy), meeting the social cohesion objective and protecting environment in the sustainable urban development context, should be eligible to the Structural Funds
- the sustainable urban development strategy should fully integrate the housing aspect,
- Community policies in the fields of energy efficiency, renewable energies, noise, pollution, health should integrate sustainable housing and improvement of urban environment. The European Investment Bank should give access to funding for related investments.
- The role of housing must be recognised in the social inclusion strategy.
- Social housing policies that make housing accessible to all are part of the general interest services framework.
- Housing services should be further on eligible for reduced VAT rates.
- As far as European standards for housing and related societal matters are concerned, such as urban security and ill will prevention, the extension of the services standardization should be realised with a democratic control by formally consulting the European Parliament.

The territorial reference is EU-level and national.

The proposed Charter defines the role of the European Union and the European Parliament: the Union should formulate policies which move the states to propose housing policies that take into account the Community interest and the Lisbon Strategy and are based on the objectives of cohesion and sustainable urban development. The European Parliament should supervise the implementation of this principle and its Regional Development Committee should evaluate this process.

The strategies are of normative character.

D) Key mechanisms and challenges, questions to be dealt with

There are no challenges listed, nor future questions to be dealt with.

E) Monitoring

The proposed Charter suggests setting quantitative objectives for fighting exclusion with.

Housing situation indicators common to the Member States should be developed so that an overview can be gained, and the exchange of good practices in terms of effective implementation of the right to housing should be promoted.

No further details are mentioned.

F) Conclusions

The proposed European Charter for Housing, once it is accepted, would start a new chapter in housing policy in the European Union. It would position housing in the framework of European development and cohesion policies, would strengthen the role of housing in achieving the European goals, and would bring about adequate national level policies since it acknowledges housing being a key structural factor in all Member States. It is clearly motivated by recognizing the potential contribution of social cohesion to the European aims and the input housing can deliver to the latter.

European Commission Charter of Fundamental Rights

http://europa.eu.int/comm/justice_home/unit/charte/index_en.html

2000

A) Key policy goals

The main goal of the **Charter of Fundamental Rights** is to recognize the rights, freedoms and principles that underlie to the values of human dignity, freedom, equality and solidarity, and is based on the principles of democracy and the rule of law. The Union contributes to the preservation and to the development of these common values while respecting the diversity of the cultures and traditions of the peoples of Europe as well as the national identities of the Member States and the organisation of their public authorities at national, regional and local levels; it seeks to promote balanced and sustainable development and ensures free movement of persons, goods, services and capital, and the freedom of establishment.

It formulates the rights and responsibilities of the states to ensure

- dignity (human dignity, right to life, integrity of the person, prohibition of torture, prohibition of slavery),
- various freedoms (right to liberty and security, respect of private and family life, protection of personal data, right to marry and right to found a family, freedom of thought, freedom of expression and information, freedom of the arts and sciences, right to education, freedom to choose and occupation and right to engage in work, freedom to conduct a business, right to property, right to asylum, protection in the event of expulsion),
- equality (before the law, non-discrimination, cultural and religious and linguistic diversity, between genders, rights of children, rights of the elderly, integration of persons with disabilities),
- solidarity (especially concerning working environment and social assistance, access to services of general economic interest, environmental protection and consumer protection),
- citizens' rights (participation, information, moving, diplomatic and consular protection),
- justice (effective remedy and fair trial, presumption of innocence and right of defence, legality and proportionality of criminal offences and penalties).

Related to housing, article 34(3) defines that in order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the procedures laid down by Community law and national laws and practices.

The territorial reference is national and EU-level, as the provisions of the Charter are addressed to the institutions and bodies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law.

B) Issues

The issues addressed are values of human dignity, freedom, equality and solidarity, yet no specific problems and their manifestation is discussed.

C) Strategies/measures

There are no specific actions listed, but the provisions have to be dealt with by the institutions and bodies of the Union with due regard for the principle of subsidiarity and by the Member States only when they are implementing Union law. The member states should respect the rights, observe the principles and promote the application of the rights in accordance with their respective powers.

The strategy is of normative character. The implementation is positioned on EU and national level and concerns designated legislative actions..

D) Key mechanisms and challenges, questions to be dealt with

There are no specific questions listed besides the listed values, and no reference for future actions is mentioned.

E) Monitoring

There is no monitoring foreseen in the policy, and no indicators are designed.

F) Conclusions

The policy aims at fostering European values. In terms of social cohesion it acknowledges the right to services of general economic interest that serve for this, and with respect to housing it formulates that the right to social and housing assistance is respected in order to combat social exclusion and poverty. This policy is of great importance for any policies formulated on European level; therefore it is one of the key documents onto which policies of social cohesion are formulated.

Ministry for Regional Development of the Czech Republic: Housing Policy Concept

<http://www.mmr.cz/upload/1122566030housing-policy-concept-2005.pdf>
2005

Approved by the Government under Resolution No 292 of 16 March, 2005

A) Key policy goals

The aim of the *Housing Policy Concept* is to

- round off the full range of market-compliant instruments compatible with EU rules,
- enabling all citizens, based on their capacity of higher or lower participation, to draw on instruments for the acquisition of housing,
- and to ensure decent, adequate low cost housing for those citizens who are not capable of such participation.

However, in the short-term concept,

- the difficult issue of gradually eliminating the deformations in rented housing must be tackled so that it complies with standard European free-market relations while ensuring sufficient protection for tenants,
- providing direct support to the needy,
- and preventing senior citizens in particular from slipping into a situation of material need.

The territorial reference of the Housing Policy Concept is national.

B) Issues

The problems addressed are high ratio of vacancies, immense disparity between the relatively broad range of supply and the spending resources of many households, lack of adequate and affordable units, high housing expenditure, especially in the rental sector, there is a layer of the housing stock with quality deficits, rising ratio of households with serious risks, growing segregation, discord between housing supply and demand deriving also from the distorted labour market.

C) Strategies/measures

The measures for the mid-term period are only broadly defined:

- To make housing for the public more affordable,
- to increase the supply of housing, especially via the support of new construction,
- to increase the quality of housing, in particular by helping owners to manage, maintain, repair, and modernize the housing stock.
- to ensure the constant functioning of instruments available to most income groups, the ongoing monitoring of their effectiveness and efficiency, and any necessary corrections,

- to apply the rules of the EU common market, especially conditions regarding the compatibility of State aid.

The abovementioned should be achieved through the legal field by creating a quality, coherent legal framework, and by efforts to enhance the legal awareness of the population and improve the enforceability of the law. Ancillary economic instruments that bring supply and demand closer to each other known from other European countries and already applied in the Czech Republic will be applied. Different measures for each individual housing sector are mentioned (e.g. new construction and privatization, tax allowance schemes, soft loans and mortgage subsidies in the private sector, support of construction in the cooperative sector, contractual rent system and solutions for enhancing mobility in the private rental sector, clarifying the role of the municipal sector with broadening rent allowance schemes for the socially disadvantaged, and subsidised public construction, creation of a non-profit rented sector). The State Housing Development Fund has a crucial role in financing and carrying out these tasks. Special assistance will be designed for young people starting their housing career and older or disabled people with special housing needs.

The short-term goals of the Policy comprise

- legislative actions,
- mapping of current situation,
- assessing the compliance of the housing subsidy system with the European norms,
- planning the operation of the State Housing Development Fund,
- defining low-cost-housing in harmony with the reduced VAT rate norms,
- revising the role of municipalities in housing provision,
- implementing the Spatial and Social Segregation project that focuses on the causes and consequences of territorial segregation and its prevention,
- increase provision of grants for housing and related infrastructural investment.

Besides the abovementioned, the Czech Republic strongly supports the aim to receive European funding for housing, the designing of interventions to solve the problem of neglected maintenance, and further strengthening of the cooperation with NGO's.

The implementing actors should comprise state, regions and local municipalities. Nevertheless, besides stressing that the central government is responsible for the regulatory framework, and providing for financial tools, and the influencing power of the local authorities on the housing markets, and the regions' role as mediating, monitoring and information disseminating actor no specified actions are defined.

The measures are of descriptive character.

D) Key mechanisms and challenges, questions to be dealt with

The challenges identified are the unclear role of municipalities in the field of housing, the undefined balance between due professional care and the socially focused management of the municipal housing stock, the lack of tools for the state to push through the fulfillment of such tasks by the municipalities, lack of the regulatory framework.

There are no prospective challenges or questions listed.

E) Monitoring

There is no monitoring scheme mentioned. The only available data in the policy is the estimation of financial demands on the national budget in the period 2005-2010 for the 'Housing Development Support' program and the mortgage support.

F) Conclusions

The Housing Policy Concept drafts a wide range of issues that have to be dealt with in the near future, and which mostly derive from the transitory character of the housing system. Social and territorial cohesion is also mentioned among these goals; nevertheless, concrete measures rather are based on changes in the legal system, which is identified as necessary starting point.

**East of England Regional Assembly:
Regional Housing Strategy for the East of England, 2005-2010**

<http://www.goeast.gov.uk/goee/docs/192869/192874/233339/RHS>

2005

A) Key policy goals

The vision of the *Regional Housing Strategy for the East of England, 2005-2010* is to ensure everyone can live in a decent home which meets their needs, at a price they can afford and in locations that are sustainable. Contributing aims are to use housing investment to support economic development, to provide a sustainable environment and attractive places to live, to promote social inclusion within sustainable communities, and to ensure that housing serves to improve the Region's health and well-being and reduce inequalities. The Strategy positions itself in the framework of numerous strategic papers: both aims and provisions of national sector and inclusion related documents are taken into account, and regional and local strategic papers make up an inherent element of the Strategy, contributing to the goals set therein. The Regional Housing Strategy adopts a bi-focal vision, incorporating both shorter-term strategic planning and actions within a longer time-framework.

Key policy goals are:

- (1) More, sustainable housing provision
- (2) High quality homes and environments
- (3) Creating inclusive communities

In addition, recommendations for public investments are formulated, and ways for implementation, managing and monitoring the Regional Housing Strategy are defined.

Based on these key policy goals, a wide range of measures is defined.

The policy goals are set on the regional level, strongly stressing that all regional stakeholders must carry them out in-line with their own strategies and in close cooperation and partnership.

B) Issues

The issues the Regional Housing Strategy deals with derive from numerous processes:

- demographic change,
- environmental conditions,
- results of the right-to-buy scheme,
- great growth in the housing prices over the past 5 years,
- rising affordability problems,
- lot of empty homes,
- not met needs of special groups.

C) Strategies/measures

The measures defined to the given key goals are the following:

- (1) More, sustainable housing provision: 1 – reducing the production costs of new affordable housing, without reducing quality, 2 – reducing the average need for subsidy to make decent housing affordable, 3 – creating more resources for subsidy to meet the need, 4 – raising the general quality of housing within a sustainable framework, through 1 – redesign of the land-use planning system, putting downward hope value for land, encouraging private land owners to provide suitable land for construction below market price, public bodies transferring land at nil price or existing use value, excluding affordable housing developments from the obligation of capital contribution to infrastructure development, increase cost-effectiveness in construction, planning in large-scale and over a longer period, partnering, including windfall-sites, developing skills in the industry, 2 – tenure mix and cross-subsidizing, partnering, 3 – more reliance on private subsidies deriving from planning gains, using the Single Regional Housing Pot for top-up funding, encourage Housing Associations to use all recycled grants from sale of properties to reinvest, 4 – develop legal regulation and join existing approaches and initiatives.
- (2) High quality homes and environments: 1 – adopting quality standards, 2 – public sector achieving the Decent Homes aims, 3 – bringing back empty homes to the housing market, 4 – maximising use of green space, 5 – designing high-quality homes, improving existing homes and environment, 6 – raising community safety, 7 – providing for affordable warmth, 8 – reviewing Disabled Facilities grants, 9 – combat overcrowding, 10 – developing prioritisation system for Choice Based Letting, 11 – improving access to health care for homeless people, and 12 – coordinating resources through a wide range of interventions from the area of regulation, information spread, cooperation etc.
- (3) Creating inclusive communities: 1 – assessing need, 2 – raising inclusion and community cohesion, 3 – providing mixed communities and widening choice, 4 – take into account the different nature of rural communities, 5 – tackle homelessness, 6 – supporting people with special needs, through 1 – addressing diverse needs of communities in the framework of delivery, and housing design, 2 – multi-use of community facilities within housing developments, 3 – mixed tenures, providing Key Worker housing, widen the intermediate housing market involving the private rental sector, improve new choice based lettings schemes, 4 – exploring need for housing in rural communities, raising affordable housing provision through planning and systematic approach in funding, sustainable development, 5 – reviewing homelessness strategies, identifying needs, information exchange on allocation, establishing synergy with other strategies, 6 – changing existing schemes for sheltered housing for older people, meet unmet needs e.g. of Gypsies and travellers, provide or shared accommodation for people with learning disabilities.

Public investment should be balanced between investment in existing housing stock and new housing. The first concerns achieving Decent Homes standard, bringing back empty homes into the housing market, enhance private stock renewal, raise Disabled Facilities Grants. The latter involves introducing a variety of products, i.e. social renting, sub-market renting, shared ownership, and equity loans. Investment should focus on growth, answering local need and tackling homelessness, provide for regeneration, respond to rural needs, and Key Workers' needs, capital investment for supported housing, and act in response to the need of minority communities.

The strategies have regional reference, and they are of normative character.

The implementation of the measures is designated to the East England Regional Assembly as coordinating actor, local governments, housing associations, and private actors.

D) Key mechanisms and challenges, questions to be dealt with

The document highlights key challenges: there are tensions arising from the Region's crucial issues that are above the Regional Housing Strategy. The Strategy formulates the ways of tackling such conflicts: clearly identifying the strategic risks emerging from tensions and position them on higher level (regional), proposing policy frameworks that take tensions and risks into account, translating higher level 'strategic risks' into 'operational risks'. The identified large-scale challenges are the bad operation of the housing market, failures in land planning, uncertainty over public investment, most housing being privately owned, tensions until the regional housing governance is stabilised, lack of capacity of sub-regions to deliver. The strategic risks are listed thoroughly, operational risks are identified and actions to be undertaken are named for each operational risk.

The Strategy is highly comprehensive, and it takes into account the possible processes until 2010, hence, it formulates the desirable results and keeps on developing the process in the defined direction after the term of the strategy is over.

E) Monitoring

The Regional Strategy identifies monitoring as one of the key elements for effective implementation. Adequate indicators will have to be developed to monitor the key areas of balancing housing supply with need and demand, bringing the Region's stock up to decent standards, ensuring that communities are sustainable. (Some indicators, e.g. for desired housing stock growth, quality of the stock are included, but no comprehensive listing is available.) The Regional Housing Strategy may also be reviewed in case the framework strategies are changed, and unanticipated changes in the housing market occur. Monitoring should be carried out by the East England Regional Assembly's each year.

F) Conclusions

The Regional Housing Strategy aims at raising territorial and social cohesion by coordinating sub-regional and local housing strategies with national framework policies and by strengthening the incentives for cooperation among the stakeholders. It puts housing in the framework of economic development, sustainable environment, and explicitly tells that housing is seen as a tool for promoting social inclusion within sustainable communities, improving the Region's health, and well-being and reducing inequalities.

**Madrid, Area de Gobierno, de Urbanismo, Vivienda e Infraestructuras:
Operative Programme, Town Development, Housing and Infrastructure.
Project of City, 2004-2007**

http://www.urbanismo.munimadrid.es/gmu/area_presentacion/programa_operativo/Operative_Programme.pdf

2003

A) Key policy goals

In the framework of the *Operative Programme, Town Development, Housing and Infrastructure*, the vision of making Madrid a better place to live, a more integrated, sustainable and participative city, as well as one of the leading European cities has been formulated.

The general objectives defined based on this vision are (1) to consolidate the cosmopolitan and welcoming character of the city by implementing a town planning policy, which has both elements of enhancement of Madrid historical heritage with cutting-edge strategic proposals such as the layout of the Olympic project; (2) to achieve a better city in which to live, united and socially balanced, and with a comprehensive housing policy based upon quality, innovation and sustainability criteria; (3) to increase quality of life and competitiveness by implementing an ambitious policy in terms of infrastructure and recovery of the public areas; (4) to implement a new organizational and management model intended to modernize the public service based upon efficiency, proximity and participation values.

Based on these general objectives, the Housing Office as one of the acting offices defined five lines of action:

- (1) Renovation of the City Centre: Renovation of houses on the city's central node in order to achieve a double effect: on the one hand, the recovery of the city centre with view to converting it for residential use; and on the other hand, rescuing the emblematic environment for the urban framework while empathizing its historical memory.
- (2) Activities within the new areas and implementation of the First Home: Creation of new state-subsidised housing providing an easy access to housing, either owned or rented, to young adults as well as to other sectors which; due to their social and financial conditions, require particular attention in this issue. The total target envisaged amounts to 35,000 properties, of which 6,000 shall be set aside for public renting and 29,000 for sale. 50% of the latter shall be targeted at public initiatives while the remaining half will be intended for the private sector.
- (3) Rented accommodation programme: The securing of unoccupied properties shall be promoted. Said properties shall be put on to the market and aimed at the younger house-hunters, allowing them a financially viable access. Moreover, amongst many other advantages, we guarantee the homeowners that we shall take on board the collection of the rent, and also ensure that their properties remain in excellent condition. Similarly, the best use for council housing properties shall be addressed.
- (4) Programme for the elimination of sub-standard housing: To promote the creation of decent housing for all by means of undertaking serious and specific actions to eradicate sub-standard housing and slums. Moreover, to integrate marginalised sectors and immigrant population lacking the necessary resources to access a safe and comfortable mainstream property.

- (5) Municipal Monuments: Preparation of actions aimed at restoring and renovating the emblematic buildings of the City Centre to recover their historic and tourist value.

All policy goals are defined on the local level.

B) Issues

Each line of action is based on a set of issues addressed (the paper refers to this as 'justification'):

- (1) Renovation of the City Centre: the city centre has to be recovered and its nature as historical emblematic role is endangered in terms of urban framework
- (2) Activities within the new areas and implementation of the First Home: some disadvantaged layers of the society have less access to housing (e.g. young adults, and protected sectors)
- (3) Rented accommodation programme: distorted housing prices in Madrid (e.g. affecting those who struggle with affordability problems); high number of empty properties, but the owners who would put their flats on the rented market face difficulties; there is lack of regular inspection of council housing; there is lack of information of housing issues for the inhabitants
- (4) Programme for the elimination of sub-standard housing: there is large portion of sub-standard housing and slums, and only little integration of marginal sectors and immigrant population
- (5) Municipal Monuments: the role and importance of historical monuments is undervalued

C) Strategies/measures

According to the specific lines of actions set by the Housing Office, each is supported by explicit measures.

- (1) Renovation of the City Centre: to promote land for residential use in the centre of Madrid (40000 properties), through planning, acquisition and adaptation, renovation, redesign for elderly.
- (2) Activities within the new areas and implementation of the First Home: provision of 35,000 new state-subsidized properties of which 20,500 are allocated for council development, 6,000 for rent and 14,500 for sale through new construction, and also special construction of sustainable housing, parks, and neighbourhoods.
- (3) Rented accommodation programme: 1 – integration of housing into the rented accommodation market at affordable prices; 2 – creation of a Council Housing Rental Agency (for servicing low-income young households) ; 3 – Creation of a Council Housing Inspection Service; 4 – Creation of a Madrid-based Housing Watchdog Programme through 1 – acquisition of housing and re-housing; 2 – creating a rental agency which would collect the rents and manage the keep-up of the properties; 3 – creating an agency which can prepare inspection reports on properties and commercial premises; 4 – create a consultancy-platform, commissioning initiatives capable of helping to spread information related to housing
- (4) Programme for the elimination of sub-standard housing: re-housing of 2500 families and helping them to integrate into the new environment through training programmes and social support, elimination of slums and shanty towns and re-

house their inhabitants through management and securing of land, eradication of the affected settlements.

- (5) Municipal Monuments: 1 – design, preservation and construction of municipal monuments and 2 – compile a plan for the expansion of related activities through 1 – enhancing operation that focuses on the preservation of the historical and cultural value of the monuments, carrying out renovation works, and launching new design competitions; 2 – enhancing access to information and enlarging popularity of the historical-artistic heritage of the city centre

The measures are defined on local level, even on sub-district levels.

The strategies are of normative character.

Each measure has a listing of the target group, the services/departments, private actors and NGO-s involved, and the coordinating party.

D) Key mechanisms and challenges, questions to be dealt with

Besides the potential bottlenecks affecting the financial resources necessary to implement the programme, are not listed. On the other hand, since all actors of the projects are accurately defined, the strategy is firmly founded. There are no further questions to be dealt with in the future indicated in the document.

E) Monitoring

The design of all measures already contains projects with describing their current state of art. Besides that monitoring of the defined projects is foreseen.

A follow-up of the implementation is foreseen on a quarterly basis and an assessment is carried out yearly by the Executive Department for Town Planning, Housing and Infrastructure, besides, each acting executive party (i.e. also the Housing Office) carries out monitoring. Accurate indicators should be developed.

F) Conclusions

The key goals reflect the city's aim to enhance cohesion. The tools defined for housing especially reveal this nature, whereas, the values of the ancient city's environment are also taken into account. The policy paper is based on decent elaborations of the problematic spheres related to housing (e.g. distortions of the housing market, affordability issues, inequalities of housing quality, sustainable city development).

Education and Training

European Communities

Detailed work programme on the follow-up of the objectives of Education and training

http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/c_142/c_14220020614en00010022.pdf

14.6.2002

A) Key policy goals

The "Detailed work programme on the follow-up of the objectives of Education and training systems in Europe", adopted by the Council Commission on 2002, specifies and defines the areas of action and is, therefore, a specific framework of action until 2010.

This document appears in the sequence of many initiatives started at Lisbon meeting in March 2000, where the European Council invited the Education Council to reflect about the role of education and its priorities for the European development. After, in June 2000, the Education Council propose to the Commission to present a report where all critical questions and demands on education field will be pointed. In 14 February of 2001, a report entitled "The concrete future objectives of education systems" was presented, in which the main challenges facing the European schooling systems have been highlighted: access to education, the contents of the school curricula, opening up the educational and training institutions to the world and the effective use of the available resources. Building on this diagnosis of the main challenges, this document proceeds to identify the main areas of intervention, which we synthesise here thus:

- "to improve the level of education and training in Europe, by improving the quality of the training of teachers and trainers and by putting special efforts into the reading, writing and counting skills;
- to facilitate and generalise the access to lifelong learning, by improving the access to lifelong education and training and by ensuring its attractiveness through the enhancement of mobility within the educational system (e.g., from vocational training to higher education);
- to upgrade the basic skills bearing in mind the characteristics of the knowledge-based society, integrating ICT skills, paying greater attention to personal skills and tackling insufficiencies with regard to certain competencies;
- to open education and training to the local context, Europe and the rest of the world, fostering the learning of foreign languages and mobility and reinforcing the relationship between the business world and the educational system;
- to use the available resources more effectively, guaranteeing the quality of the education and training institutions, matching resources to the needs and enabling the schooling institutions to develop new partnerships with the aim of enhancing their role as an integrating platform."

This report gave emphasis to education and training policies and to their importance as a fundamental instrument to achieve Lisbon goals and held all policies in different fields until 2010. One year later, the Commission adopted the "Detailed work programme on the follow-up of the objectives of Education and training systems in

Europe", a Work programme of the Education Council in cooperation with the Commission. These policy goals/orientations are adopted in EU level.

B) Issues

New economic structures and societies are increasingly driven by information and knowledge. As pointed in the Report of 2001, "The concrete future objectives of education systems", it is fundamental that education systems can answer the changes and challenges that affected EU, namely:

- changes in working life, specially changes in labour market and skills required from employees and managers, namely in the service sector. In this context, more than a reform of education systems, lifelong learning appears as a prerequisite to stay attractive to the labour market.
- ageing of demographic structures and migration reinforcement contributes to social and societal changes. Young and skilled people are becoming a scarce resource, particularly in countries with tight labour markets. At same time, replacement migration occurred in all European countries, especially in low-cost labour force of non-skilled sectors of the economy. The challenge of these demographic trends on education and training systems implies: the need to people continue learning to become more employable and entrepreneurial; and the need to provide for information and guidance and continuing education and training for people during a longer and more active life-span. Another fact is that migration flows are now more varied. This confronts the education and training systems with the reality of a diversified and multilingual public to serve in order to promote social cohesion.
- equal opportunities and social exclusion, by the updating of skills in the promotion of equal opportunities in the widest sense, in order to contribute to the inclusion of vulnerable groups such as people with special educational needs
- the enlargement of EU

C) Strategies/measures

It is focused on three strategic objectives, which are broken down into 13 associated objectives:

- (1) improving the quality of education and training systems:
 - Improving education and training for teachers and trainers
 - Developing skills for the knowledge society
 - Ensuring access to ICTs for everyone
 - Increasing the recruitment to scientific and technical studies
 - Making the best use of resources
- (2) facilitating access for all to education and training
 - Open learning environment
 - Making learning more attractive
 - Supporting active citizenship, equal opportunities and social cohesion
- (3) opening education and training to the world
 - Strengthening the links with working life and research, and society at large
 - Developing the spirit of enterprise
 - Improving foreign language learning

- Increasing mobility and exchanges
- Strengthening European co-operation

The implementation of the detailed work programme will also be supported by European cooperation in other forms: community programmes, action plans, visits of decision makers, comparative and prospective studies, statistical and other surveys, pilot projects, etc.

General targeted results are expected according to the main objectives:

- (1) "improving the quality of education and training systems":
 - halve the number of 18- to 24-year-olds with only lower-secondary level education by 2010;
 - ensure that all education and training institutions have access to the internet and to multimedia resources by the end of 2010;
 - take steps to ensure that all the teachers involved are qualified in the use of these technologies by the end of 2002; bring about a substantial increase in per capita investment in human resources every year.
- (2) "facilitating access for all to education and training":
 - halve number of 18 to 24 year olds with only lower-secondary level education who are not in further education or training by 2010.
- (3) "opening education and training to the world":
 - promote training for entrepreneurs + self-employed workers;
 - encourage people to study two EU languages in addition to their mother tongue(s) for a minimum of two consecutive years;
 - promote mobility of students, teachers, trainers and researchers.

D) Key mechanisms and challenges, questions to be dealt with

Education and training have a crucial role in the Lisbon process. More than instruments for employment, the adopted measures could induce economic growth and social cohesion. It is now acknowledged that investment in human resources is a determining factor of growth and productivity, in the same way as investment in capital and equipment. One year more of education represents a 5% increase in growth in the short term and a further 2.5% in the long term. This gives another priority to investments in education and training, despite in many countries they have low importance.

E) Monitoring

The evaluation/monitoring process was agreed in Barcelona European Council. Many Indicators (for all objectives) are proposed to support the implementation of the Education and Training Systems programme. In each, the Commission presents the so-called Synthesis reports, where analyse progress made towards achieving the Lisbon ambition. It is supported in structural indicators. There is a "indicative list" of 33 indicators and 42 indicators in 2003). In the first report, 29 indicators and 5 European benchmarks were analysed.

F) Conclusions

In 2003 the Commission Staff Working Document presents the "supporting document for the draft joint interim report on the implementation of the detailed work programme on the follow-up of the objectives of education and training systems in Europe". In general it made a positive evaluation of the action plan implementation: "The work of the past two years nevertheless illustrates the vitality of the education and training systems in gradually adapting to the knowledge-driven society and economy. At the same time they highlight the huge gap to be narrowed if the objectives set for 2010 by the Heads of State and Government are to be attained, particularly that of making the European education and training systems "a world quality reference by 2010" (pp.5 6).

Nevertheless, many indicators have a modest evolution (like the low decrease of early school leavers) that shows the importance of:

- "investing more and more efficiently, focusing reforms on key areas;
- define truly coherent and comprehensive lifelong learning strategies (conclusion of the interim report on the implementation of the detailed work programme of 2003);
- create a Europe of education and training
- and the need to each Member States submit each year as from 2004 a consolidated report on all the action they take on education and training which can contribute to the Lisbon strategy. These national reports should evaluate the contribution of education and training to the Lisbon strategy and should be articulated in a coordinated way, together with those on the European employment and social inclusion policies.

In general, the action plan is fundamental to the development of an education and training European policy, and becomes a referential to achieve social cohesion goals.

European Commission
The eLearning Action Plan – Designing tomorrow's education

COM(2001)172 final

2001

A) Key policy goals

The purpose of this Action Plan is:

- to accelerate the deployment in the European Union of a high-quality infrastructure at a reasonable cost.
- to step up the training drive at all levels, especially by promoting universal digital literacy and the general availability of appropriate training for teachers and trainers, including technology training as well as courses on the educational use of technology and management of change
- to strengthen cooperation and dialogue and improve links between measures and initiatives at all levels – local, regional, national and European – and between all the players in the field: universities, schools, training centres, decision-makers and administrators responsible for selecting equipment, software, content or services (including the social partners)

The policy goals are adopted in EU level.

B) Issues

The arrival of multimedia and Internet, particularly the Web, at the beginning 1990s, started a new era that demands a strong response from the EU. These changes had major implications in the competitiveness of world regions and in the labour force market restructuring.

The eLearning initiative was one of the EU answers to all this challenges. It is part of the "eEurope Action Plan" that aims to exploit Europe's strengths and overcome the barriers holding back the uptake of digital technologies in order to reach the Lisbon goals. It also related with the new objectives of education systems.

C) Strategies/measures

After the Lisbon Strategy a document intituled "eLearning: Designing tomorrow's education" emerged. It was adopted by the European Commission on 24th of May 2000. This document became true in "The eLearning Action Plan – Designing tomorrow's education", in a communication from the Commission to the Council and the European parliament in 2001 that also pointed four main lines of action, each one with key measures:

- (1) infrastructure and equipment – with the following measures:
 - Development of a tool to assist decision-making;
 - A European research area for new learning environments;
 - Encouraging the development of infrastructure
- (2) training – with the following measures:
 - new skills and eLearning;
 - training of teachers and trainers,

- (3) services – with the following measures:
- a conducive environment;
 - priority areas for innovation and development
- (4) strengthen cooperation and dialogue -with the following measures:
- the eLearning site;
 - reinforcing the European education and training networks

The eLearning Programme aims to address each of these four areas in a coherent and consistent way, fighting the digital divide, reinforcing the role of universities and higher education institutions, developing school twinning via the Internet and developing transversal actions for the promotion of e-learning in Europe, building on the monitoring of the eLearning Action Plan.

Those are adopted by all member states in their national policies and respective Action Plans, in an integrated way.

The main actors are the: European Commission, Member States, European Investment Bank, Eurostat, Eurydice e CEDEFOP

D) Key mechanisms and challenges, questions

The intention was to involve education and training players, as well as the relevant social, industrial and economic players, in order to make lifelong learning the driving force behind a cohesive and inclusive society, within a competitive economy. It will help promote the employability and adaptability objectives under the European Employment Strategy, rectify the shortage of skills associated with new technologies, and improve social inclusion

The document presents many challenges in diverse sectors of society:

- in the industrial sector, as the major user and producer of these technologies;
- in employment, related with new jobs created and the new skills required;
- in the cultural environment brought about by the Internet-based development of new services that influence cultural patterns; these are sometimes perceived as a threat, but also as an opportunity for cultural and linguistic diversity in Europe
- in education, particularly that of ensuring that technological innovation really serves education and financial challenges in order to adjust distribution between infrastructures, training, content and human resources

In 2003, "E-Learning – a multi-annual programme (2004 to 2006) for the effective integration of information and communication technologies (ICT) in education and training systems in Europe" replaces the previous one. It is structured in four different action lines: promoting digital literacy; promote European virtual campuses; e-Twinning of schools in Europe and promotion promoting of teacher training; and transversal actions for the promotion e-learning in Europe.

E) Monitoring

As requested in the council resolution of 13 July 2001, an Interim Report was made and presented in February of 2002. One year later, a mid-term report was presented (" E-Learning: Designing Tomorrow's Education – A Mid-Term Report" by Commission

Staff Working Paper, July 2003). These documents present some results of the Action Plan that can be seen in many fields:

- in education – The eEurope benchmarking for the Report to the Barcelona Summit shows that the initial eEurope target of connecting all schools to Internet is all but achieved, despite the need of better connections and wider educational use. Another report of the Education Council, entitled “The concrete future objectives of education and training systems” reinforced the importance of ICT in modern education and training systems, confirming that ICT is growing;
- co-operation was also initiated at the eLearning Summit on 10-11 May 2001;
- higher education – universities are using e-learning as a source of added value for their students through web-based resources. Some universities are entering into strategic partnerships and adopting new business models, in order to respond to the changing education market and the challenges posed by global competition;
- employment and social inclusion – the report ‘Making a European Area of Lifelong Learning a Reality’, as well as the discussion on inclusion in the knowledge society (eInclusion), identify e-learning as an important enabler for adult education, with increasing emphasis on the importance of informal and non-formal learning.

F) Conclusions

The analysis of “eLearning Action Plan” as well in the new eLearning programme for 2004-2006, shows that one of the critical dimensions is the promotion of digital literacy. That point has a key role in the competences improvements, with natural effects in labour market qualification as well in social inclusion, contributing to territorial cohesion. The evaluative reports show that the plans from the national member states are on going and many results have been achieved, namely in infrastructure support.

Another critical dimension is related with infrastructure support and the possible effects of territorial “segregation”. In fact, each country defines their “territorial” network. It is important to develop studies and indicators that can measure these effects, namely for territorial cohesion observed in a more detailed scale as NUT III.

European Commission Making a European Area of Lifelong Learning a Reality

*http://europa.eu.int/comm/education/policies/life/communication/com_en.pdf
November 2001*

A) Key policy goals

The European Parliament issued a Resolution on May 15th, 2001 and, in November 2001, a Communication entitled "Making a European Area of Lifelong Learning a Reality", in which it set the standards for the development and implementation of comprehensive and coherent strategies in this field, as well as a series of priorities at the European, national, regional and local levels. In order for lifelong education (in the aforementioned sense) to be assimilated by the European population, it is essential to:

- develop a partnership approach that include all relevant actors;
- gain insight into the needs of the learner, or the potential learner, along with the learning needs of organisations, communities, wider society and the labour market;
- ensure adequate and transparent allocation of resources;
- match learning opportunities to learners' needs and interests;
- facilitate access by developing the supply side to enable learning by anyone, anywhere, at any time;
- value non-formal and informal learning;
- and create a culture of learning, by increasing learning opportunities, raising participation levels and stimulating demand for learning.

B) Issues

The European Council held at Feira in June 2000 urged the Commission and the member-states to design coherent strategies and practical measures in order to encourage all the citizens to pursue lifelong training and education. The pursuit of this aim led the Commission to publish a report on "Making a European Area of Lifelong Learning a Reality" (November 2001), which set the standards for the development and implementation of comprehensive and coherent strategies in this field, as well as a series of priorities at the European, national, regional and local levels.

The Council on Education then issued a "Resolution on lifelong learning and education" in May 2002. This firmly established the concept as a guiding principle for the European education and training policies. Despite the increasing level of sophistication of the European policy guidelines in this sphere, the level of participation in lifelong education and training (by people between the ages of 25 and 64) as of 2000 remained highly heterogeneous, ranging from 1% in Greece to 21% in Denmark. As regards the acquisition of knowledge and skills in this way, the lower limit of the interval (19.2%) can be found in Portugal, in contrast with Denmark's 78%.

C) Strategies/measures

Priorities for action:

- Valuing learning

- Information, guidance and counselling
- Investing time and money in learning
- Bringing together learners and learning opportunities
- Basic skills
- Innovative pedagogy

D) Key mechanisms and challenges, questions

The Commission Progress report on the follow-up to the Council resolution of 2002 (December 2003) for EU and EFTA/EEA countries and for acceding and candidate countries, entitled "Implementing National Lifelong Learning Strategies in Europe", lists a series of issues that have not been adequately addressed thus far. Of these neglected issues, we would like to highlight the following:

- pre-school learning, including the family learning environment;
- the training and adaptation of teachers at the level of basic education so as to ensure that they are in a position to set their students' ongoing training process in the right course from an early stage;
- the workplace as the fundamental place in which most training initiatives should be implemented, since it is where the needs and demands are most pressingly felt and because the work environment makes it possible to immediately put into practice the newly acquired knowledge and competences;
- the learning of foreign languages as a broad space, enabling the experience of an ample European citizenship.

It is important to define strategies to better improve that conditions.

E) Monitoring

Progress will be measured and monitored through the use of a indicators. Implementation will also be overseen by networks and structures.

In 2001 the Communication on Structural Indicators proposes three indicators related to lifelong learning. These concern investment, participation and early school leavers. Together with these, another five existing indicators provide measures to monitor progress within three of the above 'priorities for action' areas concerning investment in learning, basic skills and innovative pedagogy.

In 2002, the Commission Report based on the work of the Working Group on Quality Indicators, entitled "Quality Indicators of Lifelong Learning – Fifteen Quality Indicators"³¹ (June 2002), defined a series of guiding principles and indicators for the actions in the field of lifelong training, setting parameters aimed at making it possible:

- to build an inclusive society which offers equal opportunities for access to quality learning throughout life to all people, and in which education and training provision is based first and foremost on the needs and demands of individuals;
- to adjust the ways in which education and training is provided and at the same time to ensure that people's knowledge and skills match the changing demands of jobs and occupations, workplace organisation and working methods; and

³¹ http://europa.eu.int/comm/education/policies/lll/life/report/quality/report_en.pdf

- to encourage and equip people to participate in all spheres of modern public life, especially in social and political life at all levels of the community, including at European level.

Those indicators could be aggregated into 4 groups:

- Skills , Competencies and Attitudes: 1. Literacy; 2. Numeracy; 3. New Skills in the Learning Society; 4. Learning-to-Learn Skills; 5. Active Citizenship Cultural and Social Skills
- Access and Participation: 6. Access to Lifelong Learning; 7. Participation in Lifelong Learning
- Resources for Lifelong Learning: 8. Investment in Lifelong Learning; 9. Educators and Training; 10. ICT in Learning
- Strategies and System Development: 11. Strategies of Lifelong Learning; 12. Coherence of Supply; 13. Counselling and Guidance; 14. Accreditation and Certification; 15. Quality Assurance

F) Conclusions

Among the aspects that now seem to be fairly unanimous and which have been given greater emphasis in the reports, the following are most worthy of mention:

- lifelong training as a major concern, as a source of basic knowledge and skills and as a privileged vehicle for the training of the economically active population;
- the realisation that lifelong training can provide a second opportunity for a significant share of the population to gain access to basic competences;
- broad sharing of responsibility for the implementation and funding of training initiatives among the various stakeholders, including local and regional entities, social partners, the civil society, businesses, associations, etc.;
- the removal of the obstacles to the democratisation of the access to training, including the accreditation of formally and informally acquired competences;
- the expansion, diversification and dissemination of the training formulae and instruments as a constant aim for the trainers themselves.

Agreement of Education Ministers of 31 European countries and the EU The Copenhagen Declaration

*http://europa.eu.int/comm/education/copenhagen/copenahagen_declaration_en.pdf
November, 2002*

A) Key policy goals

On 30 November 2002 the education Ministers of 31 European countries and the European Commission adopted the "Copenhagen declaration", a document that is essential to promote employability, active citizenship, social inclusion and personal development as well to fit strategies for lifelong learning and mobility. The Declaration follows a Resolution of the Education Council of 12 November, that involved the candidate countries, EEA-EFTA countries and Social Partners.

In the declaration, 4 main priorities were defined:

- European dimension
- Transparency, information and guidance
- Recognition of competences and qualifications
- Quality assurance

B) Issues

The development of the European education and training programmes, started by the Bologna declaration on higher education in June 1999, have been a key factor for improving cooperation at European level. After Lisbon European Council in March 2000, education and training reinforced their role as instruments for strengthening Europe's competitive power worldwide, and as a guarantee for ensuring the cohesion of our societies and the full development of its citizens.

"The Copenhagen Declaration" aims are to increase voluntary cooperation in vocational education and training, to promote mutual trust, transparency and recognition of competences and qualifications, and for establishing a basis for increasing mobility and facilitating access to lifelong learning, that proof its multidimensional level.

C) Strategies/measures

The following principles will underpin enhanced cooperation in vocational education and training:

- i) Cooperation should be based on the target of 2010, set by the European Council in accordance with the detailed work programme and the follow-up of the Objectives report in order to ensure coherence with the objectives set by the Council of the European Union (Education, Youth and Culture).
- ii) Measures should be voluntary and principally developed through bottom-up cooperation;
- iii) Initiatives must be focused on the needs of citizens and user organisations;
- iv) Cooperation should be inclusive and involve Member States, the Commission, candidate countries, EFTA-EEA countries and the social partners"

D) Key mechanisms and challenges, questions to be dealt with

The Member States, EEA countries the social partners and the Commission have begun cooperation at a practical level, focused on a number of concrete outputs work on the issues:

- transparency of competences and qualifications (with the publication of "Common European format for Curricula Vitae – CVs- , Communication of March 2002, and "Europass", Decision of the European Parliament and of the Council, of December 2004);
- system of credit transfer for VET. taking forward the communication "Realising the European Higher Education Area", made in Berlin, in 2003;
- common criteria and principles for quality in VET, taking forward the work of the European Forum on Quality;
- common principles for the validation of non-formal and informal learning, that aim is to develop a set of common principles to ensure greater compatibility between approaches in different countries and at different levels ("Validation of non-formal and informal learning", Conclusions of the Council of May 2004");
- lifelong guidance, that aim is to strengthen the European dimension of information guidance and counselling services, enabling citizens to have improved access to lifelong learning (it takes in account the Making a European Area of Lifelong Learning a Reality, a Commission Communication of November 2001)

E) Monitoring

The evaluative process is linked to the related policies, namely in e-Learning domain and policies connected to action plan for education for 2010.

F) Conclusions

In essence the 4 main priorities contributes to enhance cooperation in vocational education and training and remove obstacles to mobility, in strict relation with Lisbon challenges, namely in labour market requirements. In social terms the most visible consequence is the "openness" of the educational system and, in the future, the labour market mobility, that in theoretical terms, should contribute to social and territorial cohesion of territories.

European Parliament and the Council Single Community framework for the transparency of qualifications and competences (Europass)

DECISION No 2241/2004/EC

http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/L_390/L_39020041231en00060020.pdf

2004

A) Key policy goals

Europass is designed to encourage mobility and lifelong learning in an enlarged Europe. The main objectives are:

- "Improve transparency of qualifications and competences will facilitate mobility between countries as well as across sectors. ";
- "...increase transparency in vocational education and training, through the implementation and rationalisation of information tools and networks, including the integration of existing instruments into one single framework";
- "...establishes a single Community framework for achieving the transparency of qualifications and competences by means of the creation of a personal, coordinated portfolio of documents."

Participation shall be open to acceding States and to non-Community countries of the European Economic Area in accordance with the conditions laid down in the EEA Agreement.

Each Member State shall be responsible for the implementation of this Decision at national level. For this purpose, each Member State shall designate a National Europass Centre (NEC), which shall be responsible for the coordination at national level of all activities referred to in this Decision and which shall replace or develop, where appropriate, existing bodies currently carrying out similar activities.

A European network of NECs is hereby established. Its activities shall be coordinated by the Commission.

B) Issues

In sequence of the recommendations of Copenhagen Declaration emerges the need to have a single document that integrates all actions to increase transparency in vocational education and training, through the implementation and rationalisation of information tools and networks. Europass allows this integration, namely in European and national level.

C) Strategies/measures

Europass consists of five documents, available in all official EU languages:

- Europass CV – the CV is the backbone of the Europass portfolio;
- Europass Mobility – of which purpose is to record in a common format experiences of transnational mobility for learning purposes;

- Europass Diploma Supplement – personal document developed jointly with the Council of Europe and UNESCO which records the holder’s educational record;
- Europass Certificate Supplement – a supplement to a vocational education and training certificate, clarifying the professional qualifications of all individuals holding such qualifications;
- Europass Language Portfolio – a document in which citizens can record their linguistic skills and cultural expertise.

D) Key mechanisms and challenges, questions to be dealt with

Europass more than a policy of transparency of competences and qualifications, is a way to improve new opportunities for learning and employment in Europe. In fact, is a way to people make their qualifications and competences valid in EU Member States. EFTA/EEA countries and candidate countries, fact that answer to the mobility and labour market adjustment required by Lisbon goals.

E) Monitoring

By 1 January 2008 and then every four years, the Commission shall submit to the European Parliament and the Council an evaluation report on the implementation of this Decision, based on an evaluation carried out by an independent body.

F) Conclusions

Despite the importance of Europass as well as all other documents that guarantee the transparency, equal recognition of competences and qualifications and quality assurance, necessary conditions to improve mobility and the qualification at European level, the picture of European regions is very heterogeneous in many domains (namely, different levels of ageing of the demographic structures, unequal educational levels, different productive, economic and social systems). That will induce some possible effects:

- the increase of mobility will occur specially linked to specific segments of labour sectors (specially more qualified and more higher educational levels). This fact, should be taken in special account in the process of social and territorial cohesion, namely in less developed territories, as rural or low density areas);
- Europass strategies should be strongly articulated with the development of school education policies and the promotion of multilingualism strategies. This picture of competences certification and increasing mobility, are naturally more evident between countries that speak the same or similar languages or for those sectors/enterprises where a common language (as English) is currently spoken, that could be a threat to territorial and social cohesion.

