

**‘FINANCIAL’ CRISES IN EUROPE:
MULTILEVEL ANALYSIS OF YOUTH, EMPLOYMENT AND
THE ECONOMY OF WELLBEING FROM 2007 TO 2012**

by

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I, Antti Veilahti, hereby declare that the work presented in this thesis is my own.
Where information has been derived from other sources, I confirm that this has been
indicated in the thesis.

A handwritten signature in black ink, appearing to read 'Antti Veilahti', with a long horizontal flourish extending to the right.

2 August 2016

Abstract

The economic crisis in Europe is often articulated as a direct consequence of Lehman Brothers' collapse. Yet it was only in Europe that the real economic crisis was sustained in a peculiar, prolonged way. In this comparative study of the EU-27, I examine the different manifestations of the crisis with an emphasis on employment, marginalisation and inequality.

Questions

How to locate the crisis and the people the most affected by it; how can different policy responses (stimulation, social investment, active labour market policies) be viewed in connection with the crisis?

Methods

Using multilevel methods I analyse how individual experiences are linked to and explained by national differences. Multiple correspondence analysis is used to model subjective experiences.

Results

First, there is no correlation between fiscal, financial and welfare-related aspects of the crisis. Therefore, the imbalances of the public economy do not straightforwardly justify the recent cuts to social protection.

Second, and coincidentally, in countries where expenditure on social protection has been maintained, economic difficulties have been less emphatic. Non-social stimulation bears no similar benefits.

Third, in the so-called post-Fordist, education-intensive economies the subjective effects of the crisis are systematically stronger. These effects are the most emphatic among the young, indicating vast sustained consequences into adulthood.

However, the attitudes of young adults are straying further. The unemployed young and those working in fixed-term contracts relate differently to insecurity, lacking shared, generation-wide experiences and representations of conflict.

Conclusions

Qualitative changes in the conditions of work make the crisis present everywhere in Europe, including Protestant countries where the effects of the banking crisis were limited. As a possible alternative explanation my thesis then frames the crisis as a crisis of 'post-Fordist' work, asking whether it is primarily 'financial' except as a rhetorical construct. I then discuss its broad implications to welfare and inter-generational equity.

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Introduction

On 1 June 2007, Lucas Papademos was still happily unaware of the coming nightmare in Greece. As Vice President of the European Central Bank (ECB), this Greek banker began his speech with the following words:

Being in Athens, it seems appropriate to start with a reference to a great thinker who established his Lyceum not far from this auditorium: Aristotle once said “We are what we repeatedly do. Excellence, then, is not an act, but a habit”. (European Central Bank, 2007).

Only two months later, on 9 August 2007, the French bank BNP Paribas had frozen the withdrawals from three of its funds due to heavy exposure to the subprime market. The ECB, the lender of last resort, infused the market with €94.8 billions of liquidity.

It turned out that this monetary ‘easing’ soon became that ‘habit’ Papademos discussed about—a series of ECB-interventions followed at a scale beyond all expectations. And even if the first turbulence was subsequently contained, confidence was swept away. Like falling domino pieces, a series of bank failures resulted. After the later collapse of Lehman Brothers, the US government bailed out two of the largest mortgage-backed security holders, Freddie Mac and Fannie Mae. Yet despite the refinancing operations by the ECB, the EU conducted no similar centrally organised intervention to bail out the banking sector, possibly explaining why the crisis here became so costly (cf. Langley, 2008).

Before discussing this fare, the above narrative already combines two sets of questions: what did cause the crisis and what should governments do about it? The two might appear to be essentially the same question, when looking at the crisis from only a technical point of view. For example, it is argued that the ‘cognitive interdependencies’ behind the ‘CDS’ and the ‘ABX’ devices that made the derivatives market collapse (MacKenzie, 2012; also Beunza and Stark, 2012; Bryan et al., 2012; Davies and McGoey, 2012)—as if the right response would stem from the elimination of these failures. But even from the technical point of view such regulatory interventions as the recently introduced Basel III standards¹ are somewhat controversial (this is illustrated for example by the adoption of counter-cyclical capital buffers based on the controversial Hodrick–Prescott filter). This highlights the fact that whatever caused the crisis is not inevitably a proper source of a cure.

The connection between the effects and the causes of the crisis is no less ambiguous when the crisis is being framed from a broader, non-technical point of view. In particular, crisis policies cannot be restricted to the attempts to undo what was caused by the ‘misruled’ (Engelen et al., 2012) experts behind the so-called ‘financialisation’ process—a process whereby an increasing number of relations and contracts become sold as financial assets, in the amount of now over thirty times the global GDP (Ertürk et al., 2008; Engelen et al., 2010).

Moreover, it is possible that there is no single crisis to speak of. If economic sociology considers the economy as being socially ‘embedded’ (cf. Granovetter, 1985), the framings of the crisis are not independent of the social and cultural contexts (Castel, et al. 2012). In particular, the fate of the crisis is not economically determined, but there is substantial potential for contingency and political freedom. This was proved by Iceland where the socialisation of financial losses was refused (e.g., Ragnarsdóttir et al., 2013).

It is then worth rethinking about the crisis conceptually before engaging with its actual, empirical contents. This is because identifying the current phenomena as ‘a crisis’ is used to structure and control contingency and in order to denounce others’ freedom. Originating from the Greek phrase *krinô*, a crisis indeed refers to the feeling of the need

to ‘judge’, ‘cut’ or ‘decide’—a ‘diagnostic of the present’ that does not need to be instant but that may emerge over a prolonged period of time (Roitman, 2011: 3; also Gramsci, 1971: 275–6).

Yet, even if a crisis sustained over time, it also refers to the condensation of time as its normative ideal: a moment when decision (about the future) is due (Koselleck, 2006: 360); a crisis is overshadowed by the ‘compulsion to judge and act under the pressure of time’ (Koselleck, 2002: 244). This, in turn, requires *belief*. It makes any crisis be ‘of theological derivation’ (Toscano, 2014: 1025): during a crisis the ‘structure of possibility’, time, is still open (cf. Eco, 1984: 112). In particular, the history of the crisis is more contingent than in the US, where crises are traditionally overshadowed by resolution and reassurance instead.

But it is also possible to make a less subjective, less epochal reading of the crisis. Habermas (1973: 1) indeed defines a crisis as an ‘objective force that deprives a subject of some part of his normal sovereignty’. He distinguishes between ‘rationality’, ‘legitimation’ and ‘motivation crises’, all of which can be viewed as currently present in Europe. What is sociologically crucial is that the various constructions of the crisis (e.g., ‘global’, European)—beliefs that something needs to be done—then emerge in support of specific *interests*, which we will discuss in the context of the welfare project.

The crisis can also be viewed as a ‘boundary-object’ drawing together groups, say bankers and workers, who would otherwise cease to communicate (Bowker and Star, 1999). The attributed causes of the crisis then play only an instrumental role in this process. And given the ‘significance of political bodies for the economic order’ (Weber, 1978: 173)—say social policy—the affinities of the crisis are not restricted ‘epistemic communities’ and expertise but bear democratic relevance (e.g., Haas, 1992; Dale, 2002; Woods, 2005).

The question of causes (were the crisis caused by the few hundred ‘reckless’ bankers like some rush to conclude, e.g., Therborn, 2013) is then less interesting than the question of how the causes are framed and attributed in order to pursue change. Explanations of

the crisis based on bankers' 'greed' are loose: such bankers have always existed. Why now, we should instead ask; what makes the current political and technical embeddings of banking today so different?

The systemic risks induced in the derivatives markets over the past two decades explain the timing only partially, in terms of the '*formal* power' of money; they ignore the question of the '*substantive*' fluctuations in the credibility of money that are needed to explain why the crisis emerged in 2008 and did not generally continue, say, in 2014 when the size of the derivatives market was even higher (cf. Weber, 1978: 178; also Polanyi, 1944). From the latter perspective it is impossible to say whether the financial industry 'caused' the crisis, or if it only emerged as a reaction to some more pervasive changes in the economic infrastructure, including cyclical tendencies (e.g., Massey, 1988: 83) and changes in the organisation of labour. For example Pothis Lysandrou (2011) reflects the increasing global inequalities as an engine driving the crisis. Moreover, if the efficient market hypothesis holds sway, the turbulence should be viewed as a *sign* or consequence of the trouble in the real economy, but not directly as their cause.

Therefore, there is no single subject of the crisis, and possibly not even a single crisis in Europe. Instead of seeking to identify these disparate crises, it is more fruitful to ask who exactly bear their consequences: *who* their subjects are. They are those suffering from the employment crisis, from welfare spending cuts and from the deterioration of the public economy; they are the ones who are 'responsible'.

These subjects of 'the global' crisis are then *local* (or localisable) in at least two ways. First, there is no 'global' subject of deprivation but depression is experienced in actual contexts. Second, illustrating the lag in policy responses under the 'multilayered' government of the EU (Marks et al., 1996), the unemployment-effect became *prolonged* particularly in Europe even if the early unemployment-effect was modest there in comparison to the US (Appelbaum, 2011; also Lallement, 2011). The common currency-zone has also undermined the elasticity of the labour costs in result of which

the spreading of the unemployment crisis has been unequal as illustrated in Figure 1 (cf. Rosamond, 2000; Walters, 2004).

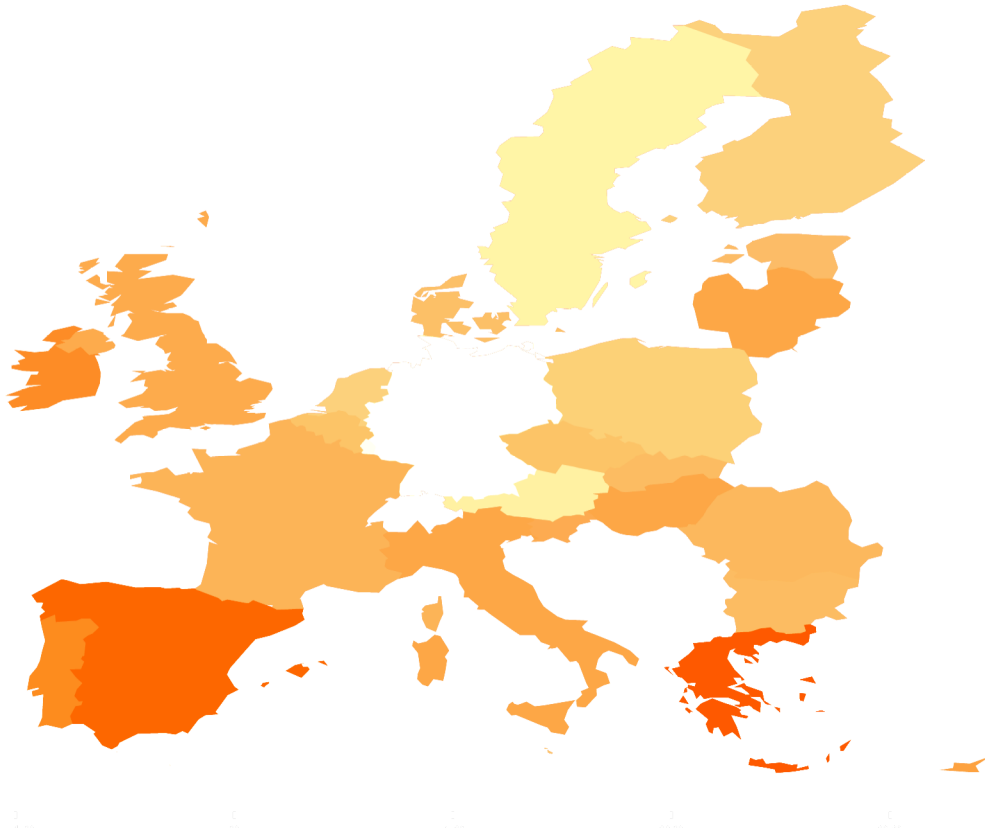


Figure 1. The effect of the crisis on unemployment. Countries with a higher effect are indicated by darker colours (goo.gl/jTRxC2).

Last but not least, the crisis of *youth* is one of the carrying themes of this study. First, youth unemployment rates have now hit over 50 % in Spain and Greece. To assess the specificity of this group, most effects and crisis-interactions are expressed separately for the youth (18–29 year-olds) in the analysis. Furthermore, youth plays the main role not only in the context of the current crisis but also in relation to the changing nature of work and wellbeing (cf. Hammer ed, 2003; Bradley and van Hoof eds, 2005)—the ninth chapter addresses this by asking whether the crisis of youth can actually emerge as a coherent, generational experience (e.g., Edmunds and Turner, 2002).

Youth then also plays another, more methodological role. This is because the changes in personal transitions of young adults (e.g., domestic, school to work) can be used as

indicators of broader social transitions. In particular, many of the effects like those related to unemployment (cf. Verick, 2009), the high number of fixed term contracts (Gebel, 2010), but also the ones concerning the so-called ‘post-Fordist’ societies specifically (see Chapter 9), are exaggerated among the youth—an age cohort that could then be viewed as pivotal to understanding the changing ‘divides’ of society (e.g., Jones, 2002). Including older adults, on the other hand, allows contextualising the effects specific to youth: in addition to comparing the general effect in 2007 and 2012, considering the youth-effect adds another dimension to the temporality of the crisis, referring to long-term patterns of economic socialisation.

However, I do not attempt to produce a general theory of economic crises: the interest lies in the current crisis and in Europe as its institutionally and culturally peculiar context. In this sense, the study is *idiographic* instead of seeking to discover law-like, nomothetic truths about the crisis. Yet the current crisis is a particularly fruitful case permitting us to speculate on several broader themes including social policy and its relevance to the changing dynamics of the global economy.

European Crisis

While focusing on the interactions between national and personal experiences, we should not disavow the particularly ‘European’ characteristics of the sovereign-debt crisis. As the Harvard economists Carmen Reinhart and Kenneth S. Rogoff (2009) demonstrate, if anything it is the long history of sovereign defaults that encapsulates the conflicted ‘habits’ of Europe. Papademos must have known that post-Medievally ‘Greece found itself virtually in continual default’ (ibid., xxx), whereas France defaulted eight times and Spain six times prior to 1800. Only for a few decades ‘Protestant’ prudence has dominated Europe and its sovereign-bond markets.

If ‘history’ then is the ‘true unconscious’, as Émile Durkheim (1977: 11–12) argues, one cannot understand the drives behind the debt-crisis outside these peculiar roots of European governance. In particular, ‘crisis-thinking’ generally became common in eighteenth century Europe. This is the time when ‘political theology’ was altered (Koselleck, 2004: 236): the eschatological tone of the fear of ‘Last Judgment’ was

replaced by recurring inter-governmental conflict (Foucault, 2009). Framing society in terms of a crisis made it possible to think about alternative futures while the role of religion at the same time started dissipating (Koselleck, 1988).

Given this long history of conflict, it is not the overall level of debt² but its increasingly diffuse distribution that is worrying. Sovereign-bond rates surged particularly in Catholic countries, whereas the near zero rates of the Protestant 'AAA-countries' have allowed countries like Germany and Finland a financial 'free ride' (with even negative interest rates). The 'hair cut' of Greek bonds in 2012 was viewed as a transfer of capital from rich to poor, but given the imbalances in refinancing costs the overall direction of financial transfers is the opposite. It is precisely these imbalances that then question the elasticity of the European economy as a whole, in result of which the 2015 unemployment rates are now twice as high in Europe (10 %) as in the US (5 %). Yet, especially the German economy seems to have 'benefited' from the crisis (or at least from the associated imbalances), given how the unemployment rates there fell from 8 % to 5 %, contrasting with 2012 rates of Spain (25 %), Greece (24 %), Portugal (16 %), Croatia (16 %), Latvia (15 %) and Ireland (15 %).

Also the youth unemployment rates, pivotal to the long-term effects of the crisis have become multiple. They were the highest in Greece, Spain, Ireland and Latvia, in all of which they are at least twice the adult rates. Also, in all these countries austerity has also been driven by debt, either because of excess debt (Catholic) or given the moral considerations and fiscal prudence (in Protestant Latvia). Regardless of whether the reasons are economic or moral, ordinary people now pay for losses for the benefit of those speculative investors, who actually 'made' money out of the crisis. Unlike the real economic crisis, the 'financial' one is rather like a zero-sum game: one's win is the other one's loss.

It is not only financial speculators but other governments, like Germany, who actually 'profit' from financial imbalances. By contrast, the 'crisis-countries' have relied on emergency funding from the IMF and many of them have been under direct control by the 'Troika' (EC, ECB and IMF). Overall, Europe is overshadowed by the lack of

political will to intervene the growing imbalances at the federal level. However, the resulting austerity is not restricted to particular contexts but the collapse of aggregate demand spreads out rather ‘epidemiologically’ even in countries like Germany and Finland, however cheap their debt servicing costs.

Four Narratives of Austerity

To illustrate the real economic difficulties resulting from this epidemic sprawl of austerity, let me briefly discuss austerity programs in the four most critical contexts, where the youth unemployment rates were the highest in 2011. Latvia suffered from economic collapse early on, with 24 % drop in GDP by 2009. This post-socialist country had relied on Swedish banks like Swedbank and SEB; the financial crisis resulted in a large withdrawal of their funds overseas. The country, however, decided not to devalue its own currency but honoured its obligations instead in order to be awarded with loans by the IMF and the EU: its subjugation to the international rule was ‘voluntary’ in this respect.

In result, Latvia slashed its public spending in order to lower the budgetary deficit to under 3 % of GDP. Public sector pays were cut by between 30 and 50 %, income tax increased from 23 to 26 % and value-added tax hiked from 18 to 21 %. Furthermore, more than half of the 56 hospitals in Latvia were closed down. Many other Eastern European countries have followed a similar though less exaggerated path (cf. Fóti et al 2005; Baranowska et al., 2011). Yet over the past couple of years the Latvian economy has been growing, although the fall in youth unemployment rates is in part explained by high emigration rates.

In contrast, in Ireland the causes of the crisis reflect its emergence as a financial centre a few years earlier. The drop in GDP affected it more directly, contrasting with the indirect effect of the withdrawal of Swedish capital in Latvia. Subsequently, the IMF signed off loans to Ireland amounting to 3.9 billion euro followed by an EU/IMF bailout worth 85 billion euro in 2010. In exchange, Ireland trimmed its deficit by 6 billion euro in 2011. Its public sector pays were cut by at least 5%, which is, however, quite modest in comparison to Latvia. Yet when it comes to welfare Ireland has adopted

a more *inclusive* approach to tackle its growing youth unemployment problem. The welfare costs have also increased more than in other critical contexts.

Greece is a case in point on its own right. The first austerity package implemented in early 2010 consisted of a pay freeze to all government employees, a 10 % cut in bonuses, cuts in overtime compensation, the firing of public employees and reduction of public work-related travel. The second austerity package, in March 2010, aimed to save another €4.8 billion, including a 7 % cut to public and private salaries and additional cuts to bonuses and value-added-tax hikes. Not much later, in May 2010, €38 billion budget cut was followed as wages, allowances, and pensions were all downsized. The fourth package, 'mesoprothesmo', took place in June 2011 accompanied with 24-hour strikes and massive protests after the privatisation of government property worth 50 billion euros. The fifth package consisted of a 22 % cut to the minimum wage previously of 750 euro a month, a cut of 150,000 jobs by 2015, pension and holiday bonus cuts, health and defence spending cuts, privatisation worth €15 billion and so forth. The sixth austerity package was passed in November 2012, including structural reforms, the deregulation of professions and of the production of goods, services and energy, as well as the creation of a new body to manage state procurement.

The drama of austerity did not end there but two other packages were installed in 2013 and 2014, including the lay-off of 15 000 public employees, pay freezes, and cuts to government expenses like health care. In 2014, the economy was finally picking up as the bond rates simultaneously fell. The preliminary hope was short-lived, however, as even before the electoral victory of the leftist Syriza coalition, the looming expectations of political change made the Troika change its attitude³. A third wave of depression has since followed, as the country turned effectively into a cash economy (Figure 2). The third bailout in July 2015 led to two additional austerity packages, including tax increases, reforms to the pensions system, and the privatisation of €50 billion worth public property.

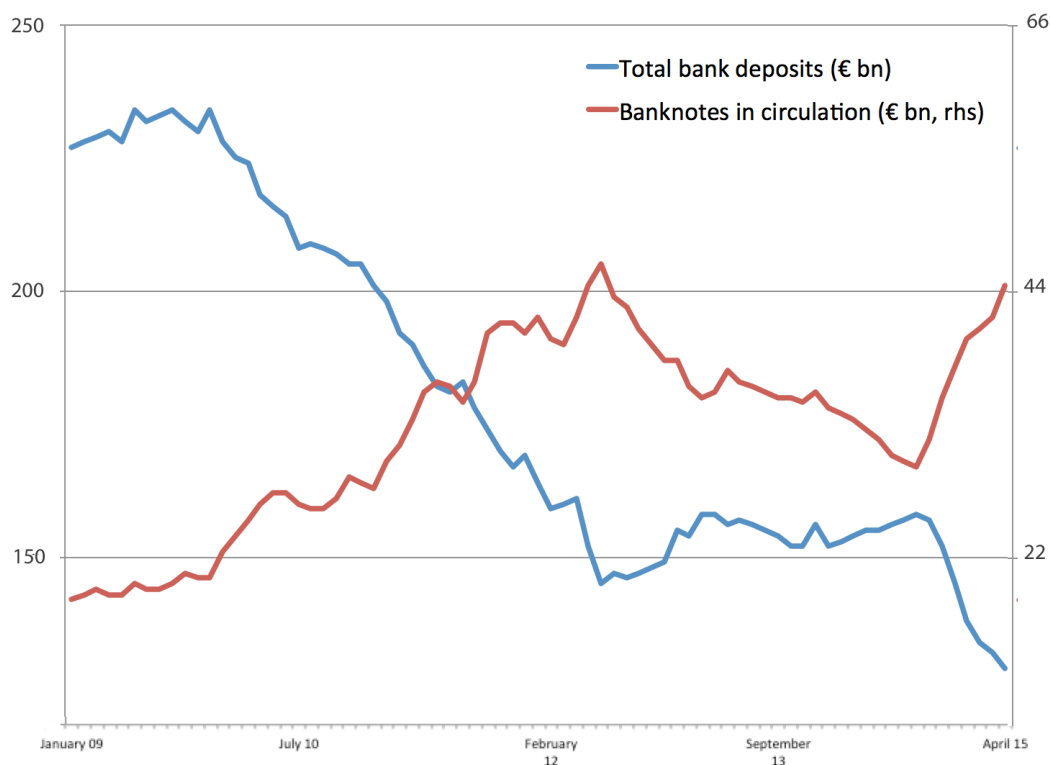


Figure 2. Most deposits were withdrawn from Greek banks by July 2015, while the amount of cash in circulation increased proportionally (Central Bank of Greece, the ECB, Barclays Research).

In Spain, following the example of Greece, the current account crisis is partly related to high bond rates that resulted from financial speculation. However, the sovereignty of the Spanish government was never questioned as in Greece; its banking system, often regarded as ‘too-big-to-bail’, seems to have survived the worst despite the housing bubble. Austerity in Spain, similar to Latvia, has then been more ‘voluntary’ including an 8 % spending cut in 2010, and later €27 billion cuts including salary freezes and the reduction of departmental budgets by 16.9%. Yet, following the recently launched quantitative easing program of the ECB, even in Spain the long-term bond yields have now fallen under 2 % and the economy is finally recovering. This is sometimes taken as a sign to legitimise austerity, but the modest growth could also be attributed to cyclical effects and to the altered, monetary policy easing of the ECB exercised in all countries but Greece. However, the youth unemployment problem remains enormous.

Methods Used in the Analysis

As illustrated by the four narratives above, there are any number of ways to address the historical coexistence of the production crisis, the public debt crisis and the age of austerity. Yet the social political issues are often similar regardless of the causes behind fiscal imbalances and tensions. In effect, the salary cuts, the disappearance of both public and private jobs, and the particular effect of the crisis on the ‘service economy’, are all themes that question the formerly assumed structures of economic socialisation. At the same time, they are particularly relevant from the point of view of individuals, which makes it necessary to address these phenomena at multiple levels.

To address my research question of how to locate the crisis and how different policy responses can be viewed in connection with it, I approach the crisis at different levels by using the following methods. First, *factorial methods* are used to understand differences in the *national* level data, as I will analyse in Chapters 1 and 2. Second, *multilevel methods* (generalised linear mixed modelling) form the methodological core of my study. These methods are used to combine national level predictors with individual crisis outcomes, and they will be applied in Chapters 5 to 7 and again in Chapter 9. Third, I apply *multiple correspondence analysis* (MCA) in several occasions to model *individual* level data.

These methods are best suited for the following reasons. First, the effects of the crisis and the associated policies are relevant from the point of view of ordinary *individuals*, and yet the prevalence of different effects varies across *national* contexts. To address these concerns, I have used data collected at both levels. The *multilevel methods* allow these two levels of analysis to be combined as I discuss more thoroughly in Chapter 4, which is the main methodological chapter of this study (for a technical discussion see Appendix 8).

Table 1. Sets of data and methods used for analysing the crisis at different levels.

Level	Data	Methods	Year	Position
National differences: Factors of the crisis	Eurostat, UN, etc.	Correlations, Factor analysis	2007 and 2012	Chapters 1 and 2
Outcomes of the crisis, located at <i>multiple levels</i>	EQLS EWCS	Multilevel analysis	2007/2008 and 2011/2012 (EQLS) 2005 and 2010 (EWCS)	Chapters 5 to 7, 9
Individual differences: Affects of the crisis Work-related affects	EQLS EWCS	MCA	2007/2008 and 2011/2012 (EQLS) 2005 and 2010 (EWCS)	Chapters 6 and 8
Epistemological representations, ethics of debt	Eurobarometer	MCA	2011 and 2012	Chapter 3

In addition, as illustrated in Table 1 above, different sets of data are analysed separately with methods appropriate to the particular level of analysis. The *national level comparison* focuses on various themes related to the economy, policy and equality. In particular, the factorial methods allow a number of variables to be expressed by only a few key dimensions, also demonstrating the extent to which the three themes overlap. The results of these analyses—the different ‘factors’ of the national economic crises—are helpful in forming some tentative hypotheses about the nature of the crisis. They are also used as background variables in some of the later multilevel analyses.

By contrast, *individual level* data consists of various surveys reflecting respondents’ socio-economic situations, how they subjectively experience the economy, and their specific knowledge about the crisis. Multiple correspondence analysis (MCA) is suitable for analysing these sets of data for at least two reasons. First, like with the factorial methods, MCA packs up a range of variables into a few key dimensions. This is

necessary as many of the subjective aspects of the crisis are quite complex and the MCA-constructions give a more reliable picture of the overall crisis experiences. Second, unlike the factorial methods, MCA applies to categorical data which is very important in social scientific research, as individual experiences cannot be expressed numerically.

I will conduct the most important multiple correspondence analysis in Chapter 8, where a five-dimensional model reflecting the different ‘affects’ of the crisis is constructed. The resulting constructs are in turn analysed by multilevel methods in Chapter 9. I will also apply multiple correspondence analysis earlier in Chapters 3 and 6, but these analyses are rather peripheral to the main argument, focusing on two additional sets of individual level data. Therefore, a more thorough theoretical discussion of multiple correspondence analysis is left to Chapter 8 (for a technical discussion, see Appendix 9).

I have divided the analysis so that each chapter focuses principally around a single set of data and applies only a single method of analysis (Table 1). In Part I, I will focus on the *national* level differences based on data collected from Eurostat (in addition to two Eurobarometer surveys). Part II forms the core of multilevel analysis, focusing on the national and group-level differences in connection to more or less *objective* crisis-outcomes. These analyses are based on two surveys collected by the Eurofound: *European Quality of Life Survey* (EQLS) and the *European Work Conditions Survey* (EWCS). In Part III, in turn, the focus will again be on the individuals, but this time from the point of view of *subjective* experiences.

Finally, it is worth noting that in some instances the results of either the factorial analyses or the MCA are used as part of multilevel analyses. However, these occasions are clearly indicated in the text and they are included mainly to evaluate the validity of the main argument. In most cases, it is safe to ignore them should the reader find the combination of methods difficult to follow. Only the combined analysis in Chapter 9, where the different ‘affects’ of the crisis will be analysed by multilevel methods, is central to the main argument.

An 'Epidemiological' Approach

There is evidence that social expenditure is pressured in all contexts, even if it is unclear whether all forms of welfare connect to the crisis similarly. However, the question evoked the employment-crisis—the one footed in all these contexts—relates to whether work itself any longer shelters and accommodates people as before, that is, whether it exists as an inevitable social 'container' or as a form of 'social citizenship' (Castel, 2003: 243). It appears that problems associated with work have spread out rather 'epidemiologically' across Europe, even if in country-specific ways.

To conceptualise the relevance of the multilevel approach more philosophically, from a post-structuralist perspective, the crisis is not 'contained' by national contexts any more than by concepts such as work. Even if such 'actors' like nation states or work as a category are part of its articulation, there is possibly a bidirectional relationship between them and particularly between two levels of the crisis: personal experiences both reflect and conduct national economic changes. Multilevel methods can be used to identify the complex ways in which these two may interact. In particular, the boundaries and meanings of national contexts are themselves redrawn during economic conflict (cf. Tenbrück, 1994).

This comparative study is then neither purely 'endogenous' (based on within country processes) or 'exogenous' (referring to international logic)—a distinction often used in comparative welfare research (Alapuro et al. 1985; Øyen 1990). I also argue that there is a certain kinship between post-structuralist ideas and multilevel methods despite the fact that the data itself is assumed to be hierarchical in the latter (multilevel methods help to articulate such hierarchies as part of the so-called 'actor-networks'; Law, 1992; Latour, 2005).

The ability to cross the boundaries between levels has also made multilevel methods pivotal in epidemiological research. Instead of looking for 'endemic' explanations of the crisis, the *social epidemiological* approach encompasses the idea of treating the crisis itself as an assemblage of various phenomena and on various levels—a process involving 'contamination', 'proliferation' and entrenchment. The crisis is thus assumed to

superimpose no single core logic but is mapped out through various ports of entry, thus combining various sources of data at different levels. It also refers to *two* different *temporal perspectives*: the long-term processes that have made the crisis possible and those historical discontinuities that interrupted the prevailing modes of action, that is, the crisis as an 'event'. By contrast, explanations based solely on economic causation (cf. Davies, 2010) tend to overlook the actual *agency* of both nation-states and the people.

A reductionist view on agency is typical not only of neoclassical economics but also of discourses on economic governance that articulate the crisis as a regulatory failure (e.g., Blyth 2002; Dale 2004; Woods, 2005). By contrast, from the sociological perspective the 'economic' itself is *socio-culturally embedded* (Emmisson, 1985; Massey, 1988), and so are its crises (cf. Castells et al., 2012). Economic sociology thus begins with a paradigm different from economics, recognising the variety of agencies and by asking about their historical and social origins. It further goes beyond institutions (cf. Foucault, 2009: 162–164), seeking to understand how institutions themselves gain power and are instituted.

Given that I draw on multiple theoretical discourses, sources of data, and at different levels, the task is certainly no less difficult for the reader than it has been to the author. Few scholars apply paradigms such distinct as multilevel analysis and actor-network theory; some might even consider them as incommensurate. The literatures I engage also cover a range of fields from neoclassical economics to social policy. Yet I would like to believe that these challenges are justifiable by the fact that the crisis itself, by its very nature, is diverse, dispersed and even an elusive concept. It spreads out epidemically; it affects people at multiple levels and by referring to a variety of actors and institutions. Multilevel methods are used to make sense out of this critical, if not 'chaotic' epidemic bringing disorder into the heart of the European economy.

Traces, Performances and Actor-Networks

Even if combining and testing a variety of discourses and theoretical ideas, the project is at the same time empiricist. The crisis is viewed as an amalgam of social phenomena that cross the boundaries between the 'economic', 'social' and even the 'psychic'. All of

these aspects are addressed by asking both what is *common* about the crisis but also how each context differs.

One of the themes particularly relevant from the ‘material-semiotic’ perspectives of sciences studies (Law, 2008) is then the question of what is *performed* in the crisis—not necessarily by ‘the crisis’ itself (which is an incoherent actor) but in the way in which the crisis itself is being devised in economic, political and social discourses, technologies and assemblages. Previously such approaches inspired by Barry Barnes' sociology have evolved mainly in the context of the material-technological embodiments of finance (e.g., MacKenzie, 2006), or more philosophically in respect to the cultures of genderification for example (Butler, 1993), but rarely in the context of broader assemblages that concern economic (cf. Mirowski and Nik-Khan, 2007) or social *policy*.

Therefore, in addition to material technologies, the crisis encompasses a variety of economic, political and social *ideas*—‘elective affinities’ as Weber used to call them (Thomas, 1985). The crisis does not only refer to financialisation and ‘economisation’ (Çalışkan and Callon, 2009, 2010), or to their failure. Instead, economic and financial actors are part of the network by which the ideas and interests driven in the name of the crisis are either embodied or performed. They do so at various levels and in reference to different temporal perspectives. Other actors involve ordinary individuals but also the *public*, or rather the various assemblages representing the ‘public’ (e.g., public economy, government but also financial markets, national economy, and the more rooted embodiments of participatory democracy).

‘Performativity’ is thus a crucial theme whenever we are discussing crises, even if Roitman (2011: 2) phrases it with a slightly different wording: that a crisis is ‘a logical observation that generates meaning in a self-referential system’. On the other hand, I do not wish to restrict the concept only to the domain where economic sociology most often applies it—the social studies of finance and its focus on material technologies. Instead, in my view, the way in which crisis-discourses are ‘performed’ in society is *constitutive* to themes like policy and power. At the end of this study we arrive at the

question of how the 'public' is being performed, and whether political change imposed by the crisis is counter-performative.

Yet the crisis itself is not a single, identical phenomenon in all countries, but its history should be viewed as open; no more does it mean the same thing to different individuals. Rather, the very identity of the crisis is an empirical question. In particular, it is crucial to understand the *subjects* of the crisis: *whose* misery it is that is actually 'performed'. In this direction, I am not only looking at the crisis as a pure 'performance' but this study also constructs the crisis itself as an *embedded* object of analysis. In part, I follow the more traditional economic sociological literature (e.g., Polanyi, 2001, Granovetter 1985). 'Performativity' is rather an additional theme that is helpful in taking a critical distance towards the main narrative of my study, with an emphasis more rooted or democratic representations of the crisis (Chapter 3).

Yet the European crisis of debt is particularly illustrative of these 'constitutive'—or in Jane Austin's vocabulary 'performative'—aspects of economic crises. Indeed, historically such crises seem to be particularly relevant in Europe (cf. Koselleck, 1988). By considering individuals as inhabiting not only different countries but Europe as a whole, my approach compares with Göran Therborn's (1995) attempt to understand Europe as a continent of conflict—something to metaphorise the 'present' of the world history as such (also Miller and Rose, 2008). The contemporary crisis in Europe can be regarded as encapsulating something essential about the global crisis—in an exaggerated and prolonged way.

Besides the two, individual and contextual tracings of the crisis, post-structuralism also encompasses the 'holistic'⁴ question about how to *map* the variety of changes, performances and processes together. I do not assume that there should be any single answer to the question about the subjects of the crisis, or that there should be any one way to *translate* the crisis into a single 'actor-network'. Instead, similarly as the historical emergence of crisis-thinking in Europe spatialised the question of judgment, it is pivotal to understand (and map) the current crisis similarly as a spatial process—even if the chosen coordinates are conceptually rather than geographically grounded.

Each one of the multilevel models themselves could be viewed as such a mapping, but I have approached the problem of cartography also from an alternative, less hierarchical perspective. In particular, I follow Pierre Bourdieu's use of *multiple correspondence analysis* (MCA). His own picture is, however, still rather 'endemic' in respect to national contexts, whereas my combined use of the multilevel and MCA-methodologies is one way to take Bourdieu's insight forward—particularly in the direction of 'transnational' comparisons (Nowicka, 2013; Nukaga, 2013). At the same time, I emphasise the relevance of *social change* and the 'dynamics of the field' (Bottero & Crossley, 2011; Beer, 2013; Savage & Silva, 2013) instead of considering economic 'dispositions' as embedded within a stable or static field. This is extremely important when analysing crises rather than a *status quo*. Furthermore, unlike Bourdieu's (1993: 101) 'objectivating' analysis, the resulting abstractions are subject to methodological discussion (on semiotic methods, see Greimas and Courtés, 1979: 108), thus combining quantitative and qualitative paradigms at least on the level of groups and contexts.

What is the most peculiar about this 'cartography' (e.g., Meyer and Molneux-Hodgson, 2010) is that it has the power to *decentre* causal, more or less 'economic' narratives about the crisis. The focus is thus on national 'dispositions' as measured in various *affects* of the social and economic crisis, and on how these dispositions change. This does not target to produce a 'systemic' perspective in the sense of Bourdieu's 'fields' or Wallerstein's (1974) world-system/dependency theory (also Ragin and Walton, 1990), but instead to understand how 'systems' like those related to welfare are affected and questioned by the crisis.

A Brief Review of Literatures

The current economic crisis in Europe is a historically peculiar case, and apart from the recent special issue of *Sociology* on the 'global' crisis (e.g., Dinerstein et al., 2014), the crisis itself bears no extensive sociological literature. Throughout the work, I refer to sociological literatures in related themes, whereas in the crisis-context I rely on other fields including economics, social policy and social studies of finance. I have here listed some of the most important ones.

The 'Global' Crisis

Empirical research in the 'global' crisis focuses on two distinct perspectives. The first one relates to quantitative finance and draws on either economic governance (Engelen et al., 2012) or science and technology studies. For example, MacKenzie (2012) diagnoses the crisis from the point of view of ABX and CDS devices. Research in these directions considers how the ability of the market to produce knowledge was questioned as the 'unexpected' emerged (Beunza and Stark, 2012; Bryan et al., 2012; Davies and McGoe, 2012). Also Grahame Thompson (2009: 520–521) handles the crisis literature from the financial point of view by identifying two dominant meta-narratives of the crisis. The first, 'economic' one, frames the crisis as a 'conjunctural rupture' in which 'multiple overlapping times, arrangements and unstable combinations of circumstances' occur. Davies' (2010) study on different explanations of the crisis falls here. The second, more 'critical' voice, adopts an 'ideological' stance on 'neo-liberalism', but seldom suffices as an exercise in empirical sociology.

Another section of literature approaches the crisis from the point of view of real economic and employment crises, and thus focuses on its 'public' more than 'financial' aspects. As mentioned above, Lysandrou (2011) reflects global inequalities as the engine of the crisis. Most research, however, attempts to frame the employment crisis more locally (see for example Baranowska et al., 2011, Gebel, 2010; O'Reilly et al., 2011; Verick, 2009), or by comparing its contents (Appelbaum, 2011; Lallement, 2011). Local subjectivities also played a crucial role in the case of Iceland, where the government subsequently refused to cover the losses of foreign speculators (Ragnarsdóttir et al., 2013). It has further been suggested that the 'cultures of the crisis' should be considered as variable (Castell et al., 2012). Regarding research on previous economic crises, Glen Elder's (1971) *Children of the Great Depression* is worth mentioning as a particular generational perspective, in addition to Karl Polanyi's (2001 [1944]) *The Great Transformation* that serves as an ethnographic interpretation of Weber's 'substantive', non-formalist understanding about the economy.

Debt

From the conceptual point of view, the question of *debt* is also pivotal to the current crisis, even if most discourses on debt frame it in the context of personal rather than

sovereign-debt, despite that the latter is increasingly pertinent even to ordinary citizens today⁵. The sociology of money (e.g., Simmel, 2004; Zelizer, 1994) is now partly replaced and reconfigured by the emerging field of the sociology (e.g., Roitman, 2006; 2006; Dwyer, McCloud and Hodson, 2011; from the sovereign-debt perspective MacKenzie, 2009) and anthropology (Graeber, 2011; Peebles, 2010) of debt, which is viewed as constitutive to the historical emergence of money. In addition to speculative philosophical diagnoses (Nietzsche, 2003 [1887]; Lazzarato, 2012), there is then empirical literature in both the liberating (Nugent, 1996; Truitt, 2007) and burdensome or imprisoning (Howe, 1998, Lowrey, 2006, Peebles, 2010, Taussig, 1987) aspects of debt, not to mention the moral considerations behind ‘fiscal disobedience’ (Roitman, 2006).

Debt is, at the same time, what “makes money ‘social’” (Sarhou-Lajus 1997). And as opposed to symmetric exchange, debt is an *asymmetric* relationship between the creditor and the debtor. But that money is debt does not necessarily mean that all kind of debt is money. This is why my study experiments on the idea that work and labour more generally could be viewed as debt or an existential obligation without a direct, personified contract. However, literature on such moral framings and sentiments of non-economic ‘debt’ is more fragmentary than the literature on money-debt; let me just mention Adam Smith (2004 [1759]), Pierre Bourdieu (1984) but also Georges Bataille’s (1985 [1927]) illustrative inquiry *The Notion of Expenditure*, further discussed by Jean Baudrillard (2012 [1976]).

Employment

Also, the question of work and particularly the *divisions* of work have been central to sociology since at least Durkheim’s *Division of Labour in Society*. The reality of work is now often depicted in micro-level contexts, including ethnographies in manual work (Burawoy, 1979), of doctors who perform surgeries and abortions, of household work and of phone sex workers (Hess, 2001). This branch of literature focuses largely on the ‘internal state and the internal labour market’ (Burawoy, 2012: 194); it involves *anthropological* representations of work as a life process and a manifestation (and exploitation) of ‘*viva activa*’—the life of action and speech (e.g., Arendt, 2003 [1958]). And grounding on Harry Braverman’s (1975) *labour process* theory, Michael Burawoy

then suggests that this reality of work is 'two-fold' in a sense that the expropriation of surplus value (and life) makes work 'obscure' and thus employees must be somehow 'secured' by the employer (by the manufacturing of 'consent' he argues).

Other and to us more relevant literature, however, approaches the labour market rather than work itself. It focuses on what I refer to as the *employment process*. Traditionally there were two generations of such quantitatively oriented research (Savage, 1997: 305), often also called as labour market research: the first based on a *hierarchical status attainment* model (Blau and Duncan, 1967) and the latter approaching job market stratification by the so-called 'class structural' approaches that no longer assumed any intrinsic or linear hierarchy of occupation structures (cf. Erikson and Goldthorpe, 1992).

But employment is also made understandable by the meanings of its lack.

Unemployment has indeed been studied extensively in *Marienthal: The Sociography of an Unemployed Community* by Lazarsfeld et al. (1972 [1933]), and later in a series of comparative studies on the effect of welfare regimes on unemployment-related experiences (Gallie and Paugam ed, 2000). The latter in particular serves as an interesting pre-crisis context to contrast my work with. The effects of long-term unemployment have also been studied from the point of view of the so-called 'hysteresis effects' that reflect the difficulties and structural disintegration resulting from prolonged unemployment (Hauser et al., 2000: 37; also Blanchard and Summers, 1986) as illustrated for example by the economic depression in Finland in the 1990's (e.g., Machin and Manning, 1999).

Two other branches of research focus instead on the changes in the *contractual form* of labour and on the role of the so-called active labour market policies or ALMPs (e.g., Boix, 1998; Bonoli, 2010; Vlandas, 2013). Today, available jobs are more often temporary or otherwise 'atypical' (e.g., Fenton and Dermott, 2006; Schömann et al. 1998, 139); the labour market is segmented or 'two-tiered' (Gash, 2008); and the 'entrapment hypothesis' suggests that people often stick and find it difficult to secure permanent jobs after starting in the more 'precarious' side of the labour market (Gebel,

2010: 641–642). Such a tendency has possibly been furthered by the crisis (Baranowska et al., 2011) and/or by official policy recommendations by the EC (Heyes, 2011). Studies on the ALMPs also question former welfare research based on the idea of the ‘decommodification’ of labour—the guarantee of economic means for citizens to opt out of work when they consider it necessary’ (e.g., Esping-Andersen, 1990: 23)—and the lack of such decommodifying efforts could in part explain the deterioration of the contractual form of wage-labour.

In a recent study *From Manual Workers to Wage Labourers*, French sociologist Robert Castel (2003) reflects the changes in the employment process and welfare policy historically. What is crucial to his endeavour is that he views work as a ‘right’ rather than in terms of exploitation—a disappearing right that then evokes the ‘new social question’ (Castel, 2003: 367–444). Given the ‘continued deterioration of the conditions of wage labour observable since the 1970’s’—as often empirically verified by youth research (e.g., Bradley and van Hoof, 2005; Evans and Furlong 1997, 17–18; Furlong and Cartmel, 2006; Hammer, 2003)—Castel (2003: 3) identifies the reappearance of the pre-social state of work and the ‘persistence of traditional tutelages’ that had already disappeared (Castel, 2003: 3–5).

Castel (2003: 414) then argues that there is no need to ‘draw a distinct hermetic line between those who withdraw from the game and those who fall’—the “ ‘in’s’ and ‘out’s’ “ of the labour market—but that the unemployed and those in temporary work form a group of the ‘supernumeraries’. They are people who suffer from the ‘deficit of occupiable places’ at the same time as public welfare is “squeezed to the limit’ (Castel, 2003: 377).

Their ‘free access to labour’ (Castel, 2003: 3) is undermined simultaneously on two fronts. The ‘*problematic of labour*’ associated with the commodification of labour (cf. Jessop, 2002; Silver, 2003) could only occur in combination with the ‘*problematic of relief*’, that is, the question of decommodification and welfare (Castel, 2003: 4). Without the latter the ‘right to work’ would not be genuine but only conceal and mystify the material and social *need* to work. Castel then portrays the historical emergence of these

two problematics as they span over multiple centuries, at the end of which work appeared to shelter people as a form of 'social citizenship' as mentioned above. Wage-labour then evolved as 'a basis for the construction of social rights and duties, responsibilities and recognition', but today the simultaneous 'subjection and constraints' are increasingly important, narrowing the group to which the institutions of relief apply (Castel, 2003: 243, 248–249).

Similarly as Durkheim asked about the divisions of labour, also the types of employment are now increasingly divided. These questions are particularly relevant during the 'emerging adulthood' (Tanner and Arnett, 2009) about to enter the job market (e.g., Fenton and Dermott, 2006; Lowe and Krahn, 2000; also O'Reilly et al 2011, 581–582; Scherer, 2005). Even before the crisis, Castel (2003: 377, 408–413) anticipated the 'dual pressures of unemployment and demographic shifts'. Temporary workers are argued to be subject not only to insecurity but also *stigmatisation* (Boyce et al., 2007), leading possibly to what Castel calls 'negative individualism' that stems 'from the lack of frameworks'. However, as my analysis will demonstrate, negative individualism is very differently experienced by the un- and the underemployed, questioning the plausibility of the single group of 'supernumeraries'.

Inequality

Inequality is a wide topic originating at least since Jean-Jacques Rousseau's writings, and to some extent all social policy research focuses on inequality. Most emphasis is put on 'economic inequality' (Salverda et al., 2009), and not always in a critical tone as some defend the trade-off between economic inequality and efficiency (Welch, 1999), despite that this does not explain why many of the more prosperous economies are also quite egalitarian (Lindert, 2004). Besides these economising approaches, sociologically there are also many other, social and integrative aspects to inequality. Therborn (2013) now convincingly argues that differences in income and wellbeing even subject people to an actual risk of death.

Yet such differences are recongised as inequalities only as social constructions (Therborn, 2013). Traditionally, the constructions have emphasised either the *functional* or *conflictual* nature of social inequality. In the former direction, I focus particularly on

Thomas Piketty's (2014a) claim that inequality could actually contribute to economic stagnation, contrarily to economists' conventionally held views.

Piketty's construction of inequality basing on a historical analysis of several centuries is particularly relevant in the current context. His account might strike as sometimes economic, focusing on the 'distribution and redistribution between tax units' while possibly neglecting 'the important role of social policy' (Piachaud, 2014: 696). Even so, to understand the prospects of social policy in longer economic history, we should not ignore that the situation where national growth exceeds the return on equity during the twentieth century is historically unique. The twenty first century might bring about a decline in growth, and this process could follow and precede the re-emergence of growing inequality. As Piketty points out, this is at odds with Kuznets' conventionally accepted theory that higher equality should result as an inevitable consequence of economic growth (also Welch, 1999).

Despite these bold and intriguing themes, Piketty's reception among sociologists is not always admiring. It has been argued that Piketty's use of 'quantitative' measures overlook the 'qualitative' depths of inequality, particularly its temporal and uncertain characteristics (Bear, 2014: 639). However, following Pierre Bourdieu's example, it is possible to use quantitative methods for identifying *qualitative* differences in equality and wellbeing.

Indeed, Piketty's (2014a) account should not only be taken 'as that of an economist' and the work still covers important themes like the 'conceptualisation of time and history' as well as that of 'social classes and privilege' elaborating a 'sociology of accumulation'. Contrasting with other framings of capitalism, this makes his 'class analysis' more fluid and opposed to the idea of the economy as a zero-sum game. (Savage, 2014: 590, 600.) Despite the ostensible lack of a clear 'analytical foundation', Mike Savage (2014: 593) praises him particularly for his visualisation of abundant historical data. Furthermore, Piketty (2014b: 745–746) himself defines his approach as an 'exploratory' one and does not make a conclusive argument about the role of inequality in general. Even so, Bear

(2014) is quite right in that we should not ignore the ‘changing institutional forms of public debt’—a question the crisis has made extremely current.

Other literatures

Finally, my study includes additional branches of literature on themes like the transformations of welfare states (e.g., Ellison, 2006; Esping-Andersen, 1990; Myles and Quadagno, 2002), financialisation (e.g., Epstein, 2005; Ertürk et al., 2008) and economic governance (e.g., Blyth 2002; Haas 1992; Woods 2005)—particularly in the EU (Christiansen et al., 2001; Dale, 2004; Marks et al., 1996; Rosamond, 2000; Walters, 2004). These literatures are not directly related to the crisis but rather guide the methodological choices like the variables used in the analysis.

I also address the affective contents of the economic struggle (e.g., Jahoda, 1992; 1998; Kelvin and Jarret, 1985; Warr, 1987; Whelan and McGinnity, 2000), the socialisation effects among the youth (De Vreyer et al., 2000) and particularly the *psycho-social* orientation towards social conflict, which refers to the interference of psychological and social factors contributing to how an individual perceives or is affected by the crisis. The concept then assembles together two perspectives on action, one of which refers to personal attitudes, orientations and behaviours, while the other one refers to groups, contexts and intersubjective relationships (e.g., DeMause, 2002). These psycho-social orientations interestingly parallel David Riesman’s (1950) famous diagnosis *The Lonely Crowd*, which distinguishes between ‘inner-directed’ and ‘other-directed’ orientations as sociological ideal types.

To this end, I draw on psychological literature on the *internalising/externalising* reactions to stress, even if I apply them from the point of view of economic and social conflict rather than individual developmental trajectories or defence strategies (cf., Nezhad et al., 2011; Wilmshurst, 2005). Yet also psychological literature now recognises such ‘distal’ moderators as the socio-economic background and social support in the emergence of such orientations (e.g., Cramer, 2009; Davidson and Demaray, 2007).

Even if this broad collection of literary sources might appear as eclectic, each approach provides a different ‘entry’ to the crisis and is thus important from the post-structuralist point of view. In particular, it is possible to use multilevel models to subject a variety of discourses to an *empirical* trial. For example, the notion of inequality is introduced not as a way of arguing that inequality should necessarily contribute to the crisis (but see Lysandrou, 2011) but in order to understand the types of inequality (e.g., Therborn, 2013) relevant to data. By combining various blocks of predictors, the multilevel analysis is a methodological way for aligning different texts before each other.

Three Entries to Data

The country-level indicators represent the years 2007 and 2012 and I collected those entries individually from sources like Eurostat and the UN. The individual level data is based on three surveys, each of which is collected in all EU-countries and with roughly similar sample sizes, 1000 respondents per country.

The main set of data—*European Quality of Life Survey* (EQLS)—is a cross-sectional study collected every four years by the European Foundation for the Improvement of Living and Working Conditions (Eurofound). The purpose of the data is to ‘examine[] both the objective circumstances of European citizens’ and ‘how they feel about those circumstances and their lives in general’.

The *European Working Conditions Surveys* (EWCS) is also collected by Eurofound. It focuses on working conditions of both employees and the self-employed across Europe. Finally, the third set of data addressing the lay representations of the crisis consists of two Eurobarometer surveys (76.1., 2011, 78.1, 2012) collected by the European Commission.

As a brief note, the main ethical concerns in survey based research relate to the collection of data. These concerns have, in most part, been accounted already by Eurofound. One of the most sensitive issues in the data relates to health problems, but the data includes only self-assessment variables and no information on actual health

problems (e.g., mental or physical). Respondents have also been informed about their right to refuse to answer.

Chapter Outline

Part I

In the first part I will inquire into the different, country-specific aspects of the crisis in Europe. Instead of dealing only with separate contexts, the crisis is present everywhere but appears in different ways. I will introduce various questions related to actual and perceived wellbeing, focusing particularly on the perspective of the state. I will also look at which countries may be clustered together based on the perceived effects of the crisis and an epistemological analysis.

In the first chapter I will introduce the reader to the idea of studying the crisis both as a cross-European phenomenon and as a differential, context-dependent entity. It is pivotal to understand the different categorisations of the crisis and whether they gain empirical support. It appears that the crisis brought about a bifurcation in the bond market that has been detrimental to the economy. However, I will pose particularly the question what it is to study the crisis beyond the ‘economic’, that is, by focusing on the economy but forgetting about the normative question of efficiency and return.

I will suggest that individual countries have encountered the crisis in three different modalities: ‘financial’, ‘fiscal’ and ‘welfare’. I will then discuss several indicators of the crisis collected from Eurostat and elsewhere—its quantitative correlates—and contrast them with the three modalities of the crisis. Finally, I will address the question of social protection and argue that increase in social expenditure stems more likely from health care –related costs, even if the crisis has often been used as a frame to justify cuts to other kinds of benefits, including compensation for the unemployed. At the same time, non-social government expenditure has grown quite systematically in various contexts, suggesting that there is ‘room’ to increase public expenditure, whereas the crisis has questioned its allocation.

The second chapter brings the fiscal, financial and welfare crises in contact with each other. In particular, based on the same country-level data, I will construct several factorial models to specify national differences. It then appears that the unemployment crisis is somewhat independent of the welfare crisis—yet the combination of the two axes of the crisis clusters the representatives of different welfare regimes remarkably well. The post-Soviet countries are overshadowed by the crisis of *emerging welfare*, whereas those in the North are *saturating*, but not yet *squeezed* as are the Southern countries associated with a particularly strong, quantitative impact of the crisis.

In the third chapter, I will discuss the lay perspectives and meanings of the crisis as an ‘object of knowledge’ and as an alternative perspective to the expert discourses dominating public discussion. I will emphasise the way the crisis emerges as a ‘boundary-object’ combining different groups and contexts, considering how expertise and awareness themselves are constructed. Basing on Eurobarometer data, technical knowledge about the crisis (e.g., knowledge about credit-rating agencies or of EU-wide interventions) appears to be somewhat independent of economic and political awareness, reflecting the impact of the crisis instead. Economic and political awareness in turn shape the perceived *futures* of the crisis, affecting opinions about its *contingency*: whether or not policy interventions can be used to control the crisis. Such views are also associated with specific representations of welfare.

These measures of awareness then indicate that there are actually two overlapping crisis-representations: the quantitative and the qualitative crises of employment and wellbeing. The former cluster is populated by countries standardly associated with the crisis (e.g., Greece, Spain and Ireland), whereas the latter category consists of many Protestant countries, where unemployment rates have not similarly risen. It is also remarkable that different cultural backgrounds (main religion) are further associated with *moral representations* about sovereign-debt and debt-relief: the Protestants are likely to oppose financial help and emphasise prudence.

Part II

The second part connects the governmental, nation-state-oriented agencies with individual enactments of the crisis. I will focus particularly on economic outcomes, like

unemployment and deprivation: what groups and which contexts are particularly susceptible to such conditions. The second part then furthers the critique of the ‘economic’ and, in particular, the ‘financial’ interpretations of the crisis in the context of economic and social policy. The combination of national and individual levels allows us to understand the crisis as an interaction between micro- and macro-economic frames.

In the fourth chapter I will introduce multilevel methodology, reflecting the kinds of sociological problems that have been traditionally addressed by using such methods, but I will also contrast them with more recent theoretical frames like the actor-network theory, with a specific focus on modelling the crisis based on cross-sectional data. In particular, the method allow us to view the crisis as encompassing two temporalities in respect to how its different contexts compare: the crisis is on the one hand a pan-European process that has catalysed *pre-crisis differences* similarly in all contexts. On the other hand, other differences are not sustained but *induced* only over the past few years. These two temporal perspectives reflect how the crisis ‘makes a difference’—once in all contexts and once by indicating the contexts where its effects are the most immediate.

The fifth chapter utilises multilevel methods on the EQLS survey in order to understand the crisis of employment: how the likelihood of unemployment varies between groups and contexts, but also how these differences contrast with those related to deprivation. In fact, context-level predictors turn out to better explain differences in deprivation, whereas the prevalence of unemployment is more contingent. The unemployment crisis is in part associated with the fact that due to the crisis more women have entered the labour market; at the same time, those in the low middle-income quartile have suffered more relative to others. But above all, in comparison with the pre-crisis situation, the crisis-effect on both unemployment and deprivation is the highest among those with tertiary education—particularly if they are young.

Other than education-related effects, the variation in unemployment rates, however, largely mirrors *pre-crisis* differences (only multiplying them). This suggests that the unemployment-crisis reflects more pervasive changes in the employment-process, which are catalysed but not created by the crisis. This also explains why crisis-awareness is

relatively independent of the perceived ‘impact’ of the crisis, that is, that there are both quantitative and qualitative crises of work. Indeed, the multilevel models suggest that the Protestant contexts make respondents actually more vulnerable to deprivation-effects (when controlled for the level of unemployment) due to the lack of substantive economic solidarity. Moreover, the crisis is regulated by the distribution of *social* and *non-social* public expenditure.

The sixth chapter shifts from individual experiences to the social expression of the unemployment-crisis by analysing different ‘publics’ of work. Work and employment do not exist only to fulfil individual needs but for a variety of social ends, including standardisation, control and integration. First, I will consider public work that turns out to have defended people against the crisis-related devaluation that characterises private work—the ‘public’ then serves as the ‘sender’ to work, which itself targets to benefit individual workers. Based on the EWCS, public work has, however, become more manual or monotonous and less secure in terms of contracts. This could explain why workers in elementary occupations have suffered similarly as other groups in education income countries. Creative work also appears to escape from younger cohorts, which thus questions for example Florida’s (2002) hypothesis of the emerging importance of the ‘creative class’—at least in Europe.

In contrast, the active labour market policies—which will be divided into market- and integration-oriented approaches—articulate the ‘public’ as the *beneficiary* of employment. Work then exists to benefit the public rather than an individual worker. The effects of such labour market policies on aggregate employment are negligible, however. Such policies only seem to support the integration of the higher middle-income quartile at the expense of low-income households. These policies can also be viewed as means to increase employability in order to reduce labour costs. Finally, I will discuss what the ‘public’ means to work, framing it both in terms of the national product and consider the process of financialisation as an alternative ‘public’ that ‘taxes’ contemporary labour but in a way outside democratic control.

Part III

In the third part I will continue to analyse the EQLS survey but by focusing on the questions of subjective wellbeing. Such traditional indicators as happiness do not reflect crisis-related changes as well as indicators related to psycho-social orientations: the young unemployed have become particularly *internalising* about the crisis, experiencing chronic health limitations twice as often as before. Also, those with tertiary education are subject to unhappiness, dissatisfaction and job-related shame; yet they are unlikely of 'acting out' their situations, which in part explains why the problems pertinent to education-intensive economies are seldom recognised by those with higher education themselves.

Most affected groups are, however, the least prone to engaging politically. Instead, even those in the most vulnerable positions have acquired new mortgages, indicating the power banks still exercise over the economy. It is also notable that those countries with the highest GDP growth during the crisis indicate the most anti-social policies and outcomes.

The eighth chapter furthers the subjective perspective in more visual ways. I will conduct a multiple correspondence analysis on all categorical crisis-outcomes in order to frame the aforementioned psycho-social effects of the crisis in more structured ways. Five principal manners in which people situate themselves in respect to economic and social struggle will be identified. In general, the employed appear to have become more economically 'depressed', and the nation-states clearly have become less accommodating due to the crisis and the pressures on welfare. However, neither depression nor marginalisation concerns the unemployed or those working on fixed term contracts on average.

Instead, these two groups are affected in opposite ways: the unemployed are more deprived but compliant, whereas those working in insecure jobs are more discontent as they feel their income insufficient. The latter are also less 'sympathetic' or less likely to receive such sympathy from others. At the same time, the MCA-construction confirm that the young unemployed are particularly prone to long-term socialisation effects.

These occur in two directions: if the young generally ‘internalise’ the effects of the crisis, more ‘externalising’ tendencies are visible there, where the unemployment rates are either the highest (quantitative) or the lowest (qualitative crisis). This also confirms that the epistemological constructions of two kinds of crisis-awareness (Eurobarometer) resonate with the effects of the crisis on the quality of life (EQLS).

Finally, diagnoses like Piketty’s (2014a) and Therborn’s (2013) suggest that inequality tends to increase. However, the two authors do not specify which particular (developed) economies are the most prone to such tendencies. By analysing the MCA-constructions themselves by multilevel regression, it then appears that while many variables predict different kinds of outcomes, there is one tendency that is consistent in all dimensions (crisis-related affects): the crisis affects particularly the education-intensive, ‘post-Fordist’ economies, and these effects are again stronger among the young. In addition, the opposite effects of social (positive) and non-social expenditure (negative) are confirmed.

However, these macro-level phenomena related to policy and education are not generally recognised. I will suggest that the differences in the affective crisis-experiences among the un- and the underemployed young prevent them from finding a common voice or generational consciousness about the crisis (e.g., Wohl 1979, 5; Hazlett, 1998: 8–9). Among the most affected countries, only Portugal indicates higher age-related mobilisation, whereas Greece demonstrates lower recognition of inter-generational conflict than what the multilevel analyses would expect: sustained generational consciousness about economic change even in such extreme contexts is uncertain.

Conclusion

The final, conclusive chapter addresses the crisis in the context of austerity, drawing on the draconian Greek case in order to illustrate the political economy of the crisis. The chapter is critical of the underlying trend whereby the public sector and social expenditure encounter a growing opposition. The deterioration of public demand, which used to overshadow the emergence of the post-industrial welfare states, can then be viewed as one of the reasons why the crisis of tertiary education—and of education-intensive economies in particular—has actually occurred.

Part I

Twenty-Seven Crises of Welfare

What the Euro-crisis is is an intriguing question. It is not only an ‘objective force’ but a process whereby the ‘time’ itself is under judgment. It is history overwhelmed by jargon, often financial. Few of us then feel competent enough to engage with the technical discourses of the crisis. And only a handful of scholars have then asked whether the crisis is at all ‘financial’ in its essence (but see Lysandrou, 2011), possibly furthering the divide between sociology and economics (Parsons and Smelser, 1956). Finance is a powerful rhetorical device (McCloskey, 1986), even if most arguments in the context of the crisis are ever-repeated anecdotes with no empirical foundation. Even more worryingly, ideas driven by finance also contribute to the crisis.

Beyond its financial superstructure—the events triggered by Lehman Brothers—this part overviews the ‘social’, ‘ideological’ and even ‘lethal’ aspects of the crisis: how it questions equality if not human ‘dignity’ (cf. Therborn, 2013)—questions too often buried under expert discourse (cf. Irwin and Wynne, 1996; Irwin and Michael, 2003). At least in Europe, the ‘financial’ (alone) does not explain the prolonged crisis of work. Even if some countries are burdened by excess sovereign-debt, others like Finland, Germany and the Netherlands benefit from financial imbalances. Yet all the twenty-seven EU-countries have undergone a recession, an unemployment-crisis, or both. The crises are thus nationally embedded: in Finland, for example, the crash in 2009 reflected the collapse of the mobile phone manufacturer Nokia. Yet the local crises are united by the underlying crisis-rhetoric. This part inquires into this annex by focusing on equality, welfare and finance.



Figure 3. Public economic crises as combinations of financial (red), fiscal (blue) and welfare-crises (yellow, goo.gl/CsHpk9).

Chapter 1

The Crisis and its States

What role is played by states, governments and national economies in the context of the current crisis? Or perhaps we should ask whether the states do even play any true role. Given the technologies that failed, was the crisis *determined* to have happened to start with? Or should we rather think about the crisis as something more contingent; something that occurred in different ‘states’, or might not even have occurred at all?

It is true that nation-states and national economies are often framed as ‘actors’ associated with the crisis. But the level of *agency* attributed to these actors is unclear. It is often argued that national governments were *obliged* to react to the crisis in the way they did. In the most severe cases, the draconian austerity measures were indeed directly driven by the IMF. When anxiety kicks in, there is little faith in public stimulation and investment. Social policy in particular is seldom viewed but as a cost, even if most types of welfare protection actually play almost no role in the crisis of government expenditure.

But despite the fact that crisis-rhetoric makes state-actions look as if they were necessary and inevitable, comparative research can still illustrate the level of contingency that overshadows them—particularly the question of how to best allocate public expenditure between, say, social and non-social expenditure. Does economic determinism hold sway or is the role of the ‘states’ more formidable in the enactment of the current crisis? Even if this question is ultimately existential, comparative methods

can at least contest whether the crisis-outcomes could be determined solely on the basis of the most obvious set of the ‘determinants’. They can occur both on national and individual levels, and this chapter introduces a set of such moderators on the country-level to cover as many aspects of the crisis as quantitatively possible (financial, economic, political, welfare, etc.).

In comparison, the tendency to *economise* the crisis (cf. Çalışkan and Callon’s, 2009, 2010)—that is, to frame it principally in economic, if not altogether financial terms—answers the question of national voluntariness in a negative tone. Governmental actors are reduced into a *reactive* role, and moreover they are represented in terms of the ‘economic’, as if they could merely adapt and adjust to the crisis. Individuals are at the same time framed in micro-economic terms as ‘rational’ subjects seeking to maximise utility, thus abstaining from any more incandescent forms of agency. In addition, when framed as a *financialised* crisis, it is particularly argued that these economic associations do originate from bank failures: that the financial turbulence itself did not originate from real economic processes, say, the changes in the employment process, but rather that unemployment itself is an invariable result of the market failure—an interpretation that actually questions the ‘efficient market hypothesis’ always so dear to mainstream economics.

The association of the financial crisis with the real economic process has dominated the main discourses of the crisis for two reasons. First, this association has been used to emphasise the relevance of the *financial* question and of interventions like financial regulation, deregulation and a variety of other policy responses to broader public. But secondly and more importantly, the association between the two aspects of the crisis and the supposed causal link between them is used to justify the public bank bailouts, which have proved enormously costly.

Empirically, however, the exact mechanisms that connect the ‘financial’ crisis with the ‘real economic’ process are little explained. Even if these two domains are historically coextensive and inherently linked, particularly the question and direction of cause remains elusive. The crisis is sometimes also attributed either to the public or the

private economy, either of which could then serve as its origin. But given the complex ways in which the domains of the economy intertwine, it is hardly plausible to avoid the possibility that the origins traverse both of them in tandem.

In the social studies of finance, by contrast, the ‘economising’ picture is increasingly contested by arguing that the crisis has to do with ‘performativity’. By this it is meant that the financial tools and machinery (e.g., CDS, ABX) themselves created the conditions of their own collapse (e.g., MacKenzie, 2012). Even if true from that particular perspective, such discourses still risk *depoliticising* the crisis by desubjectifying national actors as the agency is solely attributed to material-semiotic assemblages of micro-level actors and financial devices. The question of policy is virtually absent in such discourses (see Mirowski and Nik-Kahn, 2007). In particular, they ignore the question of how technical assemblages are *empowered*, not only in international economic governance but also as market-oriented attitudes are performed, for example, in social and labour market policy. Sociology has paid little attention to such connotations even if the notion of performativity itself did originate also as part of policy research (e.g., Butler, 1993).

This is not to claim that the STS-based studies of the crisis would be overtly materialistic. Instead, they risk the possibility that the ‘material’ itself—the object of economic policy *par excellence*—becomes inherently depoliticised. Parallel to my position, Alberto Toscano (2014: 1027–1028) recently argued that the sociological approaches to the ‘new economy’ seem to have ‘minimised, or entirely disavowed, capital’s crisis-tendencies’, thus depriving material technologies from macro-actors like national economic policy. In other words, the ‘sociology of finance’ is overshadowed by a ‘decision to tie one’s account of the economy to the devices, agents and knowledges that can be effectively studied’ (Toscano, 2014: 1035–1036).

What is then conceived as an ‘effective’ approach to the ‘empirical’ is rather ‘ascetic’. By this Toscano means that the ‘links between the history of racialisation, mortgage policies and credit markets in the USA’ (cf. Dymski, 2009) are articulated in a way avoiding the macro-level discourses. Similar restrictions overshadow also the micro-

sociological approaches to social embeddedness (Granovetter, 1985), and there seems to be a general tendency to disavow national actors as part of sociological explanations in contemporary empirical research.

Of course, it would be similarly unempirical to ignore the role of material assemblages and to articulate the crisis only through overarching, ‘epochal’ macro-level tendencies like those associated with ‘neoliberalism’ (cf. Thompson, 2009). As a solution, I suggest that a multilevel approach combining micro- and macro-level analyses is required in order to overcome the restrictions of the ‘depoliticised’ and ‘epochal’ positions.

Moreover, not only financial technologies but also such *social technologies* as welfare transfers and social expenditure should be understood as such ‘devices’ or ‘agents’ materialised according to the STS-paradigm—and Çalışkan’s and Callon’s (2009, 2010) program on the *economisation* has indeed been successfully applied in the context of private insurance (e.g., Lehtonen and Hoyweghen, 2014). The STS and other pragmatic traditions might thus be relevant also in the context of public or social insurance, and as a way to understand the performative aspects of social rather than private investment.

Beyond the ‘Economic’

At the end of this study, I come back to the question of social expenditure as an ‘investment’ and question the precise boundary separating the two ways in which the neoclassical reasoning is applied to private and public economic actors: only the former ones are assumed to be ‘rational’, whereas the public economic actors are somewhat paradoxically assumed to be ‘irrational’ or, at least, less than efficient (even if they actually base their actions on much broader deliberation). This also takes us back to the question of the ‘economic’—a discourse necessary for framing expenditure as investment. But before this discussion, the three analysis parts instead study the crisis *beyond the economic*: focusing on the effects of social expenditure on the economy instead. These effects will then form the basis for contesting neoclassical theory and particularly its ignorance of public deliberation.

So let us look at things from a rather different angle than usual, and try and forget about that abundance of the discourses ‘on the economic’ that prevail the crisis and the boundary-work discriminating between public and private domains. Instead, we will be focusing on the construction of another set of discourses that are ‘of the economy’ (cf. Roitman, 2006: 3, ct. 4). This distinction between the two kinds of discourse has been attributed to Foucault, but it also reflects Joseph Schumpeter’s (1939: 13) distinction between the factors affecting the economy either ‘from within’ or ‘from without the economic sphere’, the latter referring to the ‘working of the economic organism itself’. On parallel lines, Toscano (2014) argues that sociological imagination has been overtly pressured by the habitual naturalisation of economic discourse (e.g., ‘Fordism’, ‘Keynesianism’, etc.). Instead, given that it is now a conventional position even among the economists that the crisis questioned the capacity of the market to regulate the efficient allocation of resources, it then appears senseless to approach the crisis from the point of view of those very discourses and rhetoric that the crisis has now disproved.

This study then takes it as its fundament that *there is no general way of knowing⁶* what the actual links between the real economic and financial crises are. In particular, we should undo the dominance of the references to the ‘financial’ as the prevailing discourse of the crisis—in this study the ‘financial’ instead materialises in relation to the (real) refinancing costs related to sovereign-debt. Therefore, the links between the ‘real economic’ crisis and the ‘financial’ issues are subject to empirical analysis; knowledge related to them is necessarily situated and embedded (cf. Castel et al., 2012).

Furthermore, even if I include welfare institutions in addition to economic institutions, the socio-cultural differences are still broad, questioning the ‘new institutionalism’ that is a major domain of contemporary economics now, and which in turn has sought to contest Max Weber’s empirical sociology in particular (e.g., Acemoglu and Robinson, 2012).

This is not to undermine the importance of the ‘market’, which is recognised as both a cognitive and a political technology; I only argue that it is not necessary to economise the crisis (or the market). There are certain *methodological consequences*, which derive from the decision of focusing on the ‘economy’ rather than ‘economics’ of the crisis, and

they relate particularly to the form of empirical data. Indeed, the crisis of the ‘real economy’ is itself a quantitative construction, relying particularly on national statistics like GDP and aggregate unemployment.

Instead, my study takes the problem of national actors as its starting point. The national economies themselves are *statistical* constructs, and the idea of modern nation-states was historically linked with the emergence of quantitative techniques (see Desrosières, 1990). Statistical techniques themselves also ‘perform’ the state as a socio-technical construct. As far as the crisis concerns national economies, it is adequate to approach the crisis itself as a similar statistical construct.

From Integrity to Bifurcation—Sovereign-Debt as ‘Cognitive Technology’

Based on what I have discussed above, it is one thing for national economies to suffer and another thing for governments to be heading at fiscal or financial crises. Sometimes they overlap, of course, and Greece now leads both leagues. It also tops the tables for both general and youth unemployment. Yet it is Ireland, at least in 2012, that holds the cup for the growth in national debt relative to GDP. Furthermore, the biggest increase in public deficit goes to Cyprus (9.0 percentage points increase in national deficit) with Denmark (8.9 percentage points) just behind, before Spain and Ireland (both 8.2 percentage points).

Greece, though, ran a large deficit already in 2005 (over 6 % of GDP), much before the onset of the ‘global’ crisis. It is in no way inevitable then that the financial crisis should be viewed as the dominant frame of the Greek trouble—not even if difficulties of accessing foreign capital brought the national problems to daylight, as reflected by its extreme long-term bond rates that hit over 30 % in 2012. This has furthered its fiscal difficulties both directly and due to austerity measures implemented against its will: the larger portion of its national product is used to servicing debt, further depriving the economy. The national integrity of the country is being humiliated: both economically because of the transfers of funds outside and morally because some other countries blame Greece for stealing their money.

As mentioned above, it is this intergovernmental conflict that makes the crisis particularly 'European'. Greece is just a single example—despite its rather peculiar history and political culture (which the EU actually favours given the recent blackmailing of the Syriza-led coalition), many other countries experienced similarly extreme financial difficulties, too. Yet others did actually benefit from the situation given how countries like Germany have benefited from the historically low rates (much lower than in the US, for example) thanks to the sovereign-debt crisis. There is a certain demand for Eurozone sovereign-bonds and, as if in a zero-sum game, one's trouble is one's victory (the average bond yields remained virtually constant through 2010–2013)⁷.

Unlike what has occurred in the history of any other currency zone, the bond markets thus *bifurcated* in this single-currency zone since the beginning of 2010 (and similar tendencies overshadow non-Euro countries⁸). In addition to standing for a direct transfer of funds from poor to rich (through the reallocation of refinancing costs), this phenomenon stemming from the 'multi-layered' EU-government (Marks et al., 1996) in part explains the prolongation of the crisis in Europe. In other words, the real economic stagnation could result as a dynamical effect of the imbalances in the bond market. Therefore, even if some countries 'benefit' from the crisis when it comes to the costs of national financing, this does not necessarily mean that any country should economically profit from the situation.

Speculating on how the European economy would look like had the bifurcation been avoided, low rates would have guaranteed a bigger flood of money to Greece in comparison to the present. By mitigating 'hysteresis' effect, the stronger economy might have enabled it to hike taxes in order to account for the deficit. Given the recent ECB-interventions, mechanisms like these are currently in play elsewhere in Europe—even Portugal's 10-year bond went down to historically low 1.511 % in March 2015—whereas Greece was excluded from the program due to governmental reasons.

Like the effects of the crisis, also its causes must then be attributed to multiple levels. We can hardly blame Greece alone for the difficulties it has encountered. Yet even under the governmental mess in the EU, there is something peculiar about national

histories, which explains why some specific contexts have stepped into the eye of the sovereign-bond crisis. The crisis refers both to the overall, ‘pervasive’ crisis, and to the ‘differential’ aspects about it referring to variation between contexts. The bifurcation of bond yields combines the two perspectives by referring both to national differences in borrowing costs but also to the more pervasive, long-term imbalances in the European economy as a whole. Together they have questioned the project of European integration (Dale 2004; Walters 2004).

The bifurcation itself is also a certain kind of a ‘device’ or a ‘dispositif’—a *cognitive technology* that classifies the national and public economies according to its own, more or less ‘performed’ metrics. The entire crisis may then be viewed as an actor-network entangled with this process of constructing and performing the Eurozone as a divided whole. In particular, any market combines a variety of ‘crowds’ driven by different material resources and affects (e.g., Plummer, 2006; refers to Gabriel Tarde, who theorised on ‘crowds’ but also on ‘economic psychology’), and the debt crisis has affected the spatial configuration of these crowds. At the same time, as a technology the increasing amount of sovereign-debt makes governments increasingly subject to the effects of such crowd behaviour. From an STS-perspective, the cognitions about the crisis are then not constructed separately either by the market or on the level of the states, but instead as they interact.

This does, of course, conflict with the mainstream, rationalist paradigm favoured by Friedrich Hayek and Milton Friedman. But such alternative narratives have gained some support in the so-called non-equilibrium economics⁹. However—and because of discourses articulating the market as the ‘truth’ of the economy—cognitive differences constructed in the bond-market regulate the different ‘states’ of the economy and guide national economies as psycho-social (and political) processes. In particular, as a distributional device the bond market articulates Piketty’s (2014a) ‘distributional question’ of income on the intergovernmental level.

Changing Interchanges Between Markets and National Economies

To summarise, both the sociology of finance and the ‘new economic sociology’ seldom refer to national actors in a way that would *cross* their boundaries (Fetherstone and

Venn, 2006: 1), viewing them still rather as ‘containers’ that constrain social action (Tenbruck, 1994, 82). Yet as the previous discussion illustrates, they at least do not ‘contain’ the market but act within it (by issuing sovereign-debt, buying it and other securities via central banks, taxing, and regulating labour). Through such interfaces and engagements the states ‘regulate’ the market even if, since at least German Ordoliberalism, it has been the tendency for the states to ‘contain’ the market rather than to regulate it (at least in the legal sense; cf. Albo et al., 2010: 359).

In actuality, the notion of ‘regulation’ (as well as the topological idea of a ‘container’) is thus elusive, for in virtually all exchanges with the environment, actors ‘regulate’ it—more or less intelligibly. Regulation in this sense is bidirectional. Similarly as the EU has imbued many legal forms of regulation (standardisation, prevention of protectionism, etc.), sovereign-debt has made the states themselves increasingly regulated by the market. Yet they still exercise power over the market by redistributing income, through public procurement, and by providing services. What ‘neoliberalism’ is particularly at odds with is the precise idea of regulating the market in more *socially responsible* manners, that is, by allowing broader publics the access to markets and absorb its product. This would in fact allow nation-states to regulate the market not so much as containers but as intermediaries between local actors and the ‘global’, financial capital. In this sense contemporary anti-welfare rhetoric is largely opposed to pro-market policies.

This is not to say that national policies—the ‘states’ of the crisis—should be similarly questioned everywhere. If the overall crisis is overshadowed by bifurcation and conflict, there are different ways to construct the precise ‘imbalances’ that overshadow national and social struggle (similarly as ‘inequalities’ are constructions, see Therborn, 2013). Let me elaborate possible imbalances conceptually by suggesting a very broad, overall framework before evaluating their pertinence to empirical variation. To this end, there seem to be principally *three ways* in which the crisis has questioned how states interact with, intervene and regulate markets: financial, fiscal and welfare.

Public Finance Crisis

The public finance or the sovereign-debt crises are perhaps the most visible indicators of the way in which the interrelationship between states and markets has been questioned. In this thesis I refer to the 'financial' aspects of the crisis from the perspective of the state and public economies instead of focusing on the general banking crisis or the regulatory, legal crisis (e.g., Ertürk et al., 2008; Engelen et al., 2010) resulting in the creation of the Basel III -standards¹⁰.

There are several reasons for this. First, regulatory interventions might have unintended consequences possibly contributing to imbalances and they do not as such address what is truly 'critical' about the crisis from the national economic perspective. Basel III, for example, rewards mortgage lending over corporate loans, and this has infused various housing markets with an abundance of capital at the expense of corporate investment. Secondly, the 'financial' crisis as experienced in the banking sector might have been short-lived. This is because the collapse of Lehman Brothers led to government interventions on a number of other financial conglomerates, including AIG and Goldman Sachs. The state interventions soon made them actually more secure than they were before. As a result, the stock market surged only a few months after the collapse, since March 2009, and the 'global' financial crisis was over.

The crisis was brief also in terms of financial derivatives. As reported by the Bank of International Settlements (BIS), the level of speculation on highly technical, non-regulated 'over-the-counter' derivative markets did amount to \$647,762 billions in the end of 2011 as opposed to \$596,004 billions in the end of 2007. Against this background, it is plausible to assume that the sovereign-debt crisis is historically separate from the global derivatives crisis, and in my work the 'financial' issues and the 'public finance crisis' refer specifically to the latter, emphasising the importance of public economic actors.

Of course, to some extent the derivatives crisis resulting in insolvency in the banking sector is associated with public financial trouble. Generally, however, it seems to only partially explain the crisis: the level of public debt was increasing already before the

financial crisis, in a process dating back to Ronald Reagan's economic program. Furthermore, the global crisis does not explain why some countries avoided the banking crisis while others did not, and the public finance crisis is therefore more interesting from the comparative perspective. In fact, problems in the real economy themselves could have contributed to the emergence of bank failures in Europe.

Finally, the emphasis on public finance crises stresses the importance of public policy processes. By centralised policies similar to those adopted in the US the sovereign-debt crisis in Europe might have been avoidable, supporting the idea that the link between the derivatives and the bond-crisis is conjunctural. It is also possible that the prevailing real economic struggle generated fears in the financial sector, which is why the causal association between the two should be treated with caution. It is pivotal to analytically distinguish between the 'financial' and economic perspectives on the crisis. Through this study, I will refer to the financial side of the public economic crisis as the 'public finance crisis'¹¹.

Fiscal Crisis

But nation-states encounter the crisis also as economic actors, who are not just indebted but who also coordinate and redistribute purchasing power by various other means (collecting taxes, issuing bonds, coordinating social investment and expenditure, bailing out banks and by other means of non-social expenditure, including fiscal stimulation). By the 'fiscal crisis' I refer to the sustained current account deficit, which reflects tensions on more endogenous level than the financial struggle (mainly within countries). While the 'fiscal crisis' is often articulated as a causal consequence of the financial crisis, I will treat the relationship between the two as an empirical problem, and when comparing fiscal and financial problems in different countries, it is not obvious which one of them caused the escalation of the other.

Other than the distribution of government expenditure (social or non-social), which will be discussed in depth later, one of the interesting 'fiscal' conflicts relates to taxation. It is argued that even if higher taxes would initially help reduce fiscal imbalances, they are detrimental to economic growth. In other words it is supposed that one euro in the taxpayer's pocket would contribute more to growth than either a publicly spent euro or one

spent on welfare. Even if studies show that the dynamical effects would be higher in some, particularly developing countries, it is questionable in the current situation of the EU.

It is notable that at least in the short run fiscal policies like the cuts to public services and austerity measures could thus undermine economic growth—particularly because well above half of the economic activity in the EU occurs in the public sector. The hope that private savings due to tax reductions would be transformed into purchases and investments benefiting the national economy is optimistic; if such associations have gained empirical support in developing countries, the people there have less opportunities for investing, saving and postponing consumption (due to lower living standards). Yet discourses favouring tax reductions still dominate Europe, and the general tax on income has actually fallen in most countries.

The fiscal crisis is then in part a result of an ideological attitude towards taxation. The lowering of tax rates also show that the governments generally have had some room to decide about the distribution of funds, and the fiscal crisis is then as much a political crisis as it is catalysed by the economic downturn following the global crisis. In conclusion, not only the sovereign-debt crisis but also the fiscal crisis appears to originate from something else than merely the events culminating in the corpse of Lehman Brothers.

Welfare crisis

As mentioned above, the ‘welfare crisis’ in turn is revealing because, unlike the financial and fiscal crises of the public economy, it is not necessarily restricted to or even related to the unemployment crisis—not at least independently of the financial and fiscal crises further amplified by the growing welfare costs. Therefore, the welfare crisis refers to high costs that burden the public economies, but in a way controlled for the fiscal and financial effects. The welfare crisis is then also an ideological one. In economic terms, welfare is now increasingly viewed as a cost and liability, and less as an asset or an investment. In result, private insurances (health, pensions) are becoming increasingly common as the national governments cut benefits and are less willing to *ensure* that people’s needs are met. And in terms of the economy, the welfare crisis has to do with

the distribution of social and non-social government expenditure—a question which is increasingly pressing today.

Of course, as an alternative to the ideological explanation it is possible that the welfare crisis could stem also from the social problems engendered by the real economic crisis—the higher demand for unemployment benefits for example. However, when treating welfare regime as an ordinal variable (as described in Appendix 2), and which can thus be studied based on Spearman correlations, it appears that the welfare crisis is less likely to reflect changes on the level of unemployment but differences in the welfare regime instead. Notably, in many countries with a surge in unemployment rates, the expenditure on social protection has at the same time decreased.

In the second chapter I actually investigate different types of social expenditure in order to demonstrate that protection related to unemployment and social exclusion is actually quite minor, and the welfare crisis itself originates from something else (e.g., health related costs). Anyway, even if it is difficult to say whether institutional differences in welfare are causally linked to lower levels of unemployment, it is inevitable that there is a correlation between the welfare regime and the depth of the welfare crisis. If Eastern regimes are particularly characterised by the fiscal crisis, the Nordic and Continental countries are burdened by high welfare costs instead.

The welfare crisis is also associated particularly with ‘resource inequality’ (Therborn, 2013; Piketty, 2014a), as not all people have similar access to private insurance or support. This is not only problematic from the point of view of individual wellbeing, but it also risks undermining aggregate demand. In effect, if Piketty (2014a) argues that inequality could undermine growth in the national product, the welfare crisis could be one of the mechanisms that explain this connection.

Three Correlates of the Crisis

To understand the earlier discussed crisis-concepts, at least as they appear from the state-perspective, they can be viewed as regulating the complex interchanges between the state and the market, and as questioned during the crisis. Let me now elaborate

these notions empirically. In particular, the remaining of this chapter investigates these associations by introducing a variety of country-level variables and by studying correlations between them. When properly chosen, these correlations are then also the most visible correlates of the crisis, as they illustrate which particular variables have been affected in synchrony. Recall that the approach to the crisis as a single study-case is idiographic and the associations and correlations are not expressed in order to generalise them though, like in any case-study, they can be used to falsify certain ‘generic’ statements about the economy, and to support peculiar positions in social policy.

The investigation in this chapter is also *exploratory* in a sense that even if causal interpretations are possible, the purpose of this chapter is not to make direct policy recommendations (in order to intervene the causal factors), but instead to investigate the crisis itself in respect to what kind of associations appear to emerge and how they cluster together. However, as I aggregate these variables in specific multi-component models (Chapter 2), they are then used as country-level predictors in the multilevel analysis. As a methodological remark, I considered weighting the variables based on population size but decided not to—mainly because we are interested in different countries as the specific ‘states’ of the crisis, all of which are equally meaningful to their residents despite their size (the likelihood of a given subject occupying a given ‘state’)¹².

Credit Ratings: A Crisis Police

One of the interesting themes from the perspective of crisis-policy is the role of credit-rating agencies. These institutions took much of the blame of the sovereign-debt crisis, and Eurobarometer has several times asked opinions about how best to regulate credit rating agencies. Yet there is little evidence that the agencies should have but reacted to changing expectations mirrored by the sovereign-bond market. Therefore, it is interesting to look at the credit rating agencies, and contrast them with bond yields in order to see what indicators best correlate with the notion of the ‘financial’ modality of the crisis.

Indeed, comparing data from 2012, it appears that credit ratings are more likely associated with public deficit, which is a ‘fiscal’ indicator. This is interesting because the

bond yields generally grade the perceived *risk* involved with sovereign-debt instruments—exactly the same thing as the credit rating agencies claim to evaluate (but based on specific principles rather than by an immersed market-process). Furthermore, this also shows that the overall level of debt is not the primary marker of financial insolvency. Even to a larger extent than the bond-market, credit ratings are likely to reflect not only the current direction of the economy, but also fiscal policy. To credit ratings in particular the level of liabilities does not matter as much as the political atmosphere and will. Credit ratings in other words reflect expectations of current account balances more than of growth and the prospects of paying back. But they also, possibly, grade countries according to ‘moral’ principles (and the associated technical evaluation tools).

In empirical data it then turns out that only half of the variation in credit ratings is explained by ‘economic’ factors. Instead, classifying countries based on the *main religion* (Protestant or Anglican, Catholic, Orthodox or other) explains a significant portion of the variation that remains unaccounted (Table 2). In particular, all major economies with AAA-rating in 2012 are Protestant (Finland, Germany and the Netherlands), which reminds me of Max Weber’s thesis of the importance of culture in the constructions of the economic action.

Table 2. EU-27 countries ranked by EMU conversion criterion bond rate, 2012 (Eurostat, Standards & Poors).

Rank	Country	Credit Rating, 2012	EMU conversion criterion bond yield, 2012	Public debt % of GDP, 2012	Growth in public debt, 2007-2012, percentage points	Public account balance, % of GDP	GDP per capita, PPP, EUR	Currency	Main religion
1	Greece	B	22.50	156.90	53.80	-8.60	17 400 €	EUR	Orthodox or other
2	Portugal	BB	10.55	124.80	56.40	-5.50	15 600 €	EUR	Catholic
3	Hungary	BB	7.89	78.50	12.60	-5.60	9 800 €	HUF	Catholic
4	Cyprus	B	7.00	79.50	25.80	-5.80	20 500 €	EUR	Orthodox or other
5	Romania	BBB	6.68	37.30	24.60	-3.00	6 600 €	RON	Orthodox or other
6	Ireland	A	6.17	121.70	97.70	-8.00	35 700 €	EUR	Catholic
7	Spain	BBB	5.85	84.40	48.90	-8.00	22 300 €	EUR	Catholic
8	Slovenia	A	5.81	53.40	30.70	-3.70	17 200 €	EUR	Orthodox or other
9	Italy	BBB	5.49	122.20	22.50	-3.00	25 485 €	EUR	Catholic
10	Poland	A	5.00	54.40	10.20	-3.70	9 900 €	PLN	Catholic
11	Lithuania	A	4.83	39.90	23.20	-3.20	11 000 €	LIT	Protestant or Anglican
12	Latvia	A	4.57	40.90	32.50	-0.80	10 900 €	LVL	Protestant or Anglican
13	Slovakia	A	4.55	52.10	22.30	-4.20	13 200 €	EUR	Orthodox or other
14	Bulgaria	BB	4.50	18.00	1.40	-0.50	5 500 €	PLN	Orthodox or other
15	Malta	BBB	4.13	67.90	5.50	-3.70	16 500 €	EUR	Orthodox or other
16	Estonia	AA	4.00	9.70	9.70	-0.30	13 000 €	EUR	Orthodox or other
17	Belgium	AA	3.00	104.00	17.10	-4.10	34 000 €	EUR	Catholic
18	Czech Republic	AA	2.78	45.50	17.70	-4.00	13 699 €	CZK	Catholic
19	France	AA	2.54	89.20	25.00	-4.90	31 100 €	EUR	Catholic
20	Austria	AA	2.37	81.70	16.90	-1.50	36 400 €	EUR	Protestant or Anglican
21	Netherlands	AAA	1.93	66.50	23.80	-4.00	35 800 €	EUR	Protestant or Anglican
22	Finland	AAA	1.89	53.00	19.00	-2.10	35 500 €	EUR	Protestant or Anglican
23	Luxemburg	AAA	1.82	21.40	14.20	0.10	80 700 €	EUR	Protestant or Anglican
24	UK	AAA	1.74	85.80	42.20	-8.30	30 200 €	GBP	Protestant or Anglican
25	Sweden	AAA	1.59	36.40	-1.80	-0.90	42 800 €	SEK	Protestant or Anglican
26	Germany	AAA	1.50	79.00	15.50	0.10	32 600 €	EUR	Protestant or Anglican
27	Denmark	AAA	1.40	45.60	18.30	-3.90	43 900 €	DKK	Protestant or Anglican

The fact that the credit rating agencies rate also economic culture, not just solvency, could either reflect a ‘moralist’ attitude towards culture or religion itself could be linked to differences credit-seeking behaviour. Both of the interpretations seem right. On the one hand, it is apparent that credit-seeking behaviour in Protestant countries is aversive (in addition to lack of solidarity and opposition to debt-relief, see Chapter 3), which explains why the bond-rates are lower in Protestant countries. Yet the former interpretation is validated in part by the fact that besides differences in bond rates, there remains an economically unexplained cultural resonance in credit ratings that is stronger than what is economically justifiable.

National Product and Unemployment

But other than the ‘financial’ crisis related to sovereign-debt, which in part policed (though not controlled) by credit rating agencies, there is the question of the real economic crisis, which might retain very different correlates. Since the emergence of elementary statistical methods and modern accounting, the GDP or ‘national product’ soon appeared as the standard indicator of the size and status of the economy. GDP growth, by contrast, has been taken as the main aggregate indicator of economic wellbeing and prosperity, in addition to which I have analysed the *compounded* growth between 2007 and 2012¹³. Third, I have described the depth of recession by a variable measuring its length (until 2012), but all these highly correlate¹⁴. Unlike the financial indicators, neither welfare institutions nor religion seem to explain these variables (-.01 and .04), which also suggests that at least to some extent the ‘public finance crisis’ could be partly independent of the real economic crisis.

In addition to GDP-related variables, the level of *unemployment* is another correlate, which is one of the most standardly used indicators of economic wellbeing and more directly associated with individual experiences. Indeed, as economists and economic anthropologists now increasingly suggest, the contribution of wages to the experienced quality of life is a relative measure, evolving from peer-comparisons (e.g., Layard et al., 2010). Therefore, the low level of unemployment could be more directly linked to security and fulfilment, even if not without exceptions (see Chapter 8).

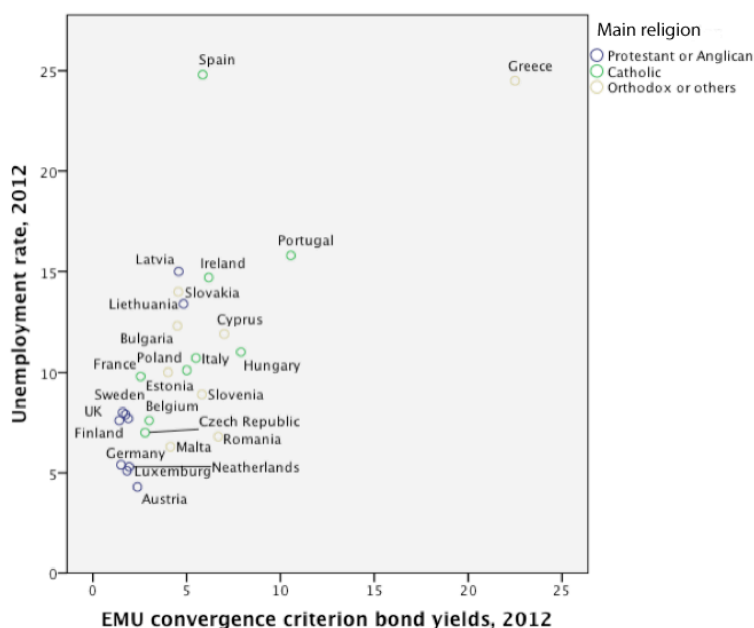


Figure 4. EU-27 countries based on unemployment rates and the EMU convergence criterion long-term bond yields (Eurostat).

As indicated by Table 3 and illustrated in Figure 4, the level of unemployment in 2012 (.72), and the relative increase between 2007–2012 (.47), are both correlated with high bond yields. Rather than the production crisis (GDP), the *unemployment crisis* then seems to be more directly associated with the ‘public finance crisis’. Public finance crisis also did follow pre-crisis unemployment rates but to lesser extent (.32), suggesting that in part the unemployment rates have been caused by the ‘financial’ difficulties but they have also contributed to them. The pre-crisis differences in unemployment rates are also very important to other crisis-outcomes, and the crisis has enhanced those differences quite invariably.

Finally, also the *fiscal* deficit is correlated with unemployment (.56), and in fact more strongly when controlling for the public finance crisis: this suggests that *both* of the two modalities of the crisis are associated with higher unemployment, and in separate ways.

Table 3. EU-27 countries ranked according to unemployment rates, 2012.

Rank	Country	Unempl oyment rate, 2012	Relative increase of unempl ment rate, %	Absolute increase in unempl ment rate, % points	At risk of poverty or social exclusion in 2012, %	Change in those at risk of poverty or exclusion, % points, 2007-2012	Length of recession 2012, %	GDP growth 2007-2012, %	GDP growth, yearly average 2007-2012, %	GDP per capita	GINI	GEP	Main religion	Welfare type
1	Spain	24.8	202.44	16.6	27.2	3.9	42	-2.1	-3.49	22 300 €	34	64.62	Catholic	Southern
2	Greece	24.5	191.67	16.1	34.6	6.3	54	-6.6	-1.1	17 400 €	33.5	63.29	Orthodox or others	Southern
3	Portugal	15.8	71.74	6.6	25.3	0.3	48	-3.3	-0.61	15 600 €	34.2	67.88	Catholic	Southern
4	Latvia	15	145.9	8.9	36.2	1.1	18	4.8	1.14	10 900 €	35.4	76.18	Protestant or Anglican	Eastern
5	Ireland	14.7	212.77	10	30	6.9	30	-0.3	-3.4	35 700 €	31.1	75.14	Catholic	Anglo-Saxon
6	Slovakia	14	25	2.8	20.5	-0.8	0	1.6	5.2	13 200 €	25.7	62.82	Orthodox or others	Eastern
7	Liethuania	13.4	211.63	9.1	32.5	3.8	12	3.8	4.47	11 000 €	32.9	75.51	Protestant or Anglican	Eastern
8	Bulgaria	12.3	78.26	5.4	49.3	-11.4	6	0.5	5.9	5 500 €	35.1	69.6	Orthodox or others	Eastern
9	Cyprus	11.9	205.13	8	27.1	1.9	27	-2.4	-0.17	20 500 €	29.1	61.49	Orthodox or others	Southern
10	Hungary	11	48.65	3.6	32.4	3	42	-1.5	-0.4	9 800 €	26.8	65.91	Catholic	Eastern
11	Italy	10.7	75.41	4.6	29.9	3.9	33	-2.8	-0.29	25 485 €	31.9	59.13	Catholic	Southern
12	Poland	10.1	5.21	0.5	26.7	-7.7	0	1.8	4.05	9 900 €	31.1	65.03	Catholic	Eastern
13	Estonia	10	117.39	5.4	23.4	1.4	15	4.7	1.9	13 000 €	31.9	71.93	Orthodox or others	Eastern
14	France	9.8	22.5	1.8	19.1	0.1	18	0.3	0.97	31 100 €	30.8	66.87	Catholic	Continental
15	Slovenia	8.9	81.63	4	19.6	2.5	30	-2.6	0.11	17 200 €	23.8	71.39	Orthodox or others	Eastern
16	Sweden	8	31.15	1.9	15.6	1.7	15	-0.3	2.67	42 800 €	24.4	79.57	Protestant or Anglican	Nordic
17	UK	7.9	49.06	2.6	24.1	1.5	27	0.7	-1.94	30 200 €	33	73.05	Protestant or Anglican	Anglo-Saxon
18	Finland	7.7	11.59	0.8	17.2	-0.2	27	-1.4	0.89	35 500 €	25.8	78.47	Protestant or Anglican	Nordic
19	Denmark	7.6	100	3.8	19	2.2	21	-0.7	0.96	43 900 €	27.8	77.24	Protestant or Anglican	Nordic
20	Belgium	7.6	1.33	0.1	21.6	0	18	0.1	1.55	34 000 €	26.3	72.41	Catholic	Continental
21	Czech Repub	7	32.08	1.7	15.4	-0.4	24	-0.8	2.68	13 699 €	25.2	60.26	Catholic	Eastern
22	Romania	6.8	6.25	0.4	41.7	-4.2	21	0.6	2.23	6 600 €	33.2	68.15	Orthodox or others	Eastern
23	Malta	6.3	-3.08	-0.2	23.1	3.4	6	2.5	3.91	16 500 €	27.4	54.98	Orthodox or others	Southern
24	Germany	5.4	-36.47	-3.1	19.6	-1	12	0.4	1.95	32 600 €	29	73.99	Protestant or Anglican	Continental
25	Neatherland:	5.3	47.22	1.7	15	-0.7	27	-1.6	0.53	35 800 €	25.8	75.78	Protestant or Anglican	Nordic
26	Luxemburg	5.1	21.43	0.9	18.4	2.5	12	-0.2	1.95	80 700 €	27.2	81.47	Protestant or Anglican	Continental
27	Austria	4.3	-2.27	-0.1	18.5	1.8	21	0.9	2.03	36 400 €	26.3	75.93	Protestant or Anglican	Continental

Inequality

The third correlate of the crisis relates to equality, which is particularly important if we trust Piketty's (2014a) argument that inequality is here to stay but, also, that growing inequalities could be detrimental to economic growth. Did the crisis then emerge as an effect of inequality? The answer obviously depends on how we define inequality, but what Therborn (2013) regards as 'resource inequality' is perhaps the most relevant in the crisis-context. Existential inequalities also occur in relation to qualitative changes in work and employment. One of the important questions is then whether growing inequality could undermine economic product and result in deeper deprivation (given the resulting lack of consumer expenditure for example).

Economic inequality is often operationalised by figures like the GINI-coefficient. As a statistical dispersion measure, it reflects the income groups constructed by income frequency distribution, that is, the aggregate share of income retained by each income group. The higher the coefficient, the less equal the distribution of income. However, at least the crisis-context differences in GINI do not appear to be connected to post-crisis growth-rates but instead to modify the distribution of the effects of stagnation. Evidence only points out that the GINI is associated with the overall level of GDP per capita, and thus any effects of inequality on growth appear to reflect longer terms and

are negligible in the current context. Based on this indicator alone it is then hard to say whether GDP growth increases equality or whether inequality is apt to undermine growth¹⁵.

However, in addition to Therborn's typologisation that distinguishes between existential and resource inequality, there is another relevant measure that combines the two kinds of inequality: the *gender economic participation* (GEP) component of the *gender inequality index* calculated by the United Nations Development Programme (UNDP). If the GINI-coefficient is little correlated with welfare regime or religion, the GEP-component is a strong correlate of welfare. Comparing the two indices, the GINI-coefficient is correlated with *financial* indicators like the bond rate ($r = .40$) and credit rating ($r = .45$), but not with economic growth, and in result the financial correlates remain when controlling for compounded growth (2007–2012). The GEP-component seems to be on par with the GINI-coefficient when it comes to bond yields. Moreover, when controlling for economic covariates (fiscal deficit and the level of national debt relative to GDP), the GEP is actually even more strongly linked to credit ratings than the GINI-coefficient, and this correlation is furthered again when controlling for other economic correlates (GDP per capita, unemployment rates). The GEP-component then depicts something about those 'moral' aspects related to credit ratings that are independent of economic expectations as codified by bond-prices.

The GEP-component, more than the GINI-coefficient, is therefore an institutionally rewarded form of equality, even if this link could be mediated by other variables like welfare regime given that the GEP-component serves as a correlate of a higher level of protection. Even so, this correlate is also associated with the economic factors regulating credit ratings and bond yields, all of which mitigate the effects of the crisis. Therefore, regardless of causal attributions, GEP is a relevant marker of the association between more egalitarian economies and of less pronounced financial difficulties. But as the high level of social protection is in turn one of the most interesting correlates of GEP, let me now discuss social protection and the question of its relevance to the crisis.

A Crisis of 'the Social'

Other than the three crisis-correlates discussed above—one financial, one economic and one existential—it is crucial to recognise that there are many other processes, like the post-Communist integration in the Eastern regime that are historically coextensive with the crisis. This is perhaps the most visible in Bulgaria, where the number of those at risk of poverty or social exclusion is still high, 49 % in 2012, but where this figure has, quite remarkably, shrank down from the 60 % pre-crisis level. Yet despite the pre-crisis distribution, when looking at crisis-related effects on the likelihood of unemployment *relative* to the pre-crisis situation, the unemployment-crisis has occurred quite similarly across contexts (roughly doubling the rates almost everywhere).

Therefore, unemployment-rates serve as a fixation point, which allows us to distinguish between differences in those crisis-outcomes that reflect long-term change and those emerging during the crisis itself—the two temporalities discussed earlier. The latter group of effects encompasses differences in how states react and respond to the crisis, either actively by specific crisis policies or passively as following policies established before the crisis (e.g., existing welfare institutions).

On the more 'pervasive' side of economic change, by contrast, one of the most important themes when looking at the effects of unemployment is the question of *social protection*, which links national differences with individual experiences (that in turn might prove detrimental to consumer-demand and to the macro-economy). Social expenditure is a figure that consists of the costs related to health care, disability, survivors, family and children, housing and social exclusion, but excluding education-related costs. The lowest in Latvia and Estonia, expenditure on social protection forms about 40 % of total public government expenditure in 2012, whereas in Ireland it accounts to nearly 80 % (Figure 5). Even if the relationship looks linear, it does not pass through the origin (it is 'affine' as mathematicians call it) as over 35 % general government expenditure may be coupled with as little as 14 % expenditure on social protection (Latvia). In general, non-social expenditure forms 20–30 % of GDP, with the notable exception of Ireland (10 %).

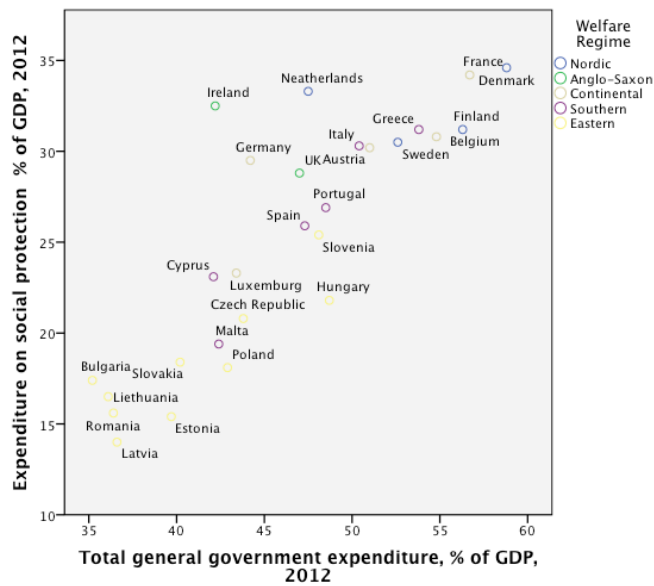


Figure 5. Expenditure on social protection and total government expenditure in 2012, % of GDP (Eurostat).

Previously the public finance crisis has been associated with overt government expenditure. To address such claims, I will next compare the changes in social and non-social protection to assess the causes behind the rising general government expenditure. Indeed, expenditure on social protection has increased 4.2 % relative to GDP between 2007 and 2012, whereas total government expenditure has increased only 3.7 %. Overall, this would appear to suggest that social protection costs should be a significant cause of fiscal difficulties, but this is actually not necessarily the case. First, the correlation between the two indicators is modest, suggesting that the link between social expenditure and fiscal trouble is at best conjunctural and context-dependent. Secondly, when looking at differences in the changes in *non-social* expenditure, it actually explains 74 % of the variation in the changes in general government expenditure ($r = .86$). This particularly indicates that differences in *policy* have an effect on general expenditure mainly by regulating non-social and often also non-human investment. At the same time, as I will discuss in more depth below, it is not obvious whether other forms of social expenditure except health care stand behind the fiscal and financial pressures that relate to social protection.

The question of social protection is of course even more complex, because not all expenditure on social protection is calculated as part of government expenditure (e.g., employer-paid social insurances). On average, the government contributes 42 % of all social expenditure, while employees add a further 36 %, leaving 22 % to individuals and other sources. From the economic point of view the difference is somewhat artificial, however, but it is politically meaningful (the employer-contributions are often publicly regulated transfers comparable to taxes): for example *low* government share of social expenditure is clearly correlated with *increase* in non-social expenditure, which suggests that the allocation of social receipts anyway influences the policy-process. Changes in social expenditure on the other hand appear to be more stable and less contingent than non-social expenditure, even if their allocation produces contingencies in the latter.

It is then a very difficult question as to whether the economic downturn necessitates cuts to social security, and whether individual polarisation is a necessary result of the ‘financial’ and ‘fiscal’ crises. This is not just an economic problem but also a political one. The bottom-line is that social expenditure should not be viewed as the source of but only comorbid with financial difficulties, even if it appears so when looking at public economies from a static, non-dynamical point of view.

How could we then explain this possible independence of welfare costs from the fiscal and financial difficulties? One of the reasons is that if social protection is viewed as an investment, social expenditure might actually benefit the economy and, at least in the long run, pay itself off (cf. Lindert, 2004, though he supposes that this could also be due to pro-growth tax policies). As the second reason, the overall level of expenditure on many categories standardly associated with welfare—unemployment benefits, protection against exclusion, etc.—form only a tiny share of all social expenditure, whereas health care and pensions form the majority. Indeed, expenditure on health services explains the growth of social protection over the past few years. Benefits and services to old age, in contrast, is one of the main forms of protection particularly in countries where the level of social protection is still low (e.g., the Eastern regime).

By contrast, transfers to the unemployed account only for 5.5 % of all social protection, exclusion 2.2 % and housing 1.1 %. The need to downsize social protection of these types reflects political reasons, like the emphasis on individual agency (on active labour market policies see Chapter 6), even if the direct economic benefits are contestable.

What Precisely Is The Problem?

It is clear that the protection of the unemployed and otherwise excluded does not form a significant portion of governments' burdens—not even in countries where the unemployment crisis is the most emphatic: the protection of the unemployed, the excluded and housing (PUEH) now amounts to 16 % of all social protection in Spain, 10 % in Greece and 11 % in Ireland. In no country, no matter how deep the unemployment crisis, do these contributions amount to more than 4 % of total GDP.

Therefore, given that public government expenditure is close to 60 % of GDP in some countries, PUEH cannot be truly regarded as the primary reason of the public account crises. Not even in countries like Greece and Spain, where the level of social protection on the unemployed has increased 50 to 60 % between 2007 and 2012 (simultaneously the level of protection per unemployed person has decreased by 47 % in both countries). Even if the pre-crisis level per claimant had been maintained, the protection of the unemployed and excluded would still amount only to 7 % of GDP—much lower than the current levels of public deficit. That 3 % of GDP, however, could make a difference if it boosted aggregate demand more than when 'distributed' through lower taxes.

Yet, the underlying rationale seems to be the contrary, favouring tax-cuts and non-social expenditure and stimulation. The unemployed, therefore, appear to carry the moral burden of the debt crisis, while the actual change in the level of social protection comes largely from elsewhere. Of all social expenditure, that on health services amounts to the largest share; this also explains the growth of social protection over the past few years. Benefits and services to old age, in contrast, is one of the main forms of protection in the Eastern regime.

In conclusion, even if there is an unemployment crisis in the EU, the financial and fiscal crises seem not to be caused by it. Also, the increasing cost of health services (and

support to old age in the Eastern regime) plays the main role in the welfare crisis. Let me next take a closer look, operationalising these contrary crisis-concepts, asking how exactly the welfare systems but also wellbeing and equality as broader, social constructions have been pressed during the crisis.

Chapter 2

Three Routes to the Marginalisation of Welfare

The previous chapter introduced us to different monetary and financial mechanisms. But I also engaged with the intriguing question of *inequality* that I operationalised with a particular emphasis on Thomas Piketty's (2014a) thesis about the role of economic inequality in undermining the prospects of contemporary growth. His economic perspective is then coupled with existential and social political themes following Therborn (2013). Such a combined perspective helps us reify the level to which national governments have the freedom to control the re-emergence of inequality, and whether such control has any relevance to the crisis (economic growth in particular).

Social policy and protection are indeed some of the most pivotal themes about the current crisis, and to most people economic growth as such is only an instrumental goal unlike democracy and wellbeing. Yet the crisis rhetoric is often overshadowed by discussion about the future of the welfare states and social security, as if economic growth were an end in itself and in support of which the cuts to social protection are being rationalised.

This chapter aims to operationalise these key aspects of the crisis in a way that allows us to investigate their associations with each other and, in later parts, also with individual crisis-experiences. In this chapter, the focus is on contrasting various equality and social policy perspectives with economic ones. What is of particular importance is the question of social protection and how it has been undermined by the crisis—this is considered

both on the aggregate level but also in specifying changes of social protection by type. This broader analysis then helps us understand the specificity of the crisis in respect to welfare, and whether we can speak of a single crisis of welfare or should frame national crises as qualitatively different instead.

Factoring the Crisis

In the previous chapter I suggested that on the governmental level the crisis emerges in three overlapping kinds: *financial*, *fiscal* and *welfare*. Even if the crisis of welfare, and the steady rise of the cost of public services and transfers have prevailed at least since the 1990's (Palier, ed, 2010), the effect of the current crisis on state income has made this long-term process extremely topical. However, it is not necessary that costs related to social protection specifically (as opposed to, say, health care) should have much relevance, as they form only a tiny share of all welfare expenses.

In some contexts like in Spain and Greece, the soaring unemployment rates result in a rapid increase in social expenditure specific to unemployment, even if the benefits per claim have radically dropped in countries high on the 'public finance crisis' factor¹⁶, but even there such forms of protection hardly form the main source of public deficit. In fact, the social protection per unemployed person has fallen by an astonishing 47 % in both countries despite the 50 % to 60 % increase of the overall expenditure on unemployment-related costs. To address these concerns, this chapter empirically addresses the question of the distribution of welfare protection by type.

At the same time, the discourses undermining the welfare project (cf. Esping-Andersen, 1990) have been systematised and synchronised during the crisis. It is then important to investigate whether the different categories of welfare protection are similarly adjusted.

These considerations are also conceptually relevant. Both as an economic and especially as a political crisis, the welfare-crisis materialises the way in which governments but also the public are 'indebted' to the banking crisis, that is, the bill stemming from bank bailouts often falls upon the welfare state. Austerity programmes and cuts to protection might then undermine economic output beyond what is immediately visible, furthering

the depriving effect of the bank bailouts and of transfers to financial industry. As the different aspects of the economy are deeply intertwined, the political manipulation of some domains might result in unforeseen imbalances and ‘externalities’ (as economists call them) elsewhere (cf. Callon, 1998).

Of course, in the context of equality and social protection, experimental research is impossible (as is the case in most social scientific research). A comparative analysis of the associations between different contexts is then necessarily descriptive. Some methods, like *principal axis factoring* (PAF) look for systematic covariances and thus make hypotheses about statistical interference even if indirectly. Even then it is impossible to say what *causes* these systematic connections and we cannot conclude whether one variable affects the other (direction of cause). However, as the PAF allows us to cluster associated variables, it can be used for discriminatory purposes identifying what particular variables appear to be causally *independent*. This also gives a clue of what clusters appear to originate causally (or at least systematically) from the crisis—even if the direction of cause between any two indicators of the crisis is unknown, the crisis itself can thus serve as either a ‘catalyst’ or the ‘origin’ of this link (depending on the temporal modality of the effect). Even then, the direction of cause remains open¹⁷, but the method can at least be used to point out what ‘the economy’ *does not* explain, and where the crisis points at cultural dispositions and expressions of power instead.

Before considering this more ‘systematic’ method, I will start with a determinist (non-statistical) model called *principal component analysis* (PCA). It results in a similar multicomponent model and the first components are very close to those provided by PAF, but which in higher dimensions tends to emphasise individual, deviant contexts (outliers) as it maximises the variances of individual variables: for example, the extreme growth of support against social exclusion in Lithuania far exceeds that of any other country. Both methods also ground on *linear* associations between scalar variables, and they are then more suitable for studying economic indicators, whereas many sociologically interesting variables are categorical and require alternative tools (on MCA, see Chapter 9).

In this chapter, the PAF- and PCA-methods are applied to variables like economic growth, length of recession, fiscal deficit and measures of indebtedness, but also figures exhibiting the depth, scale and quality of the unemployment crisis. In addition, several background variables provide a historically broader contextualisation of the ‘presence’ of the crisis: the level of GDP and measures of inequality like the GINI-coefficient and the GEP-component. I also contrast these variables with variables indicating the level of *social expenditure*. I am specifically interested in the question of whether statistical models could prove that welfare is not only a cost but possibly a higher level of social protection could contribute to economic prospects. In the first model I use the broadest possible indicator, which is the gross expenditure on social protection. However, the overall level of social expenditure does not specify the central role of rising health care costs in the current crisis of welfare, which is why the more ‘systematic’ method addresses the composition of the welfare crisis based on specific categories of social expenditure.

There are also some quite interesting associations between social expenditure and other variables including the GEP (projecting on separate axes in both models). Indeed, as depicted by Figure 6 below, social protection is a way to balance between family and work, and in countries where investment in social expenditure is higher, the labour market tends to be more equal between the genders. The Eastern welfare regime is an exception though, for women there choose to work not so much as an opportunity but in order to make ends meet. However, when asking about the specific aspects of the crisis like the rising social expenditure costs, the differences between the old and emerging welfare states appear to become less pronounced.

In effect, these broad measures of social expenditure, particularly in association with other moderators like the GEP, already suffice to identify different welfare regimes. In effect, quite simple models can be used for identifying the relevance of the economic crisis from the point of view of welfare. In particular, when considering welfare type as an ordinal variable (for definition see Appendix 4), it appeared to be extremely strongly correlated with public expenditure on social protection relative to GDP (0.92).

The gross level of social expenditure thus reflects the overall institutional structure of welfare, and perhaps more so than any other, more culturally oriented indicators of the economy. The main religion, for example, is much less correlated with social expenditure than the welfare type. In fact, when controlling the institutional welfare regime, the effect of religion on social expenditure is actually reverted suggesting that Catholic and Orthodox countries could be more inclined to the idea of social protection despite lacking institutional framework. Of course, we should be careful while making such conclusions, as they require more thorough analysis and denser time-series data to be confirmed in a statistically credible way given the limited number of countries included.

Finally, the country-level variables are collected from publicly available sources, most often Eurostat. They were then entered into SPSS as a separate table, which in turn was later merged with individual level data in order to use the same variables as multilevel predictors.

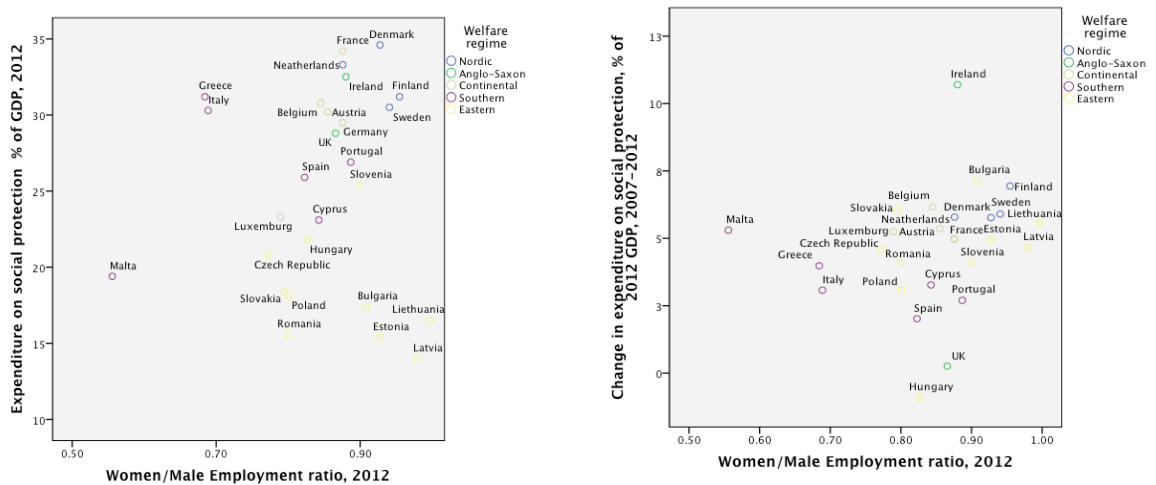


Figure 6. Employment between the genders, expenditure on social protection, % of GDP in 2012, and change in social expenditure 2007–2012.

Five Principals of the Crisis: Recession and Social Protection

Both factorial methods I use (PCA, PAF) are based on the idea that they reduce the total number of variables and present them as few axes as possible (and to avoid the so-called statistical multicollinearity). The resulting variables are then called the principal

‘components’ or ‘axes’: they are independent factors, which exhibit different aspects of the original variables, that is, the current crisis. In order to understand the most principal aspect of the crisis, I started with a quite narrow set of variables, which resulted in a five-component model (Table 4).

It is worth noting that I have used the varimax rotation which maximises the variance of each component; they are at the same time rotated so that they are *orthogonal* to each other, that is, the covariance between any pair of components vanish. This allows us to use factorial methods in order to distinguish between different aspects of the crisis, and also to falsify specific associations.

To illustrate, the first axis combines the unemployment rate (2012, .89), change in the unemployment rate (2007 to 2012, .89), youth unemployment rate (2012, .88), EMU conversion criterion bond yields (.82), total length of recession (months, 2007–2012, .77), the level of fiscal deficit in 2012 (.75) but not so much its change on the level of national debt (.71), negatively with the compounded GDP growth (–.70) and government credit rating (–.69). Therefore, it combines basically two different perspectives of the *unemployment-crisis*, the pre-crisis levels of unemployment and the differences in the relative increase during the crisis (the two will be further distinguished in more complex models).

In contrast, the second axis best reflects expenditure on *social protection* (.89), both relative to GDP and in euro per capita. It further encodes life expectancy at birth (.84), infant mortality rate (–.71), the gap between female and male life expectancies (–.70), and the number of those at risk of poverty or social exclusion (–.69). The indicated numbers are Pearson-correlations between the variable and the PCA-component. In Table 4, the symbol + stands for a coefficient between .25–.49, ++ for one between .50–.74, and +++ stands for anything higher. Symbols -, --, and --- are defined respectively but for negative coefficients.

In combination, the model explains 76 % of the variation in the set of variables indicated in Table 4. But already the first two components—unemployment and social

protection (Figure 7)—explain 52 % of this variance, whereas the remaining variables (existential equality, realisation of employment insecurity, and a mixed component) further refine this picture. The first two alone suffice to demonstrate that the crisis of work and wellbeing seem to result in two clusters of countries depending on whether the quantitative level of unemployment is high (e.g., Greece, Spain, Portugal, and Ireland), or whether the sustainability of work is being questioned in qualitative terms instead (e.g., Denmark, Ireland, Finland and Sweden). Many Eastern countries seem to be less affected given that their social expenditure was extremely low already before the crisis, and given their difficulties related to employment already before, as a result of which the current effect on unemployment is less emphatic.

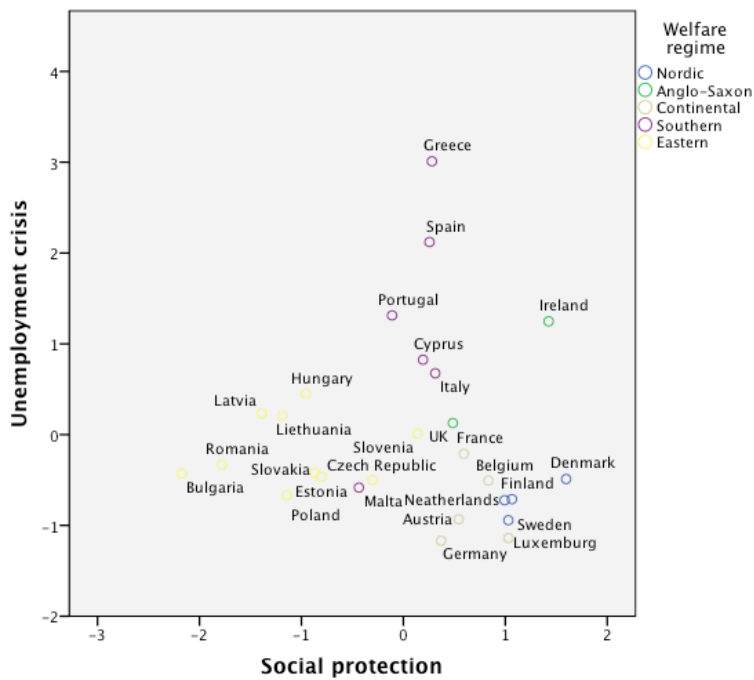


Figure 7. Principal components characterising variance in the national encounters of the crisis.

Table 4. Five factor model of the presence of the current crisis in the EU. The indicators reflect the situation in 2012 unless otherwise specified (PCA-components of eigenvalue above 1.5, varimax rotation).

	Unemployment	Social Protection	Existential equality	Flexicuration	Component 5
Economy					
Length of recession	++	+	-		-
GDP real growth 2007–2012	—				+
Employment					
Unemployment rate	+++				
Increase in unemployment rate 2007–2012, % points	+++			-	
Relative increase in unemployment rate 2007–2012, %	+++			-	
Youth unemployment rate	+++		-		
Female/male employment ratio		-	++	-	-
Youth/adult unemployment ratio					+
Increase of limited duration contracts 2007–2012, % of labour force	-			+++	
Financial situation					
Public debt engendered during the crisis	+++	+			
Credit Rating	—	+	++		+
Fiscal situation					
Fisc deficit	+++	++	-	-	
Increase of fiscal deficit, 2007–2012, % of 2012 GDP		+++		++	
Income and wealth tax		+++	+		
Increase of tax		++		++	
Government expenditure					
Change in expenditure on social protection			++		+
Expenditure on social protection, eur per capita		++	+		
Expenditure on social protection, %		+++			
Compounded increase in expenditure on social protection since 2007		++	++		
Resource equality					
GINI	++	-			
Gender economic participation			+++		-
Gender pay gap, unadjusted					—
Vital inequality					
Life expectancy		+++			
Infant mortality		—			++
Women / male life expectancy		—			
Other socio-economic conditions					
Portion of 30–34 year old with tertiary education			++	—	
At risk of poverty or social exclusion, % of all adults	+	—			
Increase in the portion of those at risk of poverty, 2007–2012	++	++			-

Equality of Participation

The previous figure illustrates both quantitative differences in unemployment and qualitative aspects related to the ‘problematic of relief’ and welfare. The third axis was then identified as the *equality of participation and welfare*, which best correlates with GEP (.84), change in social expenditure during the crisis (.70), women/male

employment ratio (.67), the portion of those with tertiary education (.60). Therefore, it addresses the question of equality both in relation to the ‘problematic of labour’ (participation) and the ‘problematic of relief’ (protection)—again two themes important to Castel’s (2003) sociology of employment further distinguished in larger models. In addition, this component suggests that both low and high levels of protection can result in more egalitarian employment, either because women are *able* to work (high protection) or because they *need* to (low protection). Furthermore, the interactions with age suggest that the third axis has to do with inter-generational equity, too. Interestingly, however, this factor does not seem to correlate with the GINI-coefficient, and it thus measures *existential* rather than economic equality (unlike components 1 and 2).

These two meanings of equality—economic and existential—are revealing because the relationship between welfare and economic participation is *non-linear* (Figure 8). The aforementioned economic explanation of this relationship based on the ability and need to work is partial, however: also in the Southern regime people are increasingly deprived, and yet this does not similarly materialise in higher female employment. There could also be cultural and other factors associated with the *emerging* of female employment, Eastern regime given its socialist background (Cerami, 2006; Fenger, 2007; Adascalitei, 2012), which explains its difference from Southern and Anglo-Saxon regimes. I cannot unfortunately answer this question in more depth given the limited data, but the effect of historical background should not be ignored.

Indeed, particularly in the Southern regime, the crisis then appears to have brought fourth the *squeezing* of the prospects of welfare: the ‘Latin rim’ is becoming even more ‘peripheral’ than it was in the past (Marinakou, 1998). Elsewhere, welfare is either emerging or, as Figure 8 illustrates, there are many countries where welfare is now *saturating* and becoming unbearable, even if less immediately than in the Southern and Anglo-Saxon regimes. In effect, the two equality-related components distinguish between three kinds of welfare crisis (emerging, squeezed, saturating).

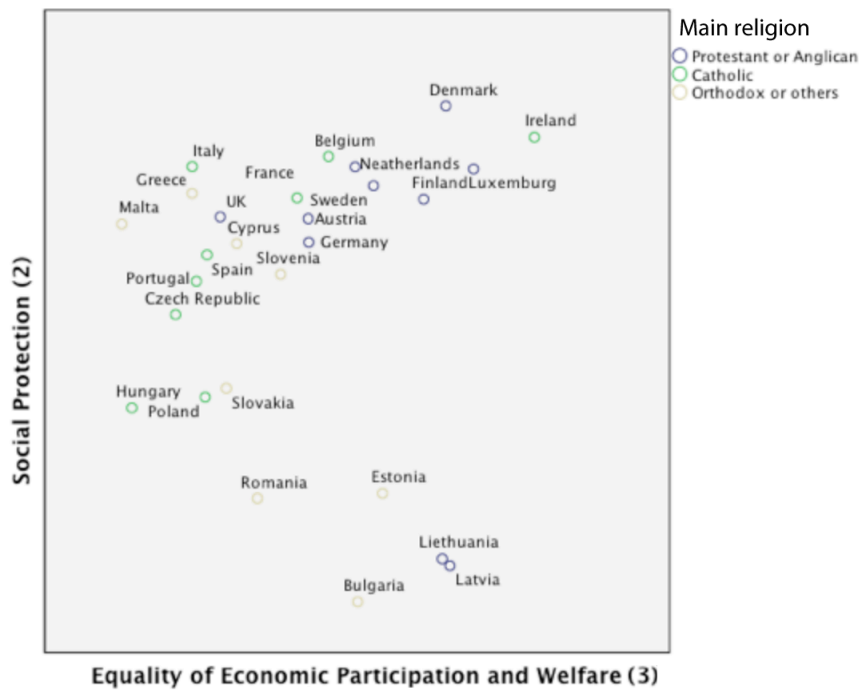


Figure 8. Social Protection and Equality of Participation (axes 2 and 3 of 5).

At the heart of this squeezing there are Spain, Greece, Portugal, and Italy that score highest also in unemployment (component 1). In contrast, Latvia, Liethuania, Estonia and Bulgaria are clearly situated in the crisis of emerging welfare, where newly established social policies are introduced despite the crisis. The situations in Hungary, Poland and Slovakia are more mixed, and they could as well be regarded as a group of their own. In all the countries listed above, the unemployment rates score above median, 9.9 %, and long term unemployment rates are 4 % or higher.

What is also remarkable is the fact that in the group of *saturating* welfare only Ireland scores high in unemployment, 14.7 % in 2012. All other countries in this group are below the median, and long-term unemployment remains below 3 % (9.1 % in Ireland). Hence, the level of welfare protection could be economically sustainable when unemployment remains limited, and protection itself could reduce unemployment by its indirect effects on the economy. However, political pressures and imbalances might prevent further expansion.

The comparison of four extreme contexts, Ireland, Latvia, Spain and Hungary, is very illustrative in this respect, both as they demonstrate the economic benefits of social

expenditure and as they emphasise the underlying political pressures. Ireland for example finances its welfare system with an 8.0 % deficit (2012), and this contrasts notably with Latvia's virtually inexistent 0.8 % deficit. However, by focusing on welfare and inclusive social policy, Ireland has still been able to maintain a less troubled position than Spain despite the very similar public deficit in the two countries. This is the case because Ireland has been able to maintain a higher level of income tax, unlike Spain, where the overall tax rate has fallen 20 %. Therefore, despite the fiscal deficit, higher expenditure on social protection seems to contribute to economic output, rewarding Ireland and helping it maintain the level of social protection.

Hungary and Latvia form another interesting couple to compare given that they both exhibit a lower level of protection. Both governments now lean politically towards the right. At the same time, Latvia's inexistent deficit contrasts with Hungary's 5.6 % deficit (2012). Also, in terms of GDP, Latvia managed to make the crisis short lived: given its less than 10 % national debt in 2007, it was better able to absorb the crisis by public financing than Hungary, where public debt has increased only by 12.6 % of GDP (versus 32.5 % in Latvia). Despite its overall drop of 11 % of GDP between 2007 and 2012, the Latvian economy was growing at 4.8 % rate in 2012, while the Hungarians faced another 1.5 % recession. However, the growth is invisible in terms of unemployment rates: between 2007 and 2012 unemployment in Latvia grew from 6.1 % to 15 % while the same figures in Hungary were 7.4 % and 11 %. Therefore, the connection between economic growth and unemployment is far from straightforward—possibly the opposite (see Chapter 7).

Yet both figures are low in comparison to many other countries. What makes Hungary special is that unlike in any other EU-country its expenditure on social protection has actually decreased between 2007 and 2012 (−0.9 % of GDP). The next lowest country is the UK, where social expenditure increased only by 0.26 %, contrasting with Ireland with the highest expansion of welfare expenditure—10.7 % of the national product. Hungary is thus interesting particularly because of its extreme political situation for which the financial crisis serves as a pretext. The high yields of sovereign debt (7.89 % in 2012) derive mainly from the fears over the country's central bank's independence. At

the same time, the value of their currency HUF has decreased while households retain high levels of foreign currency debt making their situation even worse. These developments have followed the landslide victory of the rightist parties in 2010, resulting in a new 'basic law' that ties up the hands of future governments as well¹⁸.

Flexicurisation and Desecurisation

The fourth axis, in contrast, relates to the effects of the crisis in the labour market, and particularly on the question of whether the number of the employees with limited duration contracts has increased (-.62). It furthermore tracks changes in the level of fiscal deficit (.66), suggesting that in countries which have opted to avoid deficit, the share of fixed term contracts has increased. The precise reason why such a connection exists (also in the higher dimensional model) cannot be deduced from the considered variables alone, even if we could speculate on the role of public sector employment.

Even so, it is notable that Spain and Greece greatly differ on this axis in particular: in Greece, those on fixed term contracts have lost jobs, whereas in Spain the share of such contracts is increasing. This is why I have labelled the axis as *cuts to flexicurised work force* (component 4), which measures the difference between the increase in insecurity, and the realisation of insecurity, which does actually result in a definitive drop in income.

In particular, Figure 9 allows us to contrast the 'flexicurising' tendencies (cf. Bradley and van Hoof, 2005; Plug and du Bois-Reymond, 2005) with the 'desecurisation' of those formerly in temporary jobs, and whose risks have been realised. In other words, there are increasing numbers of temporary workers in Greece, Ireland, Portugal, Latvia and Italy, whereas growing unemployment has reduced their numbers in Spain, Cyprus, Lithuania, the UK and Sweden. Of course, inside national contexts these two processes may occur simultaneously.

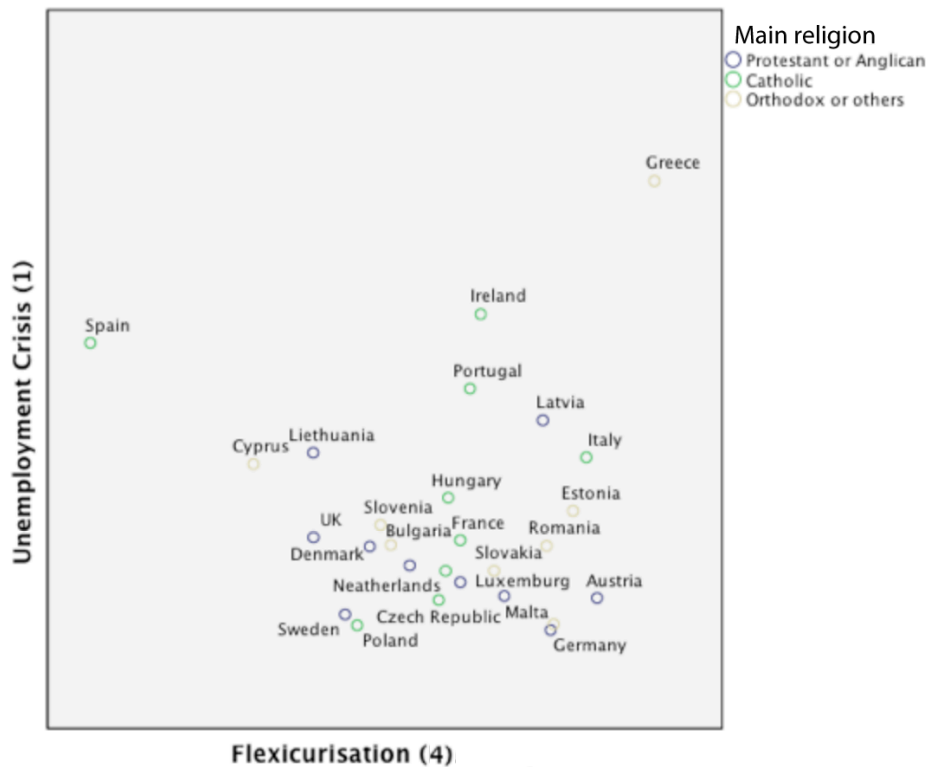


Figure 9. Unemployment and underemployment (and desecurisation).

In the light of the above figures, Latvia and Lithuania differ from other Protestant countries, still illustrating the weight of post-Communist transition. However, it is possible that the cultural backgrounds have made these two Baltic countries particularly vulnerable in financial terms given the combination of low institutional social security and their 'Protestant', aversive relationship to debt. Estonia, where the Eastern Orthodox Church is more dominant, serves as an interesting context to contrast even if it has a similar population size and shares the Soviet background with other Balts.

Also, the Catholic countries differ depending on welfare regime, even if generally the financial difficulties have been more emphatic in this less 'ascetic' cultural environment. However, even if it is true that the most sever crises (Spain, Portugal) or bank failures (Ireland, Belgium) have occurred in Catholic countries, this only applies to Western Europe. Instead, in post-Communist countries like Poland and the Czech Republic, the Catholic tradition seems to result in a shielding effect. This is why religion and welfare regime should always be studied in tandem.

The fifth and last component is more ambiguous: it measures both equalities and inequalities at the same time. For example it correlates negatively with the gender pay gap (-.71) but positively with the infant mortality rate (.59) and with the portion of those at risk of poverty or social exclusion (.45). It thus combines a mixture of resource and vital equality. It is, however, slightly negative on the female/male employment ratio, the gender economic participation index and the GINI-coefficient, suggesting that the equality of pays could stand for lower female unemployment. The latter connection is actually confirmed by the multilevel analysis in the third part. Similar ambiguity overshadows the connection between the pay gap and the number of those at risk of poverty and social exclusion, but these correlations bear no inevitable relationship with the crisis¹⁹.

Furthermore, even if the model itself lacks data on more nuanced differences in employment (e.g., by gender), there are interesting connotations between components 1, 2, and 4 with the distribution of unemployment between both gender and age. Component 1 correlates with the change in men's share of both adult (.53) and youth unemployment (.40) suggesting that it is men *who have lost more jobs* due to the crisis. The *flexicurisation*-component, however, largely undid this effect among the younger jobseekers (.32), suggesting that in those labour markets that have become more harsh on the 'flexible', often younger workers, *women face even more serious risks*. In higher age cohorts, where permanent employment is still the norm, there was no similar connection.

Therefore, the gender specific effects of the crisis are mixed, and tend to depend not only on context but express interesting interactions with age. In some countries with a high number of flexicurised employees in the public sector, the cuts to state expenditure could then have unexpected, gender-specific effects. This is particularly so as the public sector jobs are often related to caregiving, and pronouncedly gender specific. In fact, similar concerns are then reported in the paper by ILO European Commission (*Public Sector Adjustment in Europe*, 2012). On the other hand, cuts to public sector jobs could span over a longer period, and particularly in countries with a large social services sector (reflected by component 2), males again seem to be prone to losing jobs (.39).

What Happens to Welfare?

The model is very illustrative in a variety of themes, particularly as it emphasises the importance of distinguishing between the unemployment- and welfare-crises. However, these axes are still give quite a coarse picture, and to a large extent they cannot specify between pre- and post-crisis effects on social protection and unemployment. In particular, the model fails to identify whether the crisis catalyses or creates differences in them. Furthermore, the fifth axis appears to correlate with equality and inequality – measures simultaneously, not to mention the second axis that both depicts the benefits of social protection in, say, vital inequality, but at the same time associates social protection with the ‘fiscal’ difficulties engendered by high social security costs.

Therefore, the model also leaves us short in regard to where exactly different welfare states and regimes are heading. The first component distinguishes between five countries that stand above others (Greece, Spain, Ireland, Latvia and Hungary) but it is notable that processes like ‘desecurisation’ simultaneously characterise a very different set of countries (e.g., Denmark and Sweden). The model in particular omits the differences in these two contrary processes.

In order to extend the model to resonate with the future prospects of welfare protection, there are at least two possible options to follow. First, one could ask to what extent the government directly controls the redistribution of resources either directly or indirectly (e.g., social criteria in public procurement). This would, however, lead to country-specific considerations and it would be difficult to contextualise such processes and to understand how they are relevant to the economy as a whole. Alternatively, it is still possible to rely on macro-level data but analyse social protection both by occasion and type.

I followed the second route, constructing another model that incorporates variables representing the typology of social expenditure categories used by Eurostat. They indicate that an increase in welfare cost is particularly associated with the health care—the protection of the unemployed and those at risk of social exclusion is very minor in

this respect. Luckily, however, it also appears that variation in the pre- and post-crisis unemployment effects appear to project on different dimensions. Given that this discrimination occurs solely when introducing category-specific social security variables, either social security contributes to employment and prosperity, or otherwise there is a systematic connection between changes in the level of unemployment and changes in the level of social protection.

The larger model also includes variables reflecting the level of protection per unemployed and of socially excluded per claimant. This is to distinguish between changes related to the number of claimants and those that reflect changes in the emphasis on social policy. I also modelled different sources of social expenditure—government, employer (insurance), and private—but they appear to be relatively independent of the economic and welfare crises (despite the slight correlation between the growth of non-social expenditure and lower share of government contributions, which merely confirms the link between lower government share of social receipts and the ‘room’ for higher non-social expenditure).

The model further encodes more nuanced data on distribution of unemployment between genders and those with higher education. In particular, education-groups are differently affected depending on whether the unemployment-crisis is overshadowed by high pre-crisis levels of unemployment or is more current. Also, those with higher education were more protected in countries with high pre-crisis level of social expenditure. This suggests that social expenditure might result in economic externalities that are particularly important to the so-called ‘post-Fordist’, education-intensive economies. The model also confirms that the post-crisis (but not the pre-crisis) effect on unemployment is stronger where the number of those with tertiary education is high.

As one last remark, the broader model encompasses two variables related to welfare cost increase: the difference in expenditure between 2007 and 2012, and the compounded expenditure 2007–2012 in comparison to the 2007 level. Comparing these two with the model suggests that virtually in all the countries with high welfare costs, the crisis did induce a burst in welfare cost early after the crisis. However, some countries have later

come to tighten their welfare policy, while others have not. This also explains why the level of social cost seems to have contributed to total government expenditure at the beginning of the crisis, but not necessarily afterwards.

Given how the crisis is overshadowed by the rhetoric calling for welfare reduction, it is interesting that the PCA-model now suggests that non-social expenditure—including fiscal stimulation in the Keynesian sense—has been much less promising than social expenditure in defending economies (especially when excluding health care, which has no similar stimulating effects than, say, inclusion measures). But regardless of this stimulating effect of social protection on economic absorption, public debt (and deficit) is still often viewed as if stemming primarily from social costs; this rhetoric could then further contribute to the crisis. Therefore, the level of expenditure alone does tell little about how countries and the people are being defended, but it is rather the institutional framework and the composition of the different categories of social protection that make the difference. This is visible in Figure 10, where it appears that different regimes form separate clusters when measured against the unemployment crisis and pre-crisis level of protection.

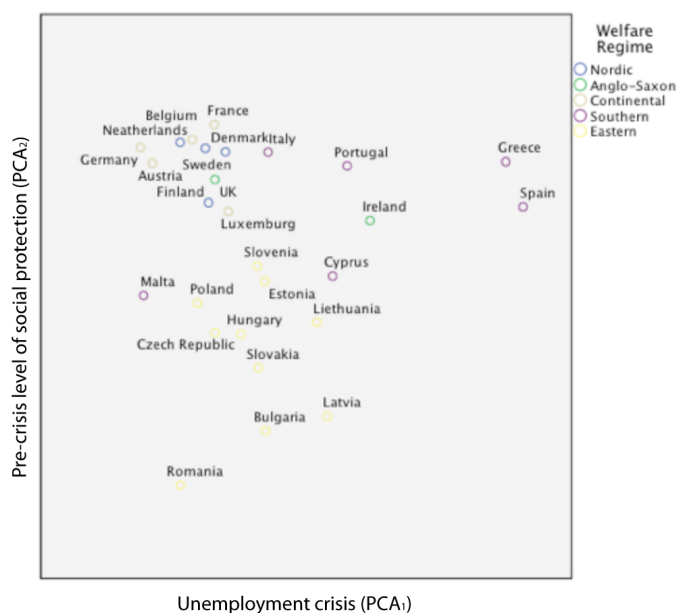


Figure 10. Unemployment and the pre-crisis level of social protection.

The first two components of the PCA, again, reflect most variance of the model. Quite remarkably the welfare regimes can be identified as clearly identifiable clusters in this figure. In other words, given that they emerge solely from the data it appears that they do, indeed, make a difference in the folding of the crisis. Furthermore, the financial crisis (materialised by unemployment) and the welfare crisis are associated in a way modified by the welfare regime, even if we do not know the exact direction of cause, if any, between them.

Crisis and Welfare: The Question of Causes

The relevance of welfare regime to the link between social expenditure and unemployment is notable, particularly as it suggests that the connection is quite systematic, regardless of whether they stem from the institutional, geographic or cultural differences. To address other, also 'systematic', links between different aspects of the crisis, I constructed a further model that results in nine different axes. The model is indeed based on PAF, and the constructed axes then refer to covariances between rather than the variances of individual variables.

There are close links between the 9-factor model and the previously discussed 14-component model. They do not always agree, however, mainly because the PAF is a statistical model and I thus needed to delimit the number of modelled variables to match with the low number of contexts. Therefore, I actually compared two 9-axis models with the same variables but that were based on both PAF and PCA. The PCA then seemed to exaggerate the negative connection between the gender pay gap and the relative increase in female unemployment. Also, despite what the previous PCA-model anticipated, that lower wages to women do not systematically help women avoid the risk of unemployment. As another important difference, the PAF model is powerful enough to recognise where particularly those occupying insecure, fixed term jobs should be more vulnerable to unemployment.

The PAF-model can then be used to identify which connections can be viewed as systematic and based on various economic and causal mechanisms²⁰. Furthermore, the PAF is a *statistical* model, and each variable is extracted by the model only to a certain

extent (measured between 0 and 1, estimation based on maximum likelihood). This reflects the level of contingency of a given variable in respect to the model. However, after compensating for these statistical discrepancies, there are only *three variables* whose extraction dropped significantly when compared to the descriptive, 14-component model: the GINI (extraction .49), the effect of the crisis on youth in particular (.53), and the cuts to the level of unemployment benefits (.64). These are variables that are the *least likely to being systematically connected to the crisis*, that is, they bear no causal relationship with differences in the crisis-outcomes. Similarly, in regard to pre-crisis unemployment it is possible that some of the correlations are (non-systematically) explained by differences in how unemployment-rates are being calculated, and therefore the 'systematic' picture provided by the PAF can be considered as more valid.

But there are also several variables, whose extraction *increased* under the PAF-paradigm (despite taking into account statistical variation). These are then the variables that are perhaps the most 'economically' based, illustrating that fact that PAF is more suitable for extracting underlying, latent connections. Among these, there is *the level of fiscal deficit in 2012* (extraction 1.00), *GDP real growth 2007 to 2012* (but not the overall level), *government credit rating*, *pre-crisis level of national debt* (but not increase in debt), and slightly the *change in unemployment*. The model indicates that these variables in particular should be causally linked to the current economic crisis. In fact, this suggests that the PAF-model in general is a more systematic description of the 'economic' crisis, whereas the political crisis of welfare seems to resonate less with this structure and that requires more 'endemic' interpretation instead.

Three Regimes of Ill-Being

The first factors in the PAF then reflect precisely those three modalities of the crisis that I conceptualised in the first chapter: the *financial* (PAF₁), *fiscal* (PAF₂), and *welfare crisis* (PAF₃). The last one refers particularly to the overall level of welfare cost. The fiscal crisis thus emerges as its own, largely independent factor, which is not directly connected to the public finance crisis (e.g., high bond rates and problems of access to capital) alone. The existence of these three factors also empirically confirms the conceptual elaboration. Methodologically this is notable given the fact that the latter

emerged independently of the statistical analysis (Table 5), but which were then visualised and used in later analyses based on the latter.

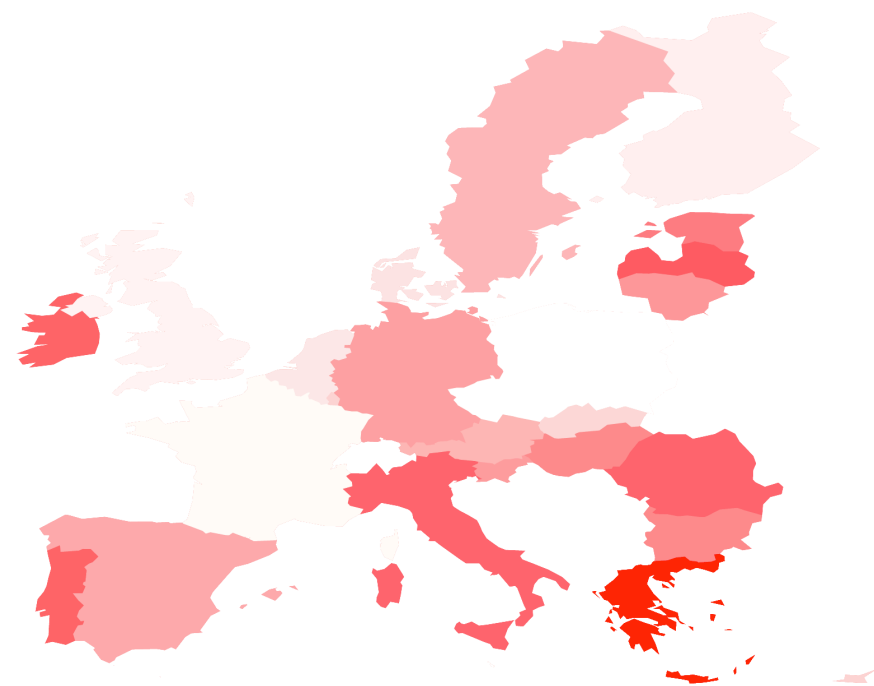


Figure 11. The public finance crisis -factor; darker colours stand for higher difficulties in public financing (goo.gl/JVXr0J).

To summarise, the *public finance crisis*, as measured by factor 1 (Figure 11), best aggregates EMU conversion criterion *bond yields* and *government credit rating*. Increase in unemployment rates measures on this axis (.60), but also on the second factor standing for the fiscal crisis (.50). This factor also the best explains the depth of recession measured by the GDP real growth between 2007 and 2012 (.77)—much better than the fiscal crisis (.31), whereas both variables reflect the length of recession (.54 and .51) similarly and have thus both contributed to depression but to a different extent.

By contrast, the increase in national debt has to do with the public finance crisis (.47), but even more so with the *fiscal crisis* (.70). This second factor (Figure 12) then depicts differences in the *pre-crisis level* of fiscal deficit (.89), but it is also highly associated with the increase in *fiscal deficit* (.60) and only little correlated with financial burdens (.28). Both factors contribute slightly more to male rather than female unemployment.

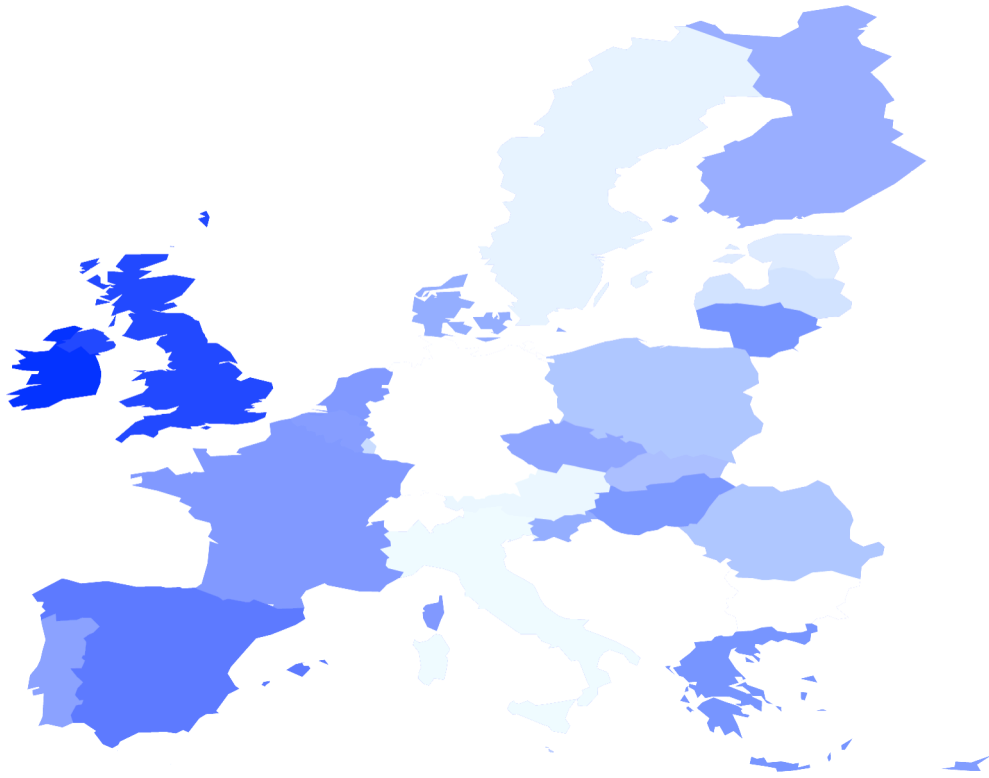


Figure 12. Fiscal difficulties encountered by public economies (goo.gl/P5UMU1).

What makes the PAF-model pivotal is also the fact that unlike in the case of the PCA-model, there is then no single component either to the pre- or post-crisis unemployment rates. Instead, the pre- and post-crisis rates project differently over the three crisis-factors in the PAF. Therefore, *unemployment hardly forms a solid basis for illustrating the most systematic aspects about the crisis*, even if it is then the most tangible outcome contributed to by a variety of factors. Also the variables measuring the depth of recession—the GDP growth, the length of recession (months) and the unemployment rates—are now distributed along these three axes in addition to factor 5 measuring the pre-crisis burden of government expenditure.

The cross-model correlations between the PAF and the PCA models also reveal that the public finance crisis is associated with lower non-social expenditure, whereas the fiscal crisis stands behind cuts to unemployment benefits and thus contributes to inequality (despite fiscal stimulation). The comparison also suggests that women have suffered relatively more in countries with low pre-crisis problems and where employment insecurity is higher, particularly among the young. This in fact suggests a *double* effect on young women who are both more prone to doing non-standard work

and to the risk of having no job at all—a phenomenon depicted by the axis referring particularly to young women, but which can also be called *employment insecurity*. Whether that increase in temporary contracts could undermine the existing gender-contract is discussed thoroughly elsewhere (Gash and McGinnity, 2008).

If the annex of the financial and fiscal factors relates to the crisis on the side of production instead of consumption, factors 3 and 4 reflect the crisis from the point of view of welfare, and thus also absorption. The *welfare crisis* factor is particularly associated with high pre-crisis burdens of both debt and welfare, suggesting that any additional problems of access to borrowed capital or government revenue could undermine the capacities to maintain systematic support for welfare: in such countries welfare is subject to saturation if not squeezing (Figure 13).

Yet the welfare crisis was only slightly associated with the length of recession (.35) but not at all with its depth. This suggests that despite the association of the welfare crisis and recession, higher level of protection also mitigates their consequences. Instead, the welfare crisis factor most emphatically reflects the pre-crisis level of public debt (.89) in addition to the high level of pre-crisis protection (.76). Even so, the welfare crisis itself seems to bear almost no effect on bond yields (.26), suggesting that the pre-crisis level of welfare might out the effects of higher government expenditure by contributing to higher growth prospects, possibly paying itself back: in the PAF-model at least, welfare expenditure has actually contributed to real economic growth (.19) and shortened recession (-.36).

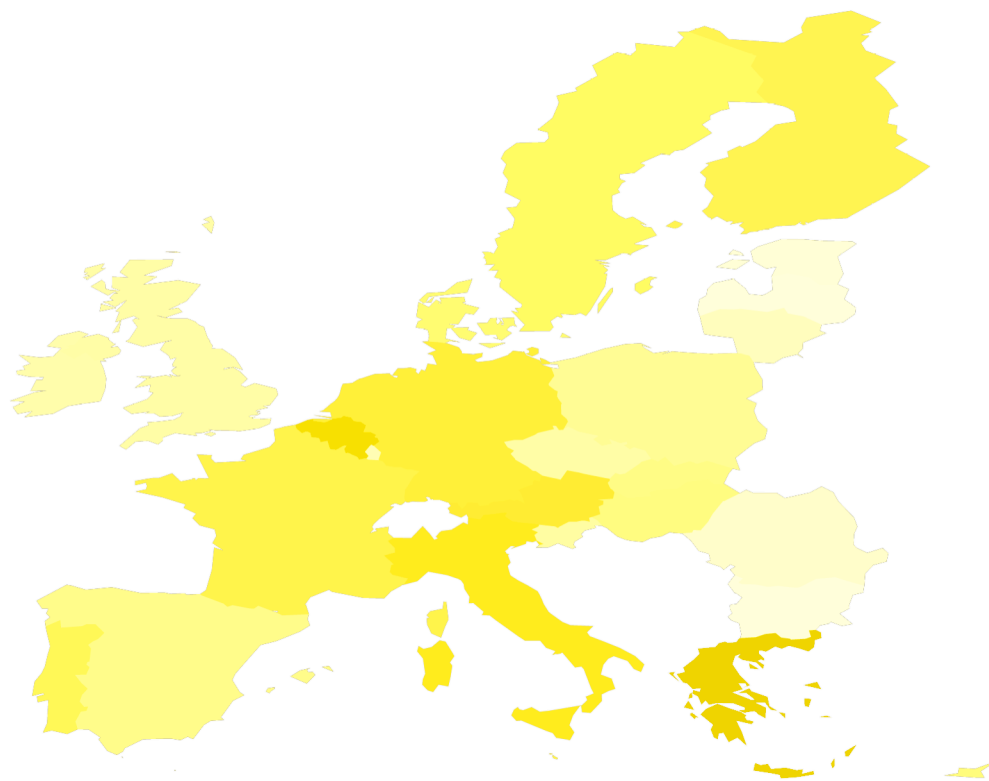


Figure 13. The burden of welfare transfers to the public economy (goo.gl/VCK9LX).

In conclusion, it seems that the welfare crisis is somewhat independent of the financial/fiscal crises despite its political connotations. For example, countries like the UK and Ireland suffer from fiscal difficulties despite more modest level of welfare protection when compared with other Western European countries. Finland and Germany are overshadowed by high welfare related costs even though neither one of them has encountered problems related to public finances (quite the contrary), and Germany is actually experiencing fiscal surplus. Greece and Spain both suffer from high welfare-related costs but Spain is still overshadowed by fiscal difficulties whereas in Greece the difficulties are now dominated by public financing.

Therefore, neither one of these three modalities of the crisis seem to have caused any other—at least not on the level of the EU as a whole. The three kinds of a crisis can coexist in various ways as Figure 3 in the beginning of this part illustrates (it is a sum of the three maps above, see also Figure 14). Yet such comorbid crises may deepen each other, furthering the unemployment crisis which is the most exaggerated in Greece and Spain (see Figure 1 in Introduction). In particular, even if welfare expenditure could actually benefit the economy, the high welfare costs during the crisis are *not politically*

inconsequential (this precisely makes the crisis ‘critical’). Therefore, the crisis could have been further deepened by the erratic cuts to welfare in addition to allowing the inflation of other forms of state expenditure.

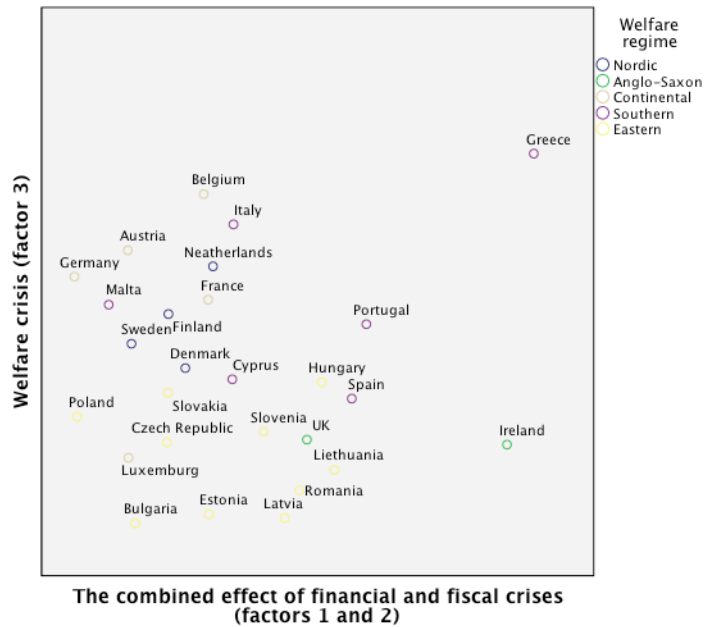


Figure 14. Overlapping economic and welfare crises (PAF).

The Marginal Man and the Marginalisation of Welfare States

The level of welfare expenditure and the different aspects of the unemployment crisis suggest that the emerging, saturating and squeezed crises of welfare reflect different institutional frameworks that in turn moderated the way in which the current economic crisis plays itself out. The factors 1, 2 and 3—financial, fiscal and welfare—then stand for the *three routes to the marginalisation of welfare itself*: a discourse and an institution that itself was once determined to eliminate marginalisation.

In particular, the imminence of the need to adjust social protection is possibly more rhetorical than material construct. Indeed, the nine-factor model demonstrates that much of the post-crisis increase in welfare is explained by factors other than the three crisis-related factors. Instead, the exploding social expenditure mainly reflects the rising health care costs (.79), which have decreased only in Greece where austerity is most

dominant. By contrast, a notable increase in the cost of all unemployment-related benefits burdens significantly only Spain, even if many other countries have decided to cover health-related costs at the expense of the marginalised.

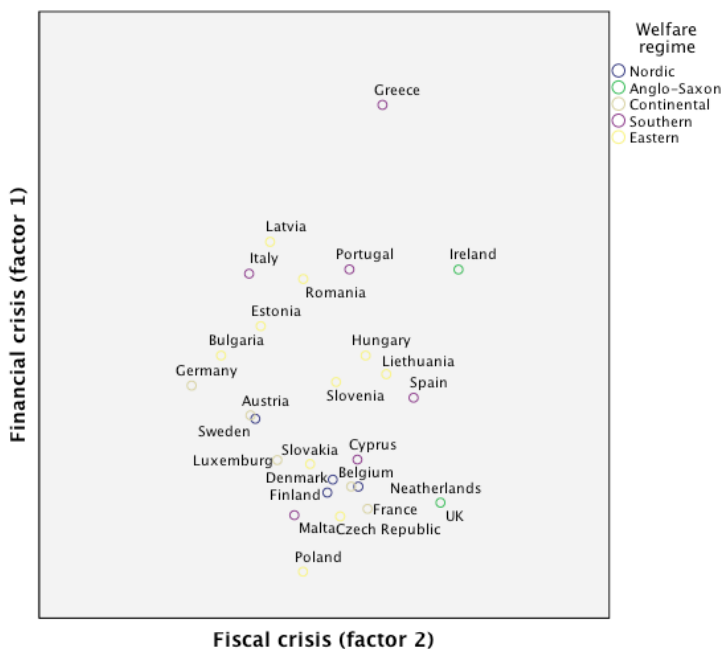


Figure 15. Main factors of the economic crisis: the financial and the fiscal (PAF).

But other than health care costs, how exactly do the financial and fiscal factors undermine the protection of those in margins? At least in countries *high* on the public finance crisis but *lower* on the fiscal crisis (upper-left corner, Figure 15), unemployment benefits have been cut more: considering Greece, Latvia, Lithuania, Spain, Cyprus and Hungary, in all of them average protection per unemployed has been cut down by more than 40 %; Ireland is the next country in a row, reducing the level of protection by 25 % per claimant.

It then appears that the very idea of welfare, and particularly the idea of the ‘decommodification’ of labour (Esping-Andersen, 1990) as a universal form of relief is becoming marginalised as a result of the financial crisis—even when unemployment-benefits themselves seem to have negligible effect on the overall costs of welfare. Robert Ezra Park wrote in 1926 that a ‘marginal man is one whom fate has condemned to live in two societies and in two, not merely different but antagonistic cultures’. Even if the

discourse first referred to ethnic minorities, similar antagonisms also overshadow the experiences of other forms of social exclusion and the poor and rich worlds again falling apart.

The welfare project originally emerged in order to question this marginalisation on two fronts. First, following policies proposed by scholars like H. Marshall as well as Sir William Beveridge²¹, Western countries approached close to full employment. The number of the unemployed was reduced—there was no longer a strict distinction between the worlds of success and misery, as the welfare states fought against the world of ‘commodified’ labour. Besides modernisation and strict national boundaries, the emergence of the welfare state thus greatly enhanced the accommodation of the marginalised. In other words, as Beveridge fought his ‘giant evils’—squalor, ignorance, want, idleness, and disease—the question of marginality changed, and was largely dispelled: poverty no longer existed in the ‘margins’ but was now addressed as part of mainstream experiences (cf. Dean, 1991).

The roots of this process date back to Otto von Bismark’s Germany in the 1870’s, when the ‘social state’ (*Sozialstaat*), later theorised by Italians (*stato sociale*), was first pronounced: this followed by the introduction of sickness insurance law in 1883, accident insurance law in 1884 and old age and disability insurance law in 1889. However, the insurances did not always cover all universally, and already Thomas Malthus (1766–1834)—an English economist and demographer known both for his population growth estimates—opposed to social insurance as an adequate way to fight poverty. He argued that these ‘root and branch’ measures would only make marginality part of the economic order instead of mitigating them.

The success of social democratic policies in the twentieth century could be interpreted differently. Yet today we might again be able to say that welfare itself finds itself a refugee in the world of economic investment. It is viewed as an expense and subject to austerity, which can only result in further marginalisation and disinvestment of human skill, wellbeing and capital. The crisis then has brought Malthusian tones back. Social

expenditure is now, again, viewed as part of the world of misery, and national actors try to stay away from it.

This deterioration of welfare, my factorial model suggests, is catalysed but not caused by the financial crisis. The increasing tendency to ‘reform’ the welfare states (e.g., Palier, ed, 2010) has evolved in the Nordic countries at least since the 1990’s (Kvist, 1999) as active labour market discourses now articulate decommodification as a source of idling. In effect, unlike what Karl Polanyi notes in *Great Transformations*, ‘the figure of the pauper’ is no longer ‘almost forgotten since’, but again dominates a discussion ‘the imprint of which is as powerful as that of the most spectacular events’—say the current economic crisis. Even the unemployed have to be active, maintaining their employability and demonstrate this to society (as illustrated by a recent paper published by the ILO: Brewer, 2013; also see Chapter 6). The crisis is then but a good chance to question the sustainability of welfare costs, not only now but for years to come.

The conflict between the two worlds of Malthus and Polanyi now anticipates the *performative* question: to what extent is welfare marginalised as an effect of precisely those discourses that articulate it on the side of misery rather than success? And, more materially, do not the welfare cuts contribute to inequality and stagnation, thus furthering the fiscal imbalances and the deprivation of public resources?

The problem is even more complex at the global level, of course, as many of the ‘poor’, developing economies (but not all) are becoming richer while the poor in rich countries become more deprived. But before proceeding with the multilevel analysis combining the national and individual levels, the next chapter investigates the role of wellbeing and solidarity in individual crisis-representations in order to understand how such connotations and performances are themselves socio-culturally embedded.

Table 5. Nine axes of the crisis produced by PAF, explain 87 % of total variation.

	Factor								
	Public financing crisis	Fiscal crisis	Welfare crisis	Welfare expansion	Participation	Youth crisis	Anti-poverty policy	Young women's crisis	Gender pay gap
Economy									
GDP real growth, compounded change end of 2007–end of 2012	—	—				+			
Combined length of recession periods 2007–2012, months	++	++	+	—					
GDP per capita, 2012	—		+		+++	—	—		
Unemployment									
Unemployment rate, 2007					—	+++		—	
Increase of the percentage of the unemployed of working age population	+++	++				—		—	
Reduction of the percentage of those with limited duration contract, % points, 2007–2012								—	
Change in the proportion of youth among all unemployed						+++			
Change in women's portion of all unemployed 2007–2012, %		—	—			+		++	
Unemployment change ratio: tertiary/lower educational groups			—		—	++	—		
Government account									
Fiscal deficit, 2007		++++							
Increase in fiscal deficit	+	+++				+	+		
EMU convergence criterion bond yield, 2012	+++	+	+		+				
Government credit rating	—				+++				
Public debt to GDP, 2007			++++						
Increase of national debt relative to GDP, 2007–2012	++	+++		+					
Public expenditure									
Expenditure on social protection 2012, % of GDP			—		+				
Change in expenditure on social protection 2007–2012, % of 2012 GDP				++++	+				
Increase in non-social expenditure, % of 2012 GDP	—				+				
Government contributions, % of all social expenditure						—	—		
Welfare protection									
Increase in social protection on health 2007–2012, % of GDP			—	++++					
Cuts to protection per unemployed, 2007–2012		—		—					
Increase of protection against social exclusion, per claim							++++		
Equality									
Gender economic participation index, 2012					++++				
GINI-coefficient, 2012	++		—					—	
Gender pay gap in unadjusted form, 2012									++++

Chapter 3

It Could Be a Performed One

At least if Edmund Husserl's (1965 [1935]) diagnosis of *the Crisis of European Man* is right, the current crisis touches something historically more abiding than just the past few years of debt-expansion. Among other things, the past few centuries of European economic government have been crowded by financial defaults (Reinhart and Rogoff, 2009). Since at least the eighteenth century a peculiar kind of 'crisis-thinking' has overshadowed European 'political theology' characterised by recurring crises and conflicts (Koselleck, 1988). The current crisis, in turn, is thus both a shared crisis and yet manifests differently across contexts. It is then sociologically intriguing to ask how these particular crises relate to the idea of Europe, on the one hand, but also how views about economic governance and expertise relate to actual crisis-representations and the perceived depth of the crisis on the other.

In the light of these concerns, it is crucial to ask how the current crisis is itself 'constructed as an object of knowledge' (Roitman 2011, 2). Crisis-thinking entails a certain representation of what exactly is in a crisis. In the fifth chapter I criticised certain expert-driven perspectives that tend to economise the crisis and desubjectify national actors and welfare. Yet, our *knowledge* about the connection between financialisation, the financial crisis and the trouble of the real economy is limited. Even the question of the extent to which the crisis is contingent or controllable is open, and seems to also divide the lay people, not just the experts.

In result, the ways of ‘knowing’ the crisis both as a technical affair and as a question of moral judgment have broad implications to policy. In particular, it has long been recognised that economics is, among other things, dominated by certain ‘rhetoric’ (e.g., McCloskey, 1986; 2000), which is powerful as it speaks to the people, coordinates their behaviour and ‘performs’ certain techniques of economic cognition.

Precisely because there is no ‘right’ answer to many questions about the economy (e.g., the moral duty to pay debt, the level of contingency of the economy, and the proper measures to regulate the financial markets) they are politically laden issues and thus important to the broader public. This chapter thus endorses an epistemological position that emphasises the relevance of the ‘public understanding’ of knowledge—both because of the democratic goals (cf., Rosanvallon, 2008) but also as a way to guarantee more efficient outcomes (cf. Irwin and Wynne, eds, 1996).

As a brief introduction to the discourses of ‘public understanding of science’, the sociology of knowledge was previously dominated by the study of science itself as a ‘community’ (Hagström, 1965). After the constructionist turn (e.g., Berger and Luckman, 1991), this became gradually replaced by the *sociology of scientific knowledge* (SSK) as an object of social construction (e.g., Bloor, 1991, Goldman, 1999). This in some way marked a reversal that brought sociology back to Durkheim’s elaboration of ‘categories’ and ‘representations’. In particular, the discourse of scientific knowledge itself (Gilbert and Mulkay, 1984) was no longer viewed as independent of the social contexts²².

It has been argued that the sociology of science and later the SSK emerged from the need for sociology itself to develop a sense of itself as a ‘science’ (Bourdieu, 1975; 1988). This occurred simultaneously with quite different developments in the philosophy of science that originated from Popper’s positive philosophy (e.g., Lakatos, 1976; Kitcher, 1995), and which became favoured among the philosophers of economics and other quantitative sciences instead (Hands, 2001; on the ‘economy’ of scientific inquiry itself, see also Peirce, 1969 [1879]). Sometimes referred to as the ‘economics of scientific knowledge’ the paradigm holds a more *progressive* view of science, and thus it is closer to

what earlier sociologists discussed in the context of scientific ‘growth’ (e.g., Ben-David, 1991).

This paradigm is perhaps the most distinctly opposed to the developments of the SSK and what later became known as *science and technology studies*—particularly the ANT that I have used, even if loosely, as a broader theoretical framework. In this direction, the focus on scientific communities became decentred by a more distributive way of knowledge, referring either to ‘practices’ (Lave and Wenger, 1991; Knorr-Cetina, 1999) or to an entire ‘network’ of individuals and communities who would hardly possess any shared practices or ‘beliefs’ (cf. Haas, 1992). What coordinates actions across such dispersed networks is something like a ‘boundary-object’ (Bowker and Star, 1999): the crisis coordinates practices in various communities, and those actions are brought in contact with each other in the way that they all deal with the crisis even if they do not share a common understanding about it.

The idea of a boundary-object thus assumes that no single community dominates the production of knowledge. The crisis-constructions are then objects that various groups engage with, including the communities of ‘non-experts’. Yet few ANT-based social studies of finance have explicitly investigated the constructions of the national, European and global crises from the lay-perspective, focusing on financial experts instead (cf. MacKenzie, 2004; 2006; Muniesa et al 2007)—not despite the fact that the dominance of *public* debt makes democratic representations and the way in which people make ‘sovereignty’ intelligible (cf. Bartelson, 1995: 53) extremely timely. Also, it is obvious that the rhetoric about the crisis and expert-constructions ‘perform’ the way in which the public relates to debt.

‘Knowledges’ About the Crisis—A Quantitative Comparison

Both the SSK and the public understanding discourses have traditionally applied qualitative methods, whereas my interest lies in comparing the crisis-constructions between contexts, and quantitative methods serve as a way to experiment the extent to which these epistemic representations are associated with various economic axes of the crisis (e.g., PCA and PAF). To this end, there are two relevant sets of Eurobarometer

data collected in 2011 and 2012 (76.1 and 78.1). They assess technical knowledge of several crisis-related issues (e.g., rating agencies, Eurobonds, the role of the ECB etc.) and also ask opinions about suitable policy-responses to the crisis. The emphasis lies on group- and context-averages, and it is not the aim to represent individual knowledges similarly as in the standard approaches to the sociology of knowledge.

Methodologically, I have applied multiple correspondence analysis (MCA) that is discussed in more depth in Chapter 8, where I apply the method in the context of the main data. The analysis in this chapter is instead somewhat more peripheral and only attempts to illustrate how different contexts are positioned in respect to crisis-awareness—not so much their actual impact on wellbeing. Here it suffices to say that the MCA-method is very similar to principal component analysis, but it applies to *categorical*, discrete data. This is pivotal because the answers I study are most often likert-scale variables (subjectively rated scales from, say, 1 to 5). This also enables considering blank responses as individual response categories—a crucial thing from the epistemological point of view as it is relevant to understand not only the representations of knowledge but also to represent lack of it. In *La Distinction* Pierre Bourdieu (1984) in fact similarly uses non-responses and omissions as part of his social distinction analysis.

The resulting axes are in contrast ‘scalar’ (continuous) ones: they are calculated from individual response categories based on the so-called χ^2 -metrics, and range from negative to positive numbers. The procedure itself is reasonably complex (see Appendix 9) and the resulting axes are ‘latent’ factors whose meanings are identified retrospectively. Following Bourdieu’s example, they are interpreted by looking at how different groups based on certain answer-categories average on each one of the included axes. The identification of the axes, as explicated in Appendix 6, is based on several graphical plots currently available online (goo.gl/x3uYe4).

Contingency or Control: Economic and Expert Epistemologies

Crisis-related knowledges were analysed based on Eurobarometer 76.1 (2011) and 78.1 (2012) data sets collected in all EU-countries. Starting with the former one, there were 25 different variables that all were incorporated as part of a single MCA-model. This

resulted in five axes, which give quite a consistent picture based on their high Cronbach's *alpha*-coefficients (.657–.863). The survey is important for the lay-epistemology considerations because it directly asks about awareness related to credit rating agencies and the bond markets (particularly about the Eurobonds, which are proposed bonds issued by the Eurozone as a whole and with shared responsibility). One of the interesting themes in this regard is the question of debt-sharing and particularly how the respondent articulates the benefits of debt-relief (if any). For example, whether forgiving some of the debt of the most troubled economies would contribute to overall economic growth in the Eurozone or whether debt-relief should be promoted in the mere interest of solidarity. Such representations of debt are contrasted with respondents' awareness about technical issues like the role of credit rating agencies and central banks. They are also compared to expectations about the European and national economic growth.

I then identified the MCA-axes depicting differences in crisis-representations by plotting individual response categories. I also plotted countries and different groups (age, income, etc.) separately on the different axes. Using these maps the five axes were identified as (1) expertise, (2) solidarity, (3) technical knowledge, (4) assertiveness, and (5) impact. Each one of them may be viewed as independent of the others. However, many interesting themes like the question of *moral obligation* to pay debt and the different modes of *crisis-awareness* actually emerge as combinations of multiple axes (the diagonals in the following figures).

The first important theme that emerges relates to the question of *economic expectations*: whether the respondent believes that the outcomes of the crisis could be *controlled* or whether they are *contingent* instead. This question of control is an old theme in economic sociology, and it relates to the emergence of institutions and identities (cf. White, 2008). Interestingly, this axis is independent of the so-called expertise-axis, that is, the lay-epistemology approach confirms that the question of the future is open and, therefore, independent of the interpretation of the current economic situation in the country. Yet the combination of low expertise and high belief in control results in a rather subordinate position that advocates institutional resolution.

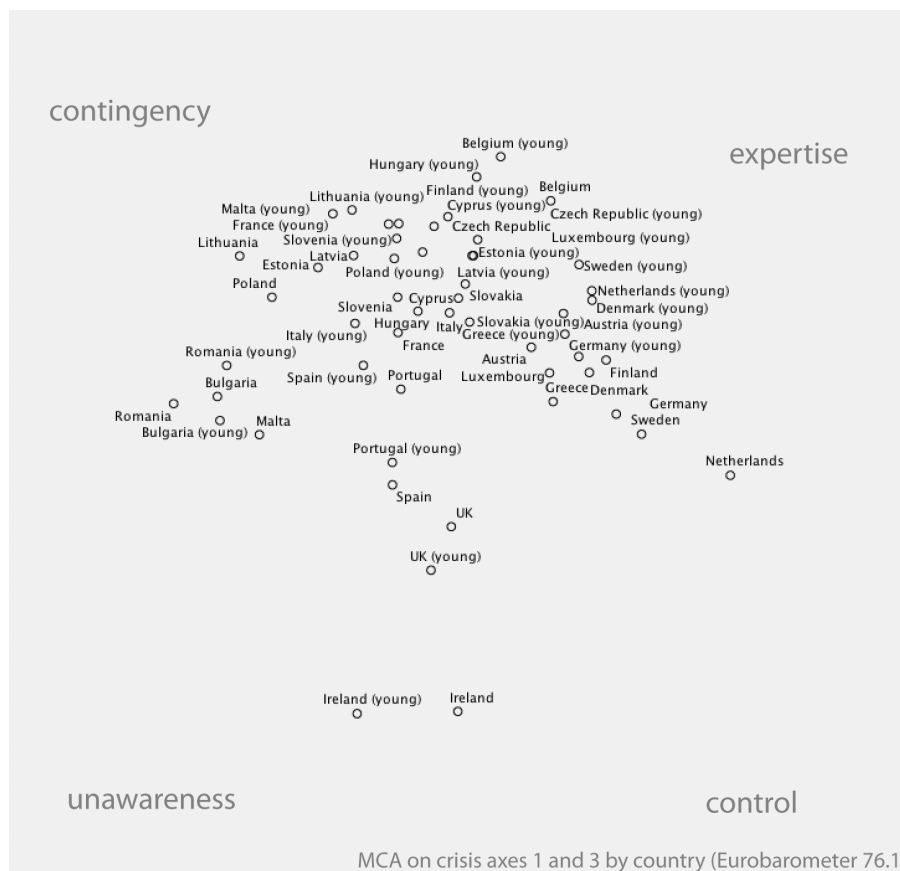


Figure 16. *Expertise and contingency: two diagonals of the MCA-analysis on crisis-representations.*

In contrast, the outcomes of the crisis are identified as *contingent* by those who disagree with debt sharing, assume the crisis to last for long, or who have either lost their own jobs or whose relatives have become unemployed. Those who believe in contingency tend to leave the question about the national crisis-impact blank. In contrast, the crisis is identified as more *controllable* by those who agree with debt sharing or assume financial help to be in the national economic interest. They are less certain about the direct consequences of the crisis. At the same time, however, they believe that the crisis itself is about to end, at least given that proper political measures are taken. But if control without awareness results in an affirmative relationship with institutional resolutions, the combination of expertise and control is, instead, overshadowed by

acknowledgment (horizontal axis). In contrast, both expertise and control lead into an opposition towards institutional framings (vertical axis).

In terms of demographic, socio-economic and occupation groups, there are few differences in the contingency-diagonal: only the groups less aware of crisis-related themes tend to advocate and believe in institutional resolutions. Notably the *young prefer more institutionally oriented approaches* and emphasise control. By contrast, older respondents tend to feel less 'expert' about the crisis, and they are more ignorant and feel contingent about its outcomes. Individually felt expertise is highest among the general managers—not professionals—and the modelled forms of expertise indicate a peculiar relationship with power (not just technical representations about the crisis). Expertise identified by the model thus indicates a certain kind of relationship with power, not just technical representations about the crisis. In respect to national contexts, particularly the respondents from Ireland, the UK, Spain, and Portugal regard the help of the EU-institutions as pivotal to crisis-resolutions.

The Moral Dimension

In addition to the question of the current and future prospects of the European economy (the assumed level of contingency), the data is also revealing as to *moral* questions related to the debt-crisis. Previously, such moral connotations of debt have been empirically studied in qualitative research (e.g., Roitman, 2006), but the quantitative analysis allows us to compare macro-level contexts. As to *public* debt, the question also relates to Castel's (2003) discussion about the 'problematic of relief': unlike in the case of private debt, it is particularly the public welfare rather than individual wellbeing that is at stake in the sovereign-debt crisis.

The reasons that the respondents believe to justify debt-relief are particularly illustrative. *Solidarity* as a non-instrumental goal is mentioned mostly by those occupying elementary or manual jobs but also by supervisors (who differ from the 'professionals' in this regard). Therefore, it is not the case that poverty or disadvantage would necessarily result in discord; rather, the lack of solidarity appears to characterise those in the highest and, in many ways, also the most expert positions. However, if the professionals favour

direct debt-relief least, the general managers are instead more pragmatic as they assume debt-relief to benefit the overall prospects of the economy.

But country-level differences are perhaps the most interesting ones, not the least because of their resonances with Max Weber's (2001) thesis about the *Protestant Ethics and the Spirit of Capitalism*. Still today, Protestant countries are particularly opposed to debt-relief with the notable exception of Denmark. The Eurobonds in contrast are favoured in Cyprus but also in countries like Greece, Spain, Ireland, Hungary and Denmark. The housing market collapsed in all these countries and it is possible that those suffering from difficulties related to household debt might become more sympathetic towards debt-relief also on the national level. In the opposite camp there is for example Finland, where the moral obligation to repay is the most emphatically stressed.

Impact and Awareness: Quantity and Quality

Unlike economic 'futures' represented by respondents, the moral obligation -diagonal is independent of the *epistemic* axes²³, but also of the level of perceived *impact*. The latter is indeed an important variable and despite the many ways in which the economic impact of the crisis can be represented (personal, national, European), there is some coherence between them. Interestingly, the impact factors that combine them also appear to correlate quite consistently with another diagonal that relates to *economic* but not technical expertise. In other words, it is a different thing to 'know' the crisis in the sense of economic expectations rather than technically, and only the former kind of knowledge is associated with high impact.

Therefore, countries low on economic ignorance are the ones, where both the impact and awareness are high—the so-called *quantitative crisis* countries. As another diagonal there is one axis that relates to those who believe that the crisis is going to last, yet according to whom there should be no inter-governmental help or solidarity²⁴. Lack of solidarity also illustrates the absence of crisis-awareness. At the opposite end, on the same diagonal (Figure 18), we encounter another mode of awareness, which is typical in those countries in which the perceived impact of the crisis is low but where there are

qualitative changes to the organisation of work: the so-called *qualitative crisis* cluster. Experiences of uncertainty are not necessarily visible in terms of economic indicators alone (cf. Bear, 2014), but they relate to the changing structures of employment.

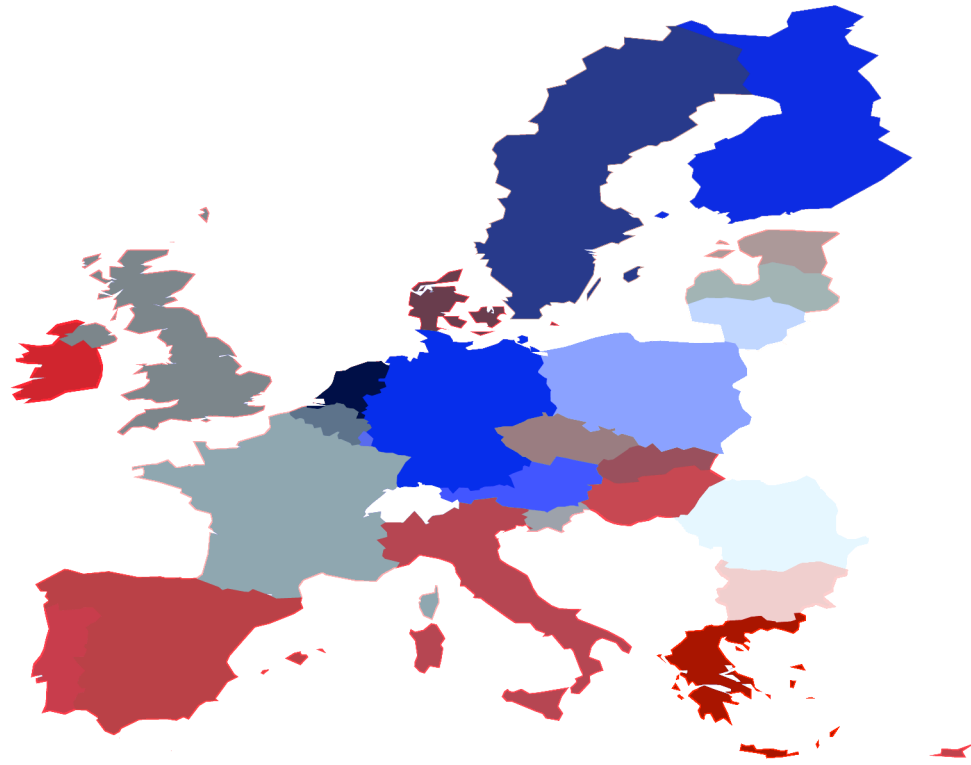


Figure 17. Crisis-awareness: qualitative (blue) and quantitative (red) crises of work and wellbeing (goo.gl/RH2Vez).

Crisis-awareness, at least when measured in connection to the European crisis, is now situated between these two ends of the crisis (red and blue colours in Figure 17). The former, quantitative one, is particularly associated with economic awareness, whereas the qualitative crisis of work exhibits more political orientations. Both of these two forms of awareness seem to be independent of economic expertise; they also do not resonate with the confidence in the *future* prospects of the economy. Negative experiences of the *personal* economy are strongly associated with the ‘lasting crisis, no help’ axis, whereas crisis-awareness refers to broader and shared experiences and solidarity.

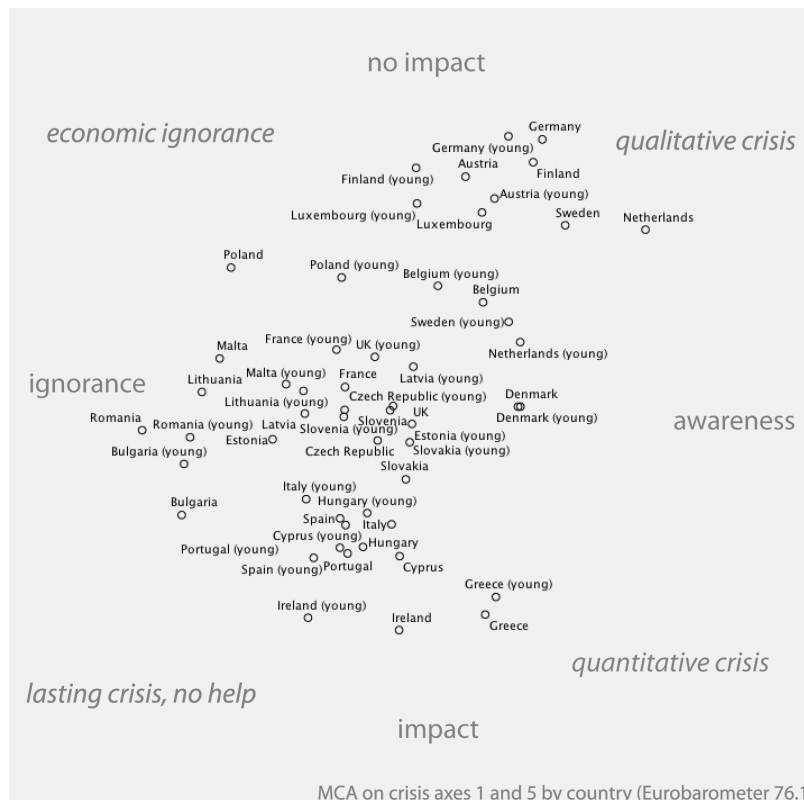


Figure 18. Two modes of awareness—qualitative and quantitative crises of wellbeing.

But the impact of the crisis is also related to national awareness. In particular, it appears that where the impact of the crisis is significant but not overt, there is the greatest contrast between the emphasis on *national* or *EU-wide* resolutions, that is, unlike in the countries intervened by the Troika, in others there is still some level of political ‘excess’ that allows people to choose their level of attribution to the crisis. Finally, regarding the PAF-predictors the fiscal crisis (PAF₂) is associated with higher hopes for relief, but not the public finance crisis factor (PAF₁: -.051). This suggests that the attitudes towards debt relief seem to be independent of the national debt-situation and reflect the national ethos instead.

Crisis Awareness: an Independent Concept?

The question that remains is whether crisis-awareness, which I opposed to both economic and political modes of ignorance, is as such an independent, crisis-related construct. Or should crisis-awareness be, instead, regarded as part of broader acknowledgment about EU-related issues? This question can be assessed in the context of the latter Eurobarometer data (78.1), which similarly asks about specific crisis-related

opinions but with less emphasis on detailed aspects about the crisis and more about its impact and about the EU. Featuring such themes as one's personal economic situation and perceptions about the EU, the data can actually help to justify the construction of crisis-awareness as an independent mode of expertise.

Indeed, the cross-correlations between the MCA-models based on the two data sets suggest that crisis-awareness is positively correlated with *acknowledgment about EU-related matters* (.58) and with awareness of the economic situation (.46), but little less with the certainty about the personal situation (.34). However, the fact that only about 20 to 33 % of the variation in the neglectfulness about the crisis is explained away by the EU-related variables suggests that there is *something peculiar about crisis-awareness that is irreducible to broader institutional framings*.

Knowledge related to the EU is, therefore, partially distinct from that related to the crisis, even when the crisis-awareness -axis is itself constructed basing on Eurobarometer-questions specific to the EU-context²⁵. The independence of the crisis-awareness from representations of its quantitative impact is further supported by the fact that the assertiveness in crisis-representations (extreme answers, either high or low) is independent of the assertiveness related to future expectations about the economy. In particular, the general crisis-awareness and technical knowledge emerge as independent components that are, furthermore, both unrelated to the perceived impact of the crisis. However, the analyses demonstrate that personal *certainty* about the economic position plays an important role in the construction of personal well-being and hope.

Answering the question of what it is to 'know the crisis' then involves three components: knowledge about personal prospects, about the basic nature and organisation of the EU in order to understand the specificity of the crisis in the EU, and technical awareness about crisis-related issues like the bank or transaction taxes, rating agencies etc. These are all relevant as they contribute to the feelings of *confidence and expertise*, which in turn are important in the development of the 'democratic' representations of the correct crisis-policies.

What About the EU?

Furthermore, one of the interesting questions is also the role of the crisis in the process of European integration. It is as such interesting that crisis-awareness tends to be independent of EU-related opinions although it is true that countries overshadowed by quantitative impact tend to be more optimistic about the EU. In contrast, the qualitative crisis cluster (in addition to Bulgaria) is associated with pessimism, which is however, a less systematic association.

On the other hand, 'optimism' about the prospect of the EU as exhibited in Greece, Cyprus and the UK is coupled with much lower involvement with the EU. Instead, another set of crisis-countries, like Latvia, Sweden and possibly Spain, indicate a more affirmative relationship with the EU. Also, particularly in post-socialist Europe there are high expectations about the EU, even though the respondents are generally more modest there while assessing the EU. It is thus clear that the question of the EU divides national cultures and thus moderates the crisis-representations if not the crisis itself.

Knowing Thy Crisis, Knowing Wellbeing

But is knowing the crisis then at all relevant to its actual outcomes? Is it *performed* by the construction of its knowledges? This can never be answered for certain. However, basing on above comparisons it appears that crisis-awareness (.19), economic difficulties (.21) and the strong role attributed to the EU (.23) are all associated with the higher likelihood to the dominance of a social democratic cabinet.

By contrast, in the countries where people acknowledge the impact of the crisis but still oppose inter-governmental relief and help, there appears to be change towards the right in the cabinet (-.134***), whereas 'expert' attitudes by the lay people are associated with a contrary shift towards the left (.150***). Therefore, knowledge and awareness do appear to make a difference at least politically, even if we cannot yet deduce the direction of cause.

Inequality also makes perceptions about the economy more contingent and increases the likelihood of a submissive attitude towards institutional resolution. Social expenditure, by contrast, is associated with higher crisis-awareness, faith in economic control and

solidarity (non-social contributions have no similar connection). Higher GDP also predicts higher experience of control. Extreme bond rates in turn are associated with less ignorance—both technical (-.45) and economic (-.29)—but not acknowledgement.

As illustrated by the table below, it then appears that *awareness* and *expertise* about the crisis are particularly associated with *welfare crisis* (PAF₃), but not with the financial and fiscal crisis –axes, which instead result in higher perceived impact. In result, the picture indicating the quantitative and qualitative ends of the crisis should also be taken as an indication that it is *wellbeing* in particular that is *questioned at both* extremes. Therefore, it appears that the constructions of the crisis-awareness do indeed genuinely contribute to the crisis of welfare. Even if fiscal and financial representations of the crisis then modulate its impact (particularly the GEP appears to defend against quantitative impact), the question of welfare prevails everywhere but in the emerging regime. Moreover, it again appears that moral connotations of debt are independent of the crisis-representations. Instead, they mirror the effect of culture that, unlike welfare, is not itself a direct element of the crisis (even if there is a slight indication that the unemployment-crisis itself could mitigate the most disciplined views towards debt).

Table 6. Correlation table of the epistemological constructions and the most relevant components and axes describing the crisis-impact.

		Awareness	Impact	Moral obligation	Quantitative crisis	Qualitative crisis	Crisis subject to control	Expertise	Technical ignorance
PAF	Financial crisis	-0.05	0.21	-0.07	0.11	-0.19	0.01	-0.09	-0.22
	Fiscal crisis	0.00	0.19	-0.10	0.14	-0.14	0.08	-0.09	-0.22
	Welfare crisis	0.22	-0.08	-0.05	0.10	0.21	0.15	0.16	0.02
	Welfare cost hike	0.00	-0.01	-0.03	0.00	0.01	0.07	-0.08	0.00
	Economic participation	0.19	-0.22	0.09	-0.02	0.29	0.17	0.10	0.22
PCA	Unemployment crisis	-0.03	-0.29	-0.13	0.18	-0.23	0.03	-0.08	-0.33
	Unemployment before the crisis	0.01	-0.02	0.02	-0.01	0.02	-0.02	0.04	0.05
	Social protection before the crisis	0.26	-0.10	-0.04	0.11	0.26	0.23	0.14	0.03

Considering the strong role played by social expenditure in the construction of crisis-awareness, and the little relevance of the fiscal and financial crises to this awareness, it appears that the question of wellbeing is indeed at the heart of the crisis. The feeling of the crisis is, after all, little related to the quantitative impact of the crisis but to the social political tension that, like Koselleck and Roitman define it, makes the crisis as much political and moral as it is economic.

Therefore, the debt crisis illustrates a moral dilemma, which is visible particularly in the context of debt-relief—something favoured by the Catholic and the Orthodox but fiercely opposed by the Protestants (except Denmark), who suffer from a qualitative crisis instead. As to the question of what it is to ‘know’ the crisis (and sovereign-debt), technical knowledge plays an insignificant role. As suggested above, we could say that there are two overlapping but spatially different crises in Europe. One of them is dominated by the moral dilemma whereas the other refers to more material changes in the conditions of living undermined by its economic impact. Nevertheless, despite their differences, in both cases ‘knowing’ the crisis has much to do with wellbeing, which then appears to be a common denominator integrating various representations.

But it also appears that another kind of awareness—possibly one framing the crisis in terms of broader social conflicts and oppositions like the ones related to age and social change in the context of employment—could bring about a peculiar sort of realism. Portugal, for example, illustrates strong awareness based on aforementioned indicators. The third part will discuss the subject, bringing about the idea that there are generational movements in play. In effect, ‘awareness’ does not *necessarily* mean exaggeration on any particular axis on crisis-representations—control, expertise or moral superiority—but awareness could be indicated by a kind of *modesty* as well. In particular, the local truth about the crisis can be very different from the representations of its global or even European existence.

Old, Young and the Coming Crises of European Welfare

While crisis(-awareness) is generally related to welfare, there is no single, all-encompassing way to compose what exactly the problem of welfare is. The crisis calls for judgment, like Koselleck and others argued, but what precisely is being evaluated varies from one context to another. Perhaps the best picture of crisis-awareness is then provided by what it is not: based on our analysis of the lay-epistemologies, there are basically three manifestations of *ignorance*: technical, economic and political. Even if the manifestation of these three types of recognition vary depending on the ‘impact’ of the crisis, the level of crisis-awareness itself appears to be *irreducible to the deterioration of*

actual conditions. In fact, the differences in impact largely reflect the *pre-crisis* differences in unemployment (e.g., differences in pre-crisis unemployment, PCA₃).

These differences in the perceived impact then little resonate with consciousness about the imminence of the European problem: even in Germany, where unemployment rates have fallen from 8 % to 5 % between 2007 and 2012, there are many qualitative changes to employment and welfare. Of course, in the German case the declining rates reflect changes in classification: today there are 5.2 million people relying on benefits, while only 3.4 million are considered jobless, and these changes are part of the German crisis of work. There are particularly the so-called ‘One-euro jobs’ created as part of the Hartz reforms: jobs for young adults, which only compensate their expenses, spanning from 1.0 to 2.5 euro an hour (in addition to unemployment benefits).

It is then not surprising that Germany stands quite high on the youth crisis factor (PAF₆), even if its economy prospers more than in decades, and in part due to its free access to capital thanks to cheap loans guaranteed by the turmoil in Southern Europe. Therefore, when looking at the situation across the EU, all countries seem to be part of the crisis even if the problems of unemployment were more stressed in some countries rather than in others. German Bundesbanks are amongst the biggest creditors of Greece; now Germany is taking the lead in reforming social support and labour market policies.

As one of the leading themes, the reforms ‘performed’ as part of crisis-thinking affect the old and the young differently. The effects of social change manifest particularly in the latter group, both because they still know what they used to be expecting about their adult lives, and what is now happening in a changed situation. On the other hand, youth refers not only to a specific phase of life but also to a certain generation of ideas. In this respect, the idea of the welfare state—which is now questioned particularly from the youth-perspective—is both old and young.

The idea of the welfare state is young because it needs to be renewed from time to time, not only because of political will but because of the economic balance of payments and

transfers. This system of transfers is complex, and the exchanges between younger and older cohorts in terms of both money and work (services) are pivotal to the maintenance of inter-generational balance. In addition to economic reasons, this balance may be questioned given the *demographic* shifts in the population structure, and because the politically created system of transfers is not necessarily elastic enough to resonate with these shifts: some cohorts are promised too much at the expense of others.

Of course, such economic reasoning about the sustainability of welfare is speculative, and it is possible that fewer people are required to care for us in the future. We should not undermine what innovation brings us even if this would be contrary to the current trend. However, these speculations are inherent to European crisis-thinking. On the other hand, welfare protection is what has made the European economies *distinctive*, and it is uncertain whether without such ‘social states’ at the age of austerity Europe can maintain freedom and innovation that once made its economies prosper.

The problems of welfare should thus matter for all of us, independent of age. Welfare is about maintaining the delicate balance between the production and absorption, and in real economic terms the old age benefits and the increasing demand for care-related work could actually be the salvation of the European economy—on the condition that the transfers are politically adjusted so that the demand and supply of work may actually meet.

Perhaps then it is not so much the balance between work and need but between work and the system of transfers allocating work that is undermined by the crisis. The crisis could also have been created by such imbalances. Indeed, it is after all possible that, despite all the rhetoric, the collapse of Lehman Brothers might have been peripheral to the crisis of welfare. Of course, the financial turbulence and the resulting flight of financial capital away from welfare states and in support of banking might have furthered (and performed) the imbalances between the need for care and the system of transfers, and displaced the exchanges between the old and young. Should bank bailouts have been avoided, no one knows what would have happened. This is a speculative

hypothesis except in Iceland, of course, but at least it shows that the fate of the economy should be viewed as politically contingent.

Performative Contradiction

But what actually happened is that the Troika took over politics in many countries, and demanded broad cuts to social protection. Regardless of the sanity of these measures, they create and ‘perform’ the current crisis of wellbeing. For example, unemployment-benefits have fallen by 47 % in both Greece and Spain, even if the need for them is higher than ever. The tightening policy results in a vicious circle, which undermines aggregate demand: we can only conclude that aforementioned cuts are made in an attempt to ‘encourage’ the jobless to work. This could be called a ‘performative contradiction’: it is aimless to promote employability by measures that at the same time deteriorate the conditions of employment.

From the point of view of fiscal difficulties social protection is inconsequential given that only 4 % of the GDP is spent on unemployment, exclusion and housing, which is little in comparison to 73.9 % (Greece) or 62.5 % (Spain) spent on all welfare contributions. The overall amount of public expenditure relative to GDP (including pensions) runs from 43 % in Bulgaria to 80 % in France. The burden of welfare comes from elsewhere.

At the same time, given how prominent role public expenditure then plays in the dynamics of the European economy, any cuts to welfare policy or other government expenses might undermine the prospects of economic growth (despite the political tendency to favour the ‘private’ economy in Europe). Austerity imposes a direct, negative effect on the foundations of the way we live. It is hardly plausible to then say that only the ‘public finance crisis’ questioned the organisation of welfare. Even if the rising welfare costs are associated with national fiscal and financial problems, welfare itself in most social political sense (unemployment, exclusion, etc.) is impossible to blame. Instead, the financial, fiscal and health care crises serve as a pretext to changes in other contexts of public expenditure—changes that could be difficult to pursue without

the underlying crisis-rhetoric. Let us now take a closer look at the foundations of this pretext.

Part II

Work, Policy, and Expenditure

Cross-national comparisons indicate broad differences in how the crisis plays out, benefiting some countries at the expense of others. Yet the crisis brought welfare into question in virtually all the EU-countries, all while employment was undermined both in quality and quantity. The crisis is a period during which these changes are at least actively pursued if not materially performed. A crisis calls for a *decision* rather than an answer—‘Never let a good crisis go to waste’ Churchill once said, and many have joined the fray (cf. Mirowski, 2014).

But how exactly does the ‘new social question’ perform itself now? Who are those who suffer? Using multilevel analysis, I address this distributional and epidemiological question from two perspectives: employment and labour market policy. Both themes illustrate the central role of the ‘public’ in the folding of the crisis: lagging social investment but also the often overt non-social expenditure have undermined the prospects of growth. At the same time, labour market policies that are unable to promote employment still address the ‘publics’ of work politically and ideologically.

People then increasingly ‘long for’ work—at least metaphorically the welfare costs rise because people are unable to fund their own lives: if nothing else, the debt-crisis and the growing dominance of quantitative finance have revealed our existential ‘debt’ to work. In response to this deficit, the question of welfare and public expenditure today relates to how we could best secure our needs—and ‘refinance’ our existential debt but in a way that still maintains our obligation to work and to be active.

Chapter 4

Subjects in Contexts—On Multilevel Methods

The aim of this chapter is to introduce the main concepts of multilevel methodology. I will start with the history of multilevel methods and discuss their relevance to sociology. I will then address decisions about how I used the models and on what variables; what alternative models I introduced; and how I contrast the results with the findings from the previous part.

Brief History of Multilevel Modelling

Multilevel methods are now applied in various fields ranging from education to epidemiology. They are particularly pertinent to sociology, which has traditionally addressed both individual agency and the social contexts that regulate and structure their actions. Using quantitative methods of his time, Émile Durkheim (2002 [1897]) sought to assess how those contexts—different countries and cultures—would affect an individual's behaviour even as extreme as committing a suicide. To achieve this, he tried to demonstrate that variation in suicide rates was a genuine, structural effect of national contexts.

Durkheim's account did not then so much 'deduce' the existence of 'social facts', but it was *abductive* instead: the 'social', he believed, would be the simplest way to explain otherwise unaccounted variation. As anticipated already in the *Rules of the Sociological Method*, Durkheim (1982 [1895]) argues that there is no direct statistical way to represent the effect of contexts but that 'the social' instead stands for what is residual to

other, more specific modes of scientific explanation. Illustrating rather post-Kantian, 'relational' thinking (e.g., Rose, 1985), sociology would take other disciplines and their modes of causation as its objects, focusing particularly on the emergence of 'categories' (Durkheim, 2001 [1912]).

Today it can of course be questioned whether a strict opposition between sociology and other disciplines, say economics, as Parsons and Smelser (1956, 7) discuss, is still useful: even 'economic' modes of explanation are currently regarded as deeply embedded within social contexts (e.g., Granovetter, 1985). As mentioned above, there is also a growing literature on the so-called 'boundary work' between academic disciplines (e.g., Bowker and Star 1999). In addition, the question of the 'social' (or context) is now addressed in many other fields, including *epidemiology*, which looks for the subject-independent, *contextual effects* of the spreading of diseases. This contrasts with the 'endemic', within-subject figure cultivated by classical medicine, and which perhaps comes closer even to Durkheim's own operationalisation of social structures (as materialised by individuals). Epidemiology is often superior to sociology in quantitative methodology, but it lacks in conceptual and theoretical depth and in qualitative understanding of contexts.

Multilevel methods indeed originated in social sciences before their adoption in medical science. In fact, a critique of the then dominant individualism surfaced in American sociology already in the 1940's, as traditional methods like linear and logistic regression were regarded as unsuitable for understanding the specific role of context. Population based studies like those inspired by Malthus (1993 [1789]) required an update. Various scholars then pointed out in the 1960's that the estimation of regression coefficients only at the individual level ignored *group-specific variances*. Blau (1960) proposed that there are so-called 'structural effects' which individually collected variables could not explain. Lazarsfeld (1959) and Lazarsfeld and Menzel (1961) simultaneously adopted the notion of 'contextual propositions' by which they referred to the interactions between levels.

As introduced first in educational science, plausible methods to answer these questions were developed a decade later, as school-to-school comparisons sought to address the

school-specific effects of learning results. The effects specific to a single school were associated with ‘tactic’ or social learning. The first approaches to structural or contextual effects were, however, based on methods that were later heavily criticised (e.g., Hauser, 1970). Pooling ‘structural’ or ‘contextual’ data together with otherwise individual entries—say considering the GDP as a property of an individual—would lead into an *atomistic fallacy*. Some of the difficulties were overcome by clustering and the calculation of robust errors, but there was no suitable way of addressing interactions between the levels. Any effects would remain ‘fixed’, and the variance components could not be estimated. Alternatively, the aggregation of individual data as contextual properties would lead into an *ecological error* (Diez Roux, 2003: 100), losing the variation between individuals in turn.

There are now several approaches seeking to avoid both of these two mistakes, and the choice of methods depends on the specific research interest. The identification of the existence of such ‘contextual propositions’ already suffices to most epidemiological research instead of seeking to explain them using context-level predictors. For population-average estimates, the *generalised estimating equations* –method (GEE) is regarded as being among the most efficient ones (Frank et al., 1998).

Sociology, by contrast, is driven by the urge to conceptualise and *explain* such contextual effects. The *generalised linear mixed models* (GLMM) are then more pertinent to sociological modes of reasoning. Even if the GLMM is less precise in terms of group averages—especially when considering uncommon phenomena—the model estimates fixed and random effects (Goldstein, 1995; Hox, 2002; Raudenbush ja Bryk, 2002). Modelling the wave-effect—the difference between 2007/2008 and 2011/2012 responses—is particularly useful as it allows us to distinguish between the two modalities of the crisis. In particular, as the year of response interacts with all the other model-predictors, any one of the other effects is represented in two different temporalities: either reflecting *pre-crisis* differences (the effect itself) or the differences incurred *during* the crisis (its wave-interaction).

The GEE- and the GLMM-methods also differ in respect to how they behave in the case of model assumptions or systematically missing data²⁶. In the most obvious cases, I included missing data as their own binary predictors (e.g., income, education, occupation) so as to allow the model to specify their relationship with crisis-outcomes.

Why Multiple Levels?

But why should we address the crisis on multiple levels? Why not just focus on individual struggle; what do such experiences have to do with national phenomena? National considerations are important precisely because the crisis refers to a historical and an epochal period, even if its real outcomes are then materialised or experienced by actual individuals. To understand the connections between these levels is precisely the reason to work on multiple levels. In fact, individuals do not only bear the consequences of macro-economical change but individual level processes could also have contributed to the crisis at the national level.

Epidemiology that applies similar methods in medical science is similarly interested in the spreading and prevalence of diseases as they are regulated at the level of context. It is thus assumed that in addition to the ‘endemic’, *within subject* reasons, the variation of diseases pertains also to ‘epidemic’, *contextual* reasons. From this point of view, my study attempts to bridge the ‘endemic’ picture of individual crises to the epidemic spreading of unemployment, deprivation and psycho-social affects. But as discussed above, sociology brings forth another set of questions: how to *regulate* variances in order to understand interactions between levels? The GLMM leads us to the classical sociological problem of agency and structure—a question that epidemiology seldom asks.

This approach further helps to specify the role of ‘nation-states’, these ‘imagined communities’ (Anderson, 2006) but that can now be realistically operationalised as higher level contexts. This does not mean to essentialise their meaning, as if the economy would be wholly contained by them (cf. Fetherstone and Venn 2006, 1), but rather the method allows us to view individual struggles as they cross the often diffuse nation-state boundaries (Tenbruck 1994, 82). Of course, the model itself distinguishes between levels hierarchically, but as we interpret them we should avoid attributing social

‘structures’ for example to contexts and ‘agency’ to individuals. Rather, the assembly between agency and structure is itself a process (something Giddens refers to as ‘structuration’ or Bourdieu as ‘habitus’) and both agency and structure emerge at *both levels*.

Short Introduction to Generalised Linear Mixed Models

Let me now briefly describe GLMMs. They form one of the two main methods introduced in the 1980’s in response to aforementioned concerns, extending the standard regression methods used in a variety of human sciences. The *generalised* version also applies to *categorical* outcomes—most often dichotomic ones like unemployment, thus extending classical sociological uses of logistic regression to multilevel data. The idea is that each variable is associated with a likelihood or *link function*²⁷—not the direct value of the variable. Linear methods are then used to estimate these transformed values (Wedderburn, 1974). Multilevel models just extend these link-function estimates so that variance components are estimated at various levels.

There are *two kinds* of variables used in the model: *predictors* and *outcomes*. In Table 16, the former refer to rows whereas the latter correspond to columns. The former ones are used to represent the two levels, whereas the outcomes are always determined at the lowest level. In my case, in addition to the conditions related to employment and deprivation, I have chosen subjective assessment-variables as other ‘outcomes’, whereas such demographic variables like the number of children, occupation, gender and age are taken as ‘predictors’: they explain differences in crisis-experiences but are not explained by them.

Many of the outcome-variables are assumed to be normally distributed, in which case the link-function is actually the identity. Most outcomes are binary, however, and the link-function is then assumed to be logarithmic. To explain this, a binary variable takes only two values, 0 or 1. Either a respondent is or is not unemployed. The likelihood function could then be the (group-related) probability of unemployment, or in logistic regression it is the natural logarithm of the *odds* ratio²⁸. In particular, in social scientific research it is often assumed that the odds of a certain condition increase proportionally to linear predictors (e.g., Heck, Thomas and Lynn, 2013). For example, there is roughly

a *fixed* crisis-effect on unemployment, as the odds of unemployment are multiplied by about 1.6 ($=e^{.481}$) for most countries.

The estimated likelihood becomes more specific the more we know about a group of respondents: sex, age, education, etc. It can also be specified by country-level predictors, like GDP growth, bond rates or welfare regime. The odds-level is then assumed to wholly determine the likelihood of unemployment for a given group.

What makes the GLMMs different from the traditional GLMs is precisely that predictors occur on two (or more) levels—there are then also more levels to estimate variances on. A coefficient measuring the extent to which any single predictor (like age-group) increases the odds-logarithm of a certain outcome-variable is referred to as a *fixed effect*, whereas the extent to which this coefficient itself varies between contexts is called the *random effect* (Appendix 5).

There are many similarities between multilevel and classical models, and I will leave the more thorough discussion of them to the literature (e.g., Kaplan et al. 2004). But as in all statistical research, it is impossible to discover a model that best describes reality; rather, we look for a model in light of which the likelihood of the observed results is the highest. Statistical inference always subscribes to this kind of reverse reasoning, ‘abduction’, because there are no natural probabilities but they are only constructed as part of specific models.

Model Development: Towards the Two Temporalities of the Crisis

The first analysis chapter focuses on employment and deprivation, which are the most obvious variables to model. Deprivation is broadly understood, including the social exclusion index and also subjective assessments of economic affordability. The third part analyses subjective aspirations that could bear longer-term effects on social and economic change. In addition to personal satisfaction scores, I model several variables related to both trust and the acknowledgment of social tensions.

Because the main interest is in the crisis-related changes in the employment process, all the models excluded people older than 65. Some variables like unemployment, deprivation and some trust/tension-related ones were modelled separately for the 18 to 29 year-olds in order to specify youth-related interactions more deeply—several models were developed specifically for those looking for work.

All the multilevel models were developed by adding variables in blocks of only a few predictors at a time. This was particularly useful, because it enabled me to assess the extent to which interclass variances (contingency) are *explained away* by any single block of variables. For example, we can ask how much of the variance of the effects of the crisis, say, on young adults is explained by the effect of welfare institutions. For each outcome I thus developed about 15 different models.

Calculating models using data from 50–60 000 respondents, including tens of explained variables and hundreds of fixed predictors, and estimating several random effects takes a considerable amount of processing time. Despite using several computers day and night, each one of which used several processor cores by virtualising parallel SPSS installations, it took months to produce the analyses. Many interesting variables had to be left out for economical reasons. Also, the number of contexts delimits the applicable number of context-predictors—only a few, most important effects were estimated as random-effects: the intercept, wave, age and gender.

The specific research interest lies in understanding the *intercept* and the *wave*-effects in association with other variables, that is, by reflecting them in two temporal modalities. Youth also plays a central role in understanding the long-term effects of social change. These three variance-components (intercept, wave, youth) were assumed to be independent (variance component model).

To explicate these effects, both sets of data modelled by GLMMs included two comparable years of response: 2007/2008 and 2011/2012 for the *European Quality of Life Survey* (EQLS), and 2005 and 2010 for the *European Work Conditions Survey* (EWCS), and they are specified by the variable called 'wave'. The models were then

developed in a way that refers to the ‘crisis’ in two different meanings. First, the outcomes themselves are chosen in a way that ensure their significance to the crisis (e.g., unemployment), and by specifying the year of response (*wave*) as an effect allows us to estimate the extent to which the responses in the two occasions differ (and how that difference made by the crisis is regulated by other predictors).

Each of the other predictors—e.g., age, occupation, GDP growth or welfare regime—may then affect the outcome separately from the wave-effect, that is, in a *crisis-independent* way, or through its interaction with wave, regulating the crisis as a historical event (youth-interactions were sometimes also included and could be interpreted similarly as regulating long-term change induced by the crisis). By looking at interclass variances we may then ask whether specific predictors like the GDP growth regulate and delimit the contingency of the crisis. Do the predictors at different levels (and their interactions with the wave) *regulate* the crisis-effects, or do they, instead, only reflect differences in the pre-crisis situation?

Indeed, in logistic models the overall wave-effect can be viewed as an effect that *multiplies* pre-crisis differences in a way independent of other effects. In contrast, the wave-interactions of the other predictors refer to the way in which the *differences incurred by the crisis* are actually regulated and channelled through specific predictors, instead of assuming the crisis-related change to be entirely contingent. Considering the intercept and the wave-effects both as random allows us to understand how different blocks of predictors reduce the level of contingency otherwise associated with these two perspectives on the crisis.

Of course, the ‘crisis’ is then represented as a difference between only two points in time, and besides the limited data there are many other reasons justifying this choice²⁹. Most importantly, there are both methodological and theoretical choices involved in representing the crisis as such a wave-effect and a set of interactions. First, theoretically, the crisis is not explained but rather it is itself something that ‘explains’ or embodies changes that other factors cannot explain. Second, methodologically, the wave-effect is

treated as one of the level 1 –predictors rather than as its own level (as in some longitudinal research designs).

It is often indeed the case with longitudinal data that occasions are nested first within individuals and then within contexts. In that case, however, the *change* itself between the occasions itself is not treated as a meaningful effect, but the model only addresses changes to the extent that they are explained by other variables. Even if I could have similarly nested individuals within occasions within countries, in this case the context–variables would have been entered separately for the two occasions, and this would have prevented the possibility of interpreting the crisis itself in two temporalities³⁰. I did test such models but they did not appear to produce anything meaningful.

Actor-Networks and Multilevel Methodology: Some Theoretical Perspectives

As a brief theoretical background, I assumed that the crisis itself cannot be modelled only from a causal perspective. Based on literature, a crisis is instead viewed as a moment demanding judgment and a decision, thereby questioning any pre-existing ‘logic’ or system of causation (Roitman, 2011). The causes, but also the decisions, are ‘embedded’ in the same sense that economic sociology now assumes markets to be ‘embedded’ (e.g., Granovetter, 1985). In other words, it is pivotal to study the different *cultures* of the crisis (Castells et al., 2012).

From the point of view of such multiple cultures and changing logics of economic causation, the crisis as a whole can be viewed as a ‘singular’, non-causal phenomenon. In this role its consequences are then represented by the wave-effect while the interactions of wave-effect stand for its context- and group-specific ‘embeddings’. The ‘singular’ aspects are also reflected empirically by the fact that the ‘unexplained’ interclass-variance of the wave-effect remains high. Unlike in most multilevel studies, this is not necessarily alerting but it also allows us to assess what cannot be explained about the crisis based on economics, policy and culture. The method then represents the crisis as an amalgam of mutually independent, local crises. It is used to track down how exactly these local differences are regulated and coexist, either multiplying pre-crisis differences or by inducing new differences in a regular (interactions) or contingent (random effect) way.

Illustrating this distinction from the point of view of Sartre's (2003: 1) existential phenomenology that defines a phenomenon as the 'totality of its effects', the 'singular' or contingent view refers to that precise distance of the model from the empirical totality³¹. And as discussed above, the model in turn materialises in two temporally distinct ways: as (1) catalysing pre-crisis differences and (2) by inducing new ones but in a regular way (e.g., policy/choices). The former refers to what is common about the crisis in all contexts. For example, it can be said that differences in pre-crisis unemployment rates determine the post-crisis differences, even if the overall (multiplication/catalysing) effect is contingent. The latter, in turn, measures the level to which contingency allows itself to be framed in context-dependent ways, that is, to what extent cultural backgrounds or political decisions can modulate its outcomes. For example, the differences on the level of adopted policies (e.g., social/non-social expenditure, tax-increases, ALMPs) indicate that the crisis is about 'judging', 'deciding' and 'cutting', something other than mere contingency (cf. Roitman, 2011).

Of course, no method can grasp these two aspects in 'totality': the collection and interpretation of data always requires theoretical choices, which I have sought to justify in the previous part. But as related to the financial, fiscal and welfare-crises, I hope they still reach something essential about the crisis. At least regression-methods allow us to distinguish precisely between the two kinds of effects: direct effects and the interactions with the crisis-effect, or perhaps we could say the structural features and different forms of agency using traditional sociological vocabulary.

One of the theoretical questions that remain then is the role of actor-network theory (ANT) in relation to multilevel methods—something I briefly mentioned in the introduction. Perhaps what we can claim to be distinctive about the theory is that it does not assume a strong hierarchy between action and networks (like the agency-structure-dualism does). Actor-networks are all open to experience (Greek. *empeiria*), and often the two roles are also interchangeable: every effect may be conceived as an agent (interaction-effect) but also as a structural constraint to others (direct effect). Yet even if the central idea behind ANT is to avoid any pre-empirical theoretical

hierarchies, I believe that the *temporal* hierarchy that distinguishes between the two kinds of effects can still subsist on ANT: the theorists would never oppose the assumption that we should be able to separate between a single place in time and the direction that we are heading at. This is, in fact, what actors and networks are all about, and the crisis can play itself out in any one of these two roles.

Given that views based on actor-network theory—the ‘financial sociology’ or, as sometimes referred to, the ‘new’ new economic sociology—have rearticulated Granovetter’s (1985) thesis about economic embeddedness, one of my methodological goals is to illustrate that we can utilise *quantitative* methods to approach these notions, which most often are instead subject to qualitative scrutiny. Perhaps we should relook into the roots like Durkheim’s cross-national comparisons. At the same time, I argue that it is possible to frame the ‘actors’ in the network from the point of view of a broader set of discourses—not only those related to the ‘material’, ‘technical’ and ‘expert’-oriented technologies of finance.

Indeed, besides the discourses conventionally associated with ANT, let me briefly mention why I think a connection between multilevel methods and ANT could be fruitful. First, the actor-network theory is very flexible on the question of scale, and multilevel methods combine actors at various levels. In my case, both of the two kinds of temporality of the crisis can be attributed at both levels (individuals and contexts). Second, even if regression models generally assume a causal hierarchy between predictors and outcomes, an *explorative* and an experimental use of methods allows us to use the same effects both as predictors and outcomes (e.g., unemployment). They are then used to trace a network of associations rather than a directed, causal tree.

As a reservation, however, multilevel models still assume a hierarchy over scales. This is not necessarily a problem, however, but rather the art of the method itself. In particular, any hierarchies between levels pertain to data: *accessing* or entering actor-networks seem to entail some decisions and distinctions to be made, and it is an empirical problem to see how they resonate with reality, that is, the ‘actor-networks’ like the crisis. Every method, even ethnography, requires some sites and ways to enter reality. In my case, we

could as well treat the two-level data itself as an intellectual ‘topos’ (cf. Hammersley and Atkinson, 2007: 200) through which the crisis is being entered.

Grouped Individuals—Description of Level 1 Predictors

Let me briefly describe the choice of level 1 variables. Both the EQLS and EWCS data sets combine a range of variables that were similarly collected both before and during the crisis (all others were excluded from the analysis). The variables were also recoded before using them in the models. Categorical predictors were split into binary variables—e.g., one for each income quartile, and one for missing values—whereas continuous predictors were standardised (normalised and centred) so as to make effects comparable.

Scarcity was followed when choosing the variables in order to ensure the convergence of the models and in order to make the processing of the model feasible. Many more variables were tested, however, especially when modelling unemployment. This model-outcome was considered the most pivotal to the epidemiology of the unemployment-crisis. The same set of predictors (except for a few added employment-related predictors) was then used to model other outcomes, as well, in order to keep the group-averages comparable.

As for both the EQLS and the EWCS, the first block of variables consists of demographic variables related to age and gender. The importance of the 18 to 29 year-olds as well as the 30 to 35 year-olds was justified by empirical evidence: the unemployment-statistics in particular. While people in later youth saw higher unemployment-rates prior to the crisis, they came closer to older adults in 2011. This group has thus been better able to adapt to the changing conditions.

Education- and income-variables are those available in data. Those with secondary education and the low middle-income-group were chosen as the reference categories, because they are assumed to represent typical respondents, and also because the crisis is assumed to be more relevant to the lower income quartiles. I also had several job related variables (which applied to non-employment outcomes): those with fixed term contracts, those holding two jobs simultaneously, the unemployed and those who had

never had a paid job. The reference category then consists of those employed with long-term contracts but with only one job, but also of those pursuing studies, for example, and who thus did not report themselves as being employed, etc. Even if the reference category then possibly contains multiple groups, the main focus is not in modelling the employed as such but the experiences of the unemployed and the employees on fixed term contracts instead. When comparing the intercept and the youth-predictors we must remember that in part these effects reflect the age-dependent prevalence between employment and education. Yet given that employment is the normative position to older adults, similarly as the young typically are still studying, therefore these groups represented by the intercept as well as the youth-effect are quite meaningful.

The recoding of occupation –related variables deserves a brief note. In both data-sets (EQLS and EWCS) the current, or when not applicable, the previous occupation was coded into one of the three categories: (1) managerial, professional and high skilled (2) services, sales and clerical support, and (3) elementary or other (and one further category for those with missing occupation information). The group (1) was chosen as the reference category as I was interested in specifying the effects on the latter two groups. The sales and travel workers are particularly interesting as they seem to be affected the most but given the small size of this group, they were categorised together with other workers in services and clerical support. The resulting combination is also peculiar as it is evenly distributed across income quartiles.

Compositional effects stemming from the correlations between multiple predictors, like occupation and gender or age, are of course worth considering. Yet at least the young are generally quite equally represented in many groupings, including income groups in which they are only slightly underrepresented in the two highest quartiles. In education, the young are less likely to having completed only primary education but also tertiary education is less common as many of them are still studying. However, neither one of these connections is strong enough to skew the picture significantly, that is, the youth-effect does not reflect differences in income to any relevant degree.

Gender is another interesting theme, and it seems that those working in services, clerical support and sales are twice as likely to be women than men. Therefore, given the high contribution of the crisis to this group specifically, the reported gender-effect is slightly conservative as for many women we need to consider the occupation-specific effect as well. However, the occupation-independent models can be compared to address these effects and generally they are modest—this suggests that it is possible that women working in sales, services and support could have been more secure than men in the same occupation group. I tested such complex interactions in the case of unemployment and it appears that those women with tertiary education in this group are more affected. As regards household income and the level of education, the differences between genders are modest.

In addition, I modelled several social support variables, accommodation types, those reporting health issues, all of which will be discussed in the next chapter. Finally, the number of children was used as a level 1 predictor, which is particularly revealing from the gender-perspective. For the general population the variable is mean-centered (at around 1.4) to make it meaningful both as a contributing and a defending predictor depending on whether the standardised number of children is positive or negative. However, because young adults have generally fewer children, we have to subtract 1.4 times the interaction between children- and youth-effects to see how the crisis affects those young adults who have no children. For models covering young adults alone (with the average of .4 children) I used the non-centred variable instead.

In the EWCS there is no data for education, social support, or the number of children. Instead, I included the organisation size, sector (public, private, NGO or other) variables and also those standing for the 'new employers' (under 24 months in the post), supervisors, part time workers and those working in shifts –variables. As I was interested in the public sector in particular, I included its interactions with many other variables at both levels.

Modelling Nations

The country-level variables consist of both categorical (welfare regime, religion) and continuous data (like many of the variables used in the previous part, including the principal factors and components themselves). While the principal factors and components are already standardised (mean = 0, variance = 1), also other continuous level 2 –variables were standardised. Otherwise, the scale of coefficients for, say, the GDP per capita would be very different than for the tax rate on income and wealth. Now the coefficients do not refer to actual numbers but to the relative position of any single context in respect to the average (measured in standard deviations). Furthermore, the standardisation makes the intercept more meaningful, as it then represents the scores with average scalar predictors.

As the first block of context-predictors, I modelled the financial crisis based on the GDP growth, bond rates, level of national debt and change in tax on income and wealth—variables that reflect the financial and fiscal situation of a context. Another block of variables instead refers to the more pervasive structures of the economy. First, it consists of the absolute GDP per capita, an important figure, which in Adam Smith's wake we could call the 'wealth' of a given 'nation'—at least a rudimentary measure of the overall level of economic development. The block further consists of variables measuring the openness of the economy, old age dependency ratio and the portion of 30 to 34 year-olds with tertiary education. Similar variables tend to be used in various other labour market studies (e.g., Bonoli, 2010; Vlandas, 2011, 2013). The policy and equality –block in contrast measures the effect of the cabinet composition (and its change), of the GINI, life expectancy and life expectancy gap: equality variables are inspired by Therborn's (2013) work and also allow us to assess Piketty's (2014a) hypothesis about the negative effects of inequality to economic wellbeing.

Keeping the recent debates about the relevance of culture to the economy in mind (cf. Acemogly and Robinson, 2012), I included two additional blocks that reflect the welfare regime (recoded into three categories) and the largest religious community in the country. The latter is particularly justified by Weber's thesis about the relevance of religious figures to the construction of economic culture.

The notion of the welfare regime itself is broadly defined. Following Gallie and Paugam (2000: 4), it refers 'to a system of public regulation that is concerned to assure the protection of individuals and to maintain social cohesion by intervening, through both legal measures and the distribution of resources, in the economic, domestic and community spheres'. As regards the operationalisation of welfare-regimes, I follow the classification used by the European Social Survey (ESS).

Of course, there are other models of classification, like the one by Gøsta Esping-Anderssen's (1990) *Three Worlds of Welfare Capitalism*. Gallie and Paugam (2000) themselves divide welfare-regimes into 'universalistic', 'employment-oriented', 'minimal/liberalistic' and the 'sub-optimal' ones. These regimes do not, however, straightforwardly reflect regional or geographic differences, which are important from the point of view of the crisis. Therefore, when looking at the presence of the crisis in terms of things like credit ratings, employment rates and bond yields, the regional classification seems more pertinent. This classification also includes the emerging welfare states still undergoing the process of post-Soviet transition.

Yet, for the purposes of the multilevel analysis, I recoded the regional categories down to three. The crisis has, for example, treated many Nordic and Continental countries quite similarly, and based on the underlying similarities between the two groups encompassing a mixture of universal and earnings based protection, I classified Nordic and Continental countries together. In fact, according to a study, the Nordic and French models result in very similar outcomes when controlling for demographic differences (Kangas and Ritakallio, 1998).

Based on the types of provision and the focus on marginal groups, I also classified Anglo-Saxon and Southern regimes together, even if the development of welfare models in these two regimes are historically different. The Anglo-Saxon model has often been viewed as being 'marginal' in respect to transfers, even if this Beveridge-report based model is among the first ones in Europe. In contrast, the institutional arrangement in the Southern regime is more 'peripheral' (e.g., Marinakou, 1998),

sometimes characterised as the 'latin rim' (Leibfried, 1992), though it is now more conventional to define the regime geographically (Ferrera, 1996; Rhodes, 1997; Guillen and Mataganis, 2000). It is also worth noting that the Southern regime focuses on the family whereas the Anglo-Saxon models are more individually based. Yet in many respects both the Anglo-Saxon and Southern models differ significantly from the Nordic and Continental ones. They are also clearly different from the still emerging Eastern regime. Due to the need to reduce the number of predictors it was then necessary to consider these two regimes together.

These somewhat unorthodox classifications of welfare seem justifiable, however, given the fact that the very reason of using the welfare-predictor in the first place has been to compare its explanative power with that of religion. To this end, the re-classified welfare-predictor is, at its worst, less sensitive to the effects of welfare institutions. Also, aspects like the 'universality' in protective institutions is already tracked by other variables with which it is closely correlated: the sum of social expenditure (other than health costs or pensions). Likewise, the life expectancy –rate—another robust correlate of the health care system—is controlled for. As used in the analysis, the welfare-predictors thus reflect institutional differences that relate to allocation and equality rather than the overall level of protection.

I chose the Protestant religion and the Nordic or Continental welfare models as the reference categories. Even if they are not usually associated with the toughest effects of the crisis, it is important to note that the wave-effect is often quite negative for these countries as well. Furthermore, it is interesting to compare the coefficients for Southern and Eastern countries both for general outcomes and the youth-specific interactions, while the Nordic, Continental and Protestant countries provide the baseline. The differences are not always significant, which suggests that many (but not all) aspects of the crisis are pan-European.

Alternative Models

There are several modelled outcomes, some of which were considered to concern the entire working age population, whilst others only the young. Furthermore, a few of the specific models addressing the MCA-constructions are introduced in Chapter 8. To all

of these outcomes except the MCA-constructs, I further developed combined models, where the level 2 -predictors were replaced by the PAF- and PCA-models, or with certain active labour market policy (ALMP) -based predictors³². There is some confirmatory overlapping between these models, too, because the total level of active labour market policy (ALMPs) correlates with the *economic participation* -axis in the PAF-model. The PAF model was further equipped with one PCA-component measuring the increase of non-social expenditure; the aim was to test the relevance of the predictors across as many models as feasible.

In these alternative context-level models, the number of level 1 -predictors was reduced (including only demographic and socio-economic blocks), however, in order to guarantee convergence and to save processing time. Other predictors were confirmed to have little effect on the level 2 -effects reported for these alternative models.

Given that factorial and particularly the PAF-models provide an economic, 'systematic' picture of national differences, it was quite revealing then to compare the interclass variances between the reference model and the models with alternative predictors—the latter indicate the level to which the crisis-outcomes are 'economically' based. Furthermore, the PCA-factors were also considered as they interact with the young (or female in the youth specific models), allowing me to study the extent to which systematic differences specific to youth and gender occur.

What Can Interclass Variances Teach Us?

As a final methodological remark, let me briefly introduce the true 'art' of multilevel analysis. In other words, why is the use of random variances instead of only fixed effects crucial? The answer could be that—on the level of context—the random effects can be used to specify the contribution of *entire blocks of variables*, not just individual effects. They do not tell about the direction of such effects but about the extent to which cross-country variances are controlled for. For example, it may be said that the *notion* of welfare-regime explains this or that percentage of level 2 variation without specifying the exact regime, or in which direction that effect is being materialised. Therefore, interclass variances can reveal important, conceptual associations even if their exact mechanisms remained undisclosed. At the same time, the remaining interclass variance

of the wave-effect illustrates the level of contingency in the way that the crisis ‘makes a difference’ (between contexts).

Exemplifying these discussions briefly, modelling unemployment results in a positive wave-effect. This means that the rates for the reference group were higher in 2011/2012 than in 2007/2008. If that does not sound novel, the power of the model lies precisely in the associated random effects. Without any context-predictors, the interclass variance is $.116^{**}$, which is statistically significant. This suggests that the unemployment-effect—the multiplication of odds due to the crisis—differs across contexts. However, after adding only the predictors for the financial and economic standing of the country, the number is reduced to $.087$, which is not significant. Any significant contingencies are thus *possibly* overcome by these two sets of predictors (we cannot falsify the contrary). In other words, at least we cannot verify that the crisis-effect on the likelihood of unemployment should significantly differ from one country to another—this suggests that the unemployment-crisis itself is a coherent, cross-European phenomenon, and has mainly exaggerated differences existing already before.

Furthermore, we can use interclass variances to compare the goodness of fit of the PAF, PCA and ALMPs models. For example, when studying the general level of unemployment (in the group of 18 to 64 year-olds), the 14-component model (PCA) drops the interclass variation of the intercept down by 55 % and of the wave-effect by 44 %. The PAF-model, in contrast, reduces the two random components by 19 % and by 69 % respectively (even if I could use only some of the factors to ensure convergence). This means that the ‘systemic’ or economising PCA-model better predicts the overall level of unemployment, but not the *crisis-related variance*, which refers to the crisis in terms of agency rather than as a pre-existing network of relationships. Consistent findings are discovered in the case of long-term unemployment further emphasising the validity of such models.

Given that the PCA-model was also used to introduce cross-level interactions related to youth or gender, differences in youth-effects were very well explained by PCA-interactions on unemployment and especially on long-term unemployment. The fitness

was notably lower in the case of fixed term effects—broader changes in employment that have less to do with the ‘economic’ aspects of the crisis. For example, cuts to unemployment benefits have reduced the level of unemployment, but only among older adults, whereas the young are subject to simultaneous rise in unemployment and decline in income.

Considering ALMPs, in contrast, when further regulated by financial and economic level 2 –predictors, ALMPs provide a much more coherent image of the wave-effect on unemployment than other models, reducing the random component associated with the crisis by 65 %. However, unlike the factorial models, it is possible to argue that ALMPs have little predictive value, even in the case of employment-outcomes. First, the reduction of interclass variance does not similarly apply to long-term rates, which is crucial because reducing long-term unemployment is the specific goal of many of such policies. Second, individual effects themselves seem modest. It is then likely that ALMPs rather modulate the general atmosphere towards unemployment, and we should rather ask whether the level of unemployment could explain differences in labour market policy rather than on the contrary, as we will further discuss in the sixth chapter.

Random variances are not the only way to assess the fitness of the model, however. Instead, each model is associated with the so-called information criterion value ($-2 \log$ likelihood). It is used to compare two models with the same subjects and outcome. The number itself is not meaningful but the difference between the criteria of the two models is assumed to follow χ^2 -distribution. However, I have not reported all of the values but only those of the final models, even if changes in the information criterion guided my decision on which blocks of the level 2 variables should be included in any particular model. Most importantly, I have used the numbers to determine in which cases we could use both welfare and religion –predictors together, and when it should be necessary to restrict to considering only one of the two blocks. Random parameters are, however, reported to all valid models, and most often they agree with information criterion tests (lower variances usually imply a better model).

Chapter 5

Longing for Work—An Impact and a Catalyst

Work is demanding—not only as one does work (labour) but also as people need to work (employment), most often to cover their expenses, that is, to earn their livelihood. Besides, there are various social aspects to work, including its integrative functions. Before discussing these broader implications of employment in more detail, in this chapter I will focus on the effects of the crisis on employment itself and on its associated implications to economic wellbeing—mainly deprivation and social exclusion.

As I reviewed in the introduction, there is now extensive literature on *labour*, like Braverman's (1975) work on the 'labour process' from which an entire field of research followed. Most ethnographies of work fall into this category, investigating the 'reality' of work from the insider-perspective, ranging from shop floor to phone sex workers or from strawberry to doctors performing surgeries and abortions (Hess, 2001). Much less has been written about *employment* and, in particular, what it means to the 'outsiders' who do not have a (permanent) place to go and where they could manufacture their 'consent'. This includes the unemployed (but see Gallie and Paugam, ed, 2000) but also those working in 'precarious', insecure jobs. Their experiences are often addressed mainly from quantitative perspectives (Schömann et al. 1998, Fenton and Dermott, 2006; Gash, 2008; Gebel, 2010: 641–642; Heyes, 2011).

Like there is no single definition of work, there is no 'natural' form of employment either. Instead, the construction of wage-labour itself was a long historical process,

emerging particularly as the standard of 'social citizenship'; Castel (2003: 114) indeed provides a rare historical syntheses focusing on the emergence of 'free', contractual wage-labour as intertwined with the discourses of welfare or 'relief'. Both employment and relief, then, have been questioned during the current economic crisis, especially among the young.

This is not to say that most people would be excluded from the labour market altogether as mere 'outsiders'. Only in Cyprus, Portugal and the Netherlands the likelihood of never having had a paid job has significantly increased, suggesting that the young there have particular difficulties in securing jobs, and could become permanently excluded. But also elsewhere 'outsider'-experiences are increasingly common, and even the employed now experience marginalisation particularly as they occupy the so-called 'atypical', often fixed term jobs (cf. Heyes, 2011).

It is now the carrying idea to approach the nature and meaning of employment by studying the distribution and effects of unemployment. First, the *lack* of work allows us to metaphorise employment in terms of *debt*: if being short of money is what makes money 'social' (e.g., Sarthou-Lajus, 1997), similarly when there is structural lack of jobs the need to work becomes truly tangible—not only to an individual but on the level of society as a whole. In this context, as an exception among a few, there is the classical 'sociography' by Lazarsfeld et al. (1972 [1933]) on the particularly harsh effect of prolonged unemployment on reduced opportunities and aspiration, a state of apathy and timelessness that, in the particular Austrian context in the 1930's, did result in a breakdown in the personality structure in the studied group.

My approach is something slightly different, however. Instead of studying such effects of unemployment at length—without a comparative approach, it would be impossible to link such experiences with the current economic crisis in particular (and distinguish between contextual and temporal effects)—my interest lies in understanding the precise *interactions* between context and individual matters, particularly as they relate to unemployment and its various outcomes (e.g., deprivation, exclusion, satisfaction, health).

My focus is not restricted to the macro-level account, though, but I further consider group-related representations of for example ‘social-psychological’ issues similar to those encountered by Jahoda (1992, 1998)—one of the authors of the aforementioned ‘sociography’ *Marienthal*. This takes us closer to a set of studies edited by Gallie and Paugam (2000) that focus on macro-level comparisons of the effect of welfare regimes on the distribution and experiences of unemployment. As they study more perpetual and pervasive processes, this work serves as an interesting point of contrast in respect to my own inquiry, focusing instead on the temporal gradient associated specifically with the crisis.

However, similarly as in Lazarsfeld’s et al. (1972) work, the *economic crisis* as a temporal context emphasises and exaggerates the meanings of employment—or of the lack of it. This means to say that our ‘need’ to work (debt) is not constant over time. Exaggerating this need, the debt crisis then allows us to access the longing for work from a structural perspective: to understand what it means that a payment is due not only individually but for society as a whole. This ‘bill’ that metaphorises contemporary unemployment also propagates shared experiences and feelings of sympathy. Therefore, the crisis serves as a peculiar framework for analysing the *societal representations* of the need to work and, in effect, the meanings of employment as interactions between the individual and society.

At the same time, approaching work in the context of the *debt-crisis* helps framing employment in terms of *power*—and particularly such concepts as ‘capital’, finance and fiscal policy—which are often invisible in micro-sociological approaches to different practices of work. The labour market is regulated by something other than the mere allocation of skills, knowledge and actions. In the next chapter it in fact turns out that labour market policy often results in a less than efficient allocation of ‘human capital’. It is also crucial to see whether the crisis reshapes labour market policy, for previously it has been argued that even the Left is still likely to focus on the ‘insiders’ and the protection of employment rights—not the unemployed or the peripheral, insecure employment (Rueda, 2007).

Who Are Those Who Suffer?

This chapter seeks to understand both employment and deprivation as intertwined phenomena. In particular, it is my aim to understand who particularly have been subject to economic difficulties during the crisis. The next part addresses this question in terms of subjective and perceived wellbeing, whereas the focus in this chapter is in ‘objective’ employment-related outcomes as well as on both structured and unstructured assessments on the economic situation³³.

The reason to consider deprivation-related effects alongside employment is that unemployment and other employment-related variables (used as predictors in the deprivation models) are strongly correlated with the depriving tendencies of the crisis. In order to determine the actual effect on deprivation for any given group, I must then also account for the effect on unemployment and its implications to economic prosperity. However, it is noteworthy that employment-related variables reduce the interclass variances in deprivation-related outcomes only slightly. This confirms that context-dependent differences in the overall level of deprivation cannot be explained away by for example the differences in the unemployment-effect of the crisis—the model actually controls for such differences, and the reported main-effects are those applicable to respondents who are not unemployed or ‘underemployed’ (on temporary contracts).

Considering the efficiency of context-level models in general, it is interesting that the differences in the effects of the crisis on the number of fixed term contracts (72 %) or those working simultaneously in two jobs (57 %) are much less contingent after controlling for multilevel predictors than are unemployment, long-term unemployment and employment. This is so even if the pre-crisis rates in the latter variables are more regular (40 %–80 %). Deprivation-related variables in contrast are less regular in terms of pre-crisis rates, whereas the contingency of the crisis-effect in this case is explained largely away (60 %–90 %). Particularly the *policy, equality and welfare-related predictors* thus explain the effects of the crisis on employment-controlled deprivation.

Therefore, even if the unemployment-effects of the crisis have been irregular, the other deprivation-related effects are generally predictable at least on the national scale. After controlling for employment-related effects, we can at least then locate *where* the subjects are, even if we do not know who they are. For example, besides the fact that the overall wave-effect on unemployment is non-significant—reflecting the reference group of Nordic and Continental countries (NC) with Protestant culture—the unemployment-crisis is particularly harsh in the Eastern regime (EAS), especially among the young. In Southern and Anglo-Saxon regimes (SAS) the effect on long-term unemployment rates is instead high, though still less so than in EAS.

Underemployment and fixed term contracts have instead become more common in the reference countries (NC), whereas in SAS and particularly EAS those in ‘atypical’ jobs have been likely to encountering difficulties in securing new contracts. In EAS and SAS, in contrast, many times more people now work in two jobs simultaneously—a phenomenon that instead has disappeared in NC. Given the change in the composition of these groups of workers, having two jobs no longer supports the perceived ability to make ends meet (-.355*).

Deprivation and social exclusion on the other hand have become more common everywhere, but especially in SAS. All the contexts also illustrate that the employed find (or perceive) it more difficult to make ends meet. However, even if people in EAS are even less likely to make ends meet, they are still able to afford to pay for their daily meals better than before the crisis, especially among the young. This is contrary to other regimes, where people have become deprived also in terms of food.

But let me first start from group-related effects: who are the most likely to suffer; *whose* crisis the crisis has actually become? After this I will discuss the context-level effects, starting with indicators related to the financial and fiscal crisis, then the structure of the economy (e.g., size and demography), policy and equality. I will then move on to the question of welfare with the different regimes are analysed as they interact with unemployment and demographic variables among others. Finally, I will address the

alternative models that bridge the multilevel analyses on employment and deprivation with the two factorial models developed in the previous part.

Educated, Indebted and Welfare Youth

Let us first look at unemployment as a function of demographic variables and income. Starting with respondents *18 to 29 year-olds*, the odds of unemployment were higher than in the older working age population already *before* the crisis (.394*), but especially *afterwards* (.370*). This means that in comparison to the reference group, young adults in a similar position were about 48 % more likely to be unemployed in 2007. The crisis contributed a further 45 % to this picture, and in 2011 the odd of encountering unemployment is 116 % higher for those who are young but otherwise similar to the reference group³⁴. This is *in addition* to the general wave-effect, which also applies to older adults, and which already has increased the odds by at least 60 % and even more in EAS or in Catholic and Orthodox contexts. Whatever the base rate, therefore, the young are affected both because of the general multiplication of unemployment-rates, but also because the multiplicative effect specific to the young (which in EAS is even furthered by the 3-way interaction of young × wave × EAS: .393*). When looking at the outcomes of the crisis in any specific groups, these various effects need to be combined in order to understand the overall effect.

The young have generally thus become *even more affected* throughout Europe than the older adults, and in this sense we can talk about a youth unemployment crisis. A specific age-effect is also invisible among 30 to 34 year-olds. However, the proper specification of the reference group is crucial: no youth-specific effect applies to those with just primary education. On the other hand, the *young are specifically affected among those with higher education*.

In contrast, it is evident that there is one very peculiar group of young adults that, for reasons that I will discuss below in more detail, are affected at least on the group-level. Indeed, those young adults with *mortgage loans* seem to have become more vulnerable to unemployment during the crisis. This could at least in part be explained by a compositional effect: the young who have mortgages might find it more difficult to change accommodation patterns in result of unemployment in comparison to those

paying rent for example. Instead of these young adults being more vulnerable to unemployment as such, they might just be more vulnerable than tenants to the risk of economic liabilities being sustained despite encountering unemployment. To those formerly living as tenants, in turn, it is possible that some of the effects are accounted for by the changes in the composition of social support variables as they look for alternative ways to arrange accommodation.

In this respect, it is interesting to contrast the young with the group of people in later youth (30–34 year-olds); they neither exhibit a similar wave-specific effect nor mortgage-related interaction. Instead, in this age-cohort insecure employment has become much more common among the mortgage-holders. This suggests that among the 30 to 34 year-olds housing debt presses people to adopt employment-positions even if they are atypical or insecure (and often demanding less skills). On the other hand, even among the young the employment-rates do not resonate with mortgages, and it is possible that the high unemployment-effect among them does not reflect the lack of work as much as their need to claim for unemployment benefits.

As a further youth-specific interaction worth mentioning, *health limitations* have made young adults much more vulnerable to the crisis. Of course, it is also possible that the crisis has increased the prevalence of health limitations. However, it is notable that only the young, and not the older adults, suffer from health related effects, which further contribute to unemployment and at the same time reduce employment. Among the young, health limitations are also associated with higher likelihood of working simultaneously in two jobs, while again the older adults score the opposite.

In terms of deprivation, however, the young are not affected any more than what is expectable based on the general unemployment-effect on deprivation. This general effect is *constant* through the crisis and also independent of age (.760***): that is, unemployment similarly deprives people regardless of age or the year of response. In contrast, the young adults who have remained in work have possibly been better off than older respondents in terms of deprivation and social exclusion. There is a specific group of young adults subject to marginalisation, however: in result of the crisis, the number of

those young adults who have had *no household income* over a period of 12 months has *doubled*. Also, employment insecurity (fixed term contracts) has made the young (more than older adults) susceptible to deprivation.

Furthermore, all these deprivation-related effects (after controlling for unemployment) are welfare-independent except for those young people who cannot afford a proper meal at least every second day: the share of these young people (but not older respondents) has increased more in NC than in SAS or EAS. This suggests that the most material forms of deprivation have affected youth there, where the crisis is more 'qualitative': polarisation in these regimes is higher, possibly because of the lack of non-institutionalised frames of support and recognition.

Women Take the Jobs

Overall, the crisis appears to be dominated by *male-unemployment*: there has been less pressure on female employment during the crisis (.241***), and the likelihood of female unemployment has decreased especially in long-term unemployment (-.534*).

Therefore, the *long-term hysteresis effects* stemming from the crisis are particularly likely among male-respondents, less so among women.

Also, the elevated financial and economic pressures and the risk of deprivation have *driven women to partake in the labour market increasingly*. They also take care of the household and children less often than before. Therefore, employment-rates have significantly improved among women (.241***), indicating a 27 % increase in the odds of employment. In fact, the female-specific post-crisis odds are possibly further elevated in SAS (.142) and EAS (.267), which makes the gender-contrast in the crisis-outcomes even more emphatic there. Depending on the welfare regime, about 15 to 35 % of women, who used to stay at home, have now started to work. In result, there could be as high as 5 to 12 % increase in the demand for jobs, that is, the number of people who are either employed or expecting to become so. Yet given the structural problems of the economy, it is unlikely there to be more available jobs. This further exaggerates the unemployment-crisis among men who now have to compete with a larger group of women.

This shift to female-employment has also affected the way in which families look after their offspring. Indeed, if women with children were less likely to work before (.324***), more than third of this effect has been mitigated during the crisis (.120***). Also, in the post-crisis situation children then appear as a defensive factor against female-unemployment (-.199**), and long-term unemployment rates have not increased for mothers like they have for fathers.

In terms of deprivation and social exclusion, however, women differ little from men (after controlling for employment), even though they are more likely to perceive their ability to ‘make ends meet’, and thus indicate a slightly stronger *subjective reaction* to the crisis. On the other hand, women still evaluate their personal financial capacities higher, although they also put more emphasis on the effect of the crisis. This can be seen from the fact that those women who are unemployed are still twice as likely to report themselves as being able to make ends meet than men are (.754***). One explanation is that the unemployed women might be likely to receive different economic support. The discrepancy could also reflect subjective differences. It is, in fact, quite likely that unemployed women are less prone to being able to afford proper meals at least every other day, unlike unemployed men.

At the Heart of Struggle: the Lower Middle-Income Quartile

The effect of income on unemployment is more difficult to interpret, because many of the modelled outcomes have actually a backward-effect on income itself. For example, respondents from low-income households are almost three times as often unemployed as the reference group (lower middle-income), and we do not know whether this is because unemployment has deprived these households or because lower income itself makes people more vulnerable to the shortage of work.

Nevertheless, supposing that unemployment has a relatively stable effect on household-income through the crisis—an interpretation which appears to be confirmed by deprivation-related models—it is still possible to make tentative suggestions based on the wave-effects: the effects of unemployment on income are already visible in the 1-way effects, and the crisis-interactions should reflect how the effect of income on

unemployment changes. This interpretation is further supported with the fact that the crisis-interactions of income bear no further interaction with unemployment.

Based on these assumptions, it appears that the *higher middle-income group is less vulnerable* (-.357*) in comparison to the lower middle-income and low-income (-.085) groups. The lower middle-income group in particular has, however, suffered in terms of employment when compared with other income groups. The long-term unemployment rates similarly show a stronger effect in the lower middle-income group. It is then possible that the lower long-term effect in the low-income group could be explained by both their being already more prone to marginalisation before the crisis and the low income (e.g., cuts to benefits) serving as an increasing incentive to work for those who did not do so before.

The market cannot respond to this elevated demand for work, however. This is visible from the fact that working in two jobs simultaneously is now less likely in lower-income quartiles, whereas before the crisis it was more common. The crisis-effect is positive though for those with just primary education, but this again does not apply to young adults, suggesting that even low-skilled jobs might not be as easily available for them as for the others. Other indicators, like ALMPs as I will later discuss, also support the idea that the higher middle-income groups are still likely to acquit the few available, often fixed-term jobs. The crisis has made the higher middle-income quartile overly represented among insecure workers.

As we would expect, deprivation-related variables greatly differ according to the income quartile. But *most crisis-interactions* are virtually *independent of income* on a variety of measures. Therefore, the differences in unemployment-effects being controlled, the deprivation index in all the income quartiles has risen modestly (.194), though not significantly, the ability to make ends meet has shrivelled (-.848***), and the respondents are less likely to find available funds for proper meals. Of course, the higher likelihood of unemployment makes the lower quartiles more prone to deprivation, which correlates with unemployment by all measures³⁵. But it is crucial that otherwise

also higher income quartiles should have become more deprived (relative to where they were before).

Crisis of Higher Education

Education is another interesting *socio-economic* background variable in addition to income. Before the crisis, tertiary education was one of the most significant defensive factors against unemployment (-.506*), unlike either primary or secondary education. After the crisis, they are *almost equal* to other education groups as to the *risk of unemployment* (.399*) generally but further .425* for long-term unemployment). Among those with only primary education, in contrast, unemployment used to be highlighted among the young while now it is not. Therefore, even if the tertiary education group has only become closer to those with lower educational backgrounds, this shift indicates that at least relative to the previous position the crisis is the most tangible in the higher educational group. Difficulties that used to be largely non-existent are as relevant to them today as they are to any other group.

A similar shift is visible in terms of deprivation even after controlling for unemployment: the highly trained have become significantly more deprived during the crisis (.202***) and they more rarely make ends meet (-.243***). Of course, given their higher pre-crisis affordability (.613***) they are still less deprived than other education groups, but again they clearly approach the others, suggesting that tertiary education has lost much of its distinctive capacity.

Also, even if those with tertiary education themselves are not likely to believe that they would be 'left out of society', the struggle is visible for example in terms of health-related difficulties that the crisis has increased among the highly educated, particularly if they are young. Therefore, taking a note of the fact that the long-term unemployment rates themselves have risen so dramatically among the young (.805***)—indicating prolonged struggle and possible hysteresis—it is obvious that all the young even with high educational attainment are susceptible to a range of negative socialisation effects.

Furthermore, there is evidence that also the young with at most primary education suffer: today they are more likely of having no work history at all than in the past. But this group no longer dominates the statistics. In 2011, therefore, the level of education no longer plays a significant role in youth unemployment rates in general, and in this respect the relative loss of the highly educated has been the most emphatic.

Conditions of Life, Conditions of the Crisis

Unemployment itself is a peculiar life condition, and in addition to the fact that the number of such experiences has increased through the crisis, I am also interested in the qualitative changes in the experiences of unemployment, even if it seems that the crisis has no effect on unemployment-related deprivation. In fact, the experiences of deprivation among the unemployed are regulated by social context, and it appears that the overall pre-crisis effect (.760^{***}) is mitigated in SAS (-.272^{***}) and even more so in EAS (-.469^{***}). Similarly, SAS (-.167^{*}) and EAS (-.253^{***}) mitigate the effects of unemployment on social exclusion (.408^{***}) and again without any crisis-interaction. These *cross-level interactions* of unemployment-related deprivation have thus been invariable through the crisis—not just the overall effect. This brings further support to the idea that the economic experiences of unemployment as such have not been altered during the crisis—they are only more common.

Marginalisation of Service Work?

But for those who work, occupation is also an important predictor of the level of deprivation. In fact, the average effect of the crisis on deprivation is slightly underestimated by aforementioned coefficients, because it describes the situation of the reference-group: managerial, professional and high-skilled manual workers, who then serve as the point of comparison but also have themselves become more deprived.

By contrast, indeed, those working in *sales, services and support* have suffered significantly more from the *unemployment-crisis* (.337^{***}) and especially of *long-term* unemployment (.419^{***}). Similarly, the crisis-effect on both *deprivation* (.148^{**}) and *social exclusion* (.062^{**}) are higher for those working in services, sales and clerical

support, whereas those in elementary occupations are more deprived (.220^{***}) but not that much more marginalised. Yet, elementary workers are now more prone to subjectively evaluating lower ability to make ends meet (-.348^{**}). Similarly also the high skilled employees assess their economic position lower (-.243^{***}) despite the fact that many of the effects of the crisis have been the most emphatic to those in services, sales and support, and who are thus the least likely of expressing crisis-awareness.

This is so despite the fact that also fixed term contracts have become less common among the service-related occupation groups (-.214^{***}), suggesting that the higher employment insecurity prior to the crisis (.445^{***}) has now been realised in the loss of such jobs. They have also been subject to the declining number of available new jobs. By contrast, many more fixed term jobs have opened up for those in elementary occupations now (1.078^{***}), while they were absent before (-1.322^{***}). Again, similarly as different education groups have converged in terms of unemployment and deprivation, employment insecurity now characterises different occupation groups more evenly.

Therefore, particularly those unemployed who used to work in the service sector have experienced the most notable increase in deprivation and marginalisation. At the same time, elementary workers are experiencing heightened employment insecurity. However, the implications of 'precarity' are otherwise broad, including the notable crisis-specific effect undermining the ability to make ends meet (-.419).

Failed, Reverted or Postponed Transitions: A Norm Among the Educated

Social support, particularly in relation to accommodation, is another pivotal theme that I have sought to understand by using multilevel methods. Following the methodology of the European Social Survey, 'social support' is defined in terms of shared housing. The living with a partner –variable for example clearly contributes to employment, while reducing both unemployment and employment-controlled deprivation at the same time: these effects are virtually independent of the crisis. The partner-related effect indicates that it is not only general social support that benefits respondents, but the partner-related effects need to be added to the general effects on the reference group which

already consists of those who live together with someone but not with parents or partners.

Nevertheless, perhaps the most important form of social support to the young is that provided by parents; it has been suggested that economic trouble could postpone or even reverse the processes of domestic transition (cf. Furlong and Cartmel, 2006). However, it turns out that there is little support for such effects, except in the lower income-quartiles where the benefits of prolonged transition to the young themselves are, however, economically negligible. Instead, even if many people have sought shared accommodation, those who for one reason or another have continued to live alone are troubled by the crisis.

Unemployment in contrast was more common both among those *living with a parent* (.360*) and those *living alone* (.396**) prior to the crisis, whereas those living with someone else and particularly with a partner were more secure. Either parental social support indeed relates to socio-economically vulnerable positions, or otherwise people genuinely seek help from their parents as a consequence of unemployment.

To evaluate these possibilities, I included two relevant interactions in the model. The low-income respondents living with parents were no more likely of being unemployed, whereas among those with *tertiary education* the association between parental social support was notably higher (.809*)—even if this association has been largely undone during the crisis (−.572*). This suggests that at least prior to the crisis the unemployment-effect of parental support did not follow from socio-economic difficulties; it is also notable that the general association between unemployment and living with a parent is not related to whether respondents pay for their part of the housing costs.

In this respect, the living with a parent -variable can indeed be deemed as a *social* support variable, not primarily an economic one. Indeed, despite its association with unemployment, in the pre-crisis situation parental support also contributed to higher employment rates (.287***). Also, when looking at younger respondents, their long-term

unemployment rates were markedly lower among those living with a parent (-.965[†]), and a similar defensive effect was visible in terms of deprivation (-.261^{***}) and social exclusion (-.092^{*}).

Against this rather complex picture of the role of parents as a form of support, it is interesting to contrast the *post-crisis* effects to see whether parental support has received any new meanings. Among the younger cohorts, the defensive effect against long-term unemployment has become possibly even stronger, and parental support has similarly defended against deprivation and social exclusion (but not more than before the crisis). In general, however, the association between economic struggle like unemployment and parental support has become rather obscure during the crisis. Also, there is no crisis-related interaction in terms of deprivation or exclusion despite a weak effect on *perceived* income (reflecting attitudes). Similarly, prior to the crisis young adults living with parents were associated with higher likelihood of living without any household income (1.376^{***}), but in the post-crisis situation parental support is no longer associated with such socio-economic extremes (-1.804^{***}).

In effect, it at least appears that no broad effects on domestic transition have occurred, and there is no evidence supporting the reverse transition hypothesis. But it is likely that transition periods could be prolonged at least among those *young adults, who have a tertiary education degree*. Also, the young living with parents appear to be closer to the average in socio-economic terms today. This 'equalisation' applies particularly to those with *tertiary education*, again, because the strong association between unemployment and parental support has significantly weakened, and because the highly educated are no longer overly represented in terms of inability to afford food (-.641^{*}).

The Lonely Crowds Up In the North

Also the reference group is influenced by social support, given that they do not live alone. In Nordic and Continental countries the *men who live alone*, instead, were more likely to be unemployed (.396^{***}, also long-term, .558^{**}) or in insecure, fixed positions (.642^{***}). In addition, they were more deprived (.308^{*}) or marginalised (.066^{*}), at least before the crisis. Women are not similarly affected by whether they live alone or not: they are more deprived like men are, but not more often unemployed, and actually less

likely to be socially excluded (-.90**). Regardless of gender, however, it is notable that the unemployment-effect of loneliness is still very much higher among the *low-income group* (.475***; long-term unemployment: .467**; employment-effect: -1.165***), whereas the high-income earners are even more likely to work (.564***) when living alone. Therefore, it is likely that the unemployment-crisis results in a particularly strong vicious circle among the *low-income single person households*, especially in NC, as these men have both lower resources to begin with and are encountering unemployment at increased rates.

Of course, young adults do not necessarily experience living alone similarly as the old, as it is more 'normal' or typical of members in this age-cohort anyway; however, independently of context, the young have approached older adults in terms of the depriving effects of living alone. The young, for example, are even more likely now (.462*) than before (.580**) to be unable to afford to have proper meals every second day. These associations also demonstrate that it is not likely that the lonely would seek living arrangements of other kind, possibly moving together in order to get more social and economic support: if anyone, it is those in less vulnerable positions that are able to change housing patterns to make life more manageable.

Those living alone are often subject to paying rent or mortgage. Starting with older respondents, tenancy is associated with much higher unemployment and long-term rates, whereas during the crisis paying either rent or mortgage has reduced the likelihood of employment. This again indicates that those responsible for paying in full for their housing are not likely to move away even after encountering the unemployment crisis—at least until they become unemployed for longer periods. Both forms of responsibility thus make respondents vulnerable to deprivation and exclusion in often extreme ways. Where SAS and EAS appear to defend people against the harmful effects of living alone, in these contexts the crisis-effect of mortgage holding on deprivation is, however, well above the reference (SAS: .266***, EAS: .203*) in addition to the possibly higher indebtedness among the unemployed (SAS: .209, EAS: .262). Considering the interactions between living alone and mortgage, the connection with unemployment is even higher.

Focusing now on the young, it appears that the tenants are slightly more flexible in changing accommodation, which defends against deprivation even if this does not usually mean a reverse-transition back to one's family home. Indeed, among the young who still pay rent or have started to do so, the crisis has brought lower unemployment rates. It then appears that the young unemployed are likely to give up their rented apartments. Similar transitions do not occur in the case of mortgaged single person homes, however. Therefore, the unemployment rates are now exaggerated among the young mortgage holders: it is probably more difficult to sell a home rather than to vacate a rented apartment, especially in a declining housing market.

Combining these effects, it is then likely that unemployment and living alone as a combined condition makes it extremely difficult for an individual to bear the consequences of the crisis—this particularly concerns the low-income single-person households where unemployment is now much more common. If tertiary education is a form of 'cultural capital' that, however, makes one vulnerable to the crisis, the lack of social support is then a form of 'social' capital similarly associated with rather emphatic effects of the crisis. Combining these conditions with possible homeownership makes the risk of unemployment extreme ($.767^{**} + .183 + .571$). But also others, not necessarily indebted, pay a drastic price for the crisis: in the unemployment-specific model it appears that the health-related effects fall upon those living alone in particular (1.295^{**}), and especially so if they are young (1.270^*).

Crisis by Context

We have now identified two separate features that put individuals particularly at risk: the ways of being (education) and those of living (alone, mortgage). At the same time, the crisis brings new population-groups to the labour market to compete for fewer available jobs: mainly women and those from higher income quartiles. The service economy is at the same time becoming more marginal. Most of these reported effects are statistically significant, suggesting that even if they might be context-dependent, the direction of the effects is relatively consistent across contexts. Yet there are interesting differences: for example the mortgage-effect on deprivation is higher in EAS/SAS, but

it is counterbalanced by lower unemployment-effect on deprivation in the very same contexts. At the same time, there is a growing group of older, marginalised men who live alone in NC and are particularly affected by the crisis.

It is obvious that *qualitative* differences in how the crisis is experienced across contexts exist. Yet given that there are 27 countries and 15 to 19 context-predictors makes the interpretation sometimes difficult; there is some overlapping in the models and in most difficult cases the number of variables has been reduced. However, it was crucial to cover the most important aspects about the crisis—the financial and fiscal issues, economic growth and structure, policy, equality, welfare and culture. All of them are needed: policy and equality for example account for most variation in the employment-controlled deprivation- and marginalisation-effects. In order to make the modelling of different outcomes compatible, it was then necessary to use the same context-predictors in all models. In particular, as I briefly mentioned before, the multilevel analysis is especially used for *exploring* predictors so as best to say what the crisis *is* about instead of treating them as causal predictors that could be directly manipulated to control the outcomes.

For a more explanative purpose, I included two factorial models (PCA and PAF) as other sets of context-predictors, and particularly given their capacity to predict the unemployment-crisis³⁶, explaining about 80 % of the context-variation. Furthermore, given the particular overlapping between welfare and religion –variables, all the models were tested with both of these separately and then by combining them. I then used statistical tests to choose the fittest one of the three as the reference model (for a particular outcome); I also made several efforts to guarantee that the interclass variances would decrease, while adding blocks of context-predictors in. This was done in order to demonstrate that any contingencies imbued by a given variable would be evened out when looking at the context-picture as a whole.

'Impact' and Impact: Qualitative and Quantitative Faces of the 'Financial'

With these preliminaries in mind, the obvious first question is what role the 'public finance crisis'—expressed by higher refinancing cost of national debt for example—plays

in regulating the crisis-outcomes. In a respective block of variables, I combined bond rates, the overall level of national debt with GDP growth indicators as well as the tax base in order to regulate for the fiscal and economic associations of the financial crisis. Unfortunately, themes like fiscal deficit were too contingent to be properly addressed by the models. Nevertheless, the growth-variable itself turned out to be quite peculiar: GDP growth was associated with higher pre-crisis unemployment but also employment-controlled deprivation and social exclusion. The effect was even twice as strong for the young as for older adults. This indeed suggests that growth-rates alone do not defend ordinary citizens against the crisis, but rather that growth itself appears to be associated with qualitative, age-related changes like higher pre- (.342*) and post-crisis effect on *long-term youth unemployment* (.443*) as well as with aggravated deprivation.

Therefore, even if countries high in terms of the public finance crisis (bond yields) form the most visible face of the crisis, similar or even stronger changes are visible in economies that appear to have grown instead. In this respect, even if the ‘public finance crisis’ has occurred in countries where *pre-crisis* unemployment rates were extreme (1.227***)—thus suggesting that the unemployment crisis preceded the financial one and not the other way round—the *crisis itself* appears to have affected quite a different set of countries.

This justifies the division into the ‘qualitative’ and ‘quantitative’ faces of the crisis, which I already suggested in the first part, as it appeared that crisis-awareness prevails also in countries where the ‘impact’ of the crisis is less emphatic (in Eurobarometer opinion survey). The multilevel model now provides a coherent interpretation of this independence of ‘awareness’ and ‘impact’. Namely, the *differences* in the ‘impact’-component seem to be associated with *pre-crisis differences*, and are thus unrelated to the differences in the crisis-awareness, even if the *overall effect* were catalysed by the current crisis. The crisis, in other words, has not created the differences, even if it exaggerates them and makes the differences more tangible. It might be correct to blame the financial crisis for the vast unemployment-problems in SAS and EAS, but that is not the proper way to address the differences between SAS and NC in this respect.

Indeed, *differences* in financial variables tell quite a different story from those related to employment: even if national debt and bond rates are associated with post-crisis deprivation and exclusion -effects, they are unrelated to unemployment-rates. In other words, precrisis rates have been similarly multiplied also there, where public finance has not run into problems. High national debt has also mitigated the post-crisis pressures on long-term unemployment (-.357**). Of course, given the resulting real economic imbalances, the extreme public finance crisis is associated with deprivation like the difficulties of affording to pay for daily meals, but again it seems that the differences in national debt, which is an important predictor of the differences in bond-yields as well, the unemployment- and deprivation-related differences did exist, by and large, already in 2007, *causing* the financial difficulties rather than being explained by them. *Crisis-awareness* has then resulted in part from this *quantitative impact* whose direction of cause is the opposite to what is most often assumed. Awareness is also canalised through another route which relates to *changes in the labour market* and socio-economic differences in countries with particularly little *pre-crisis* impact, but where the current economic crisis is thus used as a means of promoting certain policy programmes.

Structure of the Economy

Economic growth little resonates with the overall structure of the economy, and therefore it was investigated by another block of variables. There are two measures of the *external* structure, that is, of how an economy compares to others: first, the level of national product (GDP per capita PPP) measures the overall level of development. It is also independent of the quantitative impact of the crisis, even if higher GDP did predict lower pre-crisis unemployment-rates, it has not affected the crisis-effect on unemployment.

As another, external measure, I modelled the effects of the *openness* of the economy: the total sum of exports and imports as a portion of GDP. The effects of openness happen to differ between low- and high-income countries. In the latter, openness mitigated the crisis-effects on both short- and long-term unemployment, but exaggerated them in low-income countries. In open high-GDP and closed low-GDP countries long-term unemployment is also more prevalent. This indicates that marginalisation under the influence of such combinations is perhaps a more difficult problem than unemployment

in general. More open economies have also been subject to stronger deprivation-effects resulting from the crisis. In general, countries that largely rely on international trade have been likely to experience either unemployment effect (low income) or deprivation effect (high income).

The other two variables reflect the *internal* structure of the economy in turn. First, the old age dependency ratio, which is also important from the point of view of 'inter-generational equity' (Quadagno, 1989), that is, the equality of provision and cost of welfare between age-cohorts, has actually contributed to reduced unemployment during the crisis (-.216*), but also simultaneously to lower employment rates (-.212***) in high GDP countries (-.416***). Therefore, the prevalence of old-age related problems may affect the general dynamics of the economy negatively, even if reducing unemployment. Also, even if the crisis has resulted in a slight marginalisation-effect, where the old-age dependency ratio is high, it has still had a negative effect on deprivation and contributed to equality.

Another, perhaps the most important internal indicator is the *share of people with tertiary education* (among the 30 to 34 year-olds in 2012). It predicts both higher pre-crisis deprivation and increase in post-crisis deprivation (.105***), particularly among the young (.188***). This variable will be discussed in more length in the third part, given its associations with a variety of psycho-social effects of the crisis. It also predicts higher pre-crisis unemployment, and such higher rates have remained stable through the crisis (but without added crisis-effect). Furthermore, high prevalence of tertiary education has made the *young* subject to *fixed term* employment (.308**).

Between Equality and Policy

Beyond economic representations of the crisis, and in addition to welfare and religion-predictors, I modelled the effect of several (standardized) scalar predictors concerning equality, policy and public expenditure. In previous research, social policy has been identified being connected to different levels of poverty among the unemployed but also as a way to reduce negative 'hysteresis'-effects resulting from prolonged unemployment (Hauser et al., 2000: 37; also Blanchard and Summers, 1986): I thus expected the

policy-variables to regulate the effects of unemployment, while seeking to understand the role of different types of inequality. The policy and equality –variables were analysed as a single block, as they gather together various aspects of well-being, which, if studied separately, could lead to contingencies.

Equality

One of the reasons justifying the inclusion of equality –variables is Therborn’s (2013) recent thesis about the *Killing Fields of Inequality*. Representing economic inequality, the GINI-coefficient is associated with higher crisis-related general (.345**) and long-term unemployment-effects (.628***), deprivation (.095*) and the inability to make ends meet (-.248**). These effects were compared to the so-called ‘vital inequality’ measures—life expectancy and the life expectancy gap (between genders). Unfortunately, given the association of both variables with high welfare costs, these two variables often appeared to contribute in the same direction, and were thus associated with deprivation and possibly higher long-term unemployment rates, even if they contributed to lower unemployment among the youth.

However, the interaction between women and the life–expectancy gap—a gender inequality measure—is easier to articulate in the context of Therborn’s thesis, and it indeed appears that the realisation of employment insecurity and higher deprivation-effects among women are more likely when gender-differences are high³⁷. In addition, Therborn further gains support from the alternative PCA-models, which included the gender gap –variable measuring economic and existential inequality; interestingly, the pay gap then did appear to reduce unemployment rates among women (lower salaries increases female job demand), but also with lower youth-unemployment –effect, and notably higher general deprivation.

Policy

Reflecting the articulation and resolution of economic and social differences on shorter time-scales, two variables control for the effect of cabinet composition. First, the overall composition is measured by the Schmidt-index (at the end of 2012), where 1 stands for

the hegemony of right-wing and centre parties, while 5 stands for social democratic and other leftist parties. Another variable depicting the change on this index over 2007 to 2012 was included to track political reactions during the crisis. Given that the overall policy-effect is thus controlled for such reactions, the former reflects the effects of policy itself rather than the effects of political reactions which might mirror many other factors associated with dissatisfaction in national policy.

In the context of the current crisis, it indeed appears that there are no visible employment-outcomes related to policy. In terms of deprivation and exclusion, two effects are visible but contrary: a leftist cabinet as such results in lower deprivation and social exclusion (-.225^t), and higher ability to make ends meet (.162^{*}). On the other hand, leftist governments seem to have emerged as reactions to contrary effects on these variables, following increases in deprivation and exclusion³⁸. Therefore, if equality – variables generally appear to be too broad in terms of their time-scale and interpretation, the policy-variables might be too narrow, even if they have more pertinent effect on subjective experiences of the crisis, including happiness and satisfaction: the Left seems to have contributed to happiness and also to institutional trust but reflects higher personal dissatisfaction.

Expenditure

Variables related to *public expenditure* instead act on the intermediate level, reflecting the long-term trends related to equality and welfare, yet in a way regulated by the short-term policy-process. It is notable that the measures above are then controlled for the level of *social expenditure* (other than health or pensions), tax on income (which together with debt-related variables reflects the overall level of public expenditure), and on changes in *non-social government expenditure*. The latter variable is taken as an indicator of what is generally conceived by fiscal stimulation and Keynesian economic policy, which seeks to directly contribute to production instead of stimulating the economy by the means of public transfers.

In relation to public expenditure, I first decided to consider the variable reflecting changes in the overall tax-rate along with social and non-social expenditure. The

variable is a sum total of tax on income and wealth, calculated in a standardised way (Eurostat). However, we must beware of the fact that if some forms of income are taxed higher than others, reduction in low-rate income could inflate the value as a compositional effect, and this could happen for example in the case of capital gains during the crisis. These effects would for the most part be covered by other variables, however (e.g., GDP-growth).

Nevertheless, the gross rate of tax can at least be used to verify that *higher taxes do not necessarily mean economic stagnation or unemployment*, as economists sometimes believe, and that they still appear to have mitigated deprivation (-.275***) and social exclusion (-.079**) rather than contributing to them. In particular, it is not necessary that the lower taxes should automatically contribute to the dynamics of the economy by stimulating aggregate demand—not at least any more than the alternative use of the money as social expenditure would do.

The distribution of public expenditure between social and non-social categories is then particularly interesting. More specifically, contrasting two spending categories helps us avoid the standard rhetoric about the restrictions in available resources and about the necessity of spending cuts: the question is about where the money is cut from, and how that very decision contributes to the crisis. These same categories are compared in later chapters too in order to understand their effects on subjective outcomes, while now I will be focusing on unemployment and deprivation.

Social expenditure, to start with, is associated with a notable increase in long-term unemployment rates (.844***), indicating that it not only reflects the political atmosphere but the number of the people in need. What is important, however, is that despite these compositional effects—and in the opposite direction—the pre-crisis association between social expenditure and lower deprivation (-.790***) and social exclusion indices (-.466*) have *remained* valid through the crisis. Social support has, genuinely, defended people from the worst.

Non-social expenditure, by contrast, also predicts higher long-term rates (.233*). But unlike social expenditure, it is associated with higher pre-crisis deprivation rates and post-crisis difficulties in making ends meet. It has also contributed to social exclusion, even if it has slightly mitigated employment-controlled deprivation. Non-social expenditure was also included in alternative models based on the PCA- and PAF-predictors stemming from the previous part.

Also according to these models, non-social expenditure has resulted in higher long-term unemployment rates (.182* / .405**), and being unable to answer the needs of social inclusion. The PAF-models indicate consistent contribution to deprivation (.085t), social exclusion (.115**), food-related deprivation (.267*) and the inability to make ends meet (-.223*). Among the young, it is associated with a higher number of temporary jobs (.140**), and further contributes to deprivation (.113***). The fact that non-social expenditure is higher in countries that have avoided the public finance crisis (PAF₁) crisis, and should thus be associated with a defensive compositional effect on deprivation (Table 5), supports the interpretation that the negative effects of non-social expenditure could be of causal nature.

Indeed, most of these effects are contrary to those related to social inclusion measures- and cuts to unemployment-benefits -components, both of which suggest that *social expenditure* is helpful in lowering deprivation but also in tackling *youth unemployment*, particularly long-term. Social expenditure is often disavowed given its association with long-term unemployment, but its contrary effect on youth unemployment indicates that the fear of respective socialisation effects is preliminary, and social expenditure seems to better address such issues of inter-generational equity that non-social expenditure cannot handle.

Of course, one could then argue that the different effects of these social and non-social categories of 'voluntary' government expenditure should reflect pre-crisis differences that in turn shape the policy-process. They would not be controllable then in which case their manipulation would turn out to lead into inefficient results.

Whatever the case, at least we can say that the pre-crisis differences are extremely interesting from the point of view of other outcomes related to subjective assessments. Namely, non-social expenditure predicts lower pre-crisis long-term unemployment (-.421***), and is thus related to lower levels of ‘hysteresis’-effects and other economically depressive tendencies. Any indications of the detrimental effects of non-social expenditure, when measured against the affects of the crisis and its broader (psycho-social) representations, are then even *more powerful* given these lower long-term rates to begin with. Regardless of the extent to which political decisions could have altered the unemployment-crisis, I will demonstrate how they make a difference to an individual’s wellbeing. Furthermore, the youth-specific effect that favours *social* expenditure is notable, and cannot be explained away by referring to the pre-crisis differences predicted by these variables.

The Questions of Culture and Welfare

The one last question that remains for this chapter is the role welfare and culture in the crisis. Above, in association with themes like unemployment and deprivation, the interactions considered not only youth and gender but also accommodation. Those living alone, for example, appeared to suffer particularly in Nordic and Continental regimes, whereas people in EAS are characterised by pre-crisis deprivation, and their experiences about it, but security and welfare are rather in the process of emerging there.

Of course, the most material differences between welfare regimes are already accounted for by variables reflecting economic structure, policy, equality and expenditure, not to mention cultural differences. The latter are controlled particularly by religion-related variables, which should, at least in part, control for cultural differences insofar as they are unrelated to the precise institutional setting of welfare. These are then necessarily infused with any institutional attempts to frame welfare (already because those institutions themselves shape the historical perspective from within which they are interpreted and understood). Information-criterion-based tests were then used to determine whether cultural and institutional aspects of welfare properly support each other. When the two blocks could not be combined, I usually reported the effects of the

other in gray ink in order to allow the reader to understand their effects even if the predictions were then not comparable³⁹.

To summarise the results, even if the low number of contexts reduces the number of applicable variables, and despite the fact that the typologies related to welfare and religion are somewhat overlapping, I applied both of them (when the multilevel models allowed) in order to *explore* the effects of economic culture and the institutional frames of welfare. This now also brings the question of welfare in contact with Weber's culturally oriented hypothesis about the economy. To this end, it was pivotal to reduce the number of categories to three in both variables. As these variables cannot be manipulated, the problem of causal attributions is also less urgent.

Based on the differences between the institutional and cultural effects of wellbeing, it then appears that *Catholic culture plays a strong role in economic solidarity* and contributes to non-governmental forms of protection. Catholic (1.395^{***}) and possibly Orthodox (.572) countries are on the other hand associated with 'flexicurising' tendencies, even if in this respect they also better shield people from deprivation (-.179^{**}, -.272^{**}) and it is possible that similar flexicurisation processes already occurred in Protestant countries earlier. Yet there is an intergenerational polarisation also involved, as the insecure young adults are not similarly defended. Catholic women are also more likely to be unemployed (and less employed), but there is little crisis-related effect in this regard.

In Protestant countries, by contrast, the crisis appears to have contributed to deprivation more than what is expected based on other variables, even if this does not occur in terms of inability to pay for meals. This indicates that besides higher GDP growth and non-social expenditure, the harmful effects pertinent to the 'qualitative crisis' countries could also originate from the Protestant cultural backgrounds.

But besides the effects of welfare- and religion-based typologies interesting as such, we should answer the question what is the exact role played by the *welfare crisis*. Does welfare matter more materially, despite the particular regime or culture? This question was in turn addressed as part of the PCA- and PAF-models.

The PAF-model, which has a more ‘systematic’ predictive value and incorporates ‘economic’ associations in particular, associates particularly the *public finance crisis* (but not the fiscal one) with *unemployment* (.408***, long-term .462***). The welfare-crisis—either measured by the current cost or expansion during the crisis—is instead associated with slightly lower unemployment (-.140**, long-term -.165*). In terms of *deprivation*, however, not only the *financial* but also the *fiscal crisis* contributes to deprivation—unlike the welfare crisis whose negative consequences are balanced out by its benefits. Yet, in addition to the public finance crisis, also the welfare crisis does contribute to *social exclusion*.

In contrast, in the PCA-model it appears that welfare cost hike is associated with higher adult- but neutral youth-deprivation-crisis-interaction, and from the point of view of inter-generational equity and economic socialisation processes the cost-hike itself is not a problem (except due to the fiscal/financial difficulties that result). On the other hand, the pre-crisis level of welfare is associated with a notable increase in the number of young working simultaneously in two jobs, which suggests that as a result of the welfare crisis, the responsibility of taking care of youth (cf. Stiegler, 2010) now increasingly falls upon the young themselves. Again, social inclusion measures that have been questioned by the welfare crisis, but which have still been applied extensively in some contexts (e.g., Ireland), are associated with both lower unemployment- and deprivation-rates upon youth. Finally, as one more interesting phenomenon worth mentioning is the fact that in countries where economic participation is high (e.g., GEP), the number of those who have had a paid job is naturally much higher (PCA₅: .298***; PAF₅: .238*), but there is then evidence that unemployment rates are also generally higher because of the way participation contributes to the demand for more jobs.

In conclusion, it appears that the policy-process deciding between social and non-social expenditure regulates the different outcomes of the crisis. But there are other, more direct and less politically laden predictors of the crisis-*impact*. They largely reflect differences that existed already before the crisis like the pre-crisis unemployment rates (PCA₃), that in the case of the PCA-model explain well the differences in

unemployment and deprivation outcomes, or by the fiscal and financial problems that follow (rather than explain) the unemployment crisis. Here it is notable that the *public finance crisis* tracks differences in the *crisis-related* unemployment-effect, and the *fiscal crisis* regulates differences in *deprivation*. These effects are uncontrollable, however, in a sense that any rapid changes in long-term processes are unlikely. Yet the dominance of such effects often conceals the relevance of those crisis-specific, temporally more immediate decisions that *can* be altered now—namely the choice between social and non-social expenditure.

Finally, the more systematic model (PAF) illustrates another pivotal difference: the effects of the welfare-crisis are particularly related to youth. Youth-related negative effects are also illustrated by the effects of *non-social* expenditure. And it is here, in the context of younger members of society, that the long-term effects of the welfare-crisis find reinforcement in the current emphasis on material, non-social policy. These measures are further applied, where welfare is being simultaneously *criticised*. Even so, given that I have now discussed unemployment from the point of view of the individual, let me next turn towards the question of what employment means to society.

Chapter 6

Employment and its Publics—From Economics to Politics

Employment is a material condition. Short of employment: both deprivation and social exclusion occur. This has remained consistent through the crisis—there is no wave-effect for either one of these indices. But other than that, employment is also a social condition and, in that respect, subject to political constructions. The importance of the emergence of ‘wage-labour’ as a defining category of social citizenship has been long recognised, at least since Marx’s writings, and the entire project of welfare states emerged from the social democratic attempts to promote employment and to make wage-labour a livable social position. Also many others, including Adam Smith, wrote about work in the context of propriety and duty. As briefly reviewed in the introduction, Castel (2003) perhaps best portrays the history of the two intertwined problematics: what it is to live (relief) and to work (labour).

The previous analysis verifies that both problematics—subsistence and permission to work—have indeed become *more problematic* during the crisis, not always similarly but still somehow in all the EU-countries. But we are also interested in how the crisis shapes *what* these problematics consist of, that is, whether the crisis has made a *qualitative* difference to their contents. According to the typology between the quantitative and qualitative crises, these changes should be particularly visible in Germany, Finland, the Netherlands, Sweden, Austria and Luxembourg. And they are. The *European Working Conditions Survey* (EWCS) indicates that in 2010 *discrimination*

at work was highest in Sweden, Luxembourg, Finland, Ireland, Denmark and Austria. But the quality of work could also be undermined in the context of employment- rather than only work-relationships, that is, the organisation of wage-labour and not only its contents. Germany has, for example, introduced virtually non-paid jobs to those short of work. As a result, *self-doubt* among employees is particularly common in the Czech, Lithuania, Denmark and Germany.

Some of these rather pervasive tendencies might be condensed or catalysed by the crisis; similarly I considered the changes in the articulation of the 'problematic of relief' in the first part. Yet it is in terms of the public policy, and in particular the introduction of *active labour market policies* (ALMPs) since the 1990's, that the two sides of the wage-labour-assemblage—work and employment—appear to intertwine. Of course, welfare and labour-related policies are often promoted by referring to worker's rights and wellbeing from an individual perspective; however, it is clear that employment (and unemployment) are phenomena benefiting the 'public' (i.e., the public economy but also the civil society) also in the governmental sense: work is both a way of regulating the people but it also produces income and tax (while unemployment produces cheaper labour prices). Promoting employment is therefore in the 'public' interest—yet its 'publics' or audiences refer to a variety of actors (individuals, governments, markets).

On the other hand, it has been suggested that also *unemployment*—Engels' 'reserve army of labour' and an aggregate resource to keep labour costs down—is beneficial to the market. In particular, later discourses have referred to the *commodification of labour* (e.g., Jessop 2002; Silver, 2003) in the contexts of the regulation of labour costs and - conditions. The aim of the welfare policy then was not only to reduce unemployment, but, instead, to free the unemployed from deprivation and the (unrealised) *need* to work: from their 'commodification' or instrumentalisation as a reserve army. As Esping-Andersen (1990, 23) neatly describes it, in '[d]ecommodifying welfare states [...] citizens can freely, and without potential loss of job, income, or general welfare, opt out of work when they consider it necessary'. It thus 'refers to the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation' (ibid., 37).

This question is inherently political. Esping-Andersen (1990: 129) provides convincing evidence of the strong connection between the ‘decommodification index’ and cabinet composition between 1949 and 1980, demonstrating that such policies were particularly appealing to the Left. Critiques, usually from the Right, called this social democratic politics of relief as ‘politics against markets’ (Bradley et al., 2003), fearing that decommodification would lead to market exit or ‘substitut[e] political determinations about distribution for market determination’ (Huo et al., 2008: 17).

Yet this controversy itself was never imminent during the emergence of institutionalised welfare, as the inflationary period of the 1970’s was characterised by almost *full employment*. The decommodifying policies did not cause as much opposition given that the problems of ‘capital’ were attributed elsewhere (to low unemployment instead). And, in fact, the decommodification-process might have actually been a problem to the Right not because of reducing ‘employability’ but, contrarily to what the Right fears, because such policies could have contributed to full employment (which would then be deemed as undesirable from the point of view of the rising labour costs). Even so, the *positive* effects of social expenditure on employment were hardly recognised as being that important then, which is why the critique of decommodification emerged mainly from the micro-economic perspective. Respectively, the idea that social expenditure should play a central role in tackling the current unemployment crisis remains unconventional and unacknowledged.

Yet the situation has now reverted. Somewhat ambiguously, it is deflation instead that is feared by many, even though at the same time the degradation of welfare and public austerity target to increase the size of the ‘reserve army’, keeping both labour costs and purchasing power down. Against this background, even if the ALMPs did not reduce unemployment that much, they might be useful to the Right as they promote employability and, therefore, keep the ‘reserve army’ active and on duty.

The question of labour (and relief) today is as much a *governmental* problem as it has ever been (e.g., Miller and Rose, 2008); it is not just about party politics but it relates

particularly to how life itself is being ‘policed’ (e.g., Foucault, 2009). The ALMPs are particularly associated with what Giddens (1991) has discussed in the context of the ethical shift towards ‘entrepreneurialism’ as a basis of everyday life. Therefore, in addition to the effects of policy discussed already in the previous chapter, the precise composition of ALMPs in respect to various crisis-outcomes illustrates the kind of governmental ideas or climate overshadow the crisis—even if we could not peremptorily establish any causal connections.

But the public sector plays an important role also in the *economic*, not just governmental sense. In many EU-countries, indeed, the public sector employs a large part of the working population. Furthermore, combining public expenditure and the state-regulated social insurance transfers like pensions, whose total amount now varies between 43% of GDP in Bulgaria to 80 % in France, the public sector plays a crucial role also by providing consumers with more purchasing power. As a result, regardless of how untenable the growth of public employment is deemed from the point of view of global competition, it is clear that the austerity programs in countries like Greece, Spain, Ireland and Latvia are prone to inducing broad stagnation.

Pressures on Public Work: Elementary Workers Pay the Price

Public sector employment forms a large portion of all workers in virtually all developed economies. But unlike the recessions in 1981, 1990 and 2001, after all of which the share of public employment grew for at least the next 30 months and smoothed out the employment crisis, the current one is different, being characterised by the steady *reduction* of public employment over at least three consecutive years. Contrary to the trend that began in the US, the reduction in public jobs was not counterbalanced by an equal increase in private employment.

Yet ‘public’ sector employment itself is first and foremost a *construction*, which relies on and is performed by accounting practices above all, that is, by how it is being paid for (cf. Power and Miller, 2013). Of course, in the case of public bookkeeping, there are differences in that decisions are accountable to the democratic ‘public’ rather than a group of owners, and also the marginal cost of labour is lower to the public given that it

is the public economy itself that is the beneficiary of taxation. But even if regulated by a democratic process, the attributed differences in economic ‘rationality’ between private and public actors are often quite loosely defined. In fact, from the point of view of for example Habermas’ theory of deliberative democracy and communicative rationality, it is the latter that should be considered as having better prospects for rational decision-making and efficiency.

Nevertheless, it is obvious that, even though also private economic agents (e.g., individuals, firms) have suffered, there has been a notorious shift to question the sustainability of public work in particular. Therefore, before addressing what work means to the ‘public’ from the point of view of labour market policy, I will start by comparing the conditions of public and private work during the crisis: first, in what contexts the discrepancy between public and private work is the most visible? Second, is the deterioration of public employment visible ‘internally’ in work, that is, in terms of what one does rather than referring only to the form of employment?

The EWCS was analysed similarly as the EQLS-data, now comparing 2005 and 2010 while addressing the crisis as the difference between the two. The available individual level variables naturally differ, but also the cross-level interactions were chosen with an emphasis on public work. I also briefly summarise the most important findings based on the so-called multiple correspondence analysis (MCA) by which I analysed a broader range of variables (see Appendix 9).

In general, there were few differences between private and public work in terms of job-satisfaction, even though it appears that the conditions *internal* to public work have been less pressed by the crisis. However, in the context of cabinet composition, the leftist and social democratic cabinets seem to have emerged as a reaction to worsening conditions in both but especially in the public sector. In terms of the number of sick-leave days, the young are affected but not as much as older adults, except in Catholic countries, where sick-leave days are common also among the young. Again, however, the effect is mitigated among the public sector workers. Also, when we look at whether workers have ‘time to have a job done’, it appears that work has generally been

disintensified across Europe, especially among the young. This, on the other hand, applies mainly only to those with either *secondary or tertiary education*—the highly skilled, often ‘post-Fordist’ jobs. Moreover, the young in Catholic countries form an exception, with possibly more intense experiences of work.

Therefore, in terms of the labour process, mainly only the *young in Catholic* countries stand out with more sick-leave days and more intense experiences of work—regardless of the sector. However, when we specify the level of *education*, differences also by sector appear to stand out. Indeed, in relation to employment security and fixed term contracts, *temporary work* has become increasingly prevalent among *elementary workers*, particularly among young employees with no secondary or tertiary education, and especially women. This is interesting because still in 2005, temporary contracts appeared to characterise only high skilled jobs, and few elementary workers were on such contracts.

Now, it is noteworthy that employment insecurity among the young low skilled workers seems to have emerged particularly in the public sector ($PAF_8 \times \text{public sect.} \times \text{wave}$: .138*). There is certain ambiguity regarding their assessments about their own employment situations then: elementary public sector workers were both *more certain* about career prospects (.402***) but *more fearful* about their current jobs (.418**). In other words, they *expect security* while *experiencing insecurity* at the same time. No similar effects are visible in the case of service or high skilled work in the public sector. Furthermore, in terms of overtime, evening or weekend-work elementary public work seems to have become intensified. Generally, this intensification is visible specifically in the public sector in countries high on the *fiscal crisis* -axis (PAF_2 : .158**), where welfare costs have hiked (PAF_4 : .070*), or where fiscal stimulation is characterised by non-social expenditure (.286*).

There is, therefore, a clear indication that fiscal issues but also the ideological emphasis on non-social stimulation are particularly concerning for the low-skilled jobs in the public sector, even if for example the pressures reflected by welfare cost hike are related to rising health care costs, and have less to do with elementary jobs in particular.

Elementary workers are those who pay the price to pressures on public welfare, and they do not as such benefit either from non-social expenditure, which rather tends to intensify their work while distributing resources to those with higher qualifications.

Finally, as one peculiar form of discrimination I also modelled the reported first hand experiences 'linked to race, ethnic background or colour'. Other discrimination-variables were aggregated together in the MCA-analysis (below), but ethnic discrimination is interesting as it combines two specific issues: crisis-incurred tensions between social groups but also the changing ethnic composition of employment. Indeed, general discrimination (e.g., age, sex, orientation) occurs more likely in the private sector, whereas *ethnic discrimination* has come to dominate *public work*, again particularly among those without higher education.

Public and Private: What Is the Difference?

Let us now take a closer look at subjective assessments regarding job-satisfaction, career prospects and security. Such assessments are not as such commensurable across different points in time, because people tend to adjust their expectations given the underlying economic circumstances. Only in EAS there is a clear drop in satisfaction among all workers (-1.387***), which suggests that similar adjustments to economically depriving conditions might have existed already prior to the crisis. In other regimes, those who have remained *in work* tend to feel *more satisfied*. On the other hand, particularly the younger respondents with no higher education appear to feel much less positive about their conditions of work (-1.476). Therefore, from the perspective of the 'labour process' *internal* to work(place)—whether private or public—there is a tendency for the market to become more polarised based on educational attainment.

But there are interesting contradictions also between age groups. The young are more hopeful as they grade their career prospects higher even if the unemployment crisis—and also long-term unemployment—is much more common among them. Similarly public sector workers in countries with high welfare costs (and fiscal pressures) are likely to be less fearful about losing their jobs, despite increased austerity. In fact, these

contexts only exaggerate a more general phenomenon that public sector workers consider their career prospects higher than private ones.

One explanation to this striking result could be that respondents in the public sector have remained at work despite austerity. If they have seen others lose their jobs, this could have enhanced their confidence in their own capacity and prospects. Moreover, in 2010, when the data was collected, the most staggering effects of public austerity were yet to come, at least elsewhere than in EAS. Also, even if the general measures in SAS do not reflect heightened insecurity, already in 2010 it was visible in SAS that public work was becoming less secure at least relatively, when compared with other sectors.

But it is also possible that the question of career prospects could mirror broader themes related to insecurity, not just those reflecting current employment. It is then crucial that on the level of subjective perceptions, the public sector should still appear to be a *safer* and more *defensive* environment to those who remain at work, even if not in all contexts, like the Orthodox Eastern countries and Greece, where the perceived risk of losing one's job is particularly high (1.432***), especially for women and possibly more so in the public sector there. On the other hand, across all regimes where the young have specifically suffered, insecurity among public sector workers is heightened (PAF₆: .086*).

Five Qualities of Work

To summarise a broader range of assessments related to the conditions of work, MCA in the context of the EWCS resulted in five relevant axes of inertia: self-assurance, social support from co-workers, supervisors and the organisation, monotonous/manual work, assertiveness, and discrimination (for original plots used in the identification, see goo.gl/kI5jBh). First, assertiveness relates particularly to the strength of attributions the respondent makes (i.e. the tendency to exaggerate both positive and negative answers). Self-assurance in contrast is opposed to blank responses, illustrating some sort of ambiguity regarding the personal situation at work. The other three axes were easier to identify and more helpful in distinguishing changes between private and public work.

Supporting my previous conclusions, it then appears that *public jobs*—for those who have managed to stay in—have *defended employees* from a variety of unfortunate effects. For example, in the private sector those with only primary education conceive themselves as being much more discriminated in 2010 than before, but this does not apply to the public sector (except in terms of ethnic discrimination). Also, even if work has become intensified and also more insecure, particularly among the elementary public workers, they still find their jobs more rewarding in 2010 than before. In highly skilled work (professional, managerial, etc.) the case is the contrary: in the private sector they find their jobs more rewarding, but not in the public sector. What is common to all education groups in *public work*, however, is that they receive *more social support*, and work has become less manual but *creative* instead, also making them perceive their tasks as being more rewarding. In the private sector, in contrast, the quality of jobs has decreased.

Devaluation of Private Work

The self-assurance dimension was perhaps the easiest to understand: together with work-related social support it results in the so-called *valuation-diagonal*, which measures how high the respondent evaluates the value of work—either in her own eyes or as perceived by others. Based on the MCA-analysis, higher valuation appears to characterise public sector work: there is a simultaneous shift towards self-doubt and social disrespect in virtually none of the countries.

In contrast, such devaluation characterises private work increasingly in Portugal, Greece, Romania, Poland, Hungary, the UK, Ireland, Slovakia, Poland, Estonia, the Netherlands and Sweden. This discrepancy between the private and public work is confirmed by multilevel analysis: private sector work has become particularly devalued (-.183**), whereas public work is not devalued at a statistically significant level. It is clear that the crisis has hit employees in virtually all welfare regimes—at least on the level of subjective assessments—but in none of these contexts have public sector employees suffered in the same way. After accounting to other predictors, however, public work is not more valued than before the crisis but appears to be assessed the same way.

Indeed, I investigated then the five qualities of work as the outcomes of separate multilevel analyses in order to examine whether some of the above findings could be explained by specific context-predictors. For the subject-specific model, I reduced the number of predictors to general demographic, education- and occupation-related variables. Also, I only modelled the variables against the PAF-model that is the most 'economically' oriented, and these axes were then made to interact with public sector work. The results confirm and summarise what I already discussed. As a result of the crisis, the *public sector* is associated with higher *valuation* (.116), *social support* (.174**) and with *less discrimination* (-.248**) except in specific cases: welfare *cost expansion* and public *finance crisis* predict *self-doubt*. In addition, the public finance crisis, 'young women's crisis' (PAF₈) and non-social expenditure are all associated with *lower social support* (and *valuation*) among public workers. Together, the financial crisis is then one of the most important predictors of the devaluation of private work in particular.

Crises Specific to Public Work: The Case of Discrimination

In terms of the ability to be creative at work, and especially the extent to which work is *valued*, differences between the private and public sectors are vast. They seem to be growing, but the discrepancies still actually indicate broader, more pervasive changes rather than being specific to the current crisis. Yet it is not at all obvious that the public and private sector should differ. Indeed, on other two axes related to *discrimination* and *assertiveness*, there are very narrow differences between public and private workers in any context and in any single year of response. These are then qualities that as such are not sector-specific.

In contexts where a more radical departure between private and public work has occurred—mainly in *Spain and Ireland*—it is then plausible to take it as an indicator that the crisis has caused specific trouble in the public sector. This claim is supported by the fact that prior to the crisis (2005) even those contexts, where the qualities associated with public and private work now move further away from each other, used to score similarly. By contrast, in Portugal discrimination was dominated by the public sector even before the crisis, and the relative position of the two sectors has remained the same through the crisis. There, we can say, the crisis of public work occurred earlier than in

other contexts. In Greece, in turn, still in 2010 at least, it is those working in non-public jobs that were more affected, making them much less assertive, even if this situation might have reverted now.

It is also possible to use the social support -axis as a discriminatory measure, when looking at entire national contexts. Divergences have occurred in Greece, Romania, Portugal, France, Spain, Ireland and Austria, where the economic crisis is most likely associated with a specific crisis of public work.

The Young and Monotonous Work: Where Is the 'Creative Class'?

Finally, one peculiar phenomenon drew my attention in the context of work conditions. Both the valuation of work (social support and self-assurance) but also the level of how *monotonous* (and non-creative) work is appears to be higher among younger cohorts. Therefore, it appears that work in the private sector used to be more valued among the young (.110^{***}) and is increasingly so (.105^{***}) even if, at the same time, it has become increasingly monotonous and manual (.14^{***}, 105^{**}). Similar effects are not visible in the context of public work. Therefore, despite all the clamour about *The Rise of the Creative Class* (Florida, 2002) praising innovation and creativity as the foundations of the new economy, in the EU it appears that creativity at best characterises public work. But even in the public sector social and personal valuation of work is higher in the case of monotonous labour. Therefore, not even the public sector appears to encompass a broad 'creative class', and not the least because the relevance of public work is diminishing.

Of course, we cannot draw a direct link between creativity and the devaluation of the contents of work. When comparing other groups than the young, like women, they work in less rewarding jobs but are at the same time less likely to receive social support and feel valued. Even so, it is inevitable that the crisis of work can cause further divisions among the youth. The distinction between private and public work is just one, illustrative example of the difficulty of formulating a unified perspective on the crisis—a perspective that is then particularly unlikely of becoming formulated by young adults themselves. Unfortunately, apart from what was discussed in the first part, questions related to generational awareness, social mobility and counter-democratic 'grass-root'

representations of the crisis (e.g., Rosanvallon, 2008) would require more nuanced data. Given the high discrepancy between private and public sectors, Spain, Ireland and Portugal would be some contexts to begin with.

In effect, public work is overshadowed by both creativity and discrimination, themes that lack in private employment, which has become increasingly dull. But even if the number of jobs stagnates in both sectors, the history of the public economy and work are still open. The analysis shows that the question of wellbeing is also about policy and rhetoric, not only about the economy. Therefore, let me next discuss work from the point of view of active labour market policies. This opens up the question of what the ‘public’ means to employment (and not only labour).

Two Faces of Labour Market Policy

Governments that represent the public are not just providers but also ‘receivers’ of work and employment, with the economic, integrative and also ‘bio-political’ effects usually associated with employment. In particular, the public economy is still largely founded on the taxation of wage-labour (and of wage-consumers). These issues were not as relevant before, when the emergence of welfare states were characterised by almost full employment at least in Western Europe. As I mentioned above, there was more ideological room for the ‘decommodification’ of labour. But at the time Esping-Andersen (1990) formulated this project, the active labour market policies—the more ‘entrepreneurial’ approaches to wage-labour—were already underway. Instead of defining employment and unemployment as structural constraints, the emphasis was put on the jobseekers themselves.

There are various ways to approach these goals, though. Standard classifications, including Eurostat divide the ALMPs into a number of categories: (1) training, (2) incentives, (3) supported employment and rehabilitation, (4) direct job creation, and (5) start ups. All of them target at the *activity* of potential employees, but in two fundamentally different ways. First, activity itself as a target of such measures results in an increased supply of labour power. Second, by increasing the demand for labour power it is possible to make more people actively engage themselves or participate.

Expressing this difference more conceptually, the *market-oriented* approaches, like incentives and rehabilitation, attempt to increase activity as a means to promote employment—either by increasing employability (individual level) or aggregate employment (context) and generally to increase the competitiveness of individuals. In contrast, *integration-oriented* approaches like direct job creation and training emphasise the integrative advantages that derive from activity and work as such. They target at individual wellbeing rather than employability. This category also includes measures seeking to enhance the labour market participation and integration of specific groups (long-term unemployed, disabled, etc.) instead of targeting at the unemployed population as a whole. The market-oriented approaches can then be argued to aim at increasing the supply of labour power, whereas integration-based approaches emphasise the demand-side.

A simple principal component analysis on the five ALMP-categories on the level of the EU-27 countries supports this distinction: the main component relates to the overall level of ALMPs, whereas the second component distinguishes between the market- and integration-oriented approaches. Also, when modelling changes in the ALMPs by type, changes in market- and integration-oriented policies emerged as separate components, which are then also used as context-predictors in the ALMP-related multilevel models. Equal findings are also supported by previous labour market research that often uses denser time-series data thus enhancing the empirical validity of this crucial distinction (e.g., Boix, 1998; Vlandas, 2013).

Similarly as the ‘decommodification’ of labour was associated with cabinet composition (Esping-Anderssen, 1990), research also confirms that the overall type of ALMPs is associated with party politics. In particular, the social democratic or leftist governments are negatively correlated with market-oriented approaches (e.g., employment incentives and rehabilitation), but higher on money spent on public employment services instead. In particular, the left-leaning governments ‘will not want to spend more on employment incentives and rehabilitation because this may be neither beneficial for workers nor for the unemployed’ (Bonoli, 2010: 12).

In terms of an integration-oriented approach, research is more discordant about the effect of cabinet composition. Still in 1998, Boix argued that the Left would cease to emphasise the supply side in their politics (direct job creation) but sought to pursue social protection and improvements to worker's rights instead. Today, in contrast, Vlandas (2013: 12) claims that *employing* people as a way to protect them—instead of freeing them from the market (decommodification)—is increasingly important to leftist cabinets as well. Therefore, unlike in the 1990's, Bonoli (2010: 441) claims that today 'pro-market employment orientation' also characterises the Left, even if not necessarily in the sense of market-oriented emphasis on employability but by providing jobs with more integrative goals in mind.

There are also other ways to conceptually distinguish between different categories: Bonoli (2010: 441) argues that job-related vocational training and upskilling strongly contribute to 'human capital', but which in my distinction translates to the integrative tendencies associated with policies aiming at increasing labour power demand. In addition to political differences there are regional differences, which characterise the overall level of ALMPs. Vlandas (2013: 10) for example suggests that Anglo-Saxon and Southern regimes reflect a 'minimalist labour market policy'.

ALMPs: A Failed Attempt?

Before discussing the models treating the main components of ALMPs as context-predictors for various crisis-outcomes, let me summarise the correlations between the five types of ALMPs and the PAF-axes of the crisis. It turns out that the financial and fiscal crises have not been associated with either one of the two main components of the ALMPs. Instead, the public finance crisis seems to be associated with higher emphasis on entrepreneurial policies (support to start ups). The *welfare crisis* in contrast has been characterised by *integrative* policies, whereas countries high on *participation, government contributions* and *non-social expenditure* are associated with *market-oriented* policies.

Table 7. Active labour market policies and the PAF-model of the crisis.

	financial crisis	fiscal crisis	welfare crisis	participation	government expenditure	increase in non-social expenditure	female crisis	gender pay gap
incentives / rehab.				X	X	X		
job creation						-	X	
training			X					
start ups	X	X						

In the multilevel models I instead used the main components that related to the overall level of ALMPs, their orientation or increase in respect to any single orientation; I also considered these effects as regulated by the overall level of GDP. As the first, crucial finding, the data indicates that ALMPs *have not* contributed to aggregate *employment* during the crisis. Instead, the total level of such policies is associated with *higher unemployment rates* resulting from the crisis (.651***). These effects are even more exaggerated in the context of long-term unemployment rates (1.022***), even if *market oriented* approaches possibly lower this effect on long-term rates (-.399). And the mitigating effect of market-oriented ALMPs on long-term rates could actually reflect the compositional effect stemming from the fact that participation and government contributions associated with incentives and rehabilitation tend to reduce long-term rates.

It is, of course, one question to discover associations between the crisis and ALMPs and another to make causal attributions about them. However, even if the crisis itself could be viewed as a cause for changes in the composition of ALMPs, it would be plausible to assume that changes in ALMPs would also be affected by differences in the pre-crisis levels (of unemployment for example). The introduction of higher incentives is indeed associated with lower pre-crisis rates, but given the direction of this effect it rather supports the finding that market-oriented ALMPs have no positive effect on employment. Yet the fact that incentives provide little support is not surprising, given for example the fact that also those who have housing loans and are personally indebted—and who should have a high incentive to work regardless of labour market policy—have struggled to secure employment. The advocates of the market-oriented policies often confuse between two modalities of action: the *need* to work (incentive) and the actual *ability* to work (market) do not always agree.

In contrast, the increase in the creation of public jobs seems not to be connected to pre-crisis differences in unemployment—at least in high GDP-contexts. This suggests that the contributions of such policies to be genuine, or at least there is no reason to believe that the actual, causal effect should be the opposite. Indeed, in high GDP -contexts where ALMPs are generally more maturely applied, crisis-related unemployment has at best increased the level of market-oriented policies, which again do not recognisably contribute to aggregate employment.

In effect, it is plausible to conclude that ALMPs have in no way mitigated the unemployment crisis, but they seem to have contributed to it instead. Even if ALMPs could have contributed also to higher employment in some groups, these effects would be undermined by higher unemployment rates elsewhere. If we consider the supply and demand sides of the labour market as independent from each other, it is natural to assume that incentives and rehabilitation as such do not create jobs (but they force actors compete for existing jobs in less than efficient ways).

But it is very interesting that also the public creation of jobs has not been able to mitigate the effects of the unemployment crisis at the macro-level. Instead, *increase in integrative policies* has contributed to higher unemployment (.330***) and long-term rates (.618*). It is, of course, possible that such measures have been adopted particularly where the unemployment-crisis is most exaggerated. However, also the pre-crisis composition of ALMPs and unemployment-rates indicate that they at least seem to have no positive effect on aggregate employment.

Distributing Unemployment: In Defence of the Higher Middle Class

If ALMPs mirror the idea of the ‘public’ (or the government) as a ‘receiver’ (or an audience) of higher employment, this relates less to the quantitative and economic impact of such policies but to the fact that they rather shape the general *atmosphere* towards work. ALMPs can also affect the distribution of available jobs. Furthermore, ALMPs seem to genuinely contribute to more ‘flexicurised’, *insecure* forms of employment. This effect is consistently associated with *integration-oriented policies* in

particular. Similarly as public employment is still perceived as being more ‘defensive’ despite the apparent insecurity associated with such jobs, also the jobs created through ALMPs appear to be short-term and temporary, thus undermining the long-term integration effects of such policies. Furthermore, the total level of ALMPs seems to contribute to the so-called ‘two-tiered’ division of the labour market (Gash, 2008).

In relation to the distribution of jobs, there are two important findings. First, when we look at the effect of ALMPs on *job-satisfaction*, there is a clear *drop* resulting from *market-oriented approaches*. This suggests that people are pursued to take jobs that they are less satisfied with, possibly undermining their competences. The focus on employability could therefore make the labour market itself less efficient, misallocating available resources, but without contributing to aggregate employment (or by reducing it). Given how ALMPs contribute to employment insecurity, ALMPs in general thus seem to be associated with the fragmentation of careers that then become increasingly ‘precarious’ (see Fenton and Dermott, 2006), and they make the labour market generally more inefficient.

Another crucial finding relates to the *distributional effect* associated with ALMPs. First, by making more jobs available to those who have been unemployed for over 12 months, it is possible that even without increasing aggregate employment ALMPs can still mitigate long-term ‘hysteresis effects’ associated with prolonged unemployment (cf. Blanchard and Summers, 1986; also De Vreyer et al., 2000), at least if the risen levels of overall unemployment turn out to be short-lived.

But perhaps even more interestingly from the distributional perspective the effect of ALMPs on the prevalence of unemployment based on household-income. Indeed, for the *higher middle-income* quartile, ALMPs bear a clear, reductive effect on unemployment rates during the crisis—both for incentives (-.203*) and public job creation (-.298*). In effect, the positive effects of ALMPs seem to defend the higher middle class *at the cost of lower income* households. This is because the lower income quartiles seem to have higher economic incentives to work despite labour market policy. This result with striking consequences finds further evidence from the fact that ALMPs

are associated with a higher number of fixed term contracts and, again, the higher middle-income quartile is overly represented among those who have acquired a fixed-term contract during the crisis.

It is in no way surprising then that the ALMPs are often created, promoted and supported by people who associate employment with values related to ‘entrepreneurialism’, self-actualisation and individual rewards. These typically characterise high-skilled, creative jobs but not ‘manual’ work, which, however, is now relatively more common at least in the public sector. In this sense, we can say that the *higher middle class* is the primary *public* or audience of *labour market policy*—if not of employment as such. In their own part, these associations and distributive effects also explain why the so-called ‘post-Fordist’ economies, where the problems are preliminarily associated with high-skilled work, result in lower subsistence and satisfaction also among the low-skilled inhabitants (see Chapter 9).

In What Sense is Employment One of the ‘Publics’ of Finance?

Considering the fact that governments have put so much emphasis on labour market policy, debt-laden fiscal stimulation (though not social investment) and if public work being much more time-intensive, valued and more efficient today than before, the interesting question is why these effects are not realised in terms of the aggregate product and employment? Castel (2003: 394) already asked this question few years in advance: why do the labour market policies, so ‘numerous, diverse and insistent’, have as little effect as they have? And should not financial and fiscal imbalances, that is, overinvestment of public resources rather contribute to economic growth (at least initially)? If there are so many ‘publics’ of employment today, why are the employees constantly less satisfied (and more deprived)?

There is no straightforward answer to this difficult question. This in part stems from the fact that the question itself seems to entail several unwarranted assumptions. For example, ALMPs are often treated as *economic policies*, whereas their macro-economic effects might be limited to distributional effects instead of contributing to aggregate employment. Second, it is assumed that the *discursive* construction of the employee-

image provided by ALMPs should automatically enhance participation, engagement and activity, not to mention trust and satisfaction.

But the mistakes are restricted neither to the peculiar discursive constructions nor the unwarranted confusion that misleadingly articulates macro-economic outcomes (aggregate employment) based on micro-economic effects (employability). Even more importantly, the emphasis on fiscal and financial policy (on the cost of social policy) confuses 'financial' growth and 'real economic' growth that operate on categorically distinct regimes. In particular, this confusion becomes apparent if people find it unexpected that the crisis-related public injection of financial money—the growth of sovereign-debt but also the quantitative easing programs by the ECB⁴⁰—is not visible in terms of aggregate employment or national product.

In effect, questions about the economy are often found difficult only because of the underlying assumptions about the far from inevitable connections behind the economy. People often assume a material connection between the financial and the real economies instead of treating their precise connection *itself* as an empirical problem. Nothing indicates that the current real economic issues should have resulted in characteristically 'financial' problems. Instead, the level of financial obligations has increased and the process of *financialisation* (see Epstein, 2005; Ertürk et al., 2008; Engelen et al., 2011) continued both in the private and public sectors. Despite the initial collapse of the CDS-markets, even during the global crisis the amount of technical, non-regulated 'over-the-counter' derivative markets did increase to \$647,762 billions (2011) from \$596,004 (2007) as reported by the Bank of International Settlements (BIS).

Therefore, (also the European) economies have grown in terms of financial obligations and liability, but not in terms of real economic product. This financial expansion could then bear all sorts of real economic consequences, including the vast number of people paid by the financial industry, but they do not necessarily stimulate aggregate demand. One could say that instead of being 'repaid' by work, liabilities related to the wellbeing of financial engineers are now subject to 'refinancing' instead, as Lisa Adkins' (2014)

recently characterised changes in the debt-economy and the ‘speculative’ nature of its futures. Economic product is not created by finance but distributed by it.

Perhaps it is then easier to illustrate this discrepancy between the two regimes of growth, the two publics of expansion, in terms of two uses of money: as a *unit of value* (signifier) and as *purchasing power* or a means of exchange (signified). Financial money and growth generally refer to the differentiation of those units of value, which now proliferate through the establishment of financial derivatives, whereas real economic growth refers to the proliferation of purchasing power instead. Yet the proliferation of financial obligations is now articulated as a source of real economic deficit; the ‘public economy’ is increasingly represented as a *liability* rather than as an *investment*. This rhetorical connection, in turn, could have actually devastating consequences to the ‘real economy’.

Therefore, it appears that public employment is made ‘liable’ by those pursuing financial growth—at least indirectly in the way that the need for financial wellbeing now outweighs the emphasis on public wellbeing. The idea that the State and the public economy should be liable to markets rather than control them was first introduced by the German ‘ordoliberalists’ Walter Eucken and Franz Böhm in the 1930’s (Foucault, 2008, 2009). The subsequent discourses later rationalised the adoption of the neoclassical frame of micro-economics as the normative goal of the so-called ‘neo-liberal’ state policy (cf. Gane, 2012). It was, in other words, argued that economic agents (including governmental agencies) should maximise their input based on micro-economic principles. This can now be viewed as a source of this confusion between the two regimes of growth and the false identification of the two correlated modes of wellbeing (economic and social). As a result, the private economic crisis has induced a public economic crisis of equal extent—not only due to ‘material’ reasons but as a result of policy. This, in turn, could have negative implications also to private economic growth given how the crisis has undermined social expenditure and, in turn, the transformation of the ‘financial’ money into public ‘purchasing power’, that is, by translating ‘financial’ difficulties into real economic ones.

National and Financial Growth: Two Publics of Employment in the 21st Century

Thomas Piketty's (2014a) portrayal of the tendency of increasing inequality but also of the failure of public investment to absorb national growth is very illustrative of this aforementioned dilemma about the connections between public debt and the various 'publics' of financial expansion. Instead of accepting Kuznets' predictions about the positive effect of economic growth on equality, Piketty (2014a: 336–337) argues that the new century might well bring about inequality-driven stagnation.

Indeed, as Piketty argues, Kuznets' findings reflect the peculiar period of 'historically unprecedented' growth (1913–1945, 1950–2012), which followed from the 'hyperconcentration of wealth' in the nineteenth century but also of the historical 'concatenation of circumstances' like the 'wartime destruction' and 'progressive tax policies' that explain why an increasing amount of money was then used as purchasing power instead of focusing on its financial derivatives (*ibid.*, 356). Kuznets thus knew (though he denied this fact later) that the twentieth century compression of incomes stemmed largely from the Great Depression and World War II. A year later, in 1954, he, however, suggested equality to be more materially connected with economic growth: that promoting the latter would automatically mitigate inequalities. As Piketty describes, the 'distributional question' since disappeared from economics.

The compression of incomes created an era of almost full employment. Nonetheless, Piketty argues that it would be unfeasible to assume this tendency to continue, or global growth-rates to continuously exceed 1 %. In fact, global growth has historically been closer to 0.1 to 0.2 %. If lower rates now reappear, it is obvious that maintaining current levels of public economic investment might be impossible. Either way, such assumptions forget that the public sector did play a central role in the twentieth century growth and, therefore, public austerity could in fact cause low growth rates rather than follow them. In particular, the deterioration of the public economy results in what Piketty (2014a: 16, 25) refers to as a 'fundamental force of divergence': it is not necessary that growth should be distributed always more evenly. Yet if the process is driven by policy, the actual future of the economy is open to alternative interventions, and thus contingent.

In particular, if the neo-liberal discourses now argue that public investment grounds on 'irrational' allocation of money, they omit the fact that the very idea of wasting or disposing is inherent to the dynamics of consumption and *expenditure* (Bataille, 1985). We only need to recognise the fact that private (but not public) money is referred to as 'disposable income', and this illustrates that the 'public' and 'private' economies are constructed quite differently in contemporary economic discourses. Growing inequalities today could thus reflect the fact that the absorption (or 'anti-production') of economic product has become overtly narrow. The public sector itself is becoming the '*forced* destroyer of [its] own creativity' (Deleuze and Guattari, 1983: 236).

At the same time, it is as if financialisation took over the 'public' or 'national product', which no longer serves as the ultimate goal of economic activity. Like the public used to do, the financial sector provides work and, in this sense, 'taxes' the public (the financial industry now absorbs about 8 % of national product). However, as another 'public' of employment, the financial sector undermines equality and welfare, and little cares about full employment.

The situation of the 'public' (and also national) economy is further undermined by the fact that as a result of financialisation and global tax-planning, a growing share of capital finds itself as a refugee sheltered in 'tax-havens', out of the reach of state-interventions and thus escaping the hands of the 'public' in democratic sense. This could further undermine public economic and national growth by contributing to the imbalances between production and trade (Piketty, 2014a: 15). In effect, the 'public economy' is undermined not only on the discursive level or through its democratic representations (undermining social policy) but also materially, because an increasing amount of money circulates outside public control.

In the light of available data, there is, however, no indication that inequality as such (e.g., GINI) should result in a more extensive unemployment crisis. Instead, the changes appear to be long-term, though it is notable that the GINI is associated with the increase in long-term unemployment during the crisis. Economic literature usually

associates long-term unemployment with detrimental hysteresis effects that could undermine economic growth in the long run (e.g., Blanchard and Summers, 1986). However, it is clear that the crisis has affected the way in which employment and its ‘publics’ are being constructed—as illustrated for example by ALMPs. Also, the data indicates that these changes do not seem to have any positive effect on growth in the long run.

At the same time, it is obvious that the question of the ‘public’ (even in the context of employment) is increasingly sporadic, even an ‘empty’ concept—regardless of the fact that the neoliberalist ‘thought collective’ has possibly attempted to promote the share of private services for example by shifting the focus to private insurances. Of course, the public economy still plays a central role in the absorption of the so-called ‘post-Fordist’ work and in supporting the service economy: it dominates education and health care in particular. But it is no longer the idea of the democratic public that drives these services, at least to previous extent, but the public sector is rather viewed as a service provider among others, gradually losing its significance.

This chapter has illustrated this process in several contexts: the inability of private work to adopt the role and values associated with public work; the inefficient allocation of jobs due to labour market policy; and given the indifference towards national economic growth among the advocates of ‘financial’ growth stemming from very different representations of money and value. These effects, in turn, explain why what Piketty (2014a) calls the ‘class warfare’ might not actually benefit anyone from the point of view of ‘national product’. Yet the process still continues precisely because ‘financial growth’ has now emerged as an alternative ‘public’ to employment (and a form of taxation, which is not, however, based on the egalitarian principle of democracy).

Sociologically it is crucial that the crisis has also resulted in various other discrepancies, not just economic ones. In particular, differences characterised as ‘vital’ and ‘existential’ inequalities emerge, and while they ‘bear heavily upon resource inequality’ (Therborn, 2013; see also Ferriera and Gignoux, 2008), they are not reducible to them. Let me next ‘construct’ the ‘differences’ induced by the crisis as new sources of ‘psycho-social’

inequality, represented in the context of various 'affects' related to economic deprivation and struggle. Like Therborn argues, inequality as such is not a 'natural kind'; it is a social construction instead. Critical sociology and social policy partake in these constructions—in my case, I will frame the crisis as a psycho-social crisis with broad implications for individual and national wellbeing.

Part III

Changing Geographies of Wellbeing

In the previous part it turned out that despite the generally diffuse epidemiology of the crisis, there is still a certain ‘logic’ to it. It relates to the role of public expenditure, and particularly to its distribution between *social* and *non-social* expenditure. Regardless of public overinvestment associated with the financial and fiscal difficulties, it is rather the allocation of public spending and austerity that matter.

This part now addresses the effects from the point of view of life quality. In addition to thematic contextualisations like religion and welfare, multiple correspondence analysis allows us to visualise and locate actual experiences according to subjective outcomes. In particular, I apply Pierre Bourdieu’s techniques to construct and identify the *affects* of economic struggle. A comparative cartography exposes the changes in affects between 2007 and 2012, illustrating how the geographies of wellbeing appear to change.

Some of the changes are context dependent, but others—perhaps the most crucial ones—grow consistently in all contexts. For example, the un- and the underemployed young adults relate to insecurity very differently, but in a way consistent in all contexts. In addition, there is a consistent increase in adverse or negative affects where the number of people with tertiary education is highest. I then discuss the possibility of framing the current struggle alternatively as a crisis of higher education and ‘post-Fordist’ wellbeing.

Chapter 7

Experiencing the Crisis—the Personal, Political, and the Social

The previous part looked into the crisis from the point of view of employment and deprivation—two material or economic indicators of the crisis. This chapter employs similar multilevel-methods in order to understand how contingencies and change are subjectively and, in particular, non-economically perceived. I consider how people personally interpret economic life and, reflecting changes in the group- and context-averages, how precisely the economic crisis plays out in their lives. This includes life satisfaction, the feelings of being left outside but also assessment about trust in institutions or governments, and the recognition of various tensions.

There are two principal questions that are addressed by data consisting of such variables. First, comparing the situations based on employment status allows us to better understand the meanings of the need to work and, in particular, what the lack of work means in the era of ‘recommodification’ of labour; when the ‘problematic of relief’, as Castel (2003) argues, is replaced by ‘the new social question’. If people are ‘indebted’ to work at least in the existential sense, this chapter will help to understand the meanings associated with such obligations as well as how these meanings change.

Second, the aggregate differences in subjective assessments allow us to better understand how individuals, in addition to governments, are subject to the sovereign-debt crisis. Even if the discourses of debt, at least when it comes to individuals, tend to

consider only private borrowing (e.g., Roitman, 2006; Graeber, 2011), the ‘public’ debt is also important to individuals. This is both because it affects the dynamics of the economy and because the ‘will of the people’ becomes undermined. If the debt-relationship is often characterised as *asymmetry* between a debtor and a creditor (cf. Sarthou-Lajus, 1997), I look into the matter by asking what this means from the point of view of wellbeing and, in particular, the welfare states no longer free to accommodate people’s ‘will’.

Rather than talking about the crisis of debt itself—for the global debt now amounts to 40 % higher than prior to the crisis—the debt crisis is more about the debtors. It is not about unavailable cash or absent capital. Far from it; most economists even think that it would be economically non-viable should the amount of debt generally decrease. Instead, the debt crisis is about the overt infusion of debt and about the subjectivation of ‘sovereignty’ under the logics of ‘repayment’ and ‘refinancing’ (Adkins, 2014); it is, above all, about the uneven distribution of debt (and credit).

The consequences of our ‘debt’ to the sovereigns become visible, when there is no work to offer and as the public guarantees of wellbeing disappear. If capital is in crisis, its ‘bad faith’—as Bourdieu (1990: 42) lends Sartre’s (2003: 580) *Being and Nothingness*—does not exactly mean the fear about the end of ‘capitalist realism’ (cf. Fischer, 2009). Instead, the failure to cultivate real economic growth, employment and wellbeing seem to be part of that reality. Economic government is an inevitable part of this equation, as in July 2015, for example, the ECB used its regulatory power over the material and technical networks of money as a way to orchestrate the ‘bank run’ in Greece—the result we all know. But Hegel once said that as long as there is at least one slave, no one is free. From this point of view, the question of wellbeing concerns all of us.

The Many Sides of Wellbeing

Let me thus begin by applying multilevel models in order to address the effect of the crisis on *individual wellbeing*. Happiness and life satisfaction, for example, are inevitable indicators of wellbeing, and they combine positive and negative assessments. But there are also separate indicators for either desirable or aversive outcomes. These include

health, the feelings of being left out of society and negative assessments of work, but in the context of available data also mortgage holding or political engagement.

It has been known for long that the effects of economic prosperity on wellbeing are indirect; instead, they are mediated by social recognition and subjective comparisons, which stand behind experiences of distress and inferiority (Runciman, 1966; Merton and Rossi, 1957; Crosby, 1976). More recently, it has been suggested that abundance and meaningfulness are more or less independent of material living conditions (Arthaud-Day and Near, 2005, Diener and Biswas-Diener 2002). Wellbeing is therefore a difficult topic to study, as it combines a variety of economic and non-economic affairs. Before studying the crisis in respect to emergent classifications in the next chapter, it is necessary to try and model the crisis using available indicators.

Happiness

Let me begin with *happiness*, which is one of the most acknowledged indicators of wellbeing, for it has been the goal of good government to promote ‘*general happiness*’ since at least Aristotle and increasingly so after Paine (1996 [1791]: 164), Malthus and others. There are also biological correlates of happiness in the brain chemistry (Davidson et al., 2000), even if they tell little about the meaning of happiness or about the embeddedness of neurophysiological functions in society. Furthermore, self-assessment evaluations of happiness are available in data. Despite being an ‘introspective’ measure, it has been suggested that such indicators form a sufficiently coherent enough expressions for happiness to warrant cross-national comparisons (Easternlin, 1974). At least from a *comparative*, ‘phenomenological’ perspective (that is, without making any argument about the meaning of happiness in terms of its social ontology), differences in happiness assessments across contexts can be considered as intriguing social phenomena.

Yet we need to beware that happiness is not the most distinctive measure of any of the different aspects of wellbeing. Also, happiness research is often driven by utilitarian assumptions even if it does dispute some economic beliefs: for example, it appears that while poverty can cause unhappiness, the marginal increase in happiness as a

function of income refracts (Scitovsky, 1976)—a phenomenon confirmed by my empirical analysis. There has also been a tendency for happiness ratings to decrease during the past few decades despite economic growth. Furthermore, contradicting with economists' fear of deflation, happiness has been associated with low inflation (Frey and Stutzer, 2002).

In the EQLS data it indeed appears that interclass variation in happiness scores becomes much more reduced by policy- and inequality-predictors instead of financial and economic predictors alone. In fact, the latter two blocks explain differences in the crisis-effects on happiness extremely well (the interclass variance of the wave-effect .000). Recalling that the reference category consists of Protestant countries in Nordic and Continental regimes; the crisis-effect on happiness there is actually negligible. Instead, happiness has been reduced in the *Eastern* (EAS, $-.669^{***}$) and the *Southern and Anglo-Saxon regimes* (SAS, $-.511^{**}$). By contrast, the Catholic ($.573^{***}$) and Orthodox ($.342^{***}$) cultures have undone some of these welfare-related effects. Looking at young respondents specifically, it appears that they are more positive in EAS and SAS.

Focusing now on specific groups, happiness has increased among those with higher education ($.090^*$) more than among those with secondary education at most. However, in countries, where the portion of highly trained population is high, happiness scores have fallen significantly; the connection is particularly strong in high GDP countries. I will come back to this issue later while discussing the specific effects of the crisis in 'post-Fordist' societies.

To consider other within-country groupings, it is notable that the income-happiness-relationship is little altered by the crisis (but instead the crisis may exaggerate pre-crisis differences). Only the lower middle-income quartile fell. This suggests that even if happiness-assessments vary as a function of economic wellbeing in general, the crisis-interactions with happiness are typically *non-economic* (but relate to policy, welfare, etc.). This is confirmed also by the fact that employment-status does not appear to contribute to the crisis-effects on happiness-assessments for those who have remained in the same occupational position.

Of course, it is clear that transitions in employment-status due to the crisis (those who have become unemployed) result in extremely adverse effects on happiness (-.890***). But it means that, similarly as in the case of deprivation, the crisis itself has not made the experience of unemployment any more adverse than it felt before. Furthermore, employment *insecurity* (temporary contracts) seems to have a significant effect on happiness only among female respondents. On the level of subjective assessments it thus appears that women are more likely to bear adverse consequences of insecurity.

Given that the crisis-effects on happiness seem to vary according to non-economic predictors, it is understandable that the PCA-predictors focusing on economic and institutional conditions did not give a particularly fit description of this effect. The most notable findings are that a wide basis of *economic participation increases happiness*, whereas a high gender pay-gap, cuts to unemployment benefits, and the prevalence of the crisis among the male population decreases happiness. Among the young, by contrast, *welfare crisis* has made the crisis-effect on happiness negative; so has increase in non-social expenditure, whereas social inclusion measures have particularly benefited the young.

On the *country-level*, on the other hand, there are several economic predictors (openness, old age dependency) to unhappiness—even if they do not reduce interclass variation particularly well. Instead, contextual variation in the crisis-effect is better explained by policy-variables, including *centre-right cabinet* or *non-social expenditure*. In contrast, leftist or social democratic governments are helpless in countries where they have emerged in reaction to previously centre-right cabinets. Also economic inequality (GINI) greatly reduces happiness, particularly during the crisis. Furthermore, because the GDP growth during the crisis is associated with lower happiness assessments (-.281***), happiness ratings on average have fallen also in some Protestant and Continental countries, like Austria and Germany, whereas in many countries, where the economic crisis is more imminent (but not in Spain and Portugal for example), the experiences of happiness are supported by alternative contributors (e.g., Greece, the UK).

However, the connections between happiness and other features of the crisis are not often straightforward, and happiness is found to be a difficult concept for social sciences to operationalise. For example, in the typology of crisis-affects emerging in the next chapter both extremely low and high happiness ratings characterise *disdain* or lack of sympathy—this is so even if in terms of economic wellbeing happiness clearly grows through the income spectrum (Figure 19). It is therefore necessary to note that the analyses above are based on group-averages in happiness scores. For the credit of the alternative methods applied in the next chapter, the multilevel models can miss some non-linear connections, for example that both low and high happiness are associated with inner-directed orientations towards conflict.



Figure 19. Happiness as a function of economic wellbeing and sympathy (for methodological discussion see the next chapter).

Personal Satisfaction

Personal satisfaction is another assessment-variable and it is easier to interpret from the economic point of view (particularly by the PCA-predictors). It is not similarly an ‘introspective’ measure like happiness is, but, instead, a sum-variable constructed on the

basis of principal component analysis on various satisfaction-related questions.

Interestingly, when modelling against the PCA-model, it gave very similar profiles as the happiness-assessment, showing a negative effect of the welfare crisis and increase in non-social expenditure while demonstrating positive response to participation. This suggests that personal satisfaction scores then grasp (only) the ‘economic’ aspects of the crisis-effect on happiness. Personal satisfaction is also one of the crisis-outcomes whose differences between groups are best predicted by level 2 –variables (80 %).

The non-economic effects of the crisis on satisfaction are often opposite to those on happiness. In EAS (.829^{***}) and SAS (.491^{***}) satisfaction increased, and quite remarkably so. This suggests that there is a tendency for them to comply with what the crisis brings forward.

Yet, looking at most of the within-country groupings, personal satisfaction scores appeared to have remained stable through the crisis. However, unlike in the case of happiness, *satisfaction scores fell* significantly among the *unemployed* (-.452^{**}) and those who did not report any present or previous occupation (-.612^{***})⁴¹. This is remarkable because the effects of unemployment on satisfaction have been long known (Whelan and McGinnity, 2000), but it now appears that the crisis itself has strengthened this link between unemployment and dissatisfaction. In other words, it is even more dissatisfying to be unemployed now than it was a few years ago—a drop invisible in terms of happiness.

I was actually expecting something contrary: that the commonness of unemployment would actually mitigate the negative effects on subjective wellbeing. There are two possible ways to explain this. Either it could be that some other modalities of wellbeing have still increased among the unemployed but that satisfaction does not depict such changes adequately. In this case, the unemployed might also have become more critical, thus reporting lower satisfaction scores that indicate their distance or dissociation from their own situations. Alternatively, it is possible that lower satisfaction scores could tell about an actual decrease in wellbeing.

In the next chapter we will encounter some positive evidence of the former interpretation—there are kinds of wellbeing (like sympathy) that the unemployment crisis contributes to. However, it appears that in the most material respects of wellbeing, the latter interpretation could *also* be valid. In particular, the decline in satisfaction should not be taken as an indicator of a critical attitude. Instead, those who are the most critical and aware of social tensions might actually feel more satisfied with the given circumstances: in the countries with the highest bond yields only the general public, but not the unemployed, have become dissatisfied.

Considering other level 1 –predictors, education has little effect whereas household income alters satisfaction-effects like happiness does: the lower middle-income group has fallen in relation to others. But looking at the unemployed specifically, the effects are somewhat different. For example, satisfaction in this group increases as a function of the number of children for those who are unemployed (.161**; cf. gen. popul. .036*), and despite the obvious financial pressures of the need to take care of them.

In addition, the unemployed in the higher middle-income quartile (contrasting with the general experiences in this quartile) indicates a peculiar drop in satisfaction. This could be possibly because unemployment is anyway more uncommon in this group, which increases the unexpectedness of the situation; financial obligations could also be more burdensome in this group than in the highest income quartile (in which the rare cases of unemployment relate to health limitations). Looking at other outcomes, the unemployed in the higher middle-income quartile also felt being left out of society (.607) much more than in any other quartile, their share of mortgages having fallen (-.465) and also their trusting the government diminished (-.537). The negative effects of unemployment during the crisis in this income quartile are wide—however, none of these three effects are statistically significant due to the small size of this group.

Satisfaction also shows interesting level 2 –patterns and it did decrease—not only in countries with *high bond yields* (-.182*, characterising the ‘quantitative’ crisis) but also in countries with higher GDP growth (-.167*, the ‘qualitative’ crisis). This further supports the idea that satisfaction and wellbeing are not necessarily the only indicators

of material growth and income. At the same time, higher level of national debt was associated with *higher* post-crisis satisfaction on average (.222*), suggesting that debt as such is not harmful at least in the current economic context. Old age benefits form another source of financial obligation that undermines satisfaction.

Focusing on the unemployed and policy, it is interesting that leftist governments should be associated with lower post-crisis satisfaction. More importantly, however, the effect of leftist government is mitigated by *social expenditure* (other than health or pensions) which contributes to personal satisfaction (.318**) and particularly so among the unemployed (.588***). Therefore, given that leftist governments generally favour social expenditure, we need to take this combined effect into account when evaluating the consequences of the crisis related to parliamentary politics. Conversely, cuts to social security undermine satisfaction more than the unemployment-crisis as such. At the same time, reflecting the adverse effects of individual economic load and risk, it is crucial that personal satisfaction and happiness scores *both fell* as a result of more emphasis on *incentive and rehabilitation* –related ALMPs.

Health: An Alternative Entry to Wellbeing

To understand the question of wellbeing beyond happiness and satisfaction, Subramanian et al. (2005) recently demonstrated that self-assessed health, at least in the US, correlates with income and education at a level comparable to happiness-assessments. Health-assessments can then serve as an alternative entry to wellbeing.

In the case of EQLS, there were two different variables that I then considered. One is a binary variable asking whether one is ‘limited in [one’s] daily activities by [a] physical or mental health problem, illness or disability’, whereas the other one is a dimensional self-assessment score (1 to 10). However, only the binary variable associated with negative health does indicate significant crisis-related changes, whereas the self-assessment score is only related to pre-crisis differences, and does not resonate with the crisis. Health is then not used as a similar, dimensional measure ranging from negative to positive end, but instead as a categorical variable focusing on *negative* effects.

Health-limitations indeed grew in all welfare regimes except in the emerging regime (Eastern, often Orthodox countries), where such limitations appear to be mitigated if not reduced due to post-Soviet transition. Also, when contrasting younger respondents with the general population, it is notable that both SAS and EAS appeared to defend them, whereas in Nordic and Continental countries health-related effects are even stronger among the youth.

Supplementing happiness and satisfaction, the health-issues-variable thus appears to depict another important aspect of the crisis. It is particularly associated with the quantitative impact of the crisis, whereas economic growth clearly mitigates health-problems even if not unhappiness or dissatisfaction. Also, national debt and high old age dependency ratio are connected to diminished crisis-effects on health. Not the qualitative aspects of the crisis any more than demographic tendencies contribute to health-limitations in the general population. One of the reasons for this could be that health also reflects the institutional organisation of welfare. Poor health then derives from the welfare cost hike -axis in the PCA-based multilevel model. Only at extremes like in the contexts of Greek austerity the downsizing of health-care results in an age-independent decrease in health.

However, the health-limitations variable is still a good indicator of the crisis among the youth, and focusing on youth largely allows us to ignore the demographic changes related to the aging population for example. Among young adults, indeed, it is notable that the *crisis-effect* of unemployment on health is specific to this age group (.555***). These effects are further exaggerated among those who live alone and thus lack accommodation-related social support. A similar age-discrepancy is also confirmed by the unemployed-specific models.

Even if the data does not allow us to specify whether the health-limitations encountered by the young unemployed are mental or physical, there is a widespread convention that unemployment brings psychological problems in addition to economic ones (Kelvin and Jarrett, 1985). Warr (1987) suggests that the negative effect of unemployment on psychological well-being could reflect the unpleasant or threatening actions associated

with unemployment—not just the psychological and material loss that unemployment results in. Interestingly, however, those unemployed young adults who have only primary education report fewer health limitations (-1.266**). This suggests that the health-related issues encountered by young unemployed specifically relate to the education-centred dynamics of the economy. Unemployment might lead them to experience ‘loss’ as being related to the desired self-image: Jahoda (1992, 1998) indeed argues that work is crucial for forming favourable self-images.

Considering health-limitations in the context of the highly skilled group more generally, health-limitations pop-up in all the countries specifically in the highly educated group. Supposing that happiness and satisfaction scores do not similarly vary between educational groups but are based on the prevalence of higher education in the entire context, health limitations indicate that the highly skilled respondents are more likely to suffer though not in the way that could reduce the overall satisfaction-awareness much (unlike for the lower middle-income quartile). Second, health-limitations indicate that also the lower income quartile has suffered, even if their satisfaction-scores do not similarly resonate with the crisis. There are thus latent crisis-effects invisible in general satisfaction-scores but only those who show clinical symptoms make them visible.

But why focus on such *negative* effects in particular? As discussed above, at least in the case of multilevel analysis the problem with happiness and satisfaction scores relates to the fact that the method addresses group averages; negative effects of the crisis could be evened out by positive ones and remain invisible in the analysis. Literature in personality psychology is increasingly confident that positive and negative emotionality are orthonormal to each other—they should not be viewed as opposites but as independent of each other (e.g., McAdams, 2009). As a measure specific to negative feelings, the health limitations –indicator tracks crisis-related difficulties pertinent to *some* respondents with tertiary education (.277***), and particularly among the youth (.232***), even if in terms of satisfaction and happiness the crisis leaves the group (average) intact or positively affected.

Through Debt and Politics to Marginalisation

Supposing the health-limitations variable depicts the debt crisis as it affects the subjects negatively, I asked what available variables could similarly illustrate more positive, *engaging* points of subjectification that, however, should be independent of ‘introspective’ assessments like happiness. I came up with two candidates: those who have acquired mortgage debt and those participating politically. Housing debt indicates certain engagement with the debt-crisis, and the changes in the prevalence of mortgages are illustrative at least at the level of group-aggregates. In particular, it is plausible to assume that those willing to take a new mortgage are not particularly negatively affected. Also political participation can be viewed as a ‘positive’ mode of engagement. By this I do not mean agreeableness towards others or good feelings about the crisis, but instead the fact that those who do participate that way maintain a positive attitude towards their own agency and affluence during the crisis.

Interestingly, the prevalence of mortgages in the reference group has increased during the crisis (1.777***). This is even more so in Catholic countries (.665*) and about equally so in SAS. In these regions people have thus become more indebted also in their private lives. To them, the sovereign-debt crisis has not emerged exactly as a manifestation of poverty but it has rather inspired and invited them to partake in the debt-economy.

This might sound quite surprising given how one would assume that economic struggle or the stumbling housing market would make home buyers more averse. One explanation, however, could be the recently introduced BASEL III -standards that reward banks for mortgage lending, and such lending is also catalysed by the fact that banks have looked for alternative places to park their money after the crash in corporate loans. Therefore, there has been an ample supply of money for home-buyers—possibly more so where the crisis has otherwise been harsh.

Most remarkably this tendency now overshadows the experiences of an increasing number of unemployed people (1.400^t in the unemployed-specific model), although this mainly applies to the Nordic and Continental regimes, not SAS. Mortgages have become more prevalent particularly among non-educated unemployed young adults.

Young adults with little education also tend to trust government as if somehow daydreaming for better times. But any further conclusions are difficult to make given the limited data on this group.

In EAS, in contrast, there is no change in the prevalence of home ownership, so the debt crisis does not engage the subjects in a similar, 'positive' way. No similar financial sector exists there, and in the Baltics the Swedish lenders withdrew a big part of their funds explaining the depression in the mortgage market there. This supports the idea that the supply of money indeed has had a significant impact on the level of housing debt. Furthermore, in high-income countries where the housing market is already more saturated and where banks have not been as pressed lending to home-buyers (as an alternative to corporate loans), no similar effect is visible.

In effect, the crisis has generally contributed to increased housing debt, even among the unemployed (except in EAS). Yet, the fact that also many home owners have become unemployed suggests that we should not undermine the interaction-effects of housing-debt and unemployment. Housing-debt is a burden particularly for those who live alone. And many of those struggling with a home loan find their jobs quite unsatisfying, if they even have a job, and this makes them less happy and less positive about their situations. They are then more likely to feel like being left out of society, and they do appear to express feelings like disdain and solitude. However, even if housing debt as such could prove burdensome, I treat mortgages as indicators of *positive engagement* (this particularly refers to the *increase* in the number of mortgages in any given group).

Political participation—defined by whether the respondent has attended a meeting of a trade union, a political party or political action group over the past 12 months—is perhaps easier to justify as a marker of positive engagement: even if expressing negative feelings, it reflects positive esteem and belief in agency. It is also quite regular given that the context-predictors explain about 74 % of the interclass variance. Political engagement is also a marker of *economic involvement*: high economic participation and particularly gender economic participation (GEP) rates predict higher rates of political participation especially among young adults and particularly as a result of the crisis.

Yet, unlike the involvement in mortgages, political engagement is not similarly a function of available liquidity; political engagement has thus been expedited in *both* EAS and SAS (not just the latter). Also, in all the regimes the GDP growth contributes to political engagement but not the involvement in the housing market, and social expenditure behaves similarly. This suggests that political engagement results as a function of available resources, whereas engagement through debt reflects available liquidity and credit instead. The importance of economic wellbeing for political participation is also visible in group-related differences. Both the unemployed, who lack suitable resources, and the young with only primary education seem to be less involved. In conclusion, the lack of wealth does not prevent economic engagement but does so to political engagement, which in part could explain why the crisis as such does not necessarily evoke widespread political representations.

Marginalisation and Affect

In comparison to happiness and satisfaction, the statistics above demonstrate the relevance of less introspective measures that still characterise the subjectivities associated with the crisis. This in part stems from the fact that these markers resonate with positive and negative engagements separately. However, there are many other, more introspective assessments that similarly distinguish between positive or negative aspects. These include markers like whether the respondent feels being *left out of society*, and whether or not one is *looked down because of the current job*.

Starting with the latter indicator, it is meaningful only to employed people. Yet it is extremely illustrative of how and in which contexts also the employed have become susceptible to crisis. In particular, it appears that marginalisation also characterises the employed. Looking at employment-related marginalisation then by occupation groups, higher rates are reported in the group of *services, sales and clerical support work*, which the previous part identified as being economically most affected. Job-related shame also characterises the low-skilled group, particularly the young.

Context-level differences are, however, more revealing from the point of view of how the crisis has catalysed changes in the employment process. Even if in high-income

countries job-related shame is less likely, in the ‘post-Fordist’, education-intensive economies such feelings are more common—possibly because people have had to take on jobs below their training. By contrast, higher taxes and high social expenditure reduce such negative feelings, whereas non-social expenditure—the more ‘Keynesian’ approach to fiscal stimulation—again increases job-related shame. As another policy measure, the incentives-based ALMPs have also contributed to job-related shame (unlike job-creation), which further supports my previous claim that such ALMPs could result in inefficient allocation of labour.

Incentives-based ALMPs have also contributed to another measure of marginalisation: the feeling of being *left out of society*. In fact, this effect grasps context-level differences in exclusion incredibly well. In the reference model, such feelings have occurred particularly in EAS; this is interestingly the opposite to how job-related shame is more intimate in other regimes. This measure is, at the same time, a consistent indicator of marginalisation as experienced by the *unemployed*: the large pre-crisis effect (.932**) remained essentially unaffected during the crisis. But, in general, it is remarkable that the ‘left out of society’-variable characterises the higher income half possibly more than the lower one (though only among the employed).

The low marginalisation-effects in the lower income half of the employed population could in part be explained by how the *social support* -variables regulate the feeling of being left outside more than any other block of level 1 variables (their predictive effect is even stronger among the unemployed)—in other words low-income earners might appear to experience marginalisation for reasons other than mere income. Living with a partner for example increases such feelings. Nevertheless, given how economic pressure contributes to an inefficient allocation of work, exclusion typically results from the combination of living alone and housing debt, or the obligation to take care of one’s parents.

The feeling of being left out is therefore not exactly a measure of isolation or detachment, but it rather indicates the lack of broader recognition of responsibilities and social needs. In contrast, employment insecurity is not a proper predictor of the feeling

of exclusion, even if temporary young workers are associated with health limitations and the lower prevalence of home ownership: they are affected in a way different from marginalisation.

On the country-level, there is a similar story as with job-related shame: economic growth (-.382**), national debt (-.627***, -1.350*** × GDP) and social expenditure (-.713***) make people less likely to feel left out, whereas this form of self-reported marginalisation increases as a function of higher old age dependency ratio (.401***), non-social expenditure (.604***) and GINI (.534***), as well as a *reactionary change* towards leftist policy (indicating previous uneasiness). If higher life expectancy gap in turn diminishes such feelings, it could be because the gender gap being wide men tend to externalise, seeking other sources of engagement even if this puts their lives at risk.

Furthermore, I will address negative *and* positive *affectivity*, which are additional axes produced by the same principal component analysis used to define the personal satisfaction score. In comparison to the above, quite disparate indicators of the crisis, these variables come closer to the notions cultivated in personality psychology. For this reason they are also quite stable, often argued to reflect developmental or even genetic differences in temperament. This is also visible by the fact that neither one of these two outcomes is significantly moderated by level 1 –predictors. On the context-level it also appears that differences do not relate to one side of affectivity in particular but instead to both: for example high social expenditure suppresses both negative and positive affectivity.

However, it is notable that even if most of the considered effects hardly discriminate between the two measures, the interclass variances differ. The economic and equality predictors of the standard model better describe the *variation* in positive affectivity. Negative affectivity in contrast might have more to do with *policy* rather than economics: its variation is better described by the ALMPs-based model instead (increase in incentives and rehabilitation in particular have contributed to negative affectivity during the crisis), whereas positive affectivity remains contingent to the ALMPs-model.

In addition, there is one remarkable indication that the *contents* of economic controversy shape different reactions to affectivity: *negative affectivity* increases due to the *public finance crisis* axis (PAF₁: .129*), whereas *positive affectivity* decreases because of higher *fiscal crisis* scores instead (PAF₂: -.072***). Notoriously, a similar contrast is visible in terms of employment: in addition to positive affectivity, employment declines for fiscal crisis (-.160***), whereas unemployment and negative affectivity both increase for public finance crisis (.383***). Affects (and employment) thus project differently along the two axes, and it appears that economics and politics regulate the crisis in ‘psycho-socially’ different ways. This is so even if the effects of these changes in affectivity appear to be similar in terms of economic subsistence (both negative affectivity and lack of positive affectivity make people deprived).

To conclude, it appears that crisis-related effects on subjective assessments and in various negative attitudes are modest but also often quite consistent. They are, however, much more contingent in respect to the considered level 2 –predictors than the positive feelings and feelings of sufficiency, which characterise the most ‘economic’ aspects about the crisis instead. Indeed, these variables are important to the so-called ‘economic affects’ as constructed in the next chapter, whereas in the case of negative attitudes we are likely to discover something else: internalisation (health-issues), inner-directedness (unhappiness), marginalisation and withdrawal. The latter two reflect the feelings of exclusion, but in two different ways: what we operationalise as marginalisation depicts experiences of both high-income quartiles and those in more vulnerable social positions.

Trust and Tensions: From the Individual to the Social

Above, I have discussed a variety of rather different indicators of how people are *subjected* to the debt-crisis in a relevant way, and reflecting life as an individual (e.g., happiness, satisfaction, health but also political participation, housing debt as well as the feelings of exclusion). These have been categorised based on whether they reflect ‘positive’ or ‘negative’ engagements. But the ‘left out of society’ –variable indicates not only negative engagement but something more pervasive: the *absence* of involvement. In the context of the crisis this means that the feeling of being left outside not only stands

for the negative experiences of individual withdrawal but that marginalisation also indicates social detachment—a distinction that will be confirmed by the MCA-analysis in the next chapter.

There are also a few variables that depict positive engagements on the level of social *representations*, not just based on individual actions. In particular, the construction of crisis-thinking is articulated from two different perspectives: *trust* in the institutional system and in the national government and the recognition of *tensions* (namely social, age-related and ethnic)⁴². Two of the variables—institutional trust and social tensions—are sum variables (normally distributed), whereas the others are (recoded as) binary ones studied by logistic regression. Level 2 –predictors reduce the interclass contingency of the sum-variables, whereas the three binary variables are of specific interest. In relation to *institutional trust*, half of the variation is explained by financial indicators, and economic, policy and equality -variables reduce the original variation down to 20 %. *Social tensions*, in contrast, mirror differences in the *welfare regime*, thus complementing the picture from another point of view.

Illusion and Ignorance

Starting with institutional trust and the specific trust in government –variables, they appear similarly distributed, even if the differences in the latter are more pronounced. In both cases, there is a strong slide in SAS (-1.018***, -1.817***) and in the Eastern contexts (-1.496***, -3.466***), even if Catholic culture counteracts these tendencies (.761***, 2.256***). They also agree in terms of GDP, GDP growth, and bond yields. In particular, in countries high in GDP the reported trust was so high before the crisis (.620***, 1.001***) that it has been impossible to keep up with the same level (-.325***, -.786***); a similar reduction of high pre-crisis trust is visible in terms of equality-predictors.

Previously, I identified the countries with a high number of people with tertiary education—the ‘post-Fordist economies’—as susceptible to unhappiness, dissatisfaction and job-related shame. Furthermore, those with tertiary education themselves have more health problems (general: .232***, unemployed: .144), have seen taken fewer mortgages or sold homes (general: -.237***; unemployed: -.979***).

However, respondents in the countries where their number is high are *more trusting*. Reflecting similar disunity regarding perceptions, *young adults with high education* seem to be more satisfied (general: .118; unemployed: .197), they are less likely to feel being left out of society (general: -.175; unemployed: -.633), and they are more likely to trust in the government (general: .144; unemployed: .144)—quite peculiar findings given how young adults generally suffer in the countries, where the share of higher education is large.

Similar discrepancies seem to result also from differences in the level of *social expenditure*, which contributes to employment and engagement (with the crisis), while mitigating marginalisation and withdrawal. In such countries, however, general trust still appears to be abated (-.723***). What best explains differences in general and governmental trust-variables on the individual level is unemployment: those lacking a job are distrusting specifically towards the government. Certain forms of social expenditure like unemployment benefits can in part mitigate this effect. But the unemployment-related political distrust is also mitigated by high bond yields: the public finance crisis is generally perceived as justifying the inability of the government to tackle unemployment.

General trust and the trust in the government also differ among the young but in different directions than how the unemployed feel: the young are more likely to trust in the government but they score like older adults in terms of institutional trust. Governmental trust is further heightened among those young adults who lack a job and live with their parent—this is important because it previously appeared that parents as providers of social support have not defended this group from deprivation and other material effects of the crisis. However, parents' *low-income* status reverts this effect, resulting in an extremely low trust in the government (-1.483**) and high likelihood of the feeling of detachment (.961*). In effect, suspended or reverted domestic transitions of some sort could occur as a reaction to the crisis in this group, but again it does not defend them from economically harmful effects (given the low income of such parents). Also, it is notorious that the young unemployed do not indicate opposition towards the

government unlike their older peers. This undermines their capacity to translate their difficulties into any pervasive political movement (also see Chapter 9).

Acting Out

Sometimes, but not always, trust could then emerge as a phenomenon opposite to social tensions. For example, those responsible for paying either rent or mortgage used to be less likely of trusting in the government but they are now more trusting—this also applies to the unemployed-specific population. At the same time, they are much less likely of recognising age-related (or ethnic) tensions (-1.268**). Of course, in part this is explained by the composition-effect: those encountering the most exaggerated consequences of the crisis have likely moved out or at least not adopted new mortgages. Anyway, given also the vast drop in the recognition of tensions, the data at least shows that there is no clear movement against governments and towards the representations of social conflict among those paying for their own housing.

However in other cases, like among the youth, it is possible that the higher trust is coupled with higher or unaltered tensions. In the general working age population, the slight decrease in trust is coupled with simultaneous fall in social tensions—particularly those related to age (-.500**). On the other hand, in comparison to other tensions, those related to age are low among the youth—an interesting finding given the heightened effect of the crisis on youth, but that then indicates no more political than general social arousal. Instead, it is the unemployed who are more likely of ‘acting out’ the crisis, even if less so among the young. This is so regardless of whether they trust in the government or not. Such externalising *versus* recognising patterns of conflict are higher also for those living alone. In effect, the lack of social support could be one of the sources of crisis-related social conflict.

Level 2 –models are not entirely comparable between different outcomes: for example the ethnic tension-models did not converge when including both welfare and religion-predictors simultaneously. However, it generally appears that age-related tensions (.691**) and in part social tensions have increased in SAS (.168; and in Catholic, .306*), whereas all tension-variables have decreased in EAS. On the other hand, high GINI

countries indicate lower tensions, possibly because people are more accustomed to inequality.

Similar patterns could explain the lack of tensions in EAS. However, there is polarisation between younger and older cohorts there, even if this is invisible on the level of general social tensions. In particular, the increase in ethnic tension (.305*) and age-related tensions tell about the particularly unsettling position of young adults in EAS. Furthermore, they fail to articulate their vulnerabilities by positioning themselves in economic terms—for example in respect to the worker–employer or the poor–rich - relationships. It does then appear that the economic crisis is still overshadowed by experiences of the post-Soviet transition even, and especially, among the young (e.g., Fóti et al 2005; Baranowska et al., 2011).

If age-related tensions, at least in part, indicate *recognition* of inter-generational conflict, ethnic tensions can in contrast be taken as signs of projective and ‘externalising’ ways for ‘acting out’ the crisis—especially so given that the level of immigration in most Eastern countries is low. Similar externalising reactions are exaggerated in countries with high bond yields (.303***) if the GDP is at the same time high (1.142***). The recognition of age-related tensions in contrast results from high GDP growth but also from centre-right government or low life expectancy rates. This indicates that respondents in the ‘qualitative’ crisis-cluster might be more concerned about age-related issues even if unemployment itself is still more modest there among the youth.

Social tensions are also important from the point of view of policy and particularly ALMPs. It appears that generally ALMPs tend to alleviate social (-.302*) and age-related tensions (-.528***); increase in public job creation further reduces such tensions during the crisis (-.265***, -.500***)—it is at least a symbolic even if macro-economically ineffective way for governments to address the unemployment crisis. The general effect of ALMPs is, however, undone in the case of incentives and rehabilitation. In contrast, the individualising and responsabilising policies are likely to be associated with conflicts—either by causing them or by reflecting the general atmosphere that makes individual-focused policies more likely.

The Unemployed: Internalising and Externalising Patterns of Conflict

Let me now consider conflicts and tension as they specifically occur among the unemployed. I also emphasise age-related differences in this group. Even if the young in EAS ‘act out’ in ‘externalising’ ways as indicated by ethnic projections, youth unemployment in general is associated with more ‘internalising’ patterns—resulting for example in health limitations (which among the youth is often mental or psychosomatic). Tertiary education further increases the likelihood of such internalising reactions—those young adults previously in highly skilled jobs but now jobless at the same time experience more likely the feeling of being left out and withdrawal.

On the context-level, externalisation and ethnic tensions characterise unemployment only in the Nordic and Continental countries, but not in SAS and EAS. The youth-specific effects are, however, positive in SAS and EAS indicating that the crisis affects the socialisation processes in this direction. The public finance crisis (bond yields) further induces externalising reactions among the unemployed⁴³, explaining for example the success of the far-right nationalist Golden Dawn party in Greece. But similarly as it is important to consider positive and negative affectivity as separate variables, also the internalising, externalising, and affirmative engagements are complementary and can coexist in any single group. Reactions to unemployment are often opposite among the younger and the older groups however.

Again, the ‘post-Fordist’ contexts with a high share of those with tertiary education point at the same direction: in these countries the competition for skilled jobs is high and the unemployed have generally become more aware of ethnic tensions (1.993***; general model .167*)—and even more so among the young (1.127***; general model .227***). This is the case even if ethnic minorities and migrants the most often represent lower educational backgrounds and are unlikely to compete with the skilled labour force. That in turn supports my interpretation that in the context of the unemployment crisis the increase in ethnic tensions reflects projective behaviours resulting in misidentification of the economic struggle.

Has Growth Become Anti-Social?

Even if the crisis has increased unemployment and deprivation in general (the odds of unemployment have nearly doubled in almost all the contexts) there are various ways in which people react to this situation: from the psycho-social perspective we can talk about externalising or internalising patterns of conflict, and both affects are involved in what I previously called negative affectivity. On the positive side, it is possible that the crisis also results in more constructive and affirmative approaches to social recognition. But as illustrated by political participation, these positive engagements, however, appear to require substantial economic resources—both material means and hope that are more likely available in high GDP contexts or where expenditure on social protection is high.

However, economic resources alone do not explain why some people rather than others take an agentive role in the crisis. For example, those with tertiary education are likely to have better access to various forms of economic and cultural ‘capital’, but their experiences of the crisis are still overshadowed by health limitations and other ‘internalising’ experiences instead of experiences evoking widespread political engagement. Even so, in countries where the highly trained young form a majority—where a ‘critical’ mass of education-related issues are encountered—externalising representations are also present. In contrast inner orientations are typical and apply also to those with at most primary education or those representing lower middle-income quartiles. Therefore, it is particularly among the more educated that more collective representations of conflict tend to arise.

Looking at the group with tertiary education more closely, the people in this group can be seen as being clearly more deprived in EAS and SAS. In SAS there is little or slight increase in more endorsing and acknowledging social representations about the crisis, whereas EAS is much more dispersed⁴⁴. But most remarkably, it is particularly in the Nordic and Continental regimes that the highly trained young have become much less affirmative and more indifferent and externalising—again this indicates the experiences of the ‘qualitative’ crisis cluster even if the members of this group are not as materially deprived as the others. Externalisation and ethnic tensions also characterise those in insecure, fixed term jobs, or more generally the young, *employed* people in Slovenia,

Bulgaria, Greece, Cyprus, Portugal and Ireland. The question of externalising representations is therefore a good indicator of the tensions between youth and adult employment.

However, perhaps the most remarkable conclusion of this chapter relates to the somewhat counterintuitive effect of the GDP growth on both trust- and tension-variables: more prosperous economies are overshadowed by distrusts and tensions. This parallels the deprivation-related effects (fifth chapter), which are twice as strong among the youth. And there are many other examples: even if GDP growth has slightly contributed to employment and lower unemployment, as discussed in the previous chapter, it has simultaneously contributed to *general deprivation* and *social exclusion*. Employment and national income, therefore, do not as such save from the experiences of economic deprivation.

These findings suggest that the *quality of growth* during the crisis has been somewhat counter- or even *anti-social*: in the countries where the economies have managed to grow it has actually undermined trust and contributed to generational and ethnic tensions. Also the length of recession –variable, another indicator of stagnation, illustrates similar results. Growth during the crisis, if it exists, is characteristically non-social, and the benefits of social expenditure both to well-being and employment are seldom realised. Non-social government expenditure itself appears to contribute to deprivation and social exclusion but it also has a negative effect on satisfaction, employment-integrity, inclusion and so forth.

Therefore, the direction of the economy is clear: contrary to Kuznets' assumption, economic growth does not seem to reduce polarisation and social tensions. By contrast, in the countries where growth stalls, stagnation could result in integrative experiences and the feelings of communality, again contributing to trust and mitigating tensions (at least elsewhere than in EAS or where the bond rates are extreme). This discrepancy of the effects of different types of expenditure also highlights the need to assess whether the supply side labour market policy makes fiscal stimulation efficient, and whether governments should emphasise *social* rather than material investment.

Chapter 8

In the Midst of Affect—The Un- and the Underemployed Young

The past three chapters have been empirically focused, even if I have drawn on a broad range of literatures on work, employment and welfare. Above all, these literatures have guided the choice of variables, whereas the main emphasis has been on testing their applicability and the role of, say, public expenditure, inequality, and the changing nature of employment in framing a variety of crisis-outcomes (e.g., perceived and reported distress, deprivation, and unemployment). However, the use of multilevel methodology itself has been governed by several more theoretical questions and discussions, which the previous analysis has implicitly assumed. They relate particularly to the question of *economic causation*—a theme I have sought to address critically in the context of available data.

Multilevel models are often articulated in terms of causes (predictors) and consequences (outcomes). Utilising such notions in the context of economic deprivation makes my work partake not only in economic sociology but also in econometrics (loosely defined), which often applies similar regression models as means of a ‘quantitative analysis of actual economic phenomena based on the concurrent development of theory and observation, related by appropriate methods of inference’ (Samuelson et al., 1954: 142). In this regard, I use the methods rather to criticise and falsify certain assumptions about economic inference that lack clear empirical support. These include statements about, for example, the positive contribution of economic growth on perceived and experienced equality and well-being. These associations were largely based on Kuznets’ controversial

and historically restricted evidence (Piketty, 2014a), or about the micro-economic assumption about the ‘rationality’ of economic agency. As a constricting paradigm, such theories of action could actually undermine more voluntary and contingent perspectives on agency.

A viable sociology must instead frame economic agency as an empirical, embodied concept rather than explaining behaviour based on any given representation of action. As mentioned earlier, following Schumpeter’s distinction sociology has then traditionally leaned towards discourses ‘of the economy’ rather than those focusing ‘on the economic’ which concerns efficiency instead (see Roitman 2006: 3 ct. 4). At the same time, sociology questions whether the principle of causation can be similarly extracted from the principles of natural science as in economic sciences (see Hands, 2001). Of course, causal inferences are applied particularly in quantitative social mobility research (Savage, 1997), and in the context of the current crisis there are three principal causally oriented questions (O’Reilly et al., 2011: 581–582): (1) the specificity of the crisis in relation to other downturns, (2) the causal mechanism that leads to the crisis and (3) the long-term implications.

The previous part considered at least the latter two questions from the point of view of welfare and state expenditure, though in general, of course, a comparative as such is not suitable for causal argumentation *stricto sensu*: it can never exhaustively confirm causal inferences as they depend on ‘other things equal’ (*ceteris paribus*) arguments. In real life, it is not possible to control for or manipulate social and economic predictors between nation-states as free variables (cf. Kincaid, 1996; also Bourdieu, 2004). Other than using empirical evidence to falsify certain causal beliefs—as I have done in the previous part—comparative sociology must then either rely on other, conceptual grounds, or it can focus on processes that do not project causation to the object of study.

But now it is time to turn into the first question: how to locate the crisis in a way that makes it specific in comparison with others; what is its ‘essence’? Already in the previous part I argued for a ‘phenomenological’ approach to the crisis: to consider it as the ‘totality of its effects’ rather than seeking to pin down and identify its exact causes. As I

explained in Chapter 4, I have then considered a whole network of models, often interchanging between outcomes and predictors. Causal connections still play a role in the analysis, but these links are not used to explain the crisis itself but rather the way in which it evolved and as it is was spoken through those links. At the same time, the crisis refers to how various modes of causation change or are eluded.

This chapter thus frames the problem alternatively, examining broader representations of economic and social wellbeing. I will first discuss the theoretical background behind the sociological applications of multiple correspondence analysis, focusing on Bourdieu's work in particular. I will then operationalise these methods in the context of the crisis. Finally, I will discuss the relevance of the results from the point of view of the economic socialisation of youth.

From Cumulative to Circular Structures of Causation

What makes the 'logics' of the crisis, that is, any attempt to econometrically identify its true causes and consequences, particularly elusive? The answer relates to the *hierarchy* between causes and consequences, that is, to the attempts to control the way in which the past defines the present—as *actions* turn into *reactions*. But it is not clear that the 'causal' frames through which the crisis itself is spoken should be cumulative or hierarchical. The very idea that the economy is 'performed' by certain discourses and techniques subscribes to the idea of *circular* causation. Similarly, for example Pierre Bourdieu (1988) describes the different structures of 'capital' instead as they emerge in and through themselves, referring to circular or auto-affirmative processes that validate their own existence. Social capital, for example, provides people with access to resources (but also obligations) that in turn can be used in the formation of further networks. Needless to say how Marx's definition of 'capital' as a process based on monetary exchange is similarly circular ($M \rightarrow C \rightarrow M$).

Cycle theories (of the economy) illustrate these circular phenomena at a historically broader scale. Despite the real business cycle theory, cyclical approaches to the economy are, however, somewhat unconventional and lack general acceptance. Richard Meegan (1988, 163) suggests that it is possible to think that Britain, for example, would currently live through the era coloured by neo-Fordism or flexible specialisation—this

would be another long cycle following the four grand cycles defined by the industrial revolution, the rise of continental industry, the Imperialist expansion and the post-war boom. Economists do not ignore these processes as such but contest the regularity of such cyclic oscillations: whether some form of periodicity adequately predicts historically occurring cycles or whether they are just random. Economic historians and generational theorists have instead suggested longer cycles lasting for about 60 (Kondratieff) or 90 years (Strauss and Howe). Even if any of these theories held true, in the context of the current crisis it is, however, unclear whether different national contexts should exhibit synchronous or parallel cycles.

This is why I put little emphasis on the, as such, interesting question about the relevance of the current crisis to cyclical theories and generational change. Instead, it is pivotal to understand that the rhythms and crises are part of social life—on both individual and national scales (cf. Durkheim, 2001). First, from the Marxist perspective it could be said that there are ‘cyclical imbalances in the supply of and demand for capital equipment in production’, as Marshall (1987, 19) echoes Jay Forrester⁴⁵. Other classics like Simmel (2004: 504) view cyclicity from the life-world-perspective: ‘change in monetary circumstances brings about a change in the pace of life’. Or, like the *Philosophy of Money* suggests, ‘life’s contents advance and recede’ in ways ‘strengthening or weakening of the periodicity of life’ (Simmel 2004, 491). Following Massey (1988), in turn, sociology can benefit by representing the cycles of both production and the life-world at a geographical level (also Marshall, 1987).

Bourdieu’s theory of ‘capital’ is one attempt to frame such processes in a way addressing individuals. In other words, by defining the structures of ‘capital’ as being inherently circular, Bourdieu seeks to resolve the conflict between structure and agency—the past and the present—which could also be phrased as the ‘space of experience’ and the ‘horizon of expectations’ separated during crises (Koselleck, 2004: 275). This problem is similar to that of historians, who cannot ‘add up to what actually happened’ but can only ‘recognise retrospectively the web of references into which the acting humans have been spun’ (Hoffmann, 2010: 230).

Aggregating Affects

Multiple correspondence analysis then provides one way to tackle this endless circularity of action, something fixed enough for locating action and also crises. It is one way to frame the ‘dialectic’ problem in a way that is still historically relevant, something reasonable but in a way avoiding the pitfalls of the materially determinist reading typical of economics. It allows us to frame how the past shapes the present but in a way sufficiently contingent to permit individual choice and freedom.

The answer to the dilemma thus draws in part from methodology. Yet, what is also crucial is my decision to focus on individual experiences and *affects* even when they are used as a basis for aggregating the effects of the crisis at the collective level as well. In psychology, indeed, it is now assumed that the action-perception networks are themselves circular so that there is no straightforward hierarchy between the two.

Therefore, this ‘dialectic’ problem of action is not just a social one but it is hardwired on the level of our material existence. In psychology these wirings have often been approached by the cognitivist paradigm: that the syntheses between perception (occipital and parietal lobes) and action (controlled primarily by the frontal lobe) should be viewed as ‘cognitions’. But psychology is now giving away to a more *emotionally* oriented perspective (Brosch et al., 2013). These so-called ‘emotions’ not only accumulate the dilemma of action-perception networks in neuronal circuits instead of being localised in any single part of the brain (these ‘circuits’ in turn stand out as material correlates of for example language or senso-motoric action-mirror networks: see Pulvermüller and Fadiga, 2010; Rizzolatti and Sinigaglia, 2010); they *affect* those circuits and make them meaningful.

Philosophy, in turn, refers to affect rather than emotions in shaping the dilemma between actions and perceptions. Affects can reflect *faith* and *confidence*, which are definitive to our ‘power to act’ according to Blaise Pascal and William James, but also *discontent*, *doubt* and *indifference* that imply more reactive or adverse orientations. Any affect thus involves at least two things. It refers to action, which from an existential point of view is an *intentional*, ‘free’ project expressed in practices or ‘strategies explicitly

oriented by reference to end’—a project able to *effect* its own purpose. Against this background, Pierre Bourdieu (1990: 42) credits Sartre for an ‘ultra-consistent formulation’ of action, that is, an ‘antecedent-less confrontation between the subject and the world’. In particular, this means that affect does not manifest deterministically, as directly implied by the world within which action is immersed. At the same time, however, action is only possible ‘by reference to the anticipated reactions of other agents’, which brings Bourdieu closer to Max Weber’s action as a manifestation of social intention.

We could then say that the problem is all about how those material correlates of the action-perception-dilemma become assembled in society. Any single structure of capital, like Bourdieu’s structural constructivism defines them, might not avoid the risk of economisation. But the art of social distinction, in Bourdieu’s case, emerges from the amalgam of the structures of capital. Bourdieu (1986: 241) defines ‘capital’ as ‘accumulated labour’ not as something purely ‘objective’ or ‘subjective’, but instead by referring to a variety of ‘fields’ and ‘microcosms’ including the meta-categories of the ‘economic’, ‘cultural’ and ‘social’. Echoing also some systems-theoretical perspectives, each form of capital justifies itself and encodes its own *telos*. Yet action becomes meaningful precisely as people habituate and are able to strategically alternate between various ends.

To us, in turn, it is the *variety* of emotions that the crisis brings together, yet still guiding their ‘motions’ differently. They are not similarly ‘exchanged’ as in the case of Bourdieu’s forms of capital. Instead, rather than focusing on individual intentions, we are interested in the crisis itself as a contingent, open process during which a variety of ends are combined. The crisis itself results from practices with a variety of *ends*—e.g., deprivation, disdain, but also sympathy—and they are identified by methods comparable to those Bourdieu used. These ends are ‘free’ in a sense that they are not implied by the erroneous techniques of quantitative finance but historically contingent.

Following the revival of interest towards more emotionally based views on action, I have then labelled these alternative embeddings of action-perception networks relevant to the

crisis as its *affects*. Affectivity also quite well captures the fact that the reciprocity between means and ends, reactions and intentions, is itself *mobile*. This is the case particularly during crises, when affects are redrawn if not rephrased. Even if not considering the crisis itself as a (singular) actor, the crisis stands for the way in which agents are moved—affects put them in ‘bad faith’ (reactive) but they are also being used by them (active).

It is crucial to my approach that each modality of affect (e.g., accommodation and marginalisation) can serve in both of the two roles. For example, quantitative finance *actively produced* the crisis from the governmental perspective, but finance could also be viewed as a superstructure *reacting* to more rooted framings of the economy. There are then *two ends* to each affect. They are illustrated by the two labels situated at the opposite ends of any single axis. Both of these ends can be articulated as active (and reactive) processes.

Mapping Out the Crisis

But how to best map the affects and bridge the individual and society in a way relevant to how the crisis-outcomes aggregate in different groups and contexts? This is not only an epistemological problem, but concerns more fundamental questions about social ontology: how should we contextualise economic struggle in order to best describe social mobility and change during the crisis? How should we perceive the crisis outcomes, and how are these transformed into actual sources of *action*?

To answer these questions, I use multiple correspondence analysis (MCA), which was already applied in the context of the Eurobarometer data in Chapter 3 and again in framing the five qualities of work in Chapter 6. Pierre Bourdieu (e.g., 1984, 1988) is one of the first scholars who brought the method to sociology in order to identify and aggregate structures of ‘capital’ or social ‘distinctions’ and particularly as a way to combine ‘objective structures’ of capital with more subjectively oriented, ‘incorporated structures of the habitus’ (Savage and Silva, 2013: 113). In effect, Bourdieu conceptualises the axes identified by multiple correspondence analysis based on his ‘structural constructionist’ viewpoint; the structures of ‘capital’ are referred to as

embodying self-referential and yet cumulative processes of accumulation that foster their own conditions of existence similarly as the MCA aggregates the axes of maximal ‘inertia’ (Appendix 9).

Even if we are interested in the structures of the crisis rather than of those directly linked to more stable environments of capital, these axes bear actual and real power in society as Bourdieu (1986) argues; the accumulation of labour can be considered as a process of ‘transubstantiation’, that is, as inertia becomes *recognised* in social structure and interactions. The method itself, however, only depicts the distribution of such powers, whereas their identification and interpretation is a sociological challenge.

Against this background, I have been asked how exactly I have operationalised the different affects like sympathy or disdain—what precisely they come down to. There is no straightforward answer, however. MCA-axes are methodological, ‘synthetic’ constructs that are *emergent* from data in a sense that they combine hundreds of response categories and the axes of inertia are identified only in retrospect. We could thus say that the axes themselves are phenomena to be *explained*; they do not as such explain anything but help identify differences and similarities in respect to both the structure and dynamics of the ‘field’.

Yet the MCA-method itself is also about *classifying* such modes of recognition and about *linearising* formatively non-linear data (thus ‘resolving’ the circular, dialectical processes). The methodology, indeed, constructs a link between the *circular* or curved ontology behind ‘capital’ (or affect) with what is *cumulative* and thus may be considered in terms of accumulation (or effect in the case of a crisis). The method is, at one and the same time, a way to abstract historical contingencies and a way to identify patterns structuring these contingencies as ideal types. If Bourdieu has been blamed for economising the picture, it reflects the fact that the Cartesian scalar fields provided by the MCA-method constitute the way in which fields and contingency are allowed to become pictured. Characterised as ‘battlefields’ like Bourdieu (1993: 148-150) himself describes, they assume a stable set of ‘latent, potential forces which play upon any particle which may venture into it’.

There are three implications to be drawn about this point. First, to Bourdieu's credit, by referring to the field as a 'battlefield' especially in the contexts of 'cultural' and 'social capital', he recognised the negative and normative aspects better than many other theorists of 'social capital' (e.g., Putnam, 2001). Of course, when it comes to 'economic capital' Bourdieu (1986) roughly equates it with money and himself fails to grasp the negative aspects of indebtedness, even if in this respect his recent work on *Social Structures of the Economy* is more insightful (Bourdieu, 2005).

Second, the field metaphor might turn out to be restrictive both conceptually and methodologically. Bourdieu (2004: 116) characterises the field as if providing a 'God view' or as a 'view from nowhere and everywhere'. Such a perspective is not only epistemologically 'overarching' (cf. Boltanski, 2012), but he hardly compares the emergence of fields across spatially or temporally different sites (see also Savage and Silva, 2013). It has thus been suggested that similar methods could be applied cross- or 'transnational' comparisons (Nowicka, 2013; Nukaga, 2013), following Bourdieu's (2005: 223) own recognition of the need to transgress 'from the national to the international field'.

Third, the use of multiple correspondence analysis could also be applied to study social change—the 'dynamics of the field'—instead of assuming the so-called 'dispositions' to be static (Bottero and Crossley, 2011; Beer, 2013). From this point of view, Bourdieu's own fields are not only isolated but *flat* constructions. Without a more dynamic perspective, a field depicts no force of gravity or gradient to avow for social cohesion (Hage, 2011). In other words, each position in the field could reflect the 'accumulation' of work (capital) only as a stable, dimensionless process. In contrast, by depicting these positions as temporal *vectors* rather than as field-invariances, it becomes possible to identify contrary and reverted processes and transitions.

MCA could then serve as a viable approach to the so-called 'cultural diffusion models' in economic sociology, that is, to view change, temporality and mobility in a more heterogenic fashion than what Bourdieu's original use allows (see Trigg et al., 2008).

Drawing from a physical analogue on field dynamics, Bourdieu himself applies the ‘field’ metaphor in the sense of a *scalar field*, dominated by Cartesian representation. I, instead, approach the crisis as a *vector field*, representing it rather as a dynamical system, while seeking to grasp what is emergent from or even in excess of scalar representations.

Given these concerns, I depict different groups and contexts at two points of time, 2007/2008 and 2011/2012, and then draw vectors between them to indicate the crisis as a *flow field* rather than as a scalar field. I also compared them across countries to account for the ‘transnational’ aspects of habitus (Nowicka, 2013; Nukaga, 2013). I have no knowledge of whether MCA has been applied in combination with the flow field paradigm previously. To make the findings compatible with the classification used in the multilevel models, in all the graphics the *blue* arrows represent Nordic and Continental countries, the *yellow* arrows Southern and Anglo-Saxon countries, and the red arrows stand for Eastern countries. In most cases the vectors related to young adults were drawn with darker colour than those representing the older adults. This is to make it easier to distinguish between the two groups.

Constructing the Axes—A Methodological Note

In the context of other data (EWCS, Eurobarometer), as I have illustrated before, I used MCA on several different blocks of variables in order to produce analyses with the most coherent and comprehensible axes of inertia. In this chapter, in contrast, the idea is to consider *all* previously discussed (categorical) crisis-outcomes in the EQLS data. Based on all 18 to 64 year-olds respondents, the first five axes stood out based on the discrimination measures (a figure indicating whether respondents on any given variable are best discriminated by what particular MCA-axis). Based on conceptual and semiotic considerations, I have reported the plots for three different planes (dimensions 1×2 , 1×3 and 4×5). The construction variables as well as the resulting axes of inertia are listed in Appendix 5.

The constructs themselves remain abstract, of course, until they are retrospectively interpreted. As the next section illustrates, I applied plots similarly as Bourdieu did, mapping out all of the variables used in the construction of MCA-axes (Figures 20 to 22). In fact, the construction-variables do not specify the year of response, so the axes are assumed to reflect economic and social struggle in general—the crisis is instead articulated precisely as a flow-field along these axes. Furthermore, SPSS enables plotting also variables not used in the construction itself, and I further included other variables like age, gender, occupation, education, happiness index etc. Sometimes they were helpful in identifying the results and refining the picture of the crisis (e.g., poor health and low happiness in identifying the difference between internalising and inner directed orientations).

In contrast to Bourdieu's practical use of the method, my MCA-analysis is based on a combination of *objective* (e.g., unemployment, deprivation) and *subjective* (e.g., recognition of age-related tensions, feelings of exclusion) indicators of the crisis. In addition, I do not restrict myself only to the first two or three axes, and I also use semiotic insight to problematise the identification of the axes and to better understand both *positive* and *negative* forms of affect (e.g., sufficiency and deprivation as two different reflections of what Bourdieu takes as 'economic' qualities and thus equals). Even if MCA-axes themselves are abstract, mathematical constructs, the identification task is a *qualitative* exercise at least on the level of groups and contexts.

In specific plots, the country-identifier was recoded by age in order to compare young and older adults with each other on a country-wise basis. I also plotted predictors from level 1 and 2 separately in order to illustrate the affects at multiple levels⁴⁶. However, it is crucial that these separate plots for level 1 and 2 variables do not account for *interactions* within or between the levels; in particular, without multilevel methods it is impossible to identify which effects are compositional and which relate to the essence or the property of the group itself (see the next chapter). The resulting 40 plots are all currently available online⁴⁷.

Five Modalities of Struggle

To make tentative assumptions about the identity of the axes, I then looked at the construction variables on the five MCA-axes (Figures 20 to 22). It is notable that the social exclusion index, unlike the deprivation index, decreases not only along the first but also the second axis. It is also worth noting that the axes themselves are based on variables that do not specify the year of response: the resulting axes can thus be used to specify how exactly any group or context travels or is being ‘affected’ during the crisis.

In addition, virtually all variables in the EQLS data were correlated with the resulting five axes (see below for the most important ones). This was helpful in verifying the interpretation of the axes. It took particular effort to (1) identify the second axis (sympathy), (2) the exact distinction between axes one and three, and (3) the precise configuration of the affects projected on axes four and five.

Table 8. Correlation table of the MCA-axes with several relevant variables (**: $p < .01$, $N = 48486$).

	Affordability	Sympathy	Sufficiency	Withdrawal	Externalisation
Positive affectivity (factor)	.206**	.080**	.121**	-.012**	-.132**
Negative affectivity (factor)	-.580**	-.450**	.073**	-.096**	-.122**
Personal satisfaction (factor)	.368**	.143**	.115**	.021**	-.046**
I feel left out of society	-.568**	-.363**	.152**	.021**	-.068**
Life has become so complicated today that I almost can't find my way	-.523**	-.288**	-.094**	-.028**	-.039**
Satisfied with the present standards of living	.552**	.156**	.230**	.003	.042**
Financial situation in comparison to most people	.479**	.020**	.148**	-.050**	.021**
Afford necessary expenses	.374**	.058**	-.021**	-.080**	0.008
Afford other expenses	.503**	.074**	.427**	-.058**	.073**
Optimism about the national economy (factor)	.160**	.009	.151**	.040**	-.020**
Social tension awareness (factor)	-.131**	-.170**	-.002	-.417**	.300**
Institutional trust (factor)	.332**	.120**	.303**	-.024**	.092**
Trust government	.300**	.138**	.298**	.056**	.052**
How many hours per week would you prefer to work at present?	.069**	-.127**	-.049**	-.105**	-.278**

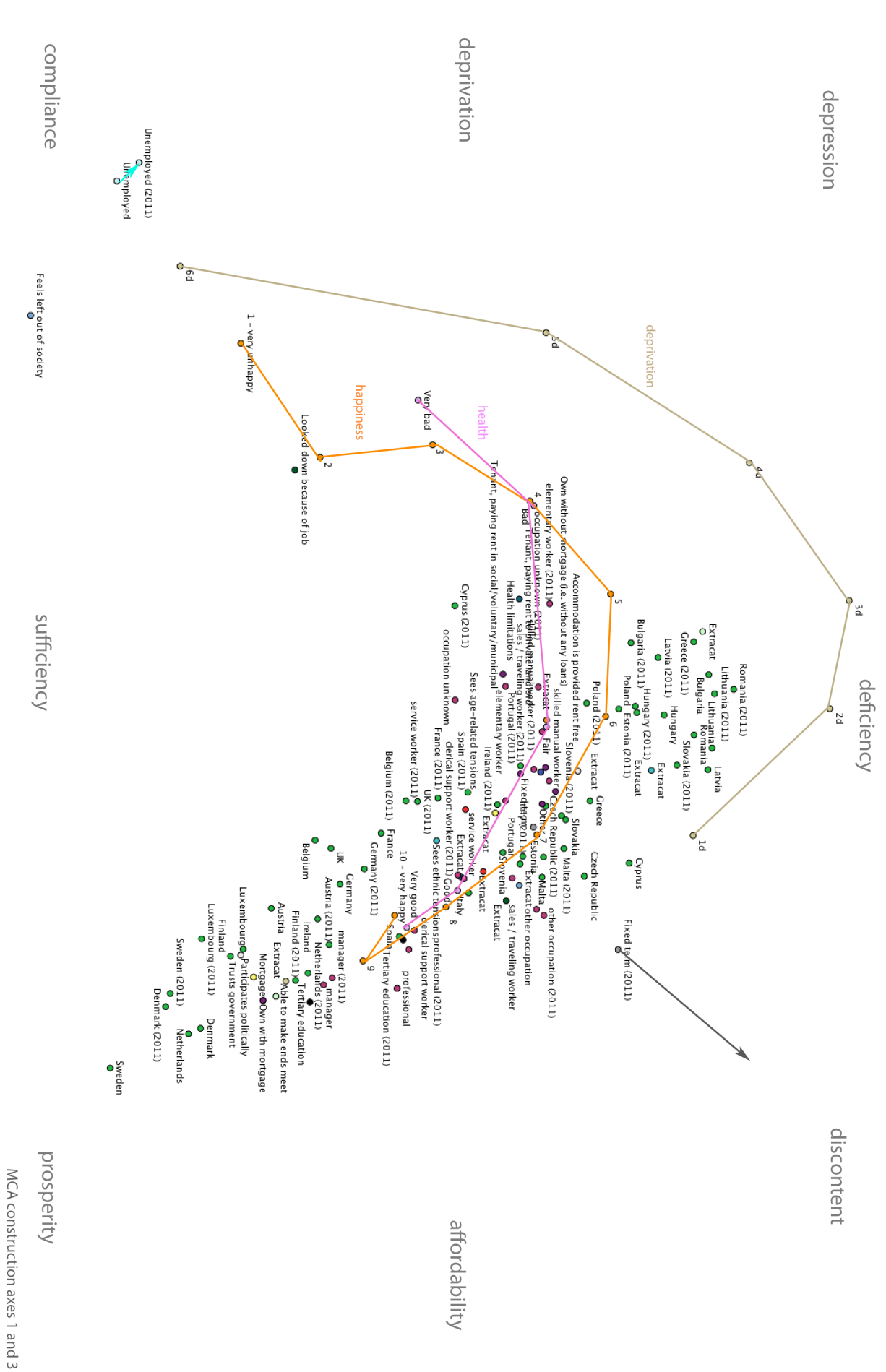


Figure 21. MCA construction variables on axes one and three (economic affects, goo.gl/FGB3g9).

Economic Affects: Deprivation and Deficiency

Let me start with axes one (affordability/deprivation) and three (sufficiency/deficiency), both of which refer to economic wellbeing but in different ways⁴⁸. The affordability-axis is identified especially by the ‘afford necessary expenses’ variable, whereas the sufficiency-axis correlates with the ‘afford other expenses’ variable (Table 7).

In regard to these two modalities of economic wellbeing, both characterise positive affectivity but *only the latter one is neutral on negative feelings*. The positive and negative feelings here refer to two factorial components construed basing on multiple variables related to personal life situation –assessments. As discussed in the previous chapter, the distinction is backed with standard psychological literature, which has broadly confirmed the foundational role of such a distinction in grasping differences related to emotion, temperament and personality.

It is now extremely interesting that only deprivation results in negative feelings but not economic deficiency, which only seems to mark the lack of positive affect. Therefore, after affording ‘necessary’ goods at a certain level, higher income no longer helps suppressing negative feelings. Conversely, when the most immediate economic needs are met, the lack of sufficient income for additional spending does not appear to contribute to negative feelings—people feel worse only if necessary goods are unaffordable. Furthermore, the third axis is independent of how people perceive their financial situation in comparison to others. The third axis also correlates less with personal satisfaction, which increases more as a function of sympathy instead. By contrast, *both* subsistence-related axes, affordability and sufficiency, have notable correlations with institutional trust and trust in government (all between .30–.33), as well as on optimism about the national economy.

It is often difficult to address phenomena, where an apparently single concept (e.g., economic wellbeing) splits into two contrary perspectives. I then applied Algirdas Julien Griemas’ and Joseph Courtés’ (1979) semiotic square as a diagrammatic illustration of

contrary and contradicting modalities associated with any single concept (e.g., economic wellbeing or accommodation). The opposite ends of a given diagonal can be viewed as ‘contradictory’ modalities, whereas those situated next to each other are ‘contraries’. For example, in the case of economic affects, prosperity contradicts with depression but is only contrary to compliance.

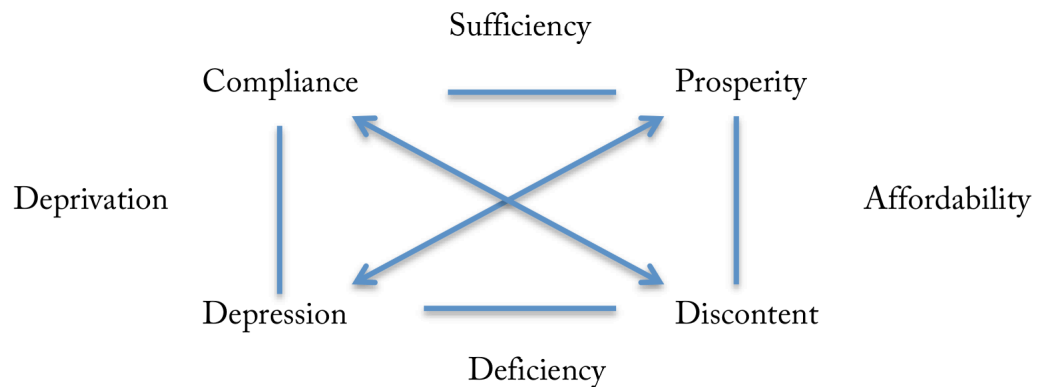


Figure 23. Semiotic square illustrating the two meanings of economic wellbeing (MCA-axes 1 and 3).

It is remarkable that the unemployed score low on affordability but still high on sufficiency: they are *compliant* about declining income. This means that the decreasing income due to unemployment is received in mixed ways: people have difficulties in affording necessary expenses but do not find it worrying that they cannot afford non-mandatory needs. In particular, the unemployed do not generally feel particularly ‘depressed’ about declining income—even if the unemployed are significantly deprived, they appear to generally adjust to this situation, and increasingly so in 2011, making good use of the little they still have.

Sympathy, Marginalisation and Solitude

Whether positive or negative, feelings about the crisis are, however, not always experienced in isolation. Sympathy or ‘fellow-feeling’ (Greek. *syn pathos*)⁴⁹ is represented by the second axis and it was perhaps the most difficult axis to interpret. Sympathy does not refer to how sympathetic respondents are towards others but rather to how sympathetically they perceive their own situations are treated.

Similarly as the unemployed feel more 'sufficient' despite deprivation, their experiences are also treated more sympathetically than those of many other groups. Lack of sympathy is also what distinguishes social exclusion from mere deprivation, which is neutral on the second axis: disdain or the lack of sympathy stand for the 'social', non-economic effects of marginalisation. Conceptually, the marginalisation-indicator is then a crucial discriminatory measure that helps to identify the communal feelings associated with the sympathy-axis.

Given the fact that the unemployed now score high on sympathy, it is notorious that in addition to affordability, also the second axis should defend against social exclusion (-.36). Sympathy also defends against negative feelings (-.45), makes life more satisfying (.14) and less complicated (-.29), and mitigates the effect of social tensions (-.17). Unemployment then is not *always* as negative an experience as what the associated economic difficulties would suggest. I consider this combination of low economic wellbeing but still sympathising, shared experiences as *acceptance* of the economic life situation. The opposite end, *solitude*, characterises feelings associated with insecurity in employment-relationships, as illustrated by those on fixed term contracts who are overshadowed by affects opposite to acceptance (discontent).

The interpretation of the corner opposite to marginalisation, 'homelessness', was somewhat more demanding—not only sociologically but philosophically as well. Heidegger, for example, discussed homelessness of thought as a phenomenological experience while addressing the experiences in post-war Germany. According to him, mortal beings always have to first learn to live and accommodate themselves, which he finds all the more difficult in modern, 'technologically' laden societies. Even if the technological determinism of Heidegger's civilisation critique did not necessarily prove right—as welfare technologies were invented to better accommodate people instead—his thinking is again increasingly pertinent today as *financial technology* overshadows the rhetoric against welfare expansion and accommodation, making welfare states themselves marginalised or 'homeless'.

In effect, unemployment does not generally make respondents more ‘marginalised’ or less ‘accommodated’, which is a rather separate phenomenon and turns out to reflect social change and the deterioration of welfare broadly—also among the employed. I instead started from this notion of homelessness and found *accommodation* to be a concept that best describes the opposite of marginalisation. Accommodation refers to both what one can afford and sympathise, feel sure about and which replaces negative affects with positive ones—something with little tension and a high level of (social) security. It is also illustrative that both tenants and mortgage holders are now lower on accommodation, suggesting that a home that is not fully owned no longer shelters respondents against ‘mental’ homelessness.

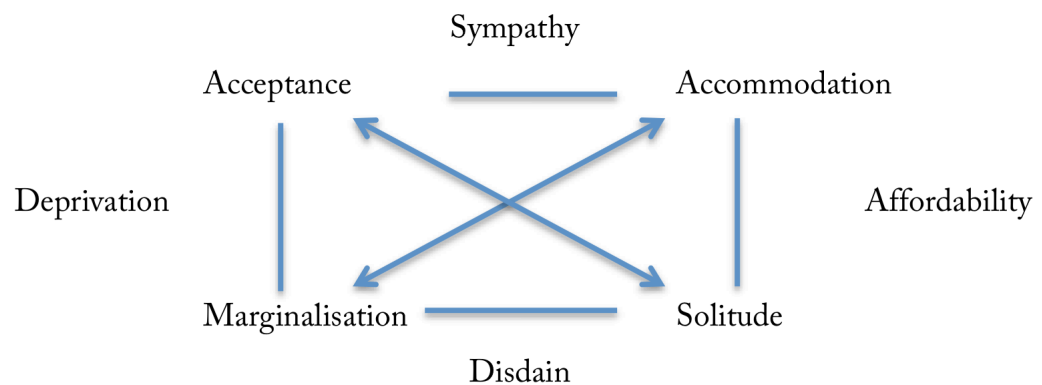


Figure 24. Economic and social aspects of marginalisation (MCA-axes 1 and 2).

Of course, we could have started the identification of the square (Figure 24) very differently. Namely, another option would have been to name the second axis as security. However, as far as we are concerned about economic and social security, they, too, refer to the process of being recognised (and ‘felt’) by others, and who can then *ensure* that life is still acceptable and has not become too complicated. In this respect, the sympathy-axis also refers to non-economic aspects of security, which likewise fall short for those working in fixed term contracts. Permanent jobs, by contrast, secure employees not only financially, but also by providing stable social and organisational frames to perceive life. The axis could also be framed as communality, but this would not similarly cover the negative feelings associated with acceptance and it would be difficult to distinguish communality from accommodation (sympathy plus affordability).

In contrast, disdain refers not so much to lack of community but to that very community that makes one feel homeless, an outsider.

Orientation and Conflict

The fourth and fifth axes of inertia do not have a similarly direct relationship with economic or social wellbeing—affordability, sympathy or sufficiency. Instead, they relate to the *recognition* of social conflict as well as to the *orientation* towards such conflict⁵⁰. In this respect, the latter axis helps reifying the *internalising* and *externalising* reactions to the crisis. The former one (recognition) also helps us discriminate, when people *withdraw* from social conflict—sometimes when they are extremely unhappy. Both axes are, therefore, correlated with *affirmativity* towards economic struggle: internalisation measures the extent to which a respondent is willing to take actions to overcome the crisis (e.g., working longer hours), whereas recognition assumes a more discursive or representational approach to affirmativity.

Starting with the externalising/internalising-problematic, the fourth axis supports the analysis from the previous chapter. In particular, it helps specifying the meaning of economic struggle in respect to psychiatric discourses on stress reactions—the so-called ‘defence mechanisms’ that regulate how mental disorders are encountered most often in young adulthood (e.g., Wilmshurst 2005; Nezhad et al. 2011). Rotating this axis in the direction of the fifth one yields something more neutral in respect to social conflict, characterising *inner-* and *other-directed* orientations instead.

Affects related to the orientation towards the crisis are particularly important from the point of view of *socialisation effects*, especially in the case of young adults. Indeed, it appears that while generally the crisis shifts adult populations only in the directions of recognition/withdrawal, it makes youth move also in terms of externalising/internalising reactions. Young adults are particularly affected in their orientations both because of their still developing self-concept (Jahoda, 1992, 1998) and because they are only entering the job-market (De Vreyer et al., 2000), which makes them more vulnerable to unpleasant and often (subjectively) threatening situations (Warr, 1987).

It is an established case in psychological development theory that national differences exist in regard to such processes, and therefore it is not too far-fetched to apply these developmental contexts also when seeking to understand social change.

First, it is possible that socio-economic and family oriented trajectories intertwine as complex, dynamical systems, and the internalising/externalising behaviours are moderated, for example, by socio-economic backgrounds (Cramer, 2009). Second, the effect of social support on psychological disorders has also been demonstrated in the context of school bullying, suggesting that social support and secondary patterns play an important role even in the most individual, psychopathological manifestations of affect (Davidson and Demaray 2007).

Theories related to psycho-social orientation are also not limited to psychology. George Herbert Mead, for example, distinguishes between inner (I) and other-directed self (me), which is considered one of the foundational theories of socialisation. As another example, the phrases 'inner' and 'other' directedness are employed by David Riesman's (1950) famous diagnosis *Lonely Crowd*. The work diagnoses a change in the personality types on a broader scale, focusing particularly on the other-directed attitudes emerging among the American college students.

The flow field -construction provided by the MCA-analysis is quite illustrative as it reflects differences in orientation, not only in respect to socio-economic and national groupings, but also as the crisis unfolds in a way of interacting with such differences. The effects on young adults are crucial as they are about to enter the labour market (e.g., Fenton and Dermott, 2006; Lowe and Krahn, 2000; also O'Reilly et al., 2011: 581–582; Scherer, 2005) and thus re-evaluate their aspirations towards education, work, family and leisure (McDonald et al., 2011). This is prone to imbuing a cohort-specific imprint on the current patterns of secondary socialisation. In particular, difficulties in the entry to the labour market tend to produce permanent disadvantages to those seeking to ignite their careers (De Vreyer et al., 2000).

Others argue that problems of employment alone do not induce a notable effect on other values and orientations even among the young (Jehoel-Gijsbers and Groot, 1989;

Tanner, Krahn and Hartnagel, 1995), but it is still assumed that the ‘emerging adulthood’ (Tanner and Arnett, 2009) is pivotal to secondary socialisation, including economic accommodation. From a developmental perspective, it seems plausible to assume that the internalising/externalising-orientations are closely related to *long-term* socialisation effects acting both on actual career-expectations and by altering the developing perceptions of the self.

To understand the meanings of this axis in personal life, the inner-directed orientations are associated with unhappiness, whereas other-directed orientations are indifferent to or conservative about their assessments on happiness. Deprivation results first in internalising patterns but at extreme levels it is associated with withdrawal instead. On the other hand, financial obligations due to accommodation (rent / mortgage) make people generally more other-directed and responsive to recognising social conflict. The internalisation-/externalisation-axis also helps us identify the difference between the type of social conflict: ethnic tensions lean towards the externalising end as opposed to age-related tensions.

Another diagonal characterises affirmativity *vis-a-vis* indifference towards social struggle. Indifference, which is a combination of externalisation and withdrawal, is associated with the lack of recognition of social or ethnic conflict, and thus inheres a somewhat uncritical attitude. It, however, does not always result in such internalising problems as health related issues. Correlating indifference with PCA-axes on the country-level resulted in an association between indifference and the *qualitative* crisis of work, whereas the *quantitative* crisis is independent of the level of indifference.

Similarly, the ‘internalising’ orientations are affirmative but still inner-directed, suggesting that internalising respondents fail to make such other-directed attributions that would be required in order to *recognise* the crisis as principally a social conflict. The internalising misrecognition then results in chronic physical and mental health limitations. Furthermore, in those contexts where inner-directedness and withdrawal generally prevail, the Eurobarometer-based *crisis-awareness* component is low; they are the countries where *both* the *qualitative* and *quantitative* crises of work are absent.

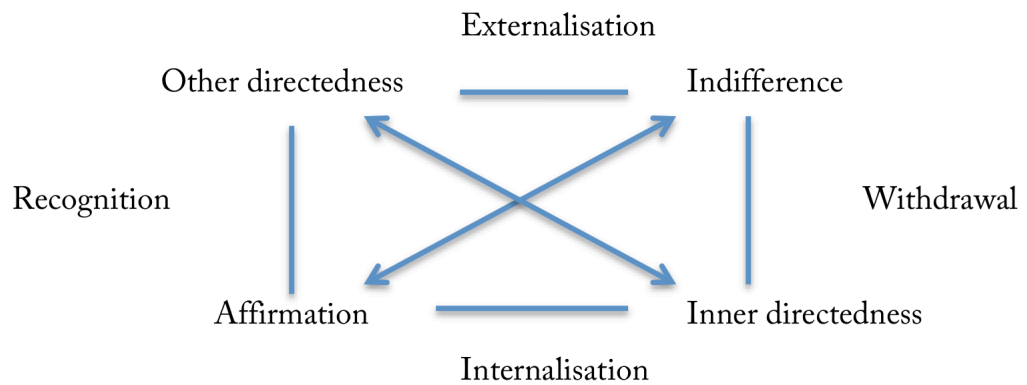


Figure 25. Orientation and recognition of social conflict (MCA-axes 4 and 5).

The MCA-model now produces two axes that are both closely related to the ‘left out of society’ and ‘looked down because of job’ –variables: *marginalisation* and *withdrawal*. The multilevel analysis in the previous chapter already suggested the fact that these variables depict experiences of two rather separate groups of respondents. First, there are those from the higher income half, who anyway feel like being left out, or who otherwise have social support but are, for example, responsible for taking care of their parents or have other notable obligations. Their experiences of the crisis are characterised by deficiency and deprivation (the *marginalisation*-diagonal in the MCA-model), which is a form of *negative engagement* and also highly correlated with *negative affectivity*. In particular, they do not withdraw from conflict but instead they perceive themselves as being economically or socially ‘homeless’ given their underlying circumstances.

In contrast, there is another group of outsiders marked by *withdrawal*. This is perhaps even a more radical form of exclusion—also exhibiting the lack of voice and not only homelessness. Instead of marking negative engagement, which can well occur in tandem with positive engagement (e.g., political participation), the withdrawal-axis is better framed as *absence of engagement*. In other words, it is possible that ‘marginalisation’ and ‘recognition’ occur in tandem: they are contrary modalities in the sense of Greimas and Courtés (1979), whereas ‘withdrawal’ and ‘recongition’ *contradict* each other.

Interestingly, negative effects and economic marginalisation are typical in countries like

Cyprus, Greece and Hungary, whereas particularly after the crisis withdrawal, detachment and absence characterise young adults in Denmark, Germany and Austria. Latvians have become marginalised in both meanings of social detachment; Bulgarians, who used to score high on both axes, are now proceeding in the direction of social inclusion instead.

Affected By the Crisis

Thus far we have made only a few comments on crisis-related changes, while generally the affects have been defined as time-independent manifestations of struggle. Yet, precisely because these affects are time-invariant, we can use them as a meaningful way to address how the relevant groups *change through the crisis*. This is done on a country-wise basis: given how the group-effects differ by context, it would be meaningless to aggregate the crisis-effect in general. Instead, we are specifically interested in how different contexts shape the way in which, say, the unemployed are being affected. Sometimes contexts greatly shape these processes, while in other cases—quite intriguingly—changes prove out to exist separately in *all* the contexts.

One of the cases that can be established despite context includes the separation between the unemployed and the ‘underemployed’ young. This suggests that such effects are not random or accidental, but instead they depict more systematic and stable tendencies—they are pan-European features of the crisis and emergent in context-invariant ways. Given that these country-dependent positions of the two groups are calculated entirely separately, it is unlikely that it would be by mere accident that the direction of move is virtually the same in all of them. Furthermore, given the specific interest on youth, the contexts are plotted separately for younger and older respondents.

I have included two peculiar maps of the un- and the underemployed below. These two maps summarise the themes that we already encountered in the previous chapter: the varying effects of the crisis on wellbeing, the socialisation processes, and the general awareness of conflict, in addition to the question of the quality of growth. Let me now briefly review the most notable connections and group-related differences illustrated by them.

Shift to Depression

Starting with economic wellbeing, country-related differences of the general population averages are situated along the prosperity–depression-axis⁵¹. Also the crisis-effects occur on this diagonal, making the effect of the crisis on the overall population generally *depressive*. When looking at the context-predictors to understand where the shift to depression is at its strongest, we discover that it is the *fiscal crisis* but not the financial one that is to blame. The only notable exception is the most impoverished part of the Eastern regime. However, the effect is significant also in more prosperous contexts.

Therefore, differences between compliance and discontent are only relevant to specific employment-groups, but not to the general population, in which the effects are evened out. The situation is largely *similar* in the case of all *employed* respondents. This suggests that the depressive tendency cannot be explained by the unemployment-crisis alone. In fact, in virtually all the occupation groups people have become economically more depressed except in the group of managers, who have become more prosperous in relation to others. As regards the other predictors, *bad health* is more closely associated with *depression* than either strong unhappiness or extreme deprivation. Interestingly, the low-skilled workers have not become similarly depressed as their highly trained peers. Discontent is also common in EAS, where it characterises older adults in Bulgaria, Romania, Slovenia and Slovakia, creating a further divide between the young and the old.

However, the most interesting findings relate to Figures 26 to 28 below. This bears two important consequences. First, the effect of the crisis is reasonably uniform across the contexts, similarly separating the un- and underemployed young. Apart from a few Protestant countries as well as Romania, Bulgaria and Lithuania, in all the others the employees on *fixed term contracts*⁵² have become more *discontent*, that is, their perceived affordability has increased but insufficiently: this distinguishes them from the depressive tendency of those in permanent jobs. In conclusion, those who experience *employment insecurity* are characterised by a certain form of mental ‘homelessness’—insecurity creates the feeling of insufficiency. Given that fixed term contracts are particularly common among the young (Heyes, 2011), this tendency can bear long-term implications.

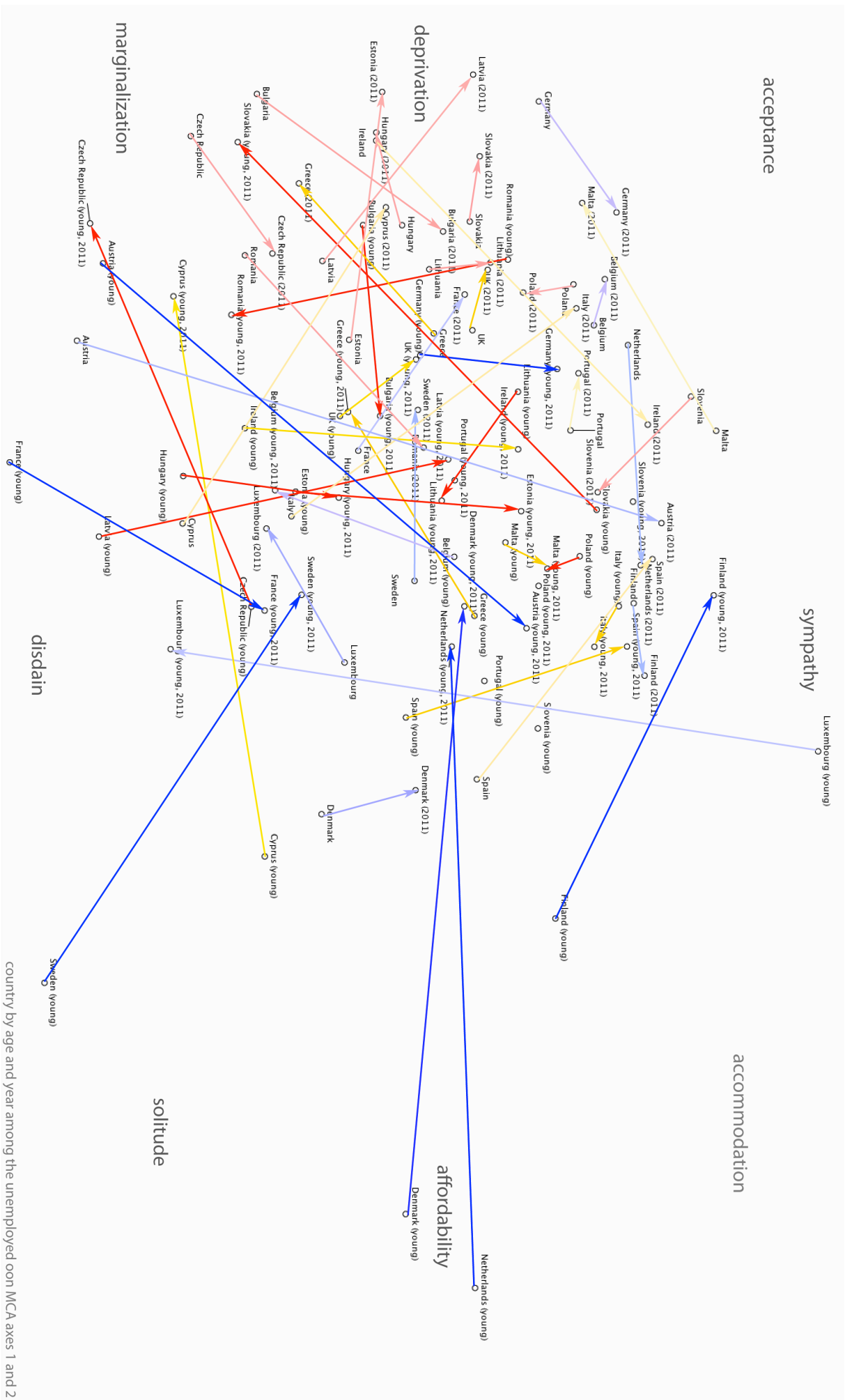


Figure 27. The unemployed by country on the two axes of marginalisation (goo.gl/u5t2ax).

On the other hand, it is notable and somewhat unexpected that the *unemployed*⁵³ have not become more ‘depressed’ about the economy, except the young in the qualitative crisis countries including the Netherlands, Sweden and Denmark. Instead, in almost all the other contexts, they have become either *more compliant*, or in a few cases slightly more discontent (the young in Austria, Germany, Lithuania and Ireland, or the older unemployed in Germany, the Netherlands).

The unemployed and the ‘underemployed’ thus differ in terms of economic affects. This is so even in Cyprus, where the compliance of the unemployed is extreme—only among the German young the pathways of the two groups are equal, and the relationship is reverted in Austria, though not for the low-skilled population. The separation between the insecure and unemployed young in virtually all the contexts can then undermine the general recognition and awareness of economic change of the specific difficulties encountered by youth, which then hardly results in shared, generation-wide experiences.

Feeling Together About the Crisis

It is then crucial to understand how this separation between the two employment-related groups occurs in terms of the other, *non-economic* affects: sympathy and ‘fellow-feeling’ in particular. Does mental ‘homelessness’ characterise those suffering from employment-related or other kinds of insecurity, undermining their accommodation into welfare society? The answer seems to be positive. Yet the two groups of the young struggling with either un- or under-employment fall short of accommodation in two very different ways. Similarly as with the compliance/discontent-diagonal, they fall apart in terms of the acceptance/solitude-diagonal. In particular, solitude and isolation have increased among those on *fixed term contracts*⁵⁴ in a remarkably consistent way. In contrast, the *unemployed*⁵⁵ have experienced more sympathy despite deprivation in all the other contexts except in Luxemburg and Sweden.

The picture of those permanently employed is notably different⁵⁶. When looking at all the employed, both the pre-crisis situation and the crisis-effect appear to be restricted to the marginalisation–accommodation axis, which is perpendicular to the

acceptance/solitude-axis separating the un- and the underemployed groups. In most cases the *effect is towards marginalisation* but in Romania and Lithuania as well as in Germany, Austria and Denmark, the employed appear to be better accommodated after the crisis, furthering the divide between the standard and the insecure.

It is also noteworthy that the *young employed in France* stand at the corner characterised by marginalisation together with the Bulgarians and the Greeks. Indeed, in an earlier study it appeared that the negative effects of employment along with insecurity in social networks were the strongest in France (Paugam and Russell, 2000: 263). Moreover, the unemployed young there were also characterised by marginalisation still in 2007, but the crisis seems to have brought change to this as the young have received more sympathy. Generally, therefore, it is crucial that marginalisation is a phenomenon that is not restricted to unemployed people or the so-called NEETs, but in many contexts (e.g., Portugal, Cyprus, Greece, Sweden) also those who work have become more marginalised. In contrast, Germany is characterised by marked social isolation among the unemployed (ibid., 264), even if this occurs in the form of deprivation rather than disdain. Germany is one of the leading qualitative crisis -countries and despite the fact the number of the unemployed is lower there, those who do fall outside the labour market experience the depths of poverty.

However, considering why the employed are also affected, part of this effect can be explained by the fact that people adopt new jobs with a lower status or qualification even if they continue to work. Indeed, most occupational groups have moved towards acceptance except for the managers or those in 'other occupations'⁵⁷ so it seems likely that the marginalising tendency reflects shifts in the occupational structures. It is the qualitative deficit in the set of available job opportunities that results in marginalisation apart from the unemployment-crisis.

By contrast, the level of education does not interact with the crisis-effect, even though it seems that especially in the Nordic and Continental countries the highly educated young adults have been less likely of suffering from deprivation: this is exaggerated for example in Finland where the highly trained young adults prosper at the expense of

those with only primary education. Both groups, however, show higher sympathy as a result of the crisis. Only for the German and Luxemburgian young the crisis appears to have resulted in elevated disdain regardless of education; the low-skilled then are effectively marginalised.

Looking at context-level differences, the countries with *high old age dependency ratio* seem to react in more accepting ways towards the deprived. In contrast, in countries with *no prolonged recession*, but also where the *fiscal crisis* is high, the tendency is towards *marginalisation*. This supports my claim that the quality of growth tends to be undermined during the crisis. High GINI, by contrast, is associated with disdain, but not necessarily with deprivation. Therefore, the most accommodating countries still are the Nordic welfare states, where the ‘fellow-feelings’ are high and life is generally found the most affordable—at least when it comes to necessities of life. The situation is contrary for example in Spain where people are sympathetic but now overtly deprived. Yet, even in the North, the trend appears to be towards marginalisation.

In conclusion, the question of sympathy further supports my claim that the unemployed and the ‘underemployed’ young appear to be straying further. In the previous chapter I discussed why it appears that the prevalence of the unemployment crisis has not affected satisfaction and happiness among the unemployed. It is now possible to hypothesise an answer to this question: it appears that social support and recognition (sympathy and sufficiency) indeed increase as a function of the unemployment-crisis, but they still do not help to mitigate the effects of economic deprivation, which is more directly linked to happiness and satisfaction. Furthermore, it is quite intriguing that within-group effects of the crisis take place largely on the acceptance/solitude-diagonal, whereas the marginalisation-diagonal instead depicts aggregate changes that can in part be explained by the reversal of the ‘status attainment’ process: people fall into lower occupation groups even if they are not outright unemployed. This also supports a tendency that I will discuss more thoroughly in the next chapter: that in countries with high general level of education also the low-skilled tend to struggle as the highly skilled take jobs from lower occupation groups.

From Crisis to Conflict?

Let me now look into more specific socialisation effects. In particular, I ask whether the crisis is framed or recognised as inhering a social conflict. Starting again by comparing the un- and the underemployed young, those working on fixed term contracts seem to be increasingly likely to express *indifference* towards social problems, stress and tensions. They withdraw from the social conflict and political engagement, thus mirroring their feelings of solitude and discontent.

In contrast, the unemployed, who previously externalised their difficulties to a great extent, are now increasingly likely to *internalise* their problems. This is so even if the crisis provided a communal framework that enables people to better articulate their difficulties, also reflecting higher sympathy experienced by this group. This parallels with what was encountered earlier—that the crisis has made health issues (often mental or psychosomatic) particularly common among the unemployed young (.555*)—and suggests that the imprint of the crisis on self-development could prove lasting.

These effects, however, are not similarly consistent across the contexts. For example, among the young on fixed term contracts, there is a great variation in terms of recognition. But apart from Bulgaria, externalisation and indifference are still the norm everywhere else⁵⁸. As a peculiar outlier, the Finnish young on fixed term contracts are much less internalising, possibly reflecting the specific government initiatives that have contributed to the proliferation of such jobs in the public sector. By contrast, the unemployed are similarly diffuse in terms of recognition, but internalising. The internalising tendencies are, however, reverted in the Netherlands, Denmark, Romania and the Czech Republic⁵⁹.

In the general population, the effects are even more diffuse⁶⁰. This happens quite interestingly also in contexts dominated by the *quantitative* crisis. The young in Spain and Greece tend to externalise, whereas the Portuguese young have become more recognising or affirmative. So have the Swedes, unlike most Nordic and German people, and the Swedish crisis could reflect generational tendencies as I will discuss in more depth in the next chapter. These socialisation-effects are not reducible to

differences in economic affects (the young in Cyprus, Greece and the UK tend to marginalise, whereas in Greece and Latvia they become depressed), but for example the different pathways of the Greek and Portuguese youth are noteworthy.

In relation to educational groupings, those with tertiary education have shifted towards indifference, and are thus more likely to express externalising attitudes; they also ignore the relevance of skilled jobs at the heart of the crisis. Those with primary education, by contrast, adopt a more inner-directed orientation, but neither one of these two groups appear to be forming a generational awareness about the crisis.

However, the socialisation effects can be all the stronger, as the awareness of the actual causes of trouble is absent. One peculiar phenomenon that catches the eye is the fact that in the Eastern regime, and to some extent also in the Nordic countries, there is a great contrast between younger and older respondents—the latter are much more inner-oriented. What is even more remarkable, however, is the orientation of the crisis-effect: among older adults, the effect largely rests on the affirmation/indifference-diagonal, whereas changes in young adults' attitudes emerge in the direction of inner-/other-directed orientations (e.g., in Greece, Spain, the Netherlands, Finland). As I mentioned above, precisely because changes on this diagonal are specific to youth, it has to do with the socialisation effects of the crisis (Jahoda, 1992, 1998) but also with the difficulties specific to labour market *entry* (De Vreyer et al., 2000).

If this is the case, it is also eminent that among the *employed* there are few if any effects in the direction of the orientation characteristics⁶¹; it is perhaps more common for respondents to become affirmative, whereas Greece, Spain, Denmark, Luxemburg, Germany and Austria all illustrate a shift to indifference in respect to social conflict instead. Managers and service workers behave quite similarly, exhibiting withdrawal and externalisation, whereas elementary workers illustrate an internalising tendency. However, the deeper, long-lasting socialisation effects are more likely to affect the un- and the underemployed young. Unlike in the case of economic accommodation, the psycho-social effects are often also similar in the two groups, even if the direction depends on the context.

In terms of education, in countries with the most staggering crisis (particularly in EAS and SAS) those with tertiary education tend to externalise. The opposite effect characterises the highly trained young mainly in some Protestant countries (and France). Finally, in the group of those who still study the socialisation effects are dispersed.

Is there any way then to explain the vast differences in these socialisation effects? The next chapter applies multilevel analysis to answer this question. However, by looking at the MCA-plots directly, both social democratic policy and changes in that direction contributes to other-directedness, thus mitigating the otherwise internalising tendencies. A similar, other-oriented effect seems to follow from higher GINI-coefficients. Multilevel analysis (see the next chapter) confirms both effects, except that the shift to leftist policy follows from other-directed orientations rather than explains it. Regarding the extent and the length of recession, it is notable that in *both extremes* (deep or no recession) externalisation is more likely, as is the case also where the GDP growth is high.

Finally, I asked about what role the active labour market policies could play in economic socialisation and adaptation processes. Generally, a higher emphasis on ALMPs is associated with lower deprivation but also with less sympathy and higher solitude; often temporary work due to public *job creation* could further this effect. At the same time, *integrative approaches* to ALMPs predict a slight shift towards more recognising attitudes. In contrast, in *market-oriented* countries the shift towards *indifference* is particularly high; this is the case also in recessing economies, where the effects of incentives based policies are not similarly positive. Given that such policies focus on the individual and do not address the labour market structurally (which would instead contribute to recognition), they also make respondents more *compliant* about declining incomes.

But there is also something peculiar about the crisis that the data cannot answer. Indeed, I compared the MCA-analysis with the epistemological representation in the context of the Eurobarometer-data⁶². The comparison then indicates where the main

analysis falls short: it is, on the one hand, the representations about the *contingency* of the crisis-outcomes—a question that has to do with rhetoric and crisis-policy that lack in the quality of life data—and about the question of *moral representations* on the other, that is, about possible debt-relief or the obligation to repay. The latter axis in particular is independent of crisis-awareness, however. Therefore, it does not undermine the representation of the crisis considered in this chapter, even if the question of *debt* obviously needs further investigation—an issue that takes us back to Max Weber's thesis about the cultural contexts of the economy. But we also need to investigate who particularly are paying the price for the moral obligations (whether or not they are to be responsible) and, henceforth, what are the contexts that the crisis has made particularly indebted.

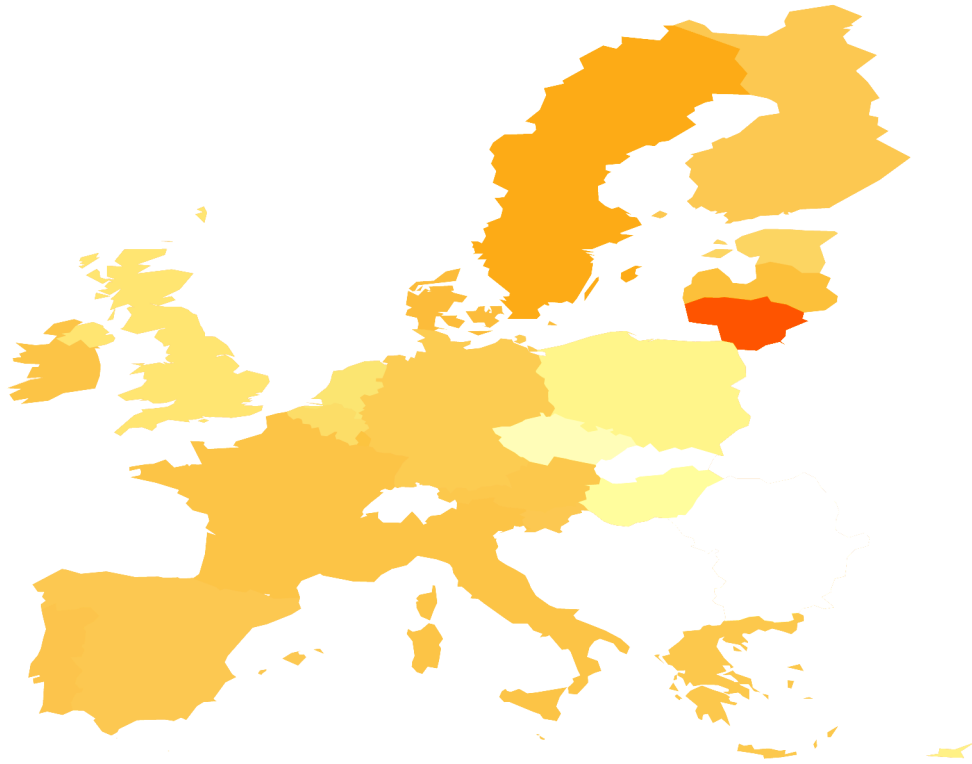


Figure 29. Countries where the unemployment rates have increased more for those with tertiary education degrees (goo.gl/Ml8GZO).

Chapter 9

Post-Fordist Crisis of Welfare

If Thomas Piketty (2014a) and Göran Therborn (2013) are right in that inequality tends to rise, at least in the present, it seems right to say that people are increasingly divided. Yet it is not always clear how exactly they are divided; what is the proper way to draw and visualise new distinctions? Many scholars now convincingly argue that ‘class’ is coming back—if it ever went away in the first place! But especially if ‘class’ is a *mobile* phenomenon (e.g., Egerton and Savage 2000; Skeggs 2004), there is the problem of constructing it as part of empirical research: do we refer by ‘class’ to a group consisting of any number of people? Or does it, instead, refer to the principle according to which they are being classified? Similarly, it is often intriguing to associate age-related differences with a certain ‘generationalist’ point of view, exaggerating the prospects of shared, age-dependent consciousness instead of truly understanding what unifies and divides youth as a cohort (Wohl 1979, 5; Hazlett, 1998: 8–9; Purhonen, 2006).

The question of classification and divides could also be used to target contexts, not only groups of individuals. Indeed, even if there is a dominant belief that austerity and cuts to welfare are inevitable and necessary results of economic deprivation, it is remarkable that even in those economies that grow, negative affects like discontent and marginalisation are now more common than before. Therefore, like the previous chapter concluded, in growing economies polarisation and tensions tend to occur, whereas in the more deprived countries sympathy emerges instead. Economic subjectivities are thus

reconstructed in and through the crisis, possibly furthering the vicious circles of economic depression.

The most important question from the multilevel perspective, then, is how the divisions based on groups and contexts *interact*. In particular, it is crucial to contrast context dependent differences with the so-called ‘two-tiered’ labour market structure as pursued by contemporary employment research. It particularly characterises the experiences of youth, as the growing group of ‘losers’ are marginalised, while the ‘winners’ simultaneously take advantage of the more flexible, creative project society (Jones 2002; Reister and Craig, 2003; see also Boltanski and Chiapello, 2005), and are otherwise accommodated in a world where the ‘atypical’ itself is the norm (discussed already by Evans and Furlong, 1997: 17–18). In the previous analysis the marginalisation–accommodation-axis is then pivotal for understanding how the so-called ‘youth divide’ plays out. Yet, contextual differences are vast: economic *growth* appears to be associated with marginalisation and polarisation, whereas *welfare* and social expenditure contribute to the accommodation of broader groups.

In the context-level, however, the question of marginalisation only characterises differences among the employed (or the unemployed in the Nordic and Continental contexts). Instead, the crisis induced a peculiar, context-independent differentiation between two groups of young adults who are in more inferior positions: *the unemployed* are *deprived* but they are still more *compliant* about the declining income; they also feel more *accepted*, sympathised and are *less externalising*. In contrast, the employees *on fixed term contracts* feel *discontent* despite the crisis-induced increase in perceived *affordability*; they are more likely to experience *solitude* and are increasingly *ignorant*.

The un- and the underemployed then form *two different* faces of Robert Castel’s (2003: 430) ‘supernumeraries’ or Hannah Arendt’s (2013 [1958]) ‘useless of the world’. Both of them suffer from the ‘deficit of occupiable places’, but in contrary ways. They provide their own answers to the question of the ‘serious men’ who, in the midst of the crisis, ‘ha[ve] no resource’ in themselves but whose ‘coagulate[d]’ or ‘dismissed’ rendition of

'human reality' carries the weight of the crisis, if not 'the world', on their 'shoulders'⁶³ (Sartre, 2003: 580; ref. Bourdieu 1990: 42).

Of course, not all young adults on fixed term contracts perceive the 'flexicurisation' in a similarly negative way (cf. Bradley and van Hoof, 2005; Plug and du Bois-Reymond, 2005). As Anthony Giddens (1991) anticipated, self-development, 'self-actualisation' and contemporary challenges are sometimes positively perceived (cf. Harsløf 2003). However, the results are clear on the aggregate level. At the same time, the historical importance of these differences stems from the fact that flexible employment characterises the situation of an increasingly large share of young adults (Gash, 2008; O'Higgins, 2012; Schömann et al. 1998, 139), in part because of the public policy recommendations by the EC (Heyes, 2011). The effects are also the most exaggerated among the youth⁶⁴.

Two crucial implications can then be drawn from this discrepancy between the two groups of 'losers'. First, neither group as such appears to be characterised either by marginalisation or accommodation, as suggested by Gilles Jones original discussion of the so-called 'youth divide'. Instead, the sympathy-related acceptance–solitude axis but also the more economically laden compliance–discontent-axis are crucial in distinguishing between those who find their positions more vulnerable: these differences tend to cancel out when looking at the younger age-cohort as a whole.

Second, the way in which the negatively affected acknowledge their own struggle appears to little indicate a shared, common understanding—the young bear no 'consciousness' of their own existential 'freedom' and capacity to oppose. Rather, there might not be shared ethics implied by the crisis: those who can afford living costs are still likely to feel insecure and thus deficient, while those who do not are anyway more sympathetic even if they are at the same time deprived. If work itself is framed as a form of existential obligation or 'debt', as I previously suggested, there is not necessarily any common way in which its allegedly 'burdensome and imprisoning' characteristics are experienced (Peebles, 2010). Yet it is clear that work in contemporary society appears as

the ‘great creditor’ (Lazzarato, 2012)—not that much as the ‘great integrator’ as it did in the past during nearly full employment (cf. Barel, 1990).

Combining Bourdieu’s MCA with Multilevel Methods

The discrepancy between the two, ‘losing’ groups of youth that I identified at the end of the previous chapter is perhaps the most apparent and illustrative result of how MCA can be used in visualising social change, that is, as a way to describe the ‘dynamics of the field’ and particularly from the ‘transnational’, comparative perspective. Yet, the visual interpretation of the groupings alone does not allow us to distinguish between *compositional effects* and more *endemic properties* of such groups.

To address this problem, I instead combined multilevel methods with MCA-axes that as such are theoretical, abstract constructs and only retrospectively interpreted by utilising various, indirect techniques (including semiotic analysis). Extending Bourdieu’s use of MCA, I thus modelled the different diagonals of wellbeing with the same multilevel predictors I used in the main analysis. In other words, the MCA-constructs themselves are studied as the outcomes of regression analysis to identify these latent aspects in association with group compositions. The MCA-constructs used as outcomes in these models sum variables with relatively high Cronbach’s alpha-coefficients, making the analyses more reliable than in the case of individual crisis-outcomes⁶⁵.

Affects and the Three Crises of Welfare

There are two important questions that we can now address by analysing the MCA-model by multilevel methods: (1) *what particular factors have catalysed the effects of the financial crisis so as to prolong economic deprivation* and (2) *what implications can be drawn regarding the effects of economic policy on different ‘affects’ of the crisis?* Multilevel methods can thus be combined with the MCA-paradigm in order to identify more specific and systematic connections between the various groupings and the affects of the crisis, invisible in the previous visual analyses.

After controlling for economic, financial and policy-related predictors, *deprivation* still appears to have increased (.175*) and so has *depression*, both generally (.530***) and among the unemployed (.390*). These effects are interesting to contrast with the welfare typology and, ultimately, with the three crises of welfare as I discussed in the first part of my thesis. There are, indeed, few statistically significant differences between welfare regimes, and especially in the Eastern regime people are more compliant and there is less discontent despite the falling income; depression in contrast characterises those inhabiting SAS or the Nordic and Continental regimes.

Apart from the Eastern regime, in all the other regimes *non-economic* affects have not been *altered* significantly in the general population but only among the *unemployed* (sympathy .310*, affirmation .407*, other-directedness -.573*). As regards welfare regimes, the sympathy-affect among the unemployed is reverted in SAS (-.372**), suggesting that the unemployed young in the Southern and Anglo-Saxon regimes are subject to *marginalisation*, unlike their Eastern, Nordic and Continental peers. At the same time, the unemployed in SAS are, however, more affirmative (.310*), and other-directed as a result of the crisis (1.467***); they are also more compliant about the declining level of income.

By contrast, in EAS affirmativity (.200***) and other-directedness (.288***) characterise the general population, not just the unemployed. At the same time, they are relatively less deprived and depressed—and the employed are less discontent—than what would be expected on the ground of financial and economic predictors. Furthermore, the post-Soviet transition overshadows the experiences of older adults, but even the younger ones are now closer to the EU averages in terms of economic socialisation.

Also the multilevel analysis on the MCA-constructs confirms my interpretation of the bifurcation of the experiences of the un- and the underemployed young: those in *fixed term contracts* are increasingly discontent (.179***) especially among the young (.062*); they are also less sympathetic (-.104**, further -.168** for young), less affirmative (-.174*** though less so among young .098*) and more other-directed (.073*, further .151** for young). Also, in contrast to the unemployed young, who more often

internalise the crisis, those on fixed term contracts are less likely to experience health-related limitations but tend to *externalise* social conflicts instead.

It is thus inevitable that the economic crisis overshadows all welfare regimes, even if people in the Eastern regime still bear slightly more hope or they are at least a little more compliant. In contrast in those countries, where the level of social protection used to be extremely high, the unemployed now encounter more staggering effects of economic depression, while generally people have become much more discontent. In SAS, affirmation prevails in some groups of the unemployed (.310*) but less so with young adults (-.315), indifference is further exaggerated in Orthodox countries in the Southern regime, especially Cyprus and Greece (-.594**). In these countries, the discrepancy between the younger and older cohorts is notable. However, in addition to being more discontent, respondents in these countries also reflect a higher likelihood of externalisation: the conflict is not subject to age-specific representations or recognition.

Furthermore, the internalising tendencies among the young unemployed, but also the outbursts of externalisation in specific contexts, suggest that the crisis affects processes of economic socialisation. In EAS the young are actually approaching the EU-averages, whereas in SAS the young are moving in the opposite direction. Given that people in this cohort are living through 'emerging adulthood' (Tanner and Arnett, 2009) and undergo processes related to 'secondary socialisation' (e.g., Mortimer and Simmons, 1978)—their 'most impressionable' phase of life (Elias, 2000: 377), configuring their images of social order and of future trajectories (Evans and Furlong 1997, 17)—it is significant that the crisis makes *only the young* more *internalising*, but not the older adults. This is reflected both by the vast increase in the number of unemployed young adults with health limitations. Several epidemiological studies also confirm the emergence of crisis-related depression, eating disorders, etc. (e.g., Economou et al., 2013; Frangos, 2012).

Education, Support and Other Group-Specific Predictors of Socialisation

Given the socialisation effects of the crisis, which make its effects more long lasting and possibly also support generational experiences, it is relevant to discuss a few group-

specific moderators of these affects as well. Indeed, those with only *primary education* can in many ways be viewed as being in the eye of the storm. Both the employed and particularly the unemployed in this group have indeed become more deprived at least as they themselves view their situations, even if they are at the same time more compliant. Even if experiencing some of the most exaggerated consequences of the crisis, this group also appears to reflect little resistance or empowerment either in economic or societal terms. Their experiences of the crisis thus appear to illustrate certain rootlessness and historical unawareness. Even in education-intensive economies and especially in them, this group is the most vulnerable and they need to increasingly compete with the people who have tertiary educational qualifications.

Another relevant theme is accommodation and social support. *Home loans* have made the young more affirmative about the economic struggle, bringing them closer to the general population (this group of young used to be quite ignorant). This crisis-awareness brought about by mortgage debt is associated with higher depression, even if the *unemployed mortgage holders* seem to have become more *compliant*, making them particularly prone to finding the less more sufficient, that is, of being able to cope with lower standards (thus even furthering a similar general effect on the unemployed). However, those mortgage holders who are 30 to 35 year-olds—the age in which people usually enter the housing market—are more likely to experience depression and discontent. Generally the compliance related to home loans is likely to characterise the respondents who have either already paid back a substantial part of their loans or who are in a privileged enough position to buy a home early in life. In contrast, those paying rent are now less deprived, probably because of the composition effect: the tenants struggling most have often moved away.

At the same time, the respondents who *live with at least one parent* have become more depressed—especially in low-income households where parents inevitably lack economic resources to support their offspring. This could also be explained in part by the composition effect, of course, as the more depressed young are more likely to look for support from their parents. However, it is notable that this form of social support still does not seem to mitigate the negative effects of the crisis. The reasons for seeking

support could thus be ‘social’: the young living with their parents have experienced more sympathy or feeling of togetherness (.451***), even if they are equally deprived. Yet even sympathy does not characterise the young sheltered by their parents (-.645***). The unemployed young need to look for sympathy elsewhere.

To consider other groupings, the unemployed young ‘internalise’ the crisis more often in health-related ways. They are also more likely to experience *sympathetic affects*, despite scoring possibly higher in economic depression, and similar experiences characterise the young with children. By contrast, reflecting certain ambivalences associated with prolonged transition periods, disdain and the lack of sympathy are the most prevalent among the young living with their parents who also have *tertiary education degrees*. This is so possibly because of contradicting expectations and norms related to economic and domestic socialisation.

Expenditure, Equality and Growth: In Addition to the ‘Financial’

Based on the associations between education, social support and wellbeing, there are reasons to believe that welfare regimes do shape or are associated with the way in which the crisis affects long-term economic socialisation processes. Besides welfare, it is, however, interesting to see whether there are other ways to distinguish the contexts where the effects of the crisis are most emphatic. In particular, we are interested in the structure of the economy—both national policy but also demographics—in evoking different affects associated with the crisis.

First, multilevel models applied on MCA-outcomes confirm a tendency that I previously identified in relation to specific crisis-outcomes. Namely, higher *social expenditure* is associated with a mitigated level of deprivation (-.215*) and depression (-.197*) among the unemployed, but even more importantly, it is associated with *lower general discontent* in society at large (-.293*). Such measures are also being applied particularly there where the *affirmation* of economic struggle is higher (.084***).

Again, the results cannot be explained just by the general, stimulative effect of state expenditure. This is because in countries where the emphasis is put increasingly on *non-social expenditure* the associations are the contrary: the experiences among the

unemployed are less sympathetic (-.108*) or affirmative (general -.037***; unemployed -.105**). Non-social fiscal stimulation also seems prone to making the unemployed more deprived (.271***) even if, at the same time, it makes them less subject to discontent (-.450***). Because both kinds of expenditure contribute to aggregate demand, their contrary outcomes should be associated with the (opposite) dynamical effects, instead. Non-social expenditure then appears to serve only a symbolic function, justifying public policy in the eyes of the employed even if the actual policy-effects are contrary to those expected. The case is contrary to social expenditure, which contributes to employment and wellbeing despite the general discontent towards social policy.

In result, the *quality of growth*—where it exists—has been *anti-social*: a claim that I drew by looking at individual crisis-outcomes but which is now confirmed by less contingent multilevel models based on MCA-affects. Indeed, *higher growth* during the crisis predicts *lower sympathy* both before the crisis (-.227***) particularly among the young (-.278***), and even more so after the crisis (-.165**, -.164**). Decreased sympathy is also visible among the unemployed (-.159***), where the economy grows. Furthermore, high growth is associated with less other-directed (-.138***, further with youth: -.067*) and thus *more internalising* or inner-directed tendencies, not to mention the associated increase in *deprivation* among the general population, both before (.217***, further with youth: .170**) and especially after the crisis (.177***, further with youth: .282***).

These associations support the idea that qualitative changes and crises prevail even in the contexts which have been growing or where unemployment has remained limited. In contrast, countries characterised by the *quantitative crisis*—often also associated with the ‘financial’ aspects and high bond yields—reflect higher deprivation generally (.242***) and particularly among the youth (.359**) though only among the employed young. Therefore, unlike in qualitative crisis-contexts, the financial crisis itself has not furthered deprivation among those short of work (except by increasing their number).

The burden of national refinancing costs is then at least not the only source of struggle, even if it has inevitably affected the dynamics of economic engagement of those who stay in work. At the same time, the higher level of national debt as such does not seem

to be a problem, at least at the present, but still it seems to have mitigated the effects of the crisis in terms of deprivation (-.219^{***}) and depression (-.172^{*}) by allowing a higher level of protection and by contributing to aggregate demand. Yet, the national debt still predicts possibly higher unemployment (.137 and .065) and it is prone to creating discontent (.267) and indifference (-.081^{***}, unemployed -.210^{**}).

There are a few other country-level variables predicting economic deprivation. What explains economic struggle among the unemployed (not so much the employed) is the old age dependency ratio (.217^{**}), which also undermines how much sympathy those lacking work experience (-.334^{**}). This predictor is, however, associated with lower discontent (-.427^{**}), suggesting that the burden of aging at the same time justifies economic struggle among the general population even despite the lack of fellow-feelings. In contrast, high *economic inequality* (GINI) increases sympathy among the unemployed and makes them more affirmative but also more discontent—thus *opposite* to the effects of *old age* dependency ratio.

Alternative Interpretation: A Crisis of Higher Education

Above, I identified various ways to frame the negative affects incurred by the crisis, sourcing them not only to ‘financial’ variables like bond yields but also to the underlying structure of the economy: GDP growth, equality and the old age dependency ratio. Neither one of these context-predictors were invariable in terms of crisis-outcomes when looked at from the point of view of multiple affects and particularly when compared between the employed and unemployed respondents. Rather, they appear to indicate how economic struggle or the ‘financial’ crisis is being distributed and canalised in qualitatively different ways.

However, there is indeed one predictor that reflects a more *invariable, negative effect* on almost all the affects: *the share of 30 to 34 year-olds with tertiary education*. It is associated for example with solitude, indifference and internalisation. Furthermore, all these effects apply not only to the general population but *especially to the unemployed*, and they are *all further exaggerated among the young*⁶⁶. The prevalence of higher education thus gives us a much more coherent picture of crisis-related differences than what for example the

financial indicators (bond yields, national debt) can do. It reflects tendencies that are independent of the employment status but particularly important to youth (and economic socialisation).

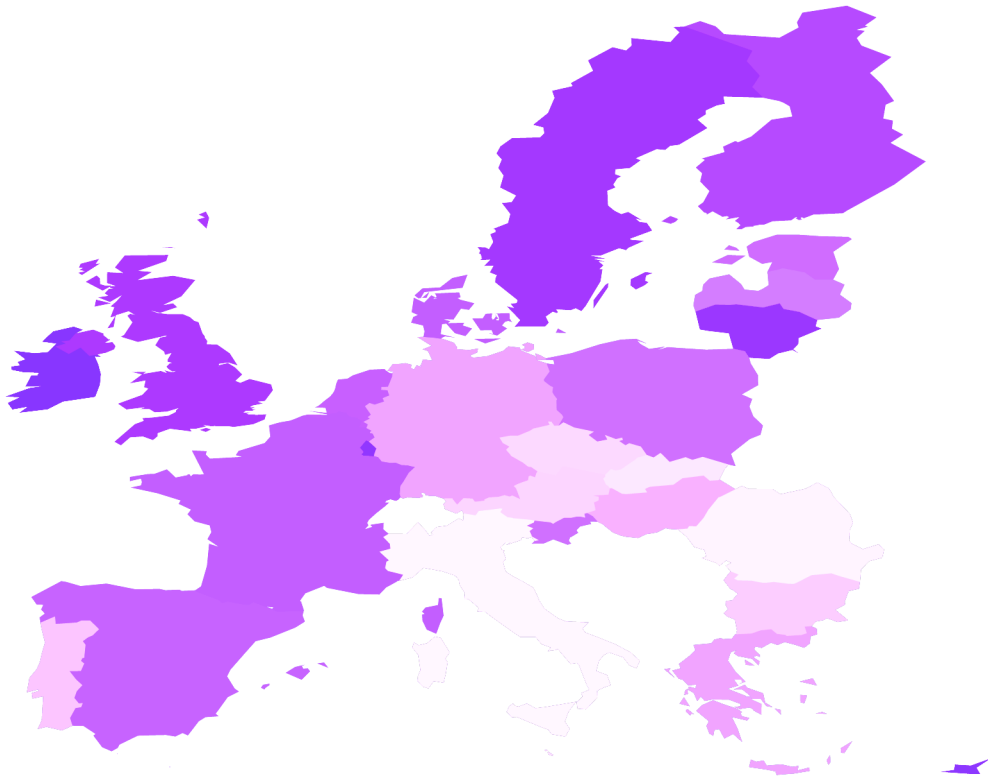


Figure 30. 'Post-Fordist' countries with a high share of 30–34 year-olds with tertiary education degrees (goo.gl/WPdtZO).

Yet the effect of the prevalence of higher education is not reducible to non-economic affects. Instead, the structural struggle of such economies is visible in terms of *deprivation* especially among the young (.088*, furthered afterwards by .052* after), deprivation of the unemployed generally (.119*, furthered by .128*) and further among the young (.077, furthered again by .111*); depression in general (.020, furthered afterwards by .094***) and further among the young (.138**, again furthered by .121***); and *depression* specifically in the group of the unemployed generally (.088 furthered by .156**) and further among the young (.021, furthered again by .140**). The only economic affect that appears generally unaffected by the education-indicator is discontent—except again for the unemployed, among whom the prevalence of education predicts compliance (lower discontent). The multilevel analysis on the MCA-model also confirms the finding that happiness scores are lowered particularly where highly skilled work is common.

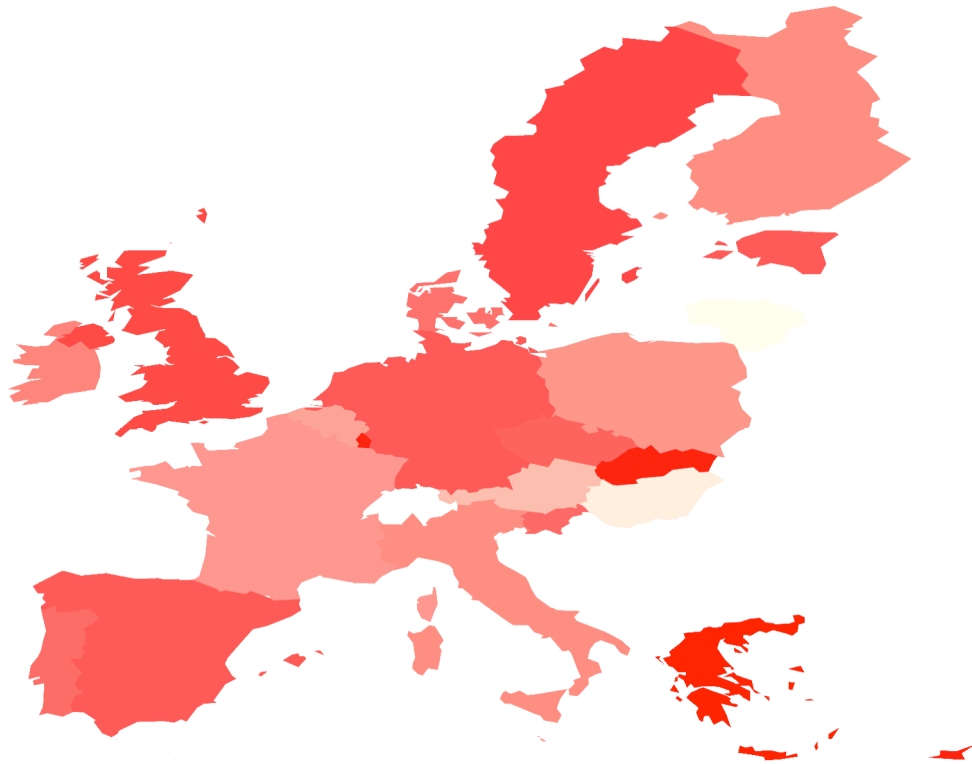


Figure 31. The effect of the crisis on a combination of negative affects (deprivation, disdain, insufficiency, goo.gl/RJdt3Q).

I visualised these findings by making a sum variable of aforementioned affects (deprivation, disdain, insufficiency): the resulting distribution (Figure 31) is notably similar to the one describing the share of those with tertiary education degrees (Figure 30). Only in France the subjective effects have been less exaggerated despite high level of education, whereas the situation in Germany, Austria and the Czech Republic is the contrary. Also, the people in the Baltic countries have experience less subjective effect of the crisis mainly because they were more deprived to begin with.

There are several points to be drawn from this finding. First, the uniformity of the effects but also their peculiar relevance to youth confirms how the crisis seems to be functioning as an engine of social and economic change, and in a way that is not explained by the ‘financial’ predictors alone. The interpretation is also quite different from the view conventionally held that the reason for economic depression in developed

countries should follow the outsourcing of low-skilled jobs (to countries like China) rather than reflect the disinvestment of skilled work, instead. Figure 29 at the beginning of this chapter supports this interpretation. It indicates that in more educated countries unemployment rates have increased relatively more among those with tertiary education degrees. In particular, the data is at odds with the epochal prophecies praising the importance of the so-called ‘information’ or ‘knowledge-based’ work (Castells, 1996) or of the importance of ‘cognitive labour’. The deflated value of cognitive work could as well be the source of the current stagnation in the EU.

The crisis could thus be alternatively framed as one undermining the dynamics of the highly skilled, ‘cognitive’ work—possibly due to public sector cuts, the welfare crisis and other tendencies that undermine the prospects of education-intensive, or what we have called the ‘post-Fordist’ societies (Burrows and Loader, 1994). Post-Fordism is generally used as a term referring to a variety of themes overshadowing social and economic change over the past few decades. In particular, the relevance of the industrial or ‘Fordist’ standardisation of work has gradually ceded over the past few decades.

Stuart Hall defines post-Fordism as

a shift to the new 'information technologies'; more flexible, decentralised forms of labour process and work organisation; decline of the old manufacturing base and the growth of the 'sunrise' computer-based industries; the hiving-off or contracting-out of functions and services, a greater emphasis on choice and product differentiation, on marketing packaging and design... (Boldening by the author.)

While many of these themes have been discussed through this study, in this chapter the term ‘post-Fordism’ is operationalised more straightforwardly, referring particularly to those economies where the share of the 30 to 34 year-olds with tertiary education is the highest. Contrary to Hall’s assumptions, Chapter 6 actually demonstrates that flexicurisation now increasingly characterises also manual and elementary work, and that manual work is actually not disappearing but rather re-emerges in new ways.

In comparison to the education-related, ‘post-Fordist’ predictors, it is worth noting that the effects of the crisis are much less uniform in respect to other material conditions like the level of unemployment, which combines both positive and negative effects. At the

same time, it is important that the crisis of post-Fordist societies is associated with *psycho-social* effects in particular (at least currently)—there is no similar effect on objective indicators like growth rates or the level of unemployment.

Second, it appears that the *depth of the crisis* incurred by the ‘post-Fordist’ organisation of work and education is itself education independent, that is, *all education groups* suffer where the prevalence of tertiary education is high. Indeed, when looking specifically at those holding tertiary education degrees in different contexts (Figure 29), the highly educated have lost jobs particularly in Eastern Europe, with the highest ratios in Romania, Slovakia, Bulgaria, the Czech Republic and Hungary. In contrast, countries favouring people with tertiary education in terms of employment include Lithuania, Sweden, Denmark, Latvia, Luxemburg, Italy, France, Ireland, Portugal and Greece. Again, it is interesting that the Baltic countries, together with Slovenia, differ significantly from the rest of the Eastern regime. Therefore, also those with lower educational degrees suffer because of the dynamics associated with the high-skilled employees.

There are several tentative possibilities to explain this. First, it could reflect the fact that the high-skilled employees then compete for the same jobs with the low-skilled ones, also reducing the prospects of those who have not acquired any higher education. Second, in the sixth chapter I identified that *elementary public work* is undermined in countries characterised by fiscal problems, the welfare cost hike and non-social expenditure—many of these characterise education-intensive economies in particular. Therefore, it is possible that the effect of post-Fordist economies on wellbeing is mediated in part by the lessening of public work opportunities—this could then also undermine the prospects of elementary occupations in the public sectors. Elementary work might not necessarily be the cause of the employment crisis in education-intensive economies, but the associated fiscal difficulties and welfare costs could well prove consequential to the economic prospects of elementary work as well as to the representations of public work in general. The third possibility is that those economies relying on skilled work would have been even more prone to outsourcing low-skilled work, either because of the lack of similar worker rights movement or the higher overall

cost of labour. However, at least the latter interpretation is unlikely the main cause because this effect should then be mediated by the GDP-predictor instead.

Whatever way we interpret the finding, in the light of empirical data, those with tertiary education degrees are themselves more *indifferent* about the crisis. Particularly they do not illustrate any more specific awareness than those with only primary education. Therefore, in micro-level experiences education-groups do not score differently in *non-economic affects* even if the macro-economic causes of the crisis reflect the overall prevalence of education. However, indicating the results of actual economic affects or struggle, the highly trained respondents are associated with increased depression generally (.077*) and for the young (.083*); the increase is particularly visible among the unemployed (.232*). In contrast, if discontent is the only negative affect that is not specific to education-intensive contexts, this in turn affects the highly educated specifically on the individual level (.094**), especially when not unemployed. Therefore, we can say that higher education is related to *all* the crisis-affects included in our model, even if it depends on the specific affect whether it overshadows particular education-groups or the overall dynamics of the economy.

Against this background, it then appears that the high level of education could explain the prolongation and the pervasiveness of the employment crisis in the peculiar contexts—perhaps much better than the ‘financial’ crisis which may or may not have triggered the process, but which fails to explain why some contexts appear to be more thoroughly affected than others. Also, in contrast to either the growing economies or those laden by the most exaggerated financial struggle, in the case of education-intensive economies the loss of sympathy is specific to the young and does not characterise the older population. This suggests that the question of education does indeed depict something crucial about the crisis. The post-Fordist organisation of work and welfare could function as an engine of social change—particularly among the young—even if at this point it appears implausible to believe that such changes should become attached to the crisis-representations or consciousness of those holding tertiary education degrees or generally among young adults.

The Question of Youth Then: Only on Paper?

Based on the findings above, among the youth there is no general crisis-awareness about difficulties encountered in 'post-Fordist', education-intensive economies. In fact, in Chapter 7 it turned out that those living in education-intensive economies are generally more trusting. However, to see whether group-specific affects of the crisis can be associated with other contextual or group-level phenomena and thus claimed to represent them, I further modelled the group of young adults separately to be able to compare the groups of young across contexts properly, and to avoid the mistake of interpreting the lack of *youth-specific* effects as a sign that certain effects should be irrelevant to youth. For example, in countries with high national debt and less emphasis on social protection young adults more often tend to have also mortgage-debt. The effect is stronger in SAS and in education-intensive countries, whereas in EAS the amount of mortgages among the young has collapsed (-1.956^{***}).

It then appears that—taking economic, financial and equality-predicts into consideration—*youth unemployment* increased mainly in the Nordic and Continental countries (.700*) but less so in EAS (-.333) and not at all in SAS (-.598***). A notable effect is also visible in the decrease of the number of fixed term contracts (-1.135***), which also mainly applies to the Nordic and Protestant countries and less intensely in SAS (.515***). Therefore, 'flexicurising' tendencies best describe crisis-experiences in the emerging welfare regimes, whereas in the old, saturating welfare regimes desecurisation has now materialised, resulting in a loss of many fixed-term jobs in addition to the relatively exaggerated youth-unemployment problems. Among the young we also see that fixed term contracts now characterise elementary and low-skilled jobs like any other, while previously such contracts were more typical of those working in services, sales and support.

Tertiary education by contrast, predicts an increase in deprivation index (.215*) and was confirmed by the lowered ability to make ends meet (-.495***). This suggests that even if in the general population the crisis of higher education manifests itself in all education-groups, among the young the consequences bear relevance particularly to those who have acquired such degrees. However, like in the general population, also the

prevalence of higher education at the macro-level is associated with GDP-independent increase in the social exclusion index (.147***) and deprivation (.114*), but also in the amount of mortgages (.383**). Also, as in the case of older adults, more education-intensive economies indicate lower abilities of the young to make ends meet (-.246***), while the negative feelings at the same time increase (.265**). Positive feelings, by contrast, decline only in high GDP countries (-.244***) but not generally (.120*).

If it is right to say then that the crisis undermines the prospects of the so-called post-Fordist societies (Burrows and Loader, 1994), the question that follows is that of *consciousness* (e.g., Mannheim, 1952 [1927]; also Wohl, 1979). What would be needed so that post-Fordism as a general engine of the crisis, unemployment and desecurisation particularly in the Nordic and Continental countries would become an inherent part of young adults' own representations?

It turns out that despite the clear and material effects of the post-Fordist crisis of work on economic affects and representations of individual wellbeing, it currently appears that *crisis-awareness*, which can generally be construed similarly as I did in Chapter 3, indicates little youth-specific awareness in NC and generally any associations with crisis-consciousness and education-intensive, 'post-Fordist' work are absent. The only exceptions, indicating age-related differences in the epistemological representations of the current crisis, are in Sweden and the Netherlands.

In the crisis-context, we can now repeat Bourdieu's (1993: 94) famous allegation that there is no essence to 'youth', that is, youth is 'just a word'. This does not mean to deconstruct age as a biological category but rather to say that 'youth' is not backed up by such shared experiences that are often assumed when discussing for example the crisis of youth in particular: it has no coherent 'subject', and the experiences of young adults are reasonably heterogeneous; the average experiences should then be treated similarly as what can be regarded as a 'class on paper' as analysed by Bourdieu (1985: 735; 1987; 1990: 177–118). Indeed, to be 'born in the same period' is not a sufficient condition for a cohort to bear any shared, 'generational' experiences (cf. Ryder, 1965).

Even so, we must not forget the experiences of the more minor, 'deviant' groups of youth as opposed to 'society as a whole' (Bennett, 1957: 721). Social crises are periods, when precisely such deviations occur, imposing a lasting imprint on some members of a given cohort (Elder, 1971). Shared 'tragedies' could unite at least parts of age cohorts, giving rise to generational experiences among some of them at least, even if not all (Edmunds and Turner, 2002). Thus I have considered specific cohorts throughout my analyses in order to see whether we can trace a shared tragedy at least among part of them, but who would then represent that cohort more generally as being 'in transition' (Wyn and Woodman, 2006).

But I wanted to represent cohort-specific differences also at a very broad level (Figure 32). Age, then, appears to make particular difference in respect to *solitude*, *discontent* and *other-directed* diagonals, but not marginalisation or depression. The cohorts scoring highest on these axes are the 30 to 49 year-olds—not the younger ones who instead come closer to the 50 to 59 year-olds. The only notable gender-difference, however, relates to sufficiency-axis: women in all age groups represent their income as being more sufficient, even if they simultaneously score lower on affordability. Yet the effects of the crisis in respect to deprivation, sympathy or sufficiency show no gender-specific interactions with age or context. However, what the multilevel analysis indicates is that there are notable *within group* differences that are invisible on the level of general aggregates.

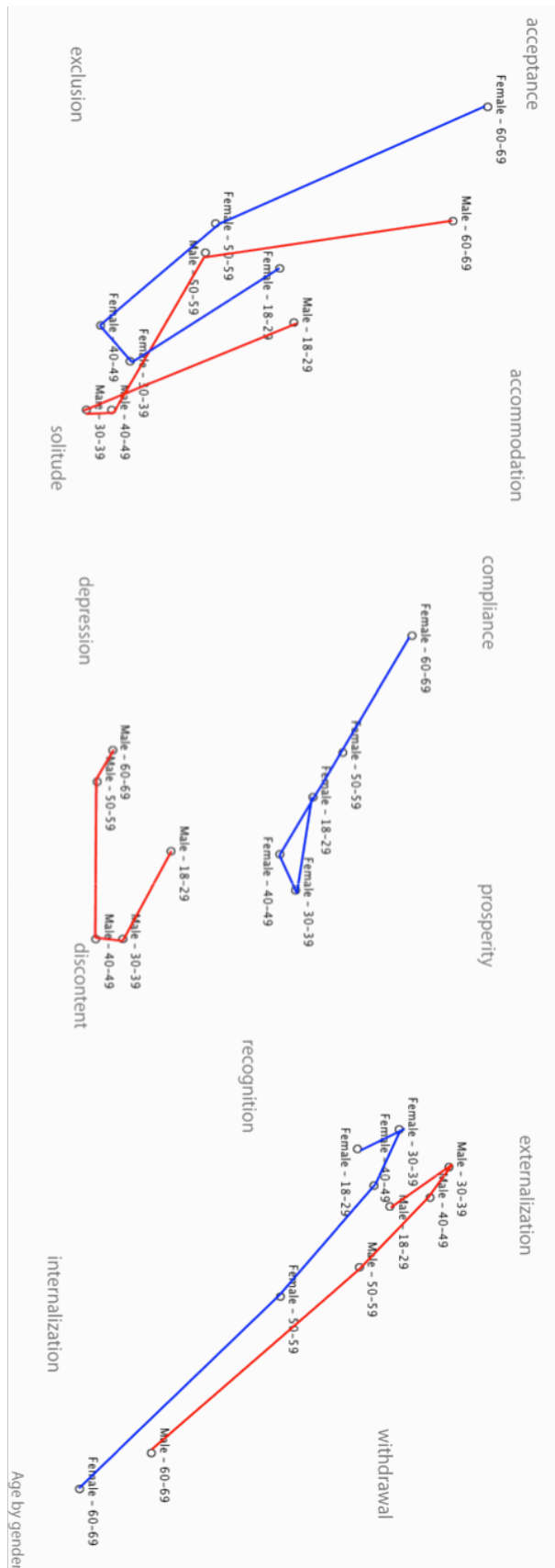


Figure 32. Economic effects by age and gender (MCA-axes 1 × 2, 1 × 3 and 4 × 5).

The picture also shows that gender-related interactions are modest on all the axes other than the sufficiency-axis, young women's slightly higher affirmativity, or older women's slightly more internalising tendencies. Based on multilevel analysis, young women also seem to seek support more often than men. Unemployment, by contrast, has not increased similarly among young female adults (-.341**) but only after controlling for level 1 variables (.245). This suggests that the support sought has not similarly defended against unemployment, but in general the unemployment crisis is also more prevalent among men, who also become more deprived as a result of joblessness.

However, despite the generally lower unemployment-effect, young women are more polarised and at the risk of marginalisation when lacking family-related social support. This is visible particularly among those with only *primary education*: in this group the social exclusion and deprivation indices and the number of fixed term contracts have decreased, whereas for the less educated young women all these three figures have notoriously increased (.194*, .438*** and 1.096^t).

Tertiary education, on the other hand, appears to defend young women (.523*) against unemployment in comparison to men (-.914*), which suggests that the post-Fordist crisis is possibly less relevant to women. This, in turn, indicates that the post-Fordist crisis relates not only to public sector work (more often occupied by women) but also to the transformations of cognitive capitalism itself. However, in Catholic countries at least the crisis is associated with higher rates in both positive and negative affectivity among young women, suggesting a higher emotional involvement by young women where the crisis is more materially related to finance and more quantitative in nature.

Crisis Policy and the Two Measures of Tension

Therefore, regardless of the clear signs of the association between post-Fordism and negative socialisation effects and affect-representations, when measured in terms of social and age-specific tensions, there is still no indication that the effects related to higher education—either individually or contextually—should result in common *acknowledgment or awareness*. Awareness of young women is associated with the quest for social support, but these associations fail to attest context-level differences related to the general level of education. Also, at the individual level differences in education and

occupation do not indicate generational awareness that would be shared by the majority of the age cohort. One notable exception is the difficulties of young women in Catholic countries. They result in more affirmative and generally more affective reactions.

Continuing with the models specific to youth, it is then interesting to see if there are other, economic or policy-related contexts that could indicate some level of age-related awareness induced by the crisis. *Cabinet composition* is one such a predictor: social democratic representation in the government increases positive affectivity, even if it is unable to reduce negative affectivity. It is also associated with lower social exclusion (-.210**) and lower deprivation indices (-.084*) but only the latter effect is strengthened if the leftist cabinet has emerged in response to political change (-.071), whereas newly formed social democratic change has emerged as a result of higher exclusion of youth (.116*). Confirming my identification of the MCA-axes, such *political reactions* are also associated with a notable increase in the *awareness of social tensions* (.182***), but not with age-specific tensions.

These effects add to the widespread effects of social expenditure and a higher tax base, whereas non-social expenditure again benefits only specific groups of young adults. Indeed, high social expenditure is associated with much lower unemployment among the youth (-.478**) and lower social exclusion (-.163*) in addition to higher employment (.205*). In addition, negative effects specifically among the youth also result from cuts to unemployment benefits. In effect, securing the public economy but also the broader accommodation of different groups greatly benefits young adults in terms of economic engagement by reducing youth unemployment (-.293***), social exclusion (-.106***) and insecurity due to fixed term contracts (-.348***) while simultaneously increasing employment among the young (.358***). On top of the relevance of the type of public expenditure on the overall economy, social expenditure has proved to be an extremely crucial tool in helping governments tackle the long-term consequences of averted socialisation processes and hysteresis, which could be all the more empathic among the youth without this policy.

Investment in social infrastructure is also more beneficial than direct job creation—the second main component of the ALMPs. Increase in incentives and rehabilitation is associated with lower youth unemployment ($-.456^{***}$), whereas public job creation has poor results ($.514^{***}$) particularly in high GDP countries ($.768^{***}$). Yet even incentives are not positive in other respects: they undermine the ability to make ends meet among the young ($-.500^{**}$) and contribute to negative affectivity despite the slightly abating effect on youth unemployment. Also, the market-oriented ALMPs contribute to employment only where the economies are anyway growing. Incentives are also of little help when the unemployment crisis is otherwise forceful. Regarding the awareness of conflict, incentives are associated with higher age-specific tensions ($.182^*$) but less with general social tensions ($-.125^*$), and the data suggests that this connection could be causal.

Benefits of social expenditure for the youth, on the other hand, are not restricted to economic effects, but they are further visible on the level of subjective assessments including trust and tensions. Social expenditure indeed has a particularly strong effect on young adults' ability to make ends meet ($.613^{***}$), lowers tensions ($-.205^{***}$) and negative affectivity ($-.671^{**}$), even if to some extent it also appears to undermine opportunity seeking and positive affectivity ($-.520^{**}$), which is precisely what economists often fear: that benefits make receivers non-innovative and indolent. At least according to the current data, however, this fear is unwarranted because the current economic conditions do not appear to resonate with the level on which positive affects are being abated.

Table 9. The affective experiences of the crisis based on the most important national predictors.

<u>Non-social expenditure</u>	<u>Social expenditure</u>	<u>GDP growth</u>	<u>Post-Fordist economies</u>
Solitude	Affordability	Solitude	Deprivation
Ignorance	Prosperity	Deprivation	Depression
Deprivation	Complicance		Solitude
Compliance	Affirmation		Indifference
			Internalisation

Given these rather invariable results related to the positive effects of social expenditure—especially among the young—there are two possible interpretations. Either the disinvestment of the public economic project itself stands behind the dynamics that undermines economic prospects particularly in high-skilled economies. Crisis could then catalyse this effect precisely by inducing austerity both in the public sector but, like I have summarised in Table 9, also more broadly in the context of ‘post-Fordist’, cognitively demanding work. Alternatively, investment in public and social expenditure could help mitigate the effects of austerity without altering the dynamics related to the cognitive work itself.

Whatever the case, long-term social conditions like inequality-measures have much less predictive power than the education-related predictors. Inequality-indicators are mixed indicators: life expectancy (cf. Therborn, 2013), for example, is not only an equality measure but it is also correlated with old age dependency ratio, health related costs, and many other economically important variables. As the latter might *reduce* unemployment rates (-.415***), life expectancy itself appears to be associated with contrary negative effects. There is then not necessarily a direct link between inequality and economic prospects, but such correlations identified by scholars like Piketty (2014a) could be dissolved into other mechanisms more directly related to demographic and economic structures such as the level of education or the age-dependency ratios. As a result of these mixed effects, life expectancy rate (equality measure) actually has an effect in the same direction as the GINI-index: both are associated with lower affectivity as a result of the crisis (both negative and positive). However, they affect crisis-awareness in the opposite directions, as the GINI is associated with lower recognition of social tensions whereas life expectancy with higher.

Therefore, as a general conclusion about the effects of equality, it appears that the recognition of social tensions is a sign of higher equality, even if this is not directly linked to economic growth. Some level of equality thus seems to be a prerequisite for differences to be constructed and represented as social tensions or ‘inequalities’ (cf. Therborn, 2013). This only applies to the general measure of social inequality, however: lower ‘inter-generational equity’ (Quadagno, 1989), as measured by the recognition of

age-related tensions, follows from the life expectancy gap that is an *inequality*-measure, instead.

If we look at age-related awareness specifically, it is clear that fixed term contracts have one of the clearest effects on inter-generational conflict (PCA₁₃: .183***; e.g., Spain, the UK, Bulgaria, Cyprus and Portugal), especially because no similar effect overshadows social tensions. Given that the 'underemployed' young have at the same time become more discontent, we can say that disdain and the lack of sympathy are then connected with inter-generational representations. In contrast, sympathy and compliance that characterise the unemployed resonate with social but not age-related tensions.

At the structural level, also high welfare costs (PAF₂: -.275***) and social inclusion measures (-.134***) mitigate age-related tensions. By contrast, given how young women more often use health services than young men, countries associated with (health-related) welfare cost hikes illustrate higher recognition of age-specific tensions among women (.161*). Age-tensions (-.237***) also outweigh general social tensions (-.101*) where (gender) economic participation is low, again emphasising the female-dominance of generational awareness.

Gendered Inter-Generational Conflict?

The recognition of age-related tensions is one of the most visible signs of inter-generational conflict. Yet it is often not clear whether such awareness results in an adequate acknowledgment of the true mechanisms and causes that undermine the prospects of youth in contemporary, education-intensive economies in particular. Young adults appear to pay a *double price* for the crisis both because of welfare cuts and because of the lack of adequate jobs. At the same time, several factors including non-social public expenditure at the expense of social investment prove particularly consequential among the youth. Welfare cuts specifically increase the prevalence of *long-term unemployment* among the young, and despite the short-term effects on economic growth it is obvious that youth-specific effects are the most crucial ones when evaluating the effects of policy on long-term economic development.

One way to approach this question of consciousness is by looking at gender-specific differences, which appear to illustrate a certain level of fragmentation. For example, as a result of cuts to unemployment benefits, it is specifically the females who are more affirmative of social tensions (-.065***, -.064***). At the same time, they are less likely to 'act out' which is illustrated by reduced affectivity. Previously, we also discovered that young women are more prone to seeking social support than men, even if they are at the same time possibly more internalising.

In addition, there are two other relevant gender-specific interactions: social inclusion measures are associated with a much lower employment rate among young women (-.374***). On the other hand, the higher gender pay gap has made young women's unemployment rates decline (-.211***) suggesting that they can benefit from income elasticity in the supply side of the job market at the expense of young men (.082). Young women thus benefit both from a higher wag-gap but possibly also from certain inclusion measures that appear to better address marginalisation among women than men. Employment-related deprivation and unemployment are in this sense complementary conditions when compared at the group-level. There is then no inevitable reason why young women and men should experience the crisis in the same way, even if the differences on MCA-axes other than sufficiency proved out to be gender-independent.

Another theme relevant to the possibility of inter-generational conflict from the gender-perspective relates to the distinction between the pervasive crisis of work and the more urgent increase in unemployment rates, which appears to have catalysed and furthered distinctions stemming from the former. The PCA-model on youth unemployment now indicates that the *pre-crisis* level of unemployment (pervasive crisis) and the *post-crisis* effect (catalyst) retain *opposite gender-interactions*: the increase in the unemployment rates among young women is associated with the pervasive crisis, whereas young men are more affected where the unemployment-crisis has emerged more abruptly. Therefore, even if the general, crisis-induced increase of the youth-unemployment rates is unaffected by the pre-crisis rates, those rates appear to have a significant effect on the distribution of the current crisis of work between genders. This also illustrates why the

pervasive crisis -axis is associated with positive affectivity among women but not men: women can then view themselves more positively if they continue to stay in work in occupations where female youth-unemployment is more common (e.g., in Slovakia, Poland, Germany, Portugal and Belgium).

This is not to say that women should be more affected by the pre-crisis rates more than men, but instead gender reflects the extent to which the current crisis *catalyses* the pervasive crisis of work or whether difficulties are more condensed. Given the associations of inter-generational recognition with gender (female) it seems then plausible to say that age-related tensions are more likely to occur where employment insecurity has materialised and the long-term changes in the employment process—more often among young women than men—are in play.

A Generation Experienced as a ‘Gap’

When the ‘post-Fordist’ welfare states were still emerging in the 1990’s, an English electronic dance music group *Prodigy* coined the term ‘jilted generation’ to summarise the peer experiences of this particular age-cohort, which they believed to be defined through divisions rather than unity. The age of austerity made this term recently reappear (Howker and Malik, 2010), now mirroring the experiences of a group of young adults, who are sometimes referred to as the generation ‘gap’: young adults, living at a time when they are apt to encountering the widening divides and difficulties of fulfilment.

But what precisely is this gap? How exactly are they divided? Are they divided between the ‘winners’ and the ‘losers’, like scholars used to argue (Jones, 2002), or between the unemployed and the underemployed young?

It is obvious that such divisions, despite their exact nature, pose a challenge to the emergence of shared, ‘generational’ experiences that would help young adults reify their historically peculiar situation. On the other hand, acknowledging those very divides could help them specify a ‘common location in the social and historical process [...] predisposing them for a certain characteristic mode of thought and experience, and a

characteristic type of historically relevant action', like Mannheim (1952: 291) argues in *Problem of Youth in Modern Society*.

There are now many kinds of experiences of insecurity, and crisis-awareness itself is heterogeneous; often they occur in gender-specific ways. The experiences of youth across Europe are divided according to the prevalence of higher education, but it is likely that the post-Fordist organisation of labour and the cognitive work induce 'gaps' among the youth instead of resulting with their acknowledgment. Precisely by being 'gapped' as a generation, the young today do not necessarily experience a 'co-operative process of group life in which everyone unfolds their knowledge within a framework of a common fate, a common activity, and the overcoming of common difficulties' (Mannheim, 1936, 26). Instead, the post-Fordist crisis of work appears to contribute to the difficulties of the young in constructing and reconstructing themselves and society (Bauman, 1991).

The question of shared generational experiences is then quite ambiguous. On the one hand, it appears implausible to assume that such 'gapped' experiences of the young should result in experiences of 'common fate' or historical 'location'. However, because the lack of recognition and rootlessness characterise the experiences of specific groups of young adults, the 'gap' itself may induce shared experiences that may compete to represent 'generational' experiences in the restricted groups at least (cf. Edmunds and Turner, 2002). If the 'generation gap' used to define youth in a way deprived from the resources similar to older adults (cf. Feuer, 1969; Mead and Taylor, 1970), it is now possible that the experiences internal to specific age-cohorts are themselves 'gapped'.

On the other hand, in order to avoid 'generationalism' (Wohl, 1979, 5; Hazlett, 1998: 8–9) that treats a given age-group as a generation without verifying whether their members truly share a common consciousness and stand out as an 'interactive class' (Hacking, 2000; Martínez, 2009) rather than only as a 'class on paper', we should ensure that the group bears a common 'will to power' (Bourdieu, 1985: 735, follows Schopenhauer's definition of '*class* as will and representation'). It is thus open whether the 'gapped' experiences could induce such will and who could best represent it. In fact,

it follows from Bourdieu's own theory of 'habitus' that generations never exist in a way that would invariably represent the will of all the members of a specific group. Instead, those representations are complex processes and subpopulations compete to represent such will from their own perspectives.

At the same time, the question of generations relates to that of 'generativity': the formation of will and representation always requires a certain level of 'regulated improvisation' (Bourdieu, 1977: 78) because the conditions of possibility of any group (what it needs to provide, what it may demand) are subject to change. In the context of welfare, youth is generally required to improvise in response to the conflicting situations overshadowed by welfare cuts and lack of work. They need to provide by paying taxes at the same time as their opportunities to work are undermined by regulatory change (flexicurisation) among other things. Therefore, the 'gap' between the experiences of the un- and the underemployed young demand 'generative' engagement regardless of whether they recognise themselves as a generation.

Deviations, Dispositions and the Symbolic

But should the youth emerge as an interactive, willing, and generative group, at least in specific contexts, its 'common fate' cannot be accessed or articulated by looking at individual representations alone. This is because a range of other variables, which have little to do with the generational question in particular, are anyway connected with generational outcomes. Therefore, even if the individual level predictors of age-related tensions cannot as such demonstrate the existence of generational experiences, certain (context-specific) representations of 'common will' can still be distilled out by the means of contextual comparisons.

I am particularly interested in how countries—and particularly the youth there—*deviate* from what would be expected based on multilevel models (particularly the economic and social predictors) and thus reflect more 'symbolic' representations of the crisis. In fact, the question of such 'symbolic' phenomena is pivotal to Bourdieu's own theory of 'habitus', and in this sense the task is now to compare how youth is being inhabited in a way that the 'objectivating' dynamics of the field—as represented by the multilevel

analysis—fails to recognise. The question of ‘habitus’ or ‘generations’ then emerges in a nationally embodied way.

To this end, I compared how a set of national averages differ and are thus ‘decentered’ or ‘disposited’ from what would be expected by multilevel models alone⁶⁷. The deviations were first calculated for 18 different models/outcomes. After aggregating the data, I applied principal component analysis to reduce the dimension and to group the ‘dispositions’ so as to present them in the most accessible way.

Six factors resulted: those related to unemployment, employment, deprivation, employment insecurity (health limitations and the prevalence of fixed term contracts), social tensions and age tensions. Youth-specific deviations (positive/negative affectivity) were left out, but it appears that positive dispositions are independent of the above six factors⁶⁸, whereas abnormalities in negative affectivity are reducible to dispositions related to deprivation and social tensions. Note that the national dispositions related to employment and unemployment *are* independent. However, the most important deviations relate to subjectively perceived deprivation and insecurity (Figure 33) as well as on age tensions and social tensions (Figure 34).

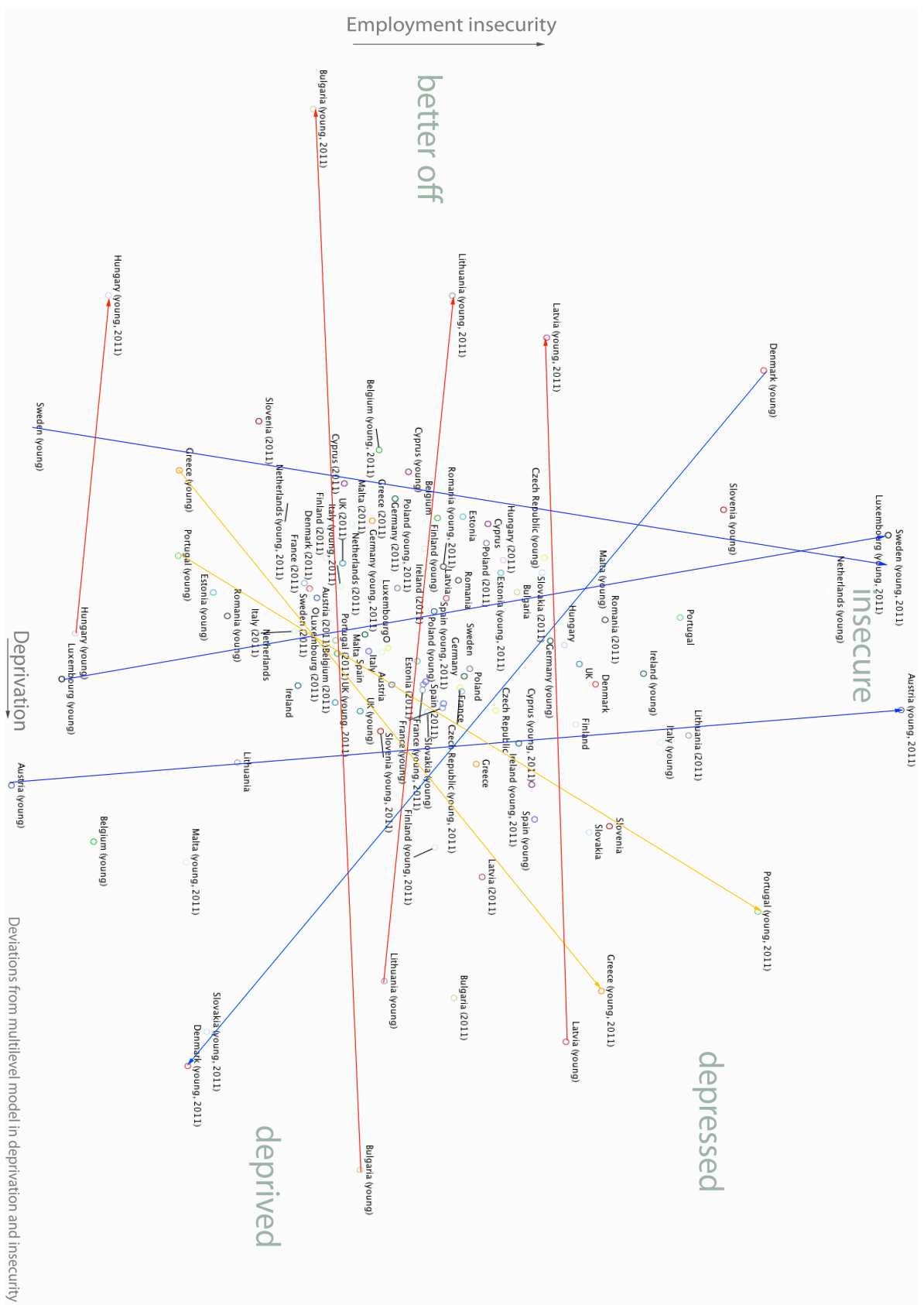


Figure 33. National deviations from multilevel models by deprivation and insecurity (goo.gl/hOI/TKI).

In terms of economic dispositions, it is notable that there are two trajectories in terms of deprivation and employment insecurity: *insecurity* has been realised to a greater extent in Sweden, Austria, Luxemburg and Portugal, whereas the countries overshadowed by *deprivation* include Portugal and Greece but also Slovakia and Denmark (in comparison to expectations). Given the low expectations and the benefits of welfare states illustrate deprivation less than expected (Latvia, Lithuania, Bulgaria, Hungary).

From the generational perspective, however, the lines of flight related to social and age-related tensions is the most interesting question. Even if Greece and Portugal score close to each other in terms of insecurity and deprivation, they are far apart in other respects, particularly in relation to age. Indeed, Portugal is disposed towards age-related tensions whereas Greece scores the lowest. The Netherlands and Sweden are also disposed towards inter-generational conflict. Figure 34 now illustrates that it might not be accidental that Sweden and Portugal have rapidly moved in the direction of employment insecurity, while the Netherlands was situated there already in 2007.

Young adults in Sweden and Portugal are also the most affirmative about the crisis, and this now appears to be connected to age-related representations there. In the opposite direction, the Greek youth are extremely non-exaggerated about age-related tensions, and they also reflected an externalising and more ignorant attitude in the MCA-analysis. Therefore, it is questionable whether generational grass root consciousness should be emerging in Greece, despite the apparent political mobilisation illustrated by Syriza. As a result, even if progressive left coalitions like Syriza in Greece then demand a profound reorganisation of welfare, they still refer to it from an extra-national and thus in some sense an *externalising* point of view instead of being able to rearticulates welfare in terms of how to even out internal dissimilarities and make the welfare state sustainable. Also in Spain, Bulgaria, Denmark and the UK the recognition of age-related tensions is lower than expected, resulting in a possibly similar tendency towards 'externalisation'.

By contrast, deprivation does not similarly result in having any consistent effect on either social or age-specific tensions: for example Latvia and Hungary are similarly

disposed towards lower deprivation, but social conflict in Latvia is notoriously high and opposite to Hungary, where the recognition of social tensions appears to be limited.

In order to see whether these deviations reflect particular groups of youth, the variables were similarly modelled specifically among the young unemployed and among the young employees on fixed term contracts. Among the *unemployed*, it appears that social tensions are instead strengthened in Estonia, Germany and to some extent in Finland, the Netherlands and the Czech Republic. Inter-generational awareness in contrast is not unexpectedly high in any contexts among the unemployed despite a slight exaggeration in Sweden, the Netherlands, Cyprus, Germany and Ireland.

Those on *fixed term* contracts, in turn, are more divided in their 'dispositions'. Discontent (shortage of positive feeling, high social tensions) is the most exaggerated among young temporary employees in Bulgaria, Ireland, Cyprus, Latvia and Spain. Deprivation (high negative feeling, low affordability) instead characterises insecure, young workers in Estonia, Cyprus, Austria, Slovakia and Hungary. Therefore, similarly as the young are divided in respect to their experiences of unemployment and underemployment, it also appears that national contexts behave in quite diffuse ways. It then seems that even if generational 'will' is supported more by insecurity than by deprivation, such effects are context-specific and it would be premature to talk about a single generation of the 'precarious', underemployed young on the level of the EU as a whole. The most promising contexts for such 'will and representation' to emerge are Portugal and Sweden: two different extremes representing both the *quantitative* and *qualitative* crises of employment.

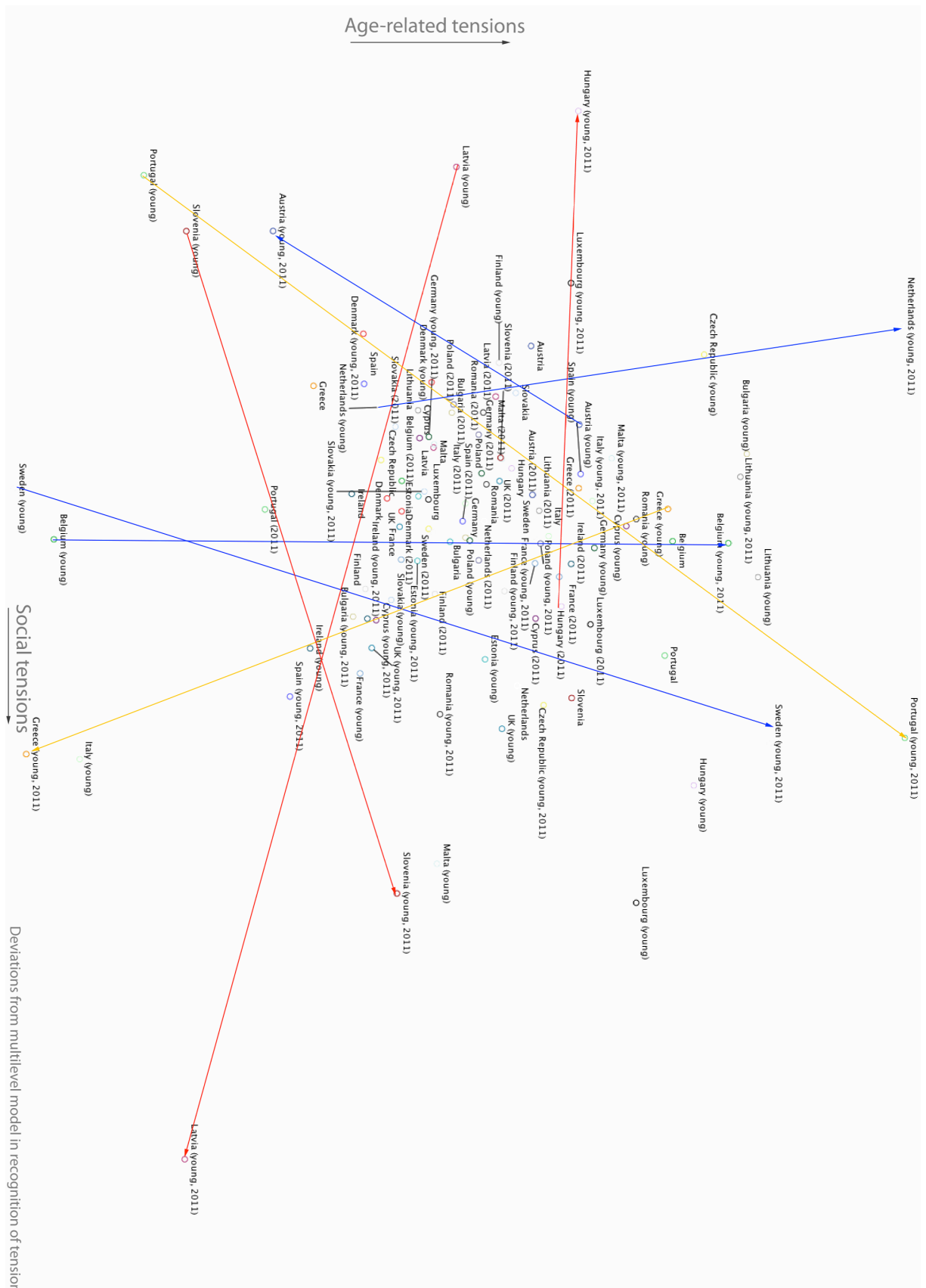


Figure 34. National deviations from model-expectations by social and age-specific tensions (goo.gl/dCO6RV).

Discussion

Summary of Findings

The current economic crisis in Europe is standardly articulated as a more or less direct consequence of the global financial crisis, which in turn followed the collapse of Bear Stearns and Lehman Brothers. It is argued that the distrust in the banking sector led to economic ‘frictions’ resulting in the global production slump (Hall, 2010). This, indeed, seems to have been the case but only till March 2009, when the global economy started to recover.

No similar recovery occurred in Europe, however, suggesting that the prevailing causal narrative is only half of the story. Indeed, ‘real economic’ factors like higher unemployment rates *before* the financial crisis explain why the crisis turned into a sovereign-debt crisis in some countries but not others. As an alternative to the standard ‘financial’ narrative, my thesis has sought to *locate* the crisis from the point of view of these national and group-level differences. Based on this comparison I concluded that fiscal measures like austerity, which is conventionally viewed as a way to counteract the sovereign-debt crisis, could in fact contribute to it (particularly the cuts to social expenditure).

Based on the quality of life data, my study has attempted to locate the crisis also in terms of the subjective experiences and perceptions of the economy. Based on this data there is another ‘qualitative’ crisis narrative that is equally relevant to the youth. It relates particularly to the so-called ‘flexicuration’ process, whereby fixed term contracts increasingly dominate the job market. I demonstrated that the associated effects of

insecurity are particularly visible in the so-called 'post-Fordist' economies, where the level of education is high, although in such economies, 'flexicurisation' characterises elementary work increasingly as well.

Reflecting the relevance of these two narratives to the current economic crisis, the level of institutional crisis awareness is high in both groups of countries, the ones overshadowed by either quantitative (e.g. unemployment) or qualitative (e.g. flexicurisation) tendencies. Crisis awareness is divided also at the individual level: between the unemployed and otherwise insecure youth. Those lacking a job believe in change, but they are at the same time more compliant and sympathetic, thus unable to articulate the position of the youth specifically. Those in insecure jobs, by contrast, tend to be more aware of age-related tensions, but they have little faith in the possibility of political change, reporting solitude and disdain. These divisions question the possibility of either a general or 'generational' understanding of the crisis.

The general misrecognition of the crisis also means that the national crisis policies have been far from optimal. Most policies address only the 'quantitative' crisis (e.g. unemployment), resulting in measures like *non-social* fiscal stimulation which could actually further the spreading of insecurity, contributing to or even 'performing' the qualitative aspects of the crisis. At the same time, deprivation, depression, discontent and ignorance have followed the cuts to *social* compensations, especially among the youth, even if the analysis showed that in purely economic terms such cuts are pointless: social expenditure hardly explains the expansion of total government expenditure, which, instead, reflects changes in non-social expenditure.

Chapter 10

The End that Never Ends—A Critique of the Neoclassical Public Economy

As of writing these concluding paragraphs, it was not the first or the second but the third time that Europe was calling for the end of the crisis—a resolution for Greeks’ never ending debt trap and a new direction for European economic governance to unfold in. Crisis-media like the famous *Euro crisis live blog* by the Guardian was once again at the centre of attention: the Finnish government was about to ‘collapse over Greek bailout’, while Angela Merkel mentally ‘waterboarded’ Alexis Tsipras, the Greece prime minister through the night of July 13. ‘Enough is enough’, Italy then told Merkel, as the country was irritated by German domination. The Eurozone was about to break up, all until Donald Tusk theatrically interrupted Merkel and Tsipras as they were about to walk out the negotiation: ‘sorry’, he said, ‘but there is no way you are leaving this room’.

This episode reminds me of what Félix Guattari wrote in the 1980’s: that Greece is the black sheep of Europe, and that Europe needs such a black sheep to defend itself from Franco-German domination. Yet after July 2015 we must ask whether Greece still serves in this old role. Fearing the collapse of the Greek banking system, Tsipras capitulated: he is even said to have undergone a panic attack in the night following the ‘Oxi’ vote, when the Greek people decided to refuse the bailout deal. Yet he gained the support of his own cabinet (votes 4–2) against Varoufakis’ alternative plan to honour the spirit of that vote—planning to use Greece’s tax account system as a new banking network to serve the most immediate duties of the government.

Tsipras then agreed to an unforeseen 50 billion worth privatisation program in an economically miserable situation overshadowed by depressed property prices. Tsipras believed that Germans wanted Greece out of the Eurozone so badly that the only way to maintain (his) integrity was to stay in at any cost. Yet the German Federal Minister of Finance Wolfgang Schäuble later commented on—and this is where he actually appears to agree with Varoufakis—that the conditions of the third bailout program are so devastating for Greece that the bail-out program itself is the surest way for the country to fall outside the Eurozone. Seeking to appeal to even the most ‘moralist’ regions of Europe, the program, which was actually written with the help of François Hollande, the French socialist Prime Minister, is more sporadic than anyone expected, even though it was still barely sufficient in reassuring countries like Germany, Finland and Slovakia. Only time will tell what it is worth of.

We never know what would have happened had Tusk remained silent at that epochal moment at around 4 am, when the Eurozone was about to come apart. Yet such historical moments come and pass: only two months later, when the Syriza-based coalition was re-elected, few Europeans were paying attention to Greece any more. The political momentum had disappeared. The market shifted its focus wholly on China and the falling oil prices. And despite all the fears about the proposed Grexit, Goldman Sachs had actually suggested much earlier in June that the turbulence in the market was to have followed the distress over the sovereign-bond buying programs by the ECB rather than the situation of Greece. Some even suggested that trying to force Greece out was a way to motivate the continuation of the newly adopted quantitative easing programs by the ECB but which soon found motivation elsewhere, from global markets.

Whatever the case, the ‘will’ of the Greek people—as represented by their elected Syriza-led cabinet—turned out to be more populist and conservative than many had believed. Yet even in the September re-elections, the Greek people had virtually no other choice but to maintain their support for Syriza, even if it could only bring about a third round of austerity.

Ends of Austerity

The roots of this study date back to 2010. My original research question focused on the technical aspects of the crisis like the creation of the Basel III bank regulation standards, reflecting the prevailing contention that the global recession was driven by the failure of the financial market to absorb the American subprime mortgage crisis. But as the European crisis never passed over, I became increasingly sceptical of the exact links between real economic struggles and the financial turbulence.

My study has sought to provide an alternative narrative to the common position. In comparison to the US, the initial actions in the EU were slow and uncoordinated, and the ECB in particular lacked in its capacity to ‘monetise’ losses. This extended the unemployment crisis in Europe when the US was already returning to growth (Appelbaum, 2011). Public discourse was at the same time fulfilled with crisis rhetoric, the banking crisis being taken as a generic cause that could ‘necessitate’ all sorts of austerity.

Given these questions, I decided to look at the crisis from a very different point of view—as something rooted in the ‘real economic’ process, ignoring the generic, financial narrative. It became an *empirical* question to ask why the crisis is sustained in some countries rather than others. The comparative approach demonstrated that the global banking crisis does not play a similar role in all the EU-countries. Latvia and Portugal, for instance, faced serious unemployment crises due to the withdrawal of global capital, but their banking sectors are very different. What is more common to both countries is that their policies have been driven by austerity. The comparative account has shown that national policy processes do make a difference, even if the effects of the ‘financial’ crisis are often articulated as inevitable or unavoidable.

If the third bailout package of Greece is supposed to put an end to this never ending crisis of Europe—engendering hopes similarly as the two earlier packages in 2010 and 2012—let me briefly discuss the *ends* aimed by these ‘crisis-resolution’ packages. Of course, immediately during the crisis the only end for Syriza’s populist leftist coalition might have been just to avoid the collapse of the banking system, or of ‘capitalist

realism' like Mark Fischer (2009) says, as the end of capitalism is now unimaginable even to the left, who also believe that it is in the unambiguous interest of (all) the people that the monetary system is saved at whatever cost. Quite pertinently, Fredric Jameson (2005, 199) summarises the current condition of political rhetoric by saying that 'it is easier to imagine the end of the world than the end of capitalism'⁶⁹.

At the same time, national economies have become increasingly dependent on and dominated by the financial system—at least when it comes to political rhetoric and beliefs about the consequences of monetary default. The actual outcomes are of course unknown, but the proposed scenarios have a genuine effect on policy (cf. Uprichard, 2010), as the risk of 'debt-bondage' looms over entire nation-states. Hence the crisis is not only about the sustainability of contemporary banking; it is also about political will.

Much remains to be said about the year-long intergovernmental process that led to the third rout of Greece, but it entrenches the fact that the problems of the Greek 'economy' are as much political as they are economical⁷⁰. For example, the ECB grounds its decision on the changed solvency situation of the Greek banks. Yet nothing material besides the political conflict had changed after Greece announced the upcoming referendum. The ECB thus publicly confirmed that it would shape its actions according to political processes, and therefore gave up its political (or should I say metapolitical) independence even if in a way backed up by the Maastricht Treaty.

Taking us back to the theme that we put aside in the first chapter—the discourse *on the economic* rather than that 'of the economy'—it is not only the qualitative and quantitative crises of the 'economy' that divide Europe but also the two opposite schools as to what is exactly the most '*economical*' response to the crisis. One of them is represented by the macro-economic visions like those expressed by Varoufakis, now a professor of economic theory, who recognises the detrimental consequences of austerity. The other side is promoted by such German politicians and thinkers like Wolfgang Schäuble, the sitting finance minister, or Hans-Werner Sinn, who is a professor in public economy and also serves as the President of the Ifo Institute for Economic Research as well as as a member of the German Economy Ministry's advisory council.

The latter view opposes further Eurozone integration based on his negative views about the integration process internal to Germany, which Sinn argues to have been detrimental to the German economy over the past two decades. This might sound arrogant given how the German economy has actually grown at much faster pace than the rest of Europe during that time, but the benefits of integration could be indirect and are not affirmed by Sinn⁷¹, who lists only explicit statistics and speculates on the level of growth in these two areas as if they could be studied as separate, independent economies (it is like asking what is the IQ of only the right side of a human brain). Agent-based accounts on the migration patterns after the collapse of the Berlin Wall give quite a different story which Sinn's simplistic economising, rationalistic account on individual behaviour obviously misses (cf. Heiland, 2003).

Of course, such speculations are necessarily counter-factual, as the two Germanies are now fundamentally connected not only economically but also politically and demographically. The nominally higher growth in the West part could reflect for example the relocation of businesses and capital from the other side or other exchanges misspecified by Sinn's micro-economic account, which is rather like the one of an accountant. Therefore, even when dominated by one part, we should consider the dynamics and growth rate of the economic region as a whole instead of simplistically comparing the nominal rates on these two parts. Varoufakis, by contrast, takes the 'economic' itself as a starting point as he promotes a more democratic view over Europe, while emphasising the role of aggregate demand and other macro-economic indicators.

Therefore, one of the pivotal political conflicts in contemporary Europe emerges from the discontent overshadowing Germany's own integration process. At the same time, the conflict between micro- and macro-economic approaches to the public economy has become increasingly imminent.

Culture, Institutions and Networks

Sinn's view on German growth makes no reference to culture and the social benefits of the integration process that, according to Varoufakis, should be widespread. But also in

relation to economic growth itself the role of culture and institutions is now broadly debated in the field of economics. In *Why Nations Fail?*, Acemogly and Robinson (2012) pick on Max Weber's (2001) argument on the *Protestant Ethic* by seeking to demonstrate that the institutional framework of market policy should play a major role leaving no room for cultural differences. Yet to Weber's defence, he analysed economic change at a vastly different time-scale. Also, the question of 'institutions' is very differently framed in economic sociology than in economics (e.g., Nee and Swedberg, 2008). To the latter, institutions mainly refer to the organisation of production and industry along with labour market regulation, tax-policy and the structure of investment, instead of acknowledging how the market is both culturally and politically embedded (cf., Fligstein, 1996).

My work has contrasted these two perspectives even if the institutional differences considered relate to welfare and the allocation of public expenditure rather than on conventional economic indicators. Considering these in the context of the two temporalities—the crisis as an abrupt change and as a catalyst of long-term change—it is quite intriguing that religion appears to engender differences of the latter kind in particular: culture has expedited the crisis by bringing forth latent differences. However, it is the abrupt, pan-European crisis that manifests the peculiar importance of European institutions, thus contributing to the immediacy and abruptness of the crisis.

Of course, European culture and cultural differences are in part mirrored in the diffuse institutional framework of European government (Théret, 1999). They can play a crucial role also in the prolongation of the abrupt, pan-European crisis and it is thus not possible to separate culture and institutions like Acemogly and Robinson attempt to do. Instead, there is an entire 'network' of institutional, cultural but also individual reasons that make the crisis in Europe contingent.

Among the EU-institutions, the ECB plays an interesting role as it walks the tightrope seeking to keep the Eurozone together. This is difficult under the rules of the Maastricht Treaty, which, however, seem to loosen year after another. For example, after stepping into the office Mario Draghi, the current President of the ECB, was

quite open about how direct sovereign-bond purchases would be 'against the Treaty'. Yet it is precisely such quantitative easing policies that the ECB now executes following its fear over the destabilisation of society at large (cf. Judt 2010; Engelen, et al 2011). Greece just plays one part in the justification-process over the controversial policies as the German government and the Bundesbank have resisted such loose monetary policy since the birth of the common currency.

On the other hand, Goldman itself organised the accounting tricks to enable Greece to enter the currency zone. This happened at the same time as Mario Draghi was directing the Goldman Sachs International. It is as if Goldman sent its former vice-chairman to clean up its own mess (he and Henry Paulson left Goldman the same year, and the latter took over the U.S. Treasury). Furthermore, Draghi's PhD in economics was supervised by Franco Modigliani and Robert Solow, whereas Lucas Papademos served as a top research assistant to Modigliani, and he was the Vice President of the European Central Bank in 2002 to 2010. If nothing else, Draghi and Papademos, both working in powerful positions pivotal to Greece's euro-entry, came from the very same circles. When it comes to the current economic policy in Europe, it thus appears that personal networks and connections could have a prominent influence in addition to the cultural and institutional peculiarities of Europe.

Utilities of State Expenditure: A Neoclassical Perspective

Based on the complex, often personal networks operating in the EU, the conflict between micro- and macro-economic perspectives that the crisis has escalated—or should I say the agency-structure to which sociologists are more accustomed—is irreducible to culture and institutions. However, mainstream economics continues to be dominated by the so-called neo-classical synthesis that emerged as a combination of neoclassical micro-economic theory (based on rational actors with measurable price elasticity and convex use-value functions) with certain macro-economic components stemming from Keynes' theory, which sought to answer how to increase aggregate demand (through state interventions) in order to put labour power into service.

In the light of the crisis, neither one of these two, micro- or macro-economic schools of thought as such seem to be able to frame the 'public' itself as an economic *agent*. In these discourses, the public is constructed as an actor embodied by the production of 'public' goods and services, of course, but while all the other agents are assumed to be more or less rational, the 'public' economic actors are not. They are reduced into a reactive role, as if public deliberation itself did not actively and rationally shape the market.

Taxes and public services are then viewed as the necessary evil rather than contributing and productive agents. And even if some international comparisons have established that public spending might be inefficient from the point of view of aggregate growth, the studies focus largely on the developing economies: nothing guarantees that the private sector should turn any more prosperous at least in the current context.

Furthermore, nothing suggests that the *reduction* of public spending (independent of its type) should have the opposite effect, making the national economy more 'efficient'.

At the same time, state spending is not a one-dimensional phenomenon but, as I have illustrated, the decision between 'social' and 'non-social' expenditure appears to predict radically different outcomes. Indeed, as discussed before, during the current crisis social expenditure appears to have resulted in lower unemployment among the young, lower social exclusion index and higher employment (not to mention its effects on the ability to make ends meet, the lowering of social tensions and of negative affectivity among the youth in particular). Precisely because social expenditure tends to increase as a function of the unemployment crisis that then mitigates its gains, the actual benefits could be even higher. Similar influence was in part also illustrated by effects related to tax on income and wealth: unlike what economists generally believe, higher tax rates were associated with more accommodating economies. In contrast, the effects of non-social expenditure were identified as being opposite: higher social exclusion, deprivation and various negative effects on psycho-social affects.

Therefore, even if the macro-economic benefits of *social* expenditure are not conventionally accepted¹⁷², there is supporting evidence that their benefits could

outweigh the effects of either non-social expenditure or tax-reductions, both of which attempt to contribute to material production with less emphasis either on equality or security—the contents of the qualitative crisis narrative. Social policy research has rightly recognised that the European social models need ‘more of the social’ (Rubery, 2011)—not just to defend individuals but to allow the economy itself to grow. Yet it is unlikely that over the next few years politics should evolve in this direction to accommodate people more efficiently. It has been argued that the state may ‘maintain its protections [only] by continuous activity’—this applies not only in warfare but also welfare states can survive only through continuous investment in ‘the social’. What is at risk is no less than the ‘social bond’ itself (cf. Castel, 2003: 376).

From the point of view of Sinn’s and Varoufakis’ debate, then, the former’s desubstantialising point of view articulates the state neither as a proper financial nor an economic actor (in the micro-economic sense), for he argues that investment decisions can only be efficient when made by private investors: unlike the state, Sinn claims, private actors alone bear actual financial risks. This is a weird statement: as if the Greek government, for example, did not suffer from the realisation of financial risk *par excellence*. But Sinn still believes the contrary. States and governments, he claims, are at no risk and thus their decisions are not just uninformed (as are any single actor’s decisions) but based on entirely different principles. This view is overtly arrogant, of course, as if demographic governments would never recognise the actual risks borne by the people. It is a view that is actually critical about state expenditure only to conceal infinite state-centeredness: as if states were entirely free of economic and political contingency. Sinn never answers why the state should not similarly seek to maximise its utilities as any other actor does.

It is one thing to ask what these ‘utilities’ of the state are—economic, political, or governmental—and whether the public or the private economies can best serve these utilities. By separating both the public and private economic actors as well as the national product attributed separately to East and West Germany, Sinn defines such utilities again from a micro-economic perspective. What is missing is the actual link between the spatially distributed, micro-economic product and national growth, which

is an aggregate figure: the distributional question is again dissociated from the question of macro-level prospects (cf. Piketty, 2014a). Even if the Eastern part has continued to stagnate despite all the efforts, we should not ignore the benefits of the elevated absorption of the domestic product and of the diffusion of ideas resulting from the reunification of Germany. Yet somehow Sinn believes in the right to use this process as an analogue justifying his opposition towards any direct transfer of funds from Northern to Southern Europe, as if these transfers (rather than their absence) were the true cause of stagnation.

The anxieties over the German reunification process could then be one of the actual reasons why there is no political resolution in sight, as the German government plays a major part in the context of the crisis-resolution. Needless to say, the Germans' not only oppose more inter-European social policy and solidarity, but since the beginning they have resisted the implementation of quantitative easing policies like those adopted in the UK and the US. In result of this rather 'Protestant' view on the economy, Wolfgang Schäuble personally drafted the three 'draconian' austerity packages for Greece (2010, 2012, 2015).

And the Germans have played their cards right: the rest of Europe but also the IMF now follow their lead. Whenever we discuss governmentality in the current context—the 'way of explaining the establishment and exercise of political power' by definition (Mitchell, 2006)—the peculiar position of Germany must not be overlooked (any more than the pre-institutional networks of power traversing between the public and private, i.e., Draghi and Paulson). I will next consider an alternative perspective that views the 'public' as an active agent that can both make investments and be subject to them.

The Public Economy: A Structure and an Agent

As discussed above, I argue that the neoclassical distinction between the public and private spheres is possibly erroneous. It is readily assumed that 'public' economic actors are not governed by the same, rational norms of agency that, by definition, cover all the other actors. Public actors are defined rather as being what private agency is not:

contingent and irrational. Resistance towards the public economy (e.g., taxation) at the same time is constitutive to private economic action.

Social investment and expenditure is just one example. Even if our data indicates that it has been wise to invest in people, many governments have opted to invest in material, non-social targets instead. Social expenditure at the same time is viewed as a cost or liability. I would then like to make a little thought-trial. How to think about social investment in terms of rationality and as governed by the laws of the market?

Social investment is seldom viewed from such a point of view, that is, as a measure permitting the state to reduce its own contingencies. I do not like to call it public investment, because the public economy consists of a variety of goods that might have nothing to do with the state, welfare or the 'social'. Whatever the case, it is possible to argue that the state is separate from the public or 'the people': social and non-social expenditure differ in respect to whether the allocation of resources is orchestrated by the public (spending welfare-money or services) or the state (central coordination of spending).

Non-social expenditure thus coordinates the transformation of money into purchasing power through central planning—a mechanism whose economic efficiency became widely criticised after the 1950's. By contrast, social expenditure (including transfers but also the public services available when the subject chooses them voluntarily) coordinates or rearticulates the public flow of consumption very differently: as if already part of the personal, private economy. In both forms of social expenditure (transfers and services) this rearticulation of money as purchases refers to the public allocation of needs as opposed to non-social, state-centred allocation.

There are two things to learn from this analogue. First, the form of the argument is similar to what is generally exercised in economic theory, even if it now applies to the allocation of *needs* rather than supply (from the market perspective there should not be any substantial difference between the supply and demand sides). Second, this line of

argument acknowledges the relevance of absorption and expenditure in propagating economic growth: something theorised by social scientists like Bataille (1985).

In effect, social expenditure serves very different functions and structures aggregate-demand very differently from non-social expenditure. Empirical evidence in turn supports the idea that the allocation of resources in the case of social expenditure could be more *efficient*, that is, they could better serve towards such ends as economic growth but also wellbeing and *social* inclusion—all of which are central from the point of view of welfare. The social allocation of expenditure also helps mitigate the peculiar, negative effects on youth. It then contributes to long-term prospects by maintaining the existing patterns of economic socialisation.

Yet the actual emphasis most governments put on non-social fiscal stimulation illustrates how economic governance is driven by ideas stemming only from the production-side of the economy. This results in an unwarranted hierarchy not only between the public and private agencies but also between production and absorption—two sides of the market that pure market theory conceives as structurally symmetric. I do not claim that this symmetry should hold sway but rather that we should not overlook the relevance of economic absorption for agency and growth altogether. Instead, it should be an *empirical* object of investigation to answer what particular functions the two kinds of agencies serve for national growth and wellbeing. Indeed, even if it would be wrong to conclude that social expenditure should result in the most efficient allocation of supply and demand in all markets, it would be equally wrong to unequivocally associate social expenditure with ‘inefficiency’ and unproductive macro-economy, while praising tax reductions and the downsizing of the public economy instead.

In this respect, the ideas and interests that currently drive economic change in the EU seem to be overshadowed by somewhat unempirical arguments: social security and welfare are seldom understood as efficient ways of allocating demand but as wasted resources, instead. The welfare state in turn is never viewed as a ‘technology’ that could, in the best case, ‘perform’ agency and growth. *Security* in particular is not viewed as an

engine of efficiency but rather the contrary. This is because in mainstream theory the question of efficiency concerns production and skills, not the allocation of absorption and need. It is true that insecurity could contribute to more efficient allocation of production and labour power (although the data indicates that incentives-based policies could have an opposite effect), but at the same time it undermines other aspects of the economy that are equally pertinent.

Finally, in order to understand in which historical contexts the benefits of social expenditure have been the most emphatic, we cannot ignore the fact that the public sector is still by far the biggest contributor to the '*service economy*'. Insofar as we assume the post-industrial societies to be driven by the production (and absorption) of services rather than only material technology and innovation, social expenditure can broaden the publics that can access services and partake in the allocation of public resources (through transfers) in order to allocate purchasing power into service-production in the most efficient way.

Therefore, if the state-economies are increasingly blamed for too narrow, centrally organised structure of supply and the benefits of fiscal stimulation are thus rightly criticised, the same does not need to apply to social expenditure. At least, in the current context there are indications that the public is by far more efficient in allocating demand and absorbing various kinds of services than private economic agents (e.g., through insurance policies). On the other hand, this phenomenon is at least not wholly new. Instead, it has been long recognised in economic anthropology that public spending and consumption of resources is an important feature of ceremonies and other social events (Durkheim, 2001) including *potlatch*⁷³ as one of the most extreme forms (e.g., Mauss, 2002).

Publicly Embedded Debt-Crisis

I started this thesis with the question of how best to frame the crisis beyond the most economic, financial and technically laden interpretations of either its causes or consequences. Was it truly triggered by the collapse of Lehman Brothers, I asked, or was this financial meltdown itself caused by something more imminent and profound

like the reinforcement of global inequality (Lysandrou, 2011) or the changes in the prevailing employment process (Castel, 2003). Is the crisis itself essentially a financial one? Not necessarily, I argue, at least from the point of view of global derivatives markets, which are now larger than ever as if the crisis never happened. Well, someone could say that it *was* such a crisis, but that its financial aspects were rapidly overcome as a result of the policies favourable to financial markets. Had states decided to exercise 'sovereignty' differently, contemporary banking could look very different.

Another question that I asked concerns the reason why the crisis is particularly prolonged in Europe. Of course, we should compare Europe with other economic regions in order to understand the specificity of the continent as a whole. However, we can also identify patterns internal to Europe that regulate the variation of outcomes across contexts, even if the crisis overall appears to overshadow them. Most importantly, the crisis is *differently sustained* in countries characterised either by 'quantitative' or 'qualitative' crises of wellbeing in addition to the group-specific differences in affect.

But what is common to the crisis, besides its various socio-cultural embeddings (Castells et al., 2012), is that it has questioned the sustainability of *public economies*. If the crisis as a whole should be brought down to a single question of judgment, besides employment, 'social citizenship' and welfare, it is about the 'public' above all. The 'public' (economy) is framed as a liability rather than an asset; it is embodied as debt and much less as wealth.

At the same time, given how debt is a *moral* affair that more or less directly affects economic agency as understood broadly, the study has come to support the conclusion I already hypothesised in the first chapter: the question of wellbeing is about politics and rhetoric, not just about 'the economy'. If sovereign-debt is one of the most visible illustrations of this process whereby the 'public' increasingly 'destroys' its 'own creativity' (given for example the shift to manual labour in the public sector) and becomes liable to austerity and implosion, the very notion of 'sovereignty' here is oxymorouous: the debt-relationship precisely undermines the sovereignty of the state. At the same time, it is

public defaults—which used to be much more common in the past (Reinhart and Rogoff, 2009)—that are some of the most discrete indications of ‘sovereignty’.

This is not to say that such expressions of sovereignty—national defaults—should make public economies prosper. The arrears of Greece to the IMF in July 2015 did not necessarily bring any good to the Greek people. However, the combination of ever higher value of public obligations and the fact that the possibility of defaulting is unspeakable or considered entirely ‘unrealistic’ to most economies suggests that the ‘sovereigns’ are increasingly dependent on the ever turbulent financial markets—at least when it comes to rhetoric: it is unimaginable what the failure of the monetary system would bring about and it is due to this fear that the nation-states are increasingly limited in what they are free to decide on. The question of welfare and public debt are indisputably closely intertwined. However, the question of how debt, the symbol of ‘responsibility’, becomes reframed might be even more intrinsic to contemporary Europe than the question of welfare, which is (just) one, pivotal but now increasingly contested way to articulate public responsibility.

Appendices

Appendix 1

Description of Data

The country-level indicators represent the years 2007 and 2012 and I collected those entries individually from sources like Eurostat and the UN. The individual level data is based on three surveys, each of which is collected in all EU-countries and with roughly similar sample sizes, 1000 respondents per country.

The *European Quality of Life Survey* (EQLS) is a cross-sectional study conducted every four years by Eurofound. The *European Working Conditions Surveys* (EWCS) is similarly collected by Eurofound, focusing on the employees and the self-employed across Europe. Both of these sets cover randomly selected individuals aged 18 and higher in all EU-countries. Most often the data was collected from 1000 individuals on each occasion, but additional interviews were conducted in some of the most populous countries (Germany, France, Italy, Poland, Turkey, the United Kingdom). Both sets are available for non-commercial research purposes (hosted by the UK Data Service in Essex, <http://discover.ukdataservice.ac.uk/>).

Given the pre-testing and other quality assurance measures, all sets of data provided by Eurofound are relatively reliable although, like in every survey, it is not possible to entirely close out the possibility of systematically missing data (refusal to respond on a systematic basis). The data is also weighted in order to account for the most immediate demographic biases following missing responses. Furthermore, many aggregate variables like the overall unemployment rates cohere with other sources of data (e.g., Eurostat). This suggests that at least the most obvious, systematic effects of missing data are reasonably safe to ignore.

The two sets of data used in the multilevel analysis were also equipped with various country-level indicators, which were collected from Eurostat, the World Bank, the United Nations, and from a few other reliable sources. Given the form in which the data is accessible online, I had to enter the country-level data to SPSS by hand (with nearly 2000 entries). It was then aggregated as part of the other sets of data by using SPSS AGGREGATE. In the third chapter I also use two Eurobarometer –surveys (76.1., 2011, and 78.1, 2012). They are public opinion surveys collected by the Public Opinion Analysis sector of the European Commission, and with sample size comparable to Eurofound’s surveys.

Appendix 2

Variables Used in Multilevel Models

All numeric variables were normalised and standardised (linear scaling resulting in mean = 0 and variance = 1). All level 1 variables (EQLS) used in my multilevel analyses were recoded in order to make them compatible between different waves (2007 and 2011). Unfortunately, many interesting variables such as the origin of birth were not collected similarly in the two occasions and they had to be ignored.

Most of the recoded variables are dichotomic, but there are several variables that resulted as sum-variables from the PCA. They are regarded as normally distributed and therefore I standardised them. Even so, multilevel models were specified with robust test estimates, which reduces the likelihood of false results due to the violations of model assumptions.

Individual level variables

Crisis

Wave

Demographic

Female

Youth (18 to 29 year-olds)

30 to 35 year-olds

36 to 64 year-olds (reference)

Socio-economic

Low-income
Lower middle-income (reference)
Higher middle-income (third quartile)
High-income (top quartile)
Primary education (at most)
Missing income information
Secondary education (reference)
Tertiary education
Missing education information

Social support

Lives with partner
Lives with at least one parent
Lives alone

Accommodation

Holds a mortgage
Responsible to paying mortgage or rent

Occupation (latest)

Services, sales or clerical support staff
Elementary, other or missing
Professional, managerial, skilled (reference)

Temporary contract (when applicable)
Second job (when applicable)
Unemployed (when applicable)
Never had a paid job (when applicable)

Other

Health related problems

Number of children

Country-level variables

Financial and fiscal situation

GDP growth 2007–2012, %

Change to tax on income and wealth, 2007–2012, percentage points

National debt 2012, % of GDP

Long-term bond rates used in calculating the EMU convergence criteria

Economic structure

GDP per capita, PPP, euros

Openness: the sum of exports and imports as % of GDP

Old age dependency ratio (the share of 65 year-olds and older population of all residents over 18)

The portion of 30–34 year old with acquired tertiary education degree

Policy and equality

Increase in non-social expenditure, %

The level of social expenditure (excl. health and pensions), % of GDP

Cabinet composition, see below

Change to cabinet composition, see below

GINI (economic inequality index, between 0 and 0.5)

Life expectancy, years

Life expectancy gap, years

Welfare

Southern and Anglosaxon (SAS)

Nordic and Continental (ref., NC)

Religion

Catholic

Orthodox or other

Protestant (ref.)

Interactions

Individual level interactions

Young * Female, Social support, Mortgage, Pay rent or mortgage, Health limitations (* Wave)

Female * Lives alone (* Wave)

Lives with parent * Low income, Tertiary education (* Wave)

Lives alone * Low income, Mortgage (* Wave)

Mortgage * Female, 30–35 year old (* Wave)

Number of children * Young, Female (* Wave)

Country level interactions

GDP capita * Bond rate

GDP capita * Economic openness (* Wave)

Welfare * Life expectancy

Welfare * Change to tax on income and wealth (* Wave)

Pensions, Pensions * GDP capita, * National debt, * Welfare

Social expenditure not pensions * GDP capita, National debt

Cross level interactions

Lives alone * Welfare (* Wave)

Religion * Female (* Wave)

Religion * Mortgage (* Wave)

Excluded Interactions (Based on Unemployment-Models)

Individual level interactions *excluded from the model* (not statistically significant) but that were tested in the case of unemployment:

- Demographic * Demographic, Income, Education, Social support, Mortgage, Health limitations (* Wave)
- Income * Social support, * Mortgage, * Pay rent or mortgage (* Wave)
- Education * Social support, * Mortgage, * Occupation (* Wave)

Country-level interactions *excluded from the model* (not statistically significant) but that were tested in the case of unemployment:

- GDP capita, GDP growth * Openness, * Tax, * Bond rate, * National debt, * Pensions
- Welfare * GDP growth, * Growth of non-social expenditure, * Equality (GINI, life expectancy gap), * Pensions, * Social expenditure other than pensions or health care
- Religion * GDP growth, * Bond rate 2012, * National debt 2012, Growth of non-social expenditure, * Equality (GINI, life expectancy, life expectancy gap)

Cross-level interactions *excluded from the model* (not statistically significant in the unemployment-context) but that were tested:

- Demographic * Welfare (* Wave)
- Mortgage * GDP per capita, * GDP growth, * Welfare (* Wave)
- Social support * Welfare * Young (* Wave),
- Social support * GDP per capita, * GDP growth (* Wave)
- Young * Social Support * GDP capita (* Wave), * GDP growth (* Wave), * Pensions (* Wave)
- Number of children * GDP per capita, * GDP growth (* Wave)
- Number of children * Welfare (* Wave)
- Number of children * Religion (* Wave)

Alternative Models

Alternative models were developed based on the following sets of predictors.

ALMP

Total amount spent on ALMPs in 2012, % of GDP

ALMP factor 2: high incentives and rehabilitation, low job creation

Change in incentives and rehabilitation 2007–2012, % of GDP

Change in job creation 2007–2012, % of GDP

PCA

Unemployment crisis (component 1)

Pre-crisis social protection (component 2)

Pre-crisis unemployment (component 3)

Welfare cost hike (component 4)

Gender economic participation (component 5)

Increase in non-social expenditure (component 6)

Government contribution in social protection (component 7)

Inclusion during crisis (component 8)

Gender pay gap (component 9)

Cuts to unemployment benefits (component 10)

Share of private contributions (component 11)

Male crisis (component 12)

Cuts to flexicurised workforce (component 13)

Economic safety network (component 14)

PAF

Public finance crisis (factor 1)

Fiscal crisis (factor 2)

Welfare crisis (factor 3)

Welfare cost expansion (factor 4)

Participation (factor 5)

Youth crisis (factor 6)

Anti-poverty policy (factor 7)

Young women's crisis (factor 8)

Gender pay gap (factor 9)

Appendix 3

Definition of Some Contextual Variables

Cabinet Composition, Schmidt Index

(1) Hegemony of right-wing (and centre) parties (no seats in left and social democratic parties), (2) dominance of right-wing (and centre) parties (under 1/3 of seats), (3) balance of power between left and right (between 1/3 and 2/3 of seats), (4) dominance of social-democratic and other left parties (at least 2/3 of seats), (5) hegemony of social-democratic and other left parties (100 % of seats). Based at the University of Berne, the data is collected by Klaus Armingeon, Christian Isler, Laura Knöpfel, David Weisstanner, Sarah Engler who run the Comparative Political Data Set service (<http://www.cpbs-data.org>), currently covering yearly averages of government composition till 2013.

Change in cabinet composition between 2007 and 2012 measures the difference of the two figures calculated as above.

Welfare State Classification

Countries are coded according to the following table: in specific correlation tests, the variable is used as an *ordinal* variable (Spearman). In the multilevel analysis, the categories 1 and 2 as well as 3 and 4 were recoded as two single categories.

Table 2. The classification of welfare regimes following the one suggested by the European Social Survey foundation.

1 Nordic	2 Continental	3 Anglo-Saxon	4 Southern	5 Eastern
Sweden	Switzerland	Ireland	Spain	Estonia
Denmark	Belgium	The United Kingdom	Italy	The Czech Republic
Sweden	Austria		Greece	Poland
Finland	France		Portugal	Croatia
The Neatherlands	Germany		Malta	Hungary
	Luxemburg		Cyprus	Latvia
				Lithuania
				Romania
				Slovenia
				Slovakia

Economic Participation and Opportunity Factor of the Gender Gap Index (GEP)

While most gender inequality indices are developed from the point of view of global inequality, the gender economic participation –indicator measures gender equality from the point of view of empowerment and existential equality, making it particularly relevant to welfare states. As the UNDP just discontinued calculating the previously publicised gender empowerment index, I look at the particular factor (Economic participation and opportunity) in the Gender Gap Index calculated by the World Social Forum.

Gender pay gap, in unadjusted form

Difference between average the gross hourly earnings of male paid employees and of female paid employees as a percentage of the average gross hourly earnings of male paid employees (Eurostat).

At risk of social exclusion or poverty

According to Eurostat, the measure of those at risk of social exclusion or poverty 'corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables.' Furthermore, '[p]eople living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20 % of their total work potential during the past year.

Appendix 4

Explorative Principal Component Analysis of 27 EU-countries

The explorative PCA with 13 components discussed in Chapter 3 is expressed in the following table.

Table 3 (part 1 of 3). PCA of several crisis-indicators, 13 axes explain 92 % of the variation.

	Unemployment crisis	Pre-crisis level of welfare	Pre-crisis unemployment	Welfare cost hike	Gender economic participation	Increase in non-social expenditure (eg. stimulation)	Government protection	Inclusion during crisis	Gender gap	Cuts to unemployment benefits	Share of private contributions	Male crisis	Cuts to flexicurized workforce
Economy													
Combined length of recession periods 2007–2012, months	++	+				-		-		+			
Change in expenditure on social protection 2007–2012, % of 2012 GDP				+++						-			-
GDP real growth, compounded change end of 2007–end of 2012	-		+			+							+
Decrease in labour cost index, 2008–2012 (OECD)		++		+		+							-
GDP per capita, 2012													
Reduction of the percentage of those with limited duration contract, % points, 2007–2012	++					+							++
Financial situation													
EMU convergence criterion bond yields, 2012	++				-	-				+			
Increase of National Debt relative to GDP, 2007–2012	++			++		-							
Domestic credit provided by the banking sector, % of GDP, 2012	+	++											
Government Credit Rating	++	-				+							
Public Debt 2007, % of GDP	+	++		+		-				+			
Public Debt 2012, % of GDP	+	++				-							
Fiscal situation													
Fiscal deficit, 2007	-	++		+		-				+			
Government revenue, 2007		++				+							+
Tax on income and wealth, 2007		++		-		+							++
Increase in fiscal deficit, 2007–2012	+	+		+		++				+			
Increase in government revenue, 2007–2012		+											-
Increase in tax on income and wealth, 2007–2012		+											-
Government expenditure													
Total government expenditure, % of GDP	-	+		+		++							
Non-social expenditure		+				-							
Government contribution on social protection 2007, euro		++				++							
Increase in non-social expenditure, % of 2012 GDP	-	+				++							
Increase of expenditure on social protection, % of 2012 GDP				+++									
Employer contribution on social protection 2007, euro		+				++							
Unemployment													
Unemployment rate, 2007	+++			+++									
Unemployment rate, 2012	+++			+++									
Youth unemployment rate, 2007	++++												
Youth unemployment rate, 2012	++++			+++									
Persons unemployed long time, % of labour force, 2007		-		+++									
Persons employed part-time, % of labour force, 2007	-	++							+				

Table 11 (part 2 of 3). PCA of several crisis-indicators, 13 axes explain 92 % of variation.

	Unemployment crisis	Pre-crisis level of welfare	Pre-crisis unemployment	Welfare cost hike	Gender economic participation	Increase in non-social expenditure (eg. Government protection)	Inclusion during crisis	Gender pay gap	Cuts to unemployment benefits	Share of private contributions	Male crisis	Cuts to flexicuritized workforce
Change in Unemployment												
Increase in the unemployment rate, %	+++	-	-				+					
Increase of the portion of unemployed of working age population	+++											
Change in the proportion of youth among all unemployed	-	+		+								
Increase of female youth unemployment rate	+++											
Increase of male youth unemployment rate	+++											
Poverty and social exclusion												
At risk of poverty or social exclusion, 2007	+											
Increase of the percentage of those at risk of poverty	++	++	-						+			
Social protection												
Expenditure on social protection, % of GDP, 2012		+++										
Expenditure on social protection, eur per capita, 2007		+++				+						
Compounded increase in social protection, 2007-2012		++		++								
Social protection on the unemployed, euro per capita		++		++								
Anti-poverty policy												
Unemployment benefits, % of all social expenditure	++			+		+						
Protection of the excluded, % of all social expenditure		-					++			+		
Protection of unemployed, housing and exclusion, % of GDP	+	++		+								
Inequality												
GINI-coefficient, 2012	+	-	+++									
Life Expectancy at Birth, 2012		---										
Infant Mortality Rate, 2012		---										
Women - Male Life expectancy 2012, years		---			+			+				
Gender equality												
Gender economic participation index, 2012		+			++							
Gender pay gap in unadjusted form, 2012					++							
Women/Male Employment ratio, 2012					++		+					
Increase of women's portion of those with limited number contracts 2007-2012, %	-				+							
Increase of women's portion of the unemployed 2007-2012, %	-				+							
Women, % of all unemployed, 2007		-			+							
Women, % of all unemployed, 2012	+	+			---							
Women, % of the youth unemployed, 2007					---							
Women, % of the youth unemployed, 2012	+	+			---							
Contributions in social protection												
Government contributions, % of all social expenditure						+++						
Employer contributions, % of all social expenditure						---						
Private contributions, % of all social expenditure	-									---		

Table 11 (part 3 of 3). PCA of several crisis-indicators, 13 axes explain 92 % of variation.

	Unemployment crisis	Pre-crisis level of welfare	Pre-crisis unemployment	Welfare cost hike	Gender economic participation	Increase in non-social expenditure (eg. stimulation)	Government protection	Inclusion during crisis	Gender pay gap	Cuts to unemployment benefits	Share of private contributions	Male crisis	Cuts to flexicurized workforce
Increase in social protection on housing 2007–2012, % of GDP	+	—	—	+	—	—	—	—	—	—	—	—	—
Increase in social protection of all unemployed	++	—	—	—	—	—	—	—	—	—	—	—	—
Cuts to protection per unemployed, 2007–2012	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase in social protection on old age 2007–2012, % of GDP	—	—	—	+++	—	—	—	+++	—	—	—	—	—
Increase in social protection on health 2007–2012, % of GDP	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase of protection against social exclusion, per claim	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase in total government expenditure, % of GDP	—	+++	—	—	—	—	—	—	—	—	—	—	—
Education													
Tertiary education attainment, % of 30–34 year old, 2012	—	+	—	—	++	—	—	—	—	—	—	—	—
Unemployment rate of people with lower education, 2012	++	—	—	—	—	—	—	—	—	—	—	—	—
Unemployment rate of people with secondary education, 2012	+++	—	—	—	—	—	—	—	—	—	—	—	—
Unemployment rate of people with tertiary education, 2012	++++	—	—	—	—	—	—	—	—	—	—	—	—
Unemployment rate of people with lower education, 2007	+	—	—	+++	—	—	—	—	—	—	—	—	—
Unemployment rate of people with secondary education, 2007	+	+	—	+++	—	—	—	—	—	—	—	—	—
Unemployment rate of people with tertiary education, 2007	++	+	—	++	—	—	—	—	—	—	—	—	—
Unemployment change ratio: tertiary/lower educational groups	—	—	—	+	—	—	—	—	—	—	—	—	—

Appendix 5

Multiple Correspondence Analysis on the Quality of Life Survey

The multiple-correspondence analysis that I constructed in Chapter 8, and which consists of all respondents 18–64 year-olds from both 2007 and 2011 waves, is based on all categorical variables modelled as crisis-outcomes in separate multilevel analyses. A complete list is available online (goo.gl/FFUh0f). The resulting five dimensions have the following inertia.

Affordability: .194

Sympathy: .109

Sufficiency: .092

Withdrawal: .081

Externalisation: .080

Total inertia explained: .555.

Appendix 6

Constructions of the Crisis as an Object of Knowledge

Table 4. Model summary of the MCA on the current economic crisis, (Eurobarometer 76.1, 2011).

Dimension	Cronbach's Alpha	Variance Accounted For		
		Total (Eigenvalue)	Inertia	% of Variance
1 (expertise)	0.86	5.79	0.24	24.14
2 (solidarity)	0.78	3.89	0.16	16.21
3 (technical)	0.76	3.67	0.15	15.29
4 (assertiveness)	0.71	3.12	0.13	12.99
5 (impact)	0.66	2.70	0.11	11.25
Total		19.17	0.80	
Mean	0.77	3.83	0.16	15.98

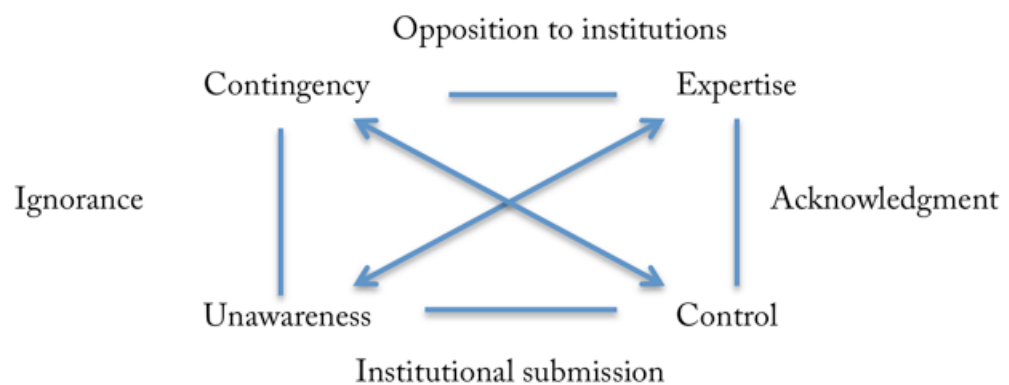


Figure 35. Semiotic square illustrating two epistemological dimensions related to crisis-representations (MCA-axes 1 and 3, Eurobarometer 76.1).

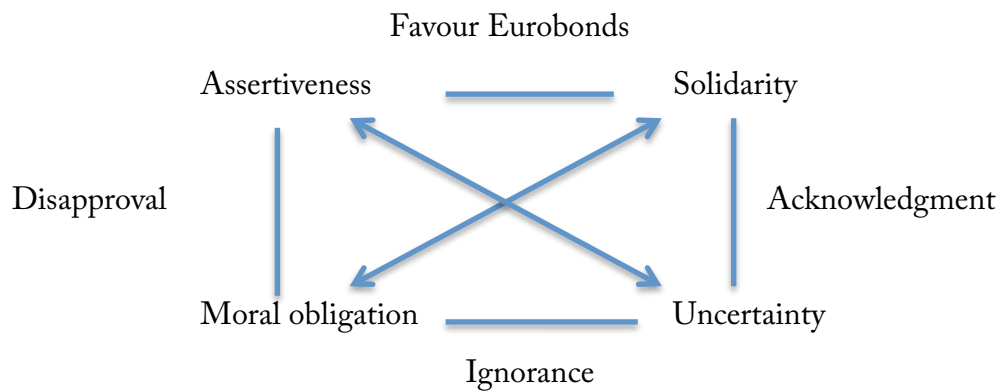


Figure 36. Semiotic square illustrating two epistemological dimensions related to crisis-representations (MCA-axes 2 and 4, Eurobarometer 76.1).

Table 5. Model summary of the MCA on the current economic crisis (Eurobarometer 78.1, PCA2012).

Dimension	Cronbach's Alpha	Variance		% of Variance
		Total (Eigenvalue)	Inertia	
1 (unawareness)	0.78	3.45	0.31	31.39
2 (certainty)	0.68	2.60	0.24	23.62
3 (intervention)	0.57	2.08	0.19	18.90
4 (tech. knowledge)	0.35	1.47	0.13	13.35
Total		9.60	0.87	
Mean	0.64	2.40	0.22	21.82

Table 6. Model summary of the MCA on the effects of the crisis on national and European economies (Eurobarometer 78.1).

Dimension	Cronbach's Alpha	Variance		% of Variance
		Total (Eigenvalue)	Inertia	
1 (awareness)	0.62	2.28	0.23	22.83
2 (high expect.)	0.61	2.21	0.22	22.08
3 (assertiveness)	0.46	1.69	0.17	16.93
Total		6.18	0.62	
Mean	0.57	2.06	0.21	20.61

Table 7. Model summary of the MCA on personal situation (Eurobarometer 78.1).

Dimension	Cronbach's Alpha	Variance Total (Eigenvalue)	Inertia	% of Variance
1 (negativity)	0.75	3.47	0.17	17.36
2 (affirmation)	0.61	2.39	0.12	11.96
3 (neglect)	0.56	2.15	0.11	10.75
Total		8.02	0.40	
Mean	0.66	2.67	0.13	13.36

Table 8. Model summary of the MCA on EU-perceptions (Eurobarometer 78.1).

Dimension	Cronbach's Alpha	Variance Total (Eigenvalue)	Inertia	% of Variance
1 (waste)	0.84	5.46	0.17	16.53
2 (ignorance)	0.77	3.93	0.12	11.91
3 (disengagement)	0.54	2.10	0.06	6.36
Total		11.48	0.35	
Mean	0.76	3.83	0.12	11.60

Appendix 7

Multilevel Modelling in Practice—The Case of SPSS 21

GENLINMIXED package was introduced to IBM SPSS in version 19. I use the version 21 that the school has made available to students. There is now an accessible introduction to the use of multilevel methods in SPSS for categorical data (Heck, Thomas and Lynn, 2013). SPSS only covers GLMMs and GEEs, but this is suitable to our research purposes.

Even if many multilevel approaches were developed already in the 1980's, still today most mixed method paradigms require other statistical tools like STATA that, however, are usually not freely available. In particular, it would have been interesting to apply multilevel factorial techniques in an explanatory setting. Even if this field of methodology is rapidly developing (Bingham et al., 2008), there are few usable implementations. There are some technical limitations related to SPSS however: it has not, for example, implemented multi-threading on GENLINMIXED, which is why I used virtualisation and ran several parallel installations of SPSS simultaneously.

I shall now briefly explain how to use SPSS for mixed methods and on multiple-correspondence analysis. The first issue relates to the structure of data. The context-level data was entered in a separate file and then merged with the level 1 –data by using SPSS MERGE. The resulting form of data is called the 'long form', which means that each context-level entry is separately entered for all individual respondents. Entering data on a separate country-level table first, however, allowed the data to be merged

similarly with both EQLS and EWCS data sets; it also permitted the separate analysis of country-level correlations and factorial analyses.

The model development in SPSS is based on a graphical interface, even if I then manipulated the core syntax directly, when developing more complex models. The first thing GENLIMIXED asks is the specific multilevel-structure of data—particularly whether the lowest level canvas consists of repeated measurements (longitudinal data) or individual subjects (cross-sectional data). In the former case, three level models would be more suitable (considering the occasions as level 1 and individuals as level 2), while in my case the two-level structure is sufficient.

In the 'Field and Effects' tab the dependent variable (outcome) is chosen first and then whether to use multinomial, binary or other estimation methods. Next the variables deemed as fixed effects are singled out, that is, the ones with no interclass variance component. Random effects are then added in blocks. Multiple blocks are applied particularly if there are more than two levels, but using a single block was sufficient for my purposes. In my case, the intercept and the wave-effect are both always used as random effects to test whether their variations are statistically significant and to see how different blocks of predictors affect them. Similarly, the question of youth-effect is so important that in all applicable models the effect corresponding to the group of 18 to 29 year-olds is defined as random.

The random effects covariance type must be specified, but for reasons mentioned in Chapter 4, the matrix is assumed to be diagonal, that is, all the covariances between random effects vanish. Under 'Build Options' it is also possible to alter the required level of significance, to choose whether to use the residual maximum likelihood method which is the standard assumption, or the Satterthwaite approximation (used for parameters with lower boundary constraint), and whether the (usually exponential) model assumptions are correct or whether to use robust estimates instead. Finally, the weight-variables are entered and it is chosen whether the predicted values should be saved—this is pivotal when aggregating the country-level *deviations* of the actual situations from the model-predictions.

Different models were then produced by manipulating the original code. Organising the code systematically was pivotal because IBM SPSS is not very stable: analyses taking weeks to calculate were often disrupted by errors. All the analyses described in .sps-files were thus saved in similarly named .spv-files allowing me to continue from where the analysis was the last saved. I tried to save the output-file at least once a day but some models (among the nearly thousand I built) took up to four days to produce.

Also, there were some memory allocation issues in the result of which SPSS sometimes froze, resulting in the loss of all unsaved analyses. In fact, having experienced the multilevel modelling capacities of IBM SPSS on the OSX version and on both 32- and 64-bit versions on Windows, it is the latter one which is the least vulnerable to failure. IBM SPSS 21 also introduced a new 'graphical' model viewer for GLMM analyses. Luckily, however, it is possible to bypass it and use ordinary reporting tools that were much easier to use. But every time the program halted the setting had to be made again.

After the analyses finally succeeded, it took weeks to enter all the values on the tables by using Microsoft Excel. As illustrated the Table 17 below illustrates in the case of employment-related outcomes, there were over 10 000 values to enter.

Table 9 (part 1 of 3). Multilevel analysis on employment-related variables, all 18–64 year-olds, EQLS 2007–2012 (*t*: $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$, goo.gl/hkKmGy).

Respondents Information criterion Number of effects	18–64 year old	Unemployed				Works				Unemployed for over 12 months				Never had a paid job				Working on a fixed term contract			
		Logit 302919.287	fixed 5.05	N = 48486	random 5.4	Logit 236794.884	fixed 5.46	N = 48486	random 5.4	Logit 349003.839	fixed 5.58	N = 49600	random 5.4	Logit 148471.949	fixed 4.80	N = 29984	random 4.8				
Variance components	Model:	demographic: 2.27*	.057	.066*	.055*	.143**	.109**	.095**	.154	.082*	.445**	.032*	.192*	.057**	.075**	.028*	.028*				
	social support, accommodation: 1.61*	.086*	.056**	.056**	.027**	.170**	.112**	.095**	.087	.060*	.429**	.036*	.175*	.057**	.073**	.028*					
	level 1 (health, children, employment): 1.33	.090*	.054**	.055*	.028**	.197**	.106*	.105**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	level 1 (health, children, employment): 1.21	.115**	.056**	.043*	.029**	.188**	.100**	.108**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	financial and fiscal situation: 1.27	.121*	.072*	.051*	.029**	.187**	.103**	.108**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	economic structure: 1.17	.097	.063*	.049*	.015*	.109**	.102*	.109**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	policy and equality: 1.16	.133	.060**	.046**	.028**	.128**	.114**	.111**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	only welfare: 1.01	.068	.041*	.043**	.027**	.104**	.104**	.113**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	only welfare: 1.01	.081	.052*	.043**	.027**	.104**	.104**	.113**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
	welfare + religion: 0.28	.083	.043*	.041**	.025	.112**	.115**	.114**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*					
cross level interactions: 0.27	.083	.042*	.041**	.025	.112**	.115**	.114**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*						
social-economic + ALMPs: 1.03	.163*	.056**	.044**	.032	.126**	.126**	.125*	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*						
+ financials + economic structure: 1.54	.024	.058**	.044**	.015	.101	.101	.116*	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*						
social-economic + PCA: 0.88	.038	.039	.044**	.015	.103	.098	.116*	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*						
social-economic + PAF: 1.58*	.021	.057*	.043*	.018*	.177	.046	.106**	.081	.060*	.457**	.039*	.151*	.054**	.086**	.032*						
Main effects	Intercept	Wave	Young	W*Female	Intercept	Wave	Young	W*Young	Intercept	Wave	Young	W*Young	Intercept	Wave	Young	W*Young					
Model:	demographic: 2.955**	.811**	.410**	1.18	1.139**	-.222**	-.727**	-.766**	3.649**	.752**	-.127	.014	4.787**	-.102	-.3289**	1.735**	1.201**				
demographic, socio-economic: 2.071**	.926**	1.68	.873**	1.001**	2.48*	-.873**	-.767**	-.812	3.861**	.983**	.009	1.112	5.036**	-.173	-.3489**	1.702**	1.259**				
social support, accommodation: 2.889**	.878**	3.75*	-.356*	1.001**	2.25*	-.445**	-.731**	-.900**	3.704**	.813**	-.095	3.66 (t)	5.059**	-.193	-.2369**	1.615**	1.000**				
level 1 (health, children, employment): 2.965**	.856**	.491*	-.399*	1.001**	1.18	-.088	-.788**	-.859**	3.625**	.924**	.173	.495*	5.059**	-.193	-.2369**	1.615**	1.285**				
financial and fiscal situation: 2.945**	.838**	.495*	-.399**	1.001**	1.18	-.091	-.788**	-.859**	3.638**	.933**	.171	.499*	5.063**	-.195	-.2374**	1.617**	1.283**				
structure of the economy: 3.032**	.856**	.491*	-.399**	1.001**	1.18	-.091	-.788**	-.859**	3.781**	.933**	.171	.484*	5.036**	-.173	-.2379**	1.618**	1.009**				
policy and equality: 3.615**	.914**	.491*	-.397**	1.001**	1.18	-.110	-.807**	-.879**	3.415**	.966**	.169	.489*	5.167**	-.141	-.2386**	1.620**	1.316**				
only welfare: 3.129**	.495	.493*	-.397**	1.066**	-.308	-.161	-.811**	-.811**	3.658**	.933**	.171	.499*	5.063**	-.195	-.2374**	1.617**	1.283**				
only religion: 4.671**	.524	.176	-.088	1.066**	-.308	-.161	-.811**	-.811**	3.658**	.933**	.171	.499*	5.063**	-.195	-.2374**	1.617**	1.283**				
welfare + religion: 3.431**	.560	.491*	-.398**	1.066**	-.308	-.161	-.811**	-.811**	3.539**	1.242**	.155	.497*	5.036**	-.173	-.2379**	1.618**	1.009**				
cross-level interactions: 3.327**	.481	.394*	-.294 (t)	1.145**	-.210	-.167	-.811**	-.811**	3.539**	1.242**	.155	.497*	5.036**	-.173	-.2379**	1.618**	1.009**				
ALMPs + financial + economic structure: 2.719**	.955**	.497*	-.398**	1.066**	-.216	-.026	-.805**	-.805**	3.638**	.933**	.171	.499*	5.063**	-.195	-.2374**	1.617**	1.283**				
social-economic + PCA: 2.964**	.844**	.476*	-.392**	1.005**	-.256**	-.876**	-.768**	-.768**	3.664**	.941**	.224	.633*	4.639**	-.008	-.1896**	1.653**	1.088**				
social-economic + PAF: 2.964**	.858**	.499*	-.393**	1.005**	-.254**	-.875**	-.768**	-.768**	3.664**	.941**	.224	.633*	4.639**	-.008	-.1896**	1.653**	1.088**				
Individual level	Intercept / 18–29 year old	effect	*Wave	*Young	Interact.	effect	*Wave	*Young	Interact.	effect	*Wave	*Young	Interact.	effect	*Wave	*Young	Interact.				
30–35 year old: .361**	-.233 (t)	.394*	3.70*	1.145**	-.210	-.187	-.150	-.150	2.573**	-.216	-.026	.805**	6.161**	-.725**	-.2346**	1.600**	1.088**				
female: .096	-.294	.078		6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
low income: .957**	-.085			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
higher middle income: .354**	-.357*			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
high income: 1.084	-.221			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
income not reported: .127	-.062			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
primary education: .050	.070			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
secondary education (reference): .506*	-.399**			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
tertiary education: .483**	-.243			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
education not reported: .198	-.483**			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
lives with partner: .186	-.217			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
lives with parent: .360*	-.163			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				
lives alone: .396**	-.095			6.08**	-.101				-.052	.187			-.285*	-.112	-.2346**	1.600**	1.201**				

Table 17 (part 2 of 3). Multilevel analysis on employment-related variables, all 18–64 year-olds, EQLS 2007–2012 (*t*: $p < .10$, * $p < .05$, ** $p < .01$; *** $p < .001$, *goo.gl/hkKmGy*).

	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way
services, sales and clerical support	-.202*	.337***			.643***	-.221**			-.459***	.419***			.445***	-.214***		
elementary or other non-skilled work	.286*	.138			.482***	-.349**			.125	.136			-.132***	1.078***		
managerial, professional and high skilled (ref.)																
occupation not reported	.738	-.397											-.334**			
lives in a mortgaged home	-.716**	.116			.954***	.014			-.127***	.253			.370**	-.072		.009
pays rent or mortgage	.537***	-.318 (t)			.205**	-.298***			.520***	.056			-.380***	.191		.087
Number of children	-.202***	.184**			.114***	-.117**			-.205**	.197*			-.061	.103		.204**
health limitations	.136	-.282*			-.1261***	.169*			.242 (t)	-.305*			-.157*	.106		-.199
has two jobs													-.188*	-.157		.225
fixed term contract													.027	.576		-.199
Country level effects	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way	effect	* wave	* GDP	3-way
Financial and fiscal situation																
GDP growth 2007–2012	.217*	-.403**			-.155*	.130*			.507***	-.029			-.1045***	.421 (t)		.303*
Change to tax on income and wealth	.090	-.167			-.059	.142**			.411***	-.069			-.084	-.018		.036
national debt, % of GDP	1.227***	-.125			.258	-.357**			.268	.100			.268	.100		.594 (t)
Bond rate	.216	-.008			.130*	-.037			.670***	.063			-.785***	.384*		-.049
Economic structure																
GDP per capita, PPP	-.507**	.251			-.388***	.067			.616**	-.092			-.1266***	.733*		.439*
Openness	.086	.032			.036	.011			-.013	.069			.186	-.470***		.013
Old age dependency ratio	.073	-.261*			-.212***	.066			-.079	-.123			-.366***	.009		.196*
Portion of 30–34 year old with tertiary edu.	.392***	-.021			-.001	-.047							.414***	-.151		-.470***
Policy and equality																
Increase in non-social expenditure	.278***	.092			-.027	-.012			-.421***	.233*			.103	-.142		.143 (t)
soc. expenditure (excl. health and pensions)	-.084	-.112			-.225 (t)	.008			-.151	.844***			-.393***	.380		-.078*
Cabinet composition	-.132	.058			.123*	-.070			.de	-.089			-.375***	-.067		1.388***
Change to cabinet composition	-.132	.058			.123*	-.070			-.1346***	.321			-.375***	-.067		-.702**
GMI	.205*	-.345**			-.141 (t)	-.066			-.551***	.628***			.099	-.670***		.333
life expectancy	.170	-.073			.021	-.074			-.082	.376			-.158	-.027		.230
life expectancy gap	-.494*	-.279			-.010	-.006			-.082	.000			-.568**	.533*		1.039***
female * life expectancy gap	.129				.130				.182	.080			.187*	-.278**		.078
Welfare																
Southern and anglosaxon	1.220**	-.024			-.378*	.131			-.2176***	1.345*			-.2298***	.659 (t)		1.376*
Eastern	.059	.594			-.651*	.228			-.1048*	2.159***			-.2347***	1.087*		3.422***
Nordic and Continental (ref.)																
Catholic	-.289	.393			-.085	.048			.623	1.050***			1.322***	.214		1.455***
Orthodox	.374	.351			-.242	-.275*			-.189	-.295			-.1418*	-.523		.206
Protestant (ref.)																
Interactions	effect	* wave	* Young	3-way	effect	* wave	* Young	3-way	effect	* wave	* Young	3-way	effect	* wave	* Young	3-way
Level 1																
female * lives alone	-.453*	.253			.153	.216			-.632***	.408			-.049	-.219		-.145***
female * mortgage	.182*	-.199**			-.141	-.120***			.355*	-.193*			1.025**	-.568*		1.128***
female * number of children	.122	.027			-.324***	.140			.121	.602			-.1013**	.025		-.568*
30–35 year old * mortgage	-.192	.571			-.558***	-.384*			-.1157*	.003			-.2347***	1.087*		3.422***
lives alone * mortgage	-.636	.064			.580***	-.437*			-.274	.547			-.1013**	.025		3.422***
low income * lives with parent	-.171				-.066				-.701*				-.157*	.106		-.280*
low income * lives alone	.475***				-.1155***				-.556				-.157*	.106		-.280*
high income * lives alone	-.527 (t)				.564***				-.892*				-.123	-.269		-.277
tertiary education * lives with parent	.809*	-.572*			-.104	.298			.323	-.1262***			-.157*	.106		-.280*
pays rent or mortgage * lives with parent	.048	.015			.023	-.118							-.123	-.269		-.277

Appendix 8

Formal Definition of Generalised Linear Mixed Models

Let me now shortly review how the Generalised Linear Mixed Models (GLMM) are mathematically constructed. Let us start with a *variance component model* of, say, two explanatory variables on the individual level (X_{1ij}, X_{2ij}) indexed in respect to both individuals (i) and contexts (j) in addition to one contextual variable (Z_j). The model looks like the following.

$$(1) \quad Y_{ij} = \beta_0 + \beta_1 X_{1ij} + \beta_2 X_{2ij} + \beta_3 Z_j + u_{0j} + e_{ij}$$

Unlike in one-level regression, there are two residual components (e_{ij}) and (u_{0j}) that separate *within* and *between* contexts variance.

What the variance component model (1) cannot specify, however, is how the regression coefficients, and thus also the effects of individual variables (X_{1ij}, X_{2ij}), vary across contexts. They are regarded as if they were fixed across contexts. The *random coefficient* model instead supposes that also the coefficients β_0, β_1 and β_2 vary across contexts. The model is decomposed as

$$\beta_{0j} = \beta_0 + \beta_3 Z_j + u_{0j}, \quad \beta_{1j} = \beta_1 + \beta_4 Z_j + u_{1j}, \quad \beta_{2j} = \beta_2 + \beta_5 Z_j + u_{2j}.$$

In effect, the covariance structure itself becomes rather complex always with only two subject-specific and one contextual effects:

$$\begin{bmatrix} \sigma_{u_0}^2 & & \\ \sigma_{u_{01}}^2 & \sigma_{u_1}^2 & \\ \sigma_{u_{02}}^2 & \sigma_{u_{12}}^2 & \sigma_{u_2}^2 \end{bmatrix}.$$

The model now writes as

$$(2) \quad Y_{ij} = \beta_0 + \beta_1 X_{1ij} + \beta_2 X_{2ij} + \beta_3 Z_j + \beta_4 X_{1ij} Z_j + \beta_5 X_{2ij} Z_j + (u_{0j} + u_{1j} X_{1ij} + u_{2j} X_{2ij} + e_{ij}),$$

where the residual component reflects also the interceptions of individual predictors.

Appendix 9

Brief Introduction to Multiple Correspondence Analysis

Correspondence analysis is a method otherwise similar to the PCA but on categorical data. This is then particularly useful in social scientific research, not the least because the analysis may thus also incorporate blank response categories (e.g., Bourdieu, 1984). The method was first introduced in the 1930's to be again rediscovered in France in the 1960's. Two distinct methodological schools evolved, but the resulting analyses appear quite similar (Di Franco, 2015).

Consider the traditional cross-tabulation of *two* variables. For each row the *mass* refers to the sum of respondents in that row. The *inertia* of a row in turn refers to the extent to which the distribution differs from the average: it is calculated according to χ^2 -metrics. The product of inertia and mass then measures the extent to which a single response category (row or column) skews the picture.

Mathematically, for a given *contingency table* C —either the cross-tabulation in the case of two variables or otherwise the Burt table—the weights are calculated as the vectors

$$w_{\text{row}} = (1C1)^{-1}C1 \quad \text{and} \quad w_{\text{column}} = (1C1)^{-1}1C.$$

Dividing C by the sum of C results with the so-called stochastic matrix S . Based on matrix theory there is a decomposition

$$S - w_{\text{row}}w_{\text{column}} = UEV^*$$

for suitable matrices U , E , and V . For each row item the resulting frequency scores are $F_{\text{row}} = W_{\text{row}} UE$ (defined similarly for columns). The MCA-axes reflect the different dimensions of this vector. The first few of them usually account to most variation.

Multi-dimensional correspondence analysis (MCA) applies similar methods but to the so-called *Burt table* aggregating more than two variables. Each row (respectively column) represents a single response category of a single variable. The cells then represent either the number of respondents in a single response category (e.g., young × young) or a pair of categories (e.g., young × not unemployed).

The MCA is accessed under *Analyze > Dimension Reduction > Optimal Scaling* in SPSS. For each variable, the blank responses were encoded as response categories of their own. What is most crucial to sociological applications is visualising the data using group- and context-averages (of vectors F above), however. The graphs related to construction variables were produced automatically. Nevertheless, because of the memory allocation issues of SPSS that made it crash when on too much memory load, for each plot I had to first choose two out of the five dimensions before resizing the figure. In addition, the context-dependent plots were constructed by first aggregating the MCA-data using SPSS AGGREGATE command. This enabled colour coding of national contexts, which helped drawing vectors between occasions (using Photoshop)—quite an onerous task and took roughly an hour for each one of the nearly 40 different plots.

Appendix 10

Making Maps with R

R is a free statistical software with a wealth of packages for visualising data. To draw the geographic maps of Europe, I used the *R* packages *mapproj*, *ggplot2* and *ggmap*. The shape-data was first downloaded from Eurostat under the ‘Administrative and Statistical Units’ website (<http://ec.europa.eu/eurostat/web/gisco/geodata/reference-data/administrative-units-statistical-units/nuts>, *NUTS_2010_60M_SH.zip*), and it could be used to map out any geographical data based on NUTS-units. Shape-data was imported by the *readShapePoly*-command and then suitably transformed by *fortify*, after which the maps were drawn by using *ggplot*, *geom_path*, *geom_polygon* and *theme*-commands (the source code is exemplified in goo.gl/q5hRuD).

Notes

¹ Published by the Basel Committee on Bank Supervision in late 2011, Basel III –standards were created in a collaborative process including hundreds of private and central banks throughout the world in order to tackle certain regulatory issues related to bank supervision at the global scale.

² Even if the combined public debt of all EU-countries increased from 66 % to 87 % between 2007 and 2011, this is not an alarming figure when compared with Japan, where the public debt is at a level comparable to Greece.

³ The former Finance Minister and an acknowledged macro-economist Yanis Varoufakis argues that the ECB intentionally reinitiated the discussion about bank solvency in Greece in order to evoke financial fears and political pressure against Syriza.

⁴ In particular, the analysis responds to Jones' (2002: 3) request for more 'holistic' perspectives to the changing patterns of employment and 'youth transitions'.

⁵ In a recent Eurobarometer (75.3, 2011) survey it appears that only 5.2 % of respondents are concerned about private debt whereas the national debt is addressed by 11.3 % of the respondents. However, even in Greece, Ireland, Latvia and Spain government debt concerned only 8.3–16.2 % of respondents whereas the unemployment concerned 52.0–76.5 % of the respondents. This suggests that monetary debt, even at the national level, is not similarly adjacent to people's life-experiences as the unemployment crisis is. Also, relative to others, Protestant Latvians are concerned about their level of debt even if it is relatively low.

⁶ Rather, such knowledges themselves are embedded and embodied and thus subject to socio-cultural differences as I illustrate in the third chapter.

⁷ In 2012, nine countries paid over 5 % interest rates, while Denmark, Sweden and the UK (non-Euro countries), and Germany, Luxemburg, Finland and the Netherlands benefited from the crisis by paying less than 2 % annual rates. In the case of Greece, we can of course ask whether the 22.5 % figure is comparable to other Euro-countries given the default of some of its debt. The yield-figure is, however, significantly higher than the second highest rate of Portugal (10.55 % in 2012), and the 'hair-cut' basically addressed only these excess interest payments. The other countries paying rates significantly higher than prior to the Euro-crisis are Hungary (7.55 %), Cyprus (7.00 %), Romania (6.68 %), Ireland (6.17 %), Spain (5.85 %), Slovenia (5.81 %), and Italy (5.49 %). However, what is crucial to the fiscal situation in the corresponding countries is not only the absolute rate but also the level of debt relative to GDP, for it

is the product of the two which determines the overall cost of public financing. In 2012, the national economy in Greece was 156.9 % of GDP. A large share of its revenue then went to foreign speculators—much higher than in, say, Romania and Slovenia, where national debt is only 37.3 % or 53.4 % of GDP respectively. In results, the interest rates encode ‘political’ and other kind of risks, not just economic sustainability. Market rates are also inherently ‘speculative’ in a sense that investors base their views on how they believe others to grade economic, political or moral risks rather than of how they themselves perceive them. For example, despite its extreme level of public debt (121.7 % in 2012) and large deficit (8.2 %), Ireland pays only 6.17 % interest on long-term bonds in 2012. Portugal runs the same level of debt but lower deficit (5.5 %), yet it pays 10.55 % interest on long-term bonds.

⁸ In 2012 there were 27 EU-countries (excluding Croatia, which joined the EU in July 2013) and ten of them had their own currencies (Bulgaria, the Czech Republic, Denmark, Hungary, Latvia until 2014, Lithuania until 2015, Poland, Romania, Sweden and the UK). These countries are then not directly involved in the Euro-crisis even if the combination of the global financial crisis and the Eurozone recession have become consequential to virtually all the EU-countries

⁹ Similar views have been expressed in the non-equilibrium economics based on Thorstein Veblen’s (1898) ‘principle of circular and cumulative causation’ and further developed, for example, by the Swedish Nobel Prize economist Karl Gunnar Myrdal (1898–1987). There is a revival of interest in this forgotten branch of economics since the financial crisis (Berger ed., 2009).

¹⁰ Basel III -standards seek to raise capital reserves but also introduce counter-cyclical capital buffers based on the so-called Hodrick–Prescott-filter. This approach is as such peculiar as it is at odds with the conventionally assumed efficient market -hypothesis.

¹¹ I could have phrased the public finance crisis alternatively as the ‘sovereign-debt crisis’. However, I have referred to the crisis as public finance crisis first because public finance problems extend to sub-sovereign bonds (e.g. municipal bonds), secondly because also the public economies that have not encountered a full scale bond crisis are otherwise affected by financial pressures, and thirdly because I want to emphasise the role of public policy, that is, the fact that the public finance crisis is also a crisis of the ‘public’.

¹² However, I compared the correlations with similar tests on weighted cases. At least the ranking order (between low and large correlations) remained intact with most pairs of variables; the correlations themselves were usually also higher in the weighted case, supporting the decision to consider unweighted contexts, which generally give more conservative results.

¹³ It is the sum of the difference between the yearly GDP and GDP in 2007 for each year between 2008 and 2012.

¹⁴ Starting with the compounded growth of national income, it is strongly correlated ($r = -0.78$) with the number of months the country was in recession between 2007 and 2012. Similarly the GDP growth rate in 2012 correlates with the length of recession (-0.755). The bond rates do reflect these economic factors: the length of recession (.62), the compounded real growth 2007–2012 (-.61) and the GDP growth in 2012 (-.56) correlate with bond rates much more than the credit ratings, whose correlations with the variables above are all less than 0.4.

¹⁵ Only the compounded real growth (2007-2012), but not so much the current rate, the longer period correlates with GINI-coefficient (-.33), which could also reflect longer trends than the few-year period eclipsed by the crisis.

¹⁶ High government bond rates are associated with decrease in unemployment benefits per claimant ($r = -.39$) and with high levels of national debt ($r = -.46$).

¹⁷ The ‘crisis’ is constructed ‘phenomenologically’ as a latent *explanan*—the totality of all effects that have occurred over the past years—and it is impossible to say whether for example the ‘real economic’ crisis

preceded or followed the ‘financial’ crisis (these already refer to what explains the crisis but are not being explained).

¹⁸ The ‘basic law’ adopted in Hungary in 2011 adds several measures like the ceiling for the level of public debt, new taxation principles, and it restricts judicial control over public finance.

¹⁹ Their correlation is negative in the Continental and the Eastern regimes, and yet slightly positive in both the Nordic and the Southern regimes. Therefore, in the Continental regime the more traditional division of labour could contribute to economic safety, unlike in the other regimes.

²⁰ Technically PAF is a type of structural equation modeling and often referred to as confirmatory factorial analysis.

²¹ Sir William Beveridge is known for the *Beveridge Report on Social Insurance and Allied Services* published in 1942. This work has been regarded as pivotal to the birth of the welfare state in the UK.

²² This led to such a controversial idea that even material particles like ‘quarks’ could eventually be framed as social constructions (Pickering, 1984).

²³ This independence of ‘ethnic’ and ‘epistemic’ orientations towards the crisis also confirms Weber and Durkheim’s classical post-Kantian interpretation of the independence of ‘validity’ and ‘value’-claims (cf. Rose, 1985).

²⁴ This axis is distinct from another diagonal, which combines expectations about the prolongation of the crisis-resolution but also of positive attitudes towards them.

²⁵ Questions about the crisis include: the role of the ECB; the benefits of the Eurobonds and of financial market policies adopted in the EU (bank taxes, rules over the credit rating agencies); and a long-term vision about the EU (modernise the labour market, help the poor and socially excluded).

²⁶ In addition to GLMM, there are alternative approaches to multilevel logistic regression, which can better handle violations of model assumptions and, in some cases, of missing data. The GEE used more standardly in epidemiological research is only *semi-parametric*, which means that estimating equations do not result but after the complete specification of the joint distribution of observed variables (Liang and Zeger, 1986). The GEE is particularly suitable for longitudinal data, however, as it does not assume the independence of responses.

²⁷ In generalised linear models, the independent responses y form an exponential family

$$f(y; \theta, \phi) = \exp\left(\frac{y\theta b(\theta)}{a(\phi)}\right) + c(y, \phi)$$

The regression factor, β , then minimises the function

$$\Psi(\beta) = \sum_{i=1}^n v_i^{-1} (y_i - \mu_i(\beta))^2$$

that in turn results in the maximum likelihood model.

²⁸ The number of positive values divided by the number of those who score 0. In a sample where, say, 20 % of the respondents are unemployed, the odds of being unemployed is 20 % / 80 % = 1 / 4.

²⁹ For a large set of data with hundreds of predictors, any denser time-series data would be unfeasible. Also, the comparison between two years of response allows the crisis to be represented as a historical event—the ‘totality’ of its effects—without yet specifying whether the changes have been abrupt or

whether they should be reflected as more perpetual processes. A process-based view in contrast would require us to restrict to only one of the two levels.

³⁰ In particular, a 3-level model would not resonate with change: for example, we would only be able to treat cabinet composition as a variable relative to the year of response, but not political reactions or changes in cabinet composition themselves as meaningful predictors. Such models would then 'economise' the picture by 'explaining away' the crisis: changes in the outcomes would be viewed only as results from the changes in predictors instead of interpreting the changes themselves.

³¹ This 'totality' of the crisis as a phenomenon also means that it should not be explained away by referring to specific 'logic' or events like the collapse of Lehman Brothers. Instead, the crisis is a historical period encompassing virtually all possible processes that may not always be linked to Lehman Brothers, unemployment or other faces of the crisis (except rhetorically). Much about the crisis remains contingent to our knowledge.

³² Policy and equality -variables were left out for the simple reason that it is itself interesting to understand the ALMPs as 'political' regulators of the crisis and as I wanted to avoid overlapping between variables.

³³ The modelled employment-related variables include the following binary variables: unemployed, long-term unemployed, at work, never had a paid job, fixed term contract, work simultaneously in two jobs. In terms of the economic situation, the structured outcomes included the deprivation index and the social exclusion index (integers) and a binary variable identifying those with no household income during the past year; unstructured likert-scale outcomes, recoded into binary outcomes, were 'able to make ends meet' and whether the household can afford a 'meal with meat, chicken, fish every second day if you wanted it'.

³⁴ To exemplify, mathematically the pre-crisis difference in the odds for the referenc-group and the young follows from the fact that $e^{.394} = 1.48$. The post-crisis rates further multiply this difference by $e^{.370} = 1.45$. In multilevel models, when we specify the group-effects the coefficients are additive, which means that the combined post-crisis difference is therefore $e^{(.394 + .370)} = e^{.394} \times e^{.370} = 2.16$.

³⁵ Deprivation: .760***; social exclusion: .408***; ends meet: -1.334***; cannot afford proper meals: 1.212***.

³⁶ As the PCA- and PAF-models directly incorporate the increase in unemployment rates as part of the sum variables, it is understandable that these models much better explain interclass variance of the wave-effect, explaining about 80 % of the variation of unemployment rates, and 50–75 % of the variation in long-term rates.

³⁷ These effects then reflect the life expectancy gap as an 'existential' inequality-measure; as a measure of vital inequality -measure it would be assumed to result with male-related difficulties.

³⁸ The interpretation does not apply to food deprivation, which was lower and has become lower further in the countries where the political landscape has shifted from the right to the left.

³⁹ More specifically, this means that the additive structure in combining variables fails. For example, for Southern, Catholic countries we could not calculate the effects by adding the two coefficients.

⁴⁰ In the long-term refinancing operations (LTRO) in 2011–2012 the ECB provided liquidity to nearly 1000 banks in the amount of over €1000 billion, and the operations have been continued further since. In 2015 the ECB started direct purchases of sovereign-bonds worth €60 billion every month, being now extended to municipal and public liabilities.

⁴¹ While it is difficult to know whether the reasons to leave occupation unreported are the same before and after the crisis, at least it is clear that because many of those who do not report occupation are un-

underemployed, there is no conflict between the unemployed- and no-occupation figures. The unemployed and those who reported no occupation status also scored similarly in respect to trust in government, generational tension and ethnic tension.

⁴² 'Institutional trust' and 'social tensions' refer to two sum variables. The former is based on trust in 'the national parliament', 'the legal system', 'the press', 'the police' and 'the government'. The latter encompasses tensions between the rich and poor, management and workers, men and women, old and young, racial and ethnic, and between religious groups.

⁴³ In fact, ethnic tensions is one of the few variables where the bond yield \times unemployed –interaction is significant.

⁴⁴ Bulgaria, Slovakia and the Czech Republic illustrate more recognising patterns, whereas in Hungary, Slovenia and the Baltics more projective and externalising attitudes prevail.

⁴⁵ Interestingly, however, Marx's own central works were written in reaction to the previous meta-cycle, which culminated short after the manifest and was followed by the Victorian growth of the 1860's and the 1870's.

⁴⁶ The linear level 2 variables were recoded into two, three or four response categories.

⁴⁷ The plots are accessible in the author's personal Dropbox-folder ([goo.gl/wGVew1](https://www.dropbox.com/sh/wGVew1)). They are constructed in generally and then in the following specific settings:

- country by age and wave among 18 to 64 year-olds
- country by age and wave among the unemployed
- level 1 variables by wave
- level 2 variables recoded into categorical variables by wave (separated into two groups)
- factorial (PAF) and ALMPs variables, each recoded into three categories, by wave.

⁴⁸ MCA-construction, axes 1 and 3 ([goo.gl/FGB3g9](https://www.dropbox.com/sh/FGB3g9)).

⁴⁹ MCA-construction, axes 1 and 2 ([goo.gl/xpkfpN](https://www.dropbox.com/sh/xpkfpN)).

⁵⁰ MCA-construction, axes 4 and 5 ([goo.gl/vg0Jz6](https://www.dropbox.com/sh/vg0Jz6)).

⁵¹ All respondents, MCA-axes 1 and 3 ([goo.gl/Z7RMRj](https://www.dropbox.com/sh/Z7RMRj)).

⁵² Fixed term, MCA-axes 1 and 3 ([goo.gl/s4fySu](https://www.dropbox.com/sh/s4fySu)).

⁵³ Unemployed, MCA-axes 1 and 3 ([goo.gl/VXVgxI](https://www.dropbox.com/sh/VXVgxI)).

⁵⁴ Fixed term, MCA-axes 1 and 2 ([goo.gl/74UOmG](https://www.dropbox.com/sh/74UOmG)).

⁵⁵ Unemployed, MCA-axes 1 and 2 ([goo.gl/u5t2ax](https://www.dropbox.com/sh/u5t2ax)).

⁵⁶ Employed, MCA-axes 1 and 2 ([goo.gl/QcvSoF](https://www.dropbox.com/sh/QcvSoF)).

⁵⁷ Level 1 groups, MCA-axes 1 and 2 ([goo.gl/6AYy09](https://www.dropbox.com/sh/6AYy09)).

⁵⁸ Fixed term, MCA-axes 4 and 5 ([goo.gl/6D44xD](https://www.dropbox.com/sh/6D44xD)).

⁵⁹ Unemployed, MCA-axes 4 and 5 ([goo.gl/QZTItN](https://www.dropbox.com/sh/QZTItN)).

⁶⁰ All respondents, MCA-axes 4 and 5 ([goo.gl/qpOyL7](https://www.dropbox.com/sh/qpOyL7)).

⁶¹ Employed, MCA-axes 4 and 5 ([goo.gl/hs4aoF](https://www.dropbox.com/sh/hs4aoF)).

⁶² This was done by aggregating the results within countries and based on several demographic, socio-economic and occupation categories. For the resulting 1600 groups of respondents, MCA-axes were then

correlated, and they were also compared with several variables that were similarly aggregated from the EQLS.

⁶³ And Sartre continues: 'hiding from [them]selves the consciousness of [their] own freedom'.

⁶⁴ In some countries like Lithuania and Finland the crisis appears to have exaggerated the effects among the young, whereas in countries like Denmark the shift in attitude is more likely to concern older adults (see goo.gl/RXrXOY).

⁶⁵ Reliability reflected by the high Cronbach's *alpha*-coefficients (ranging from .4 to .8) is also visible from the low interclass variances (between .005 and .035 for the wave-effect in working age population) suggesting that level 2 predictors can give a reasonable insight into how the geographies of wellbeing are affected (the alternative PAF and PCA models were omitted). Because of limited resources and given that the considered affects are anyway abstract constructs, I only developed the models for welfare- and religion-related predictor sets but did not calculate the entire genealogy of the relevant interclass variances.

⁶⁶ Solitude -.047 and -.225*** unemp.; indifference -.048*** and -.112*** unemp; inner directedness -.041 and -.284*** unemp. Among the young: solitude -.061** and -.199** unemp.; indifference -.078*** and -.008 unemp.; inner directedness -.176*** and -.176* unemp.

⁶⁷ I first recorded the *expected* values or probabilities of several outcomes as modelled against the PCA- and PAF-models. The set of predictors were chosen so as to minimise the interclass variances in order to make the representation of the 'field' of youth maximally reliable.

⁶⁸ Deviations in positive affectivity distinguish particularly the overtly positive Danes and the least positive Swedes in aftermath of the crisis. However, it is notable that the Greek young are no longer as extremely non-positive as they were in 2007.

⁶⁹ This quote can originally be traced back to Jameson although it became more famous after being associated with the 'Žižek cult'—for example Mark Fischer (2009) misplaces the quote to Slavoj Žižek.

⁷⁰ Yanis Varoufakis for example has been quite open about how their proposals were refused one after another instead of allowing them proper consideration.

⁷¹ Published by Ifo, Sinn recently criticised the German economies for being unable to reclaim the promises about the benefits of economic convergence even after two decades after the unification. Sociologically it is crucial, however, to what extent the social and cultural effects are associated with this process and how they, in turn, benefit West German growth. See http://www.cesifo-group.de/de/ifoHome/policy/Staff-Comments-in-the-Media/Press-articles-by-staff/Archive/Eigene-Artikel-2015/medienecho_ifostimme-voxeu-01-11-2015.html (accessed 18 April 2016).

⁷² It is possible that many of the results in empirical economics are skewed by the fact that they often ground on the dynamics of developing economies.

⁷³ Potlatch refers to the way in which an individual sacrifices her entire fortune in order to gain social recognition. The resources are subsequently spent together. Such activity was practiced by indigenous peoples of the Pacific Northwest Coast of Canada and the United States. In 1884 it was prohibited, however, given its 'wasteful' and 'unproductive' functions to society.

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