

Introducing European Cities

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Cities of Europe: Changing Contexts, Local Arrangements, and the Challenge to Social Cohesion

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Introduction

European cities are back on the agenda of researchers in social sciences as a distinct topic. In the last few years scientific production has markedly increased, highlighting their distinctiveness in comparative terms.¹ This increased interest towards *difference* is the outcome of the scientific debate and empirical research emerged from the need to understand the transformation trends set in motion at the end of the 1970s, their impacts and the resulting growing diversity at different territorial levels.

The deep process of spatial reorganization which began in the aftermath of the crisis of Fordism brought about two apparently contradictory directions of change, running partly parallel and bringing about this distinctiveness. From the economic point of view, the extensive globalization of production strategies and consumption behaviors, with multinational firms and financial markets playing a decisive part, has been paralleled by an increased localization of production into regional economies and industrial districts with varying impacts at the local level. From the political point of view, the rise of supranational institutions and political configurations (e.g., the European Union, the International Monetary Fund, the World Trade Organization (WTO)) gaining strategic guidance in fostering the mobility of capital, goods, services and labor, has been paralleled by a transfer of regulatory authority downwards to subnational territories, namely regions and cities.

These processes bring about a growing complexity which needs to be disentangled and this book is one of the few available contributions in that direction from the perspective of European cities. In fact, the way in which *converging trends* characterized by the spread of market regulation mechanisms in a framework of increased and global economic competition have been played out is characterized by *diverging impacts* bringing about an increased heterogeneity at different territorial levels. This points to some distinctive elements that European cities have retained in this process, a distinctiveness that derives, according to an emerging body of literature with which I tie in, from the regulatory framework that structures the processes of social cohesion and integration taking place at the urban level. As will become evident, these opposing directions of change do not occur in an institutional vacuum, but take full advantage of the regulatory heritage within which they are embedded.

Even though not all chapters explicitly address the distinctiveness of European cities as their main focus, their difference from other contexts – in particular the USA – emerges as a recurrent trait. The varied and partly mitigated impact of resurging inequality and poverty linked to the spread of market relations, the new forms of governance linked to the emergence of new local actors and innovative policies are just a few examples of how change might produce new contexts for cities. Investigating these changes in Western European urban societies, understanding the tensions they might give rise to, their multiple dimensions, the potential patterns of social vulnerability that might emerge, the impacts on the built environment, and the solutions provided are the aims of this book.

The authors address these issues, providing the reader with a rich and diversified set of analytical tools and empirical evidence from comparative research to understand these processes. The book is complemented by a highly innovative CD-Rom on *visual paths through urban Europe* to which all authors of the book refer to for any visual accounts given in the individual chapters (see the specific section on the CD-Rom).

The chapters have been grouped into three main sections. The first section addresses the changing contexts and the link with the local dimension this process might have. The second section concentrates on the impact of these transformations on the built environment in European cities, in particular investigating potential neighborhood effects, segregation and gentrification. The third section deals with the governance and social cohesion issues arising, and in particular the local policies against social exclusion and poverty.

The three sections are complemented by two opening chapters focusing on European cities at a more abstract and theoretical level. In particular, in order to understand and frame the distinctiveness of European cities, I divided this introductory chapter into three parts. In the first part I propose

a specific explanatory path, starting from a relatively abstract level of analysis of how regulation frames work and the need to understand their institutional context. This implies bringing in also not specifically urban issues that are relevant to understand how the distinctive elements of European cities become structured. The second part briefly presents the institutional mixes characterizing the European context. This discussion intersects with the ongoing debates on urban change and is not separate from the structure of the book, being fuelled with the arguments put forward by the different authors. These are briefly presented in the third part where I connect them with my explanatory path. I will not sum up here the theories and the empirical evidence presented in the current literature and in the different chapters of this book. The literature on the topic has been extensively reported by Le Galès (2002) and Chapter 2 reviews the conceptual framework and normative project within which ‘the European city’ as an analytical category is in general embedded. Moreover, the different chapters provide – in most cases – an introduction and discussion of the main contributions in the literature of the topic they are dealing with, so I would have run the risk of being repetitive. Therefore, my strategy is aimed rather at understanding what cuts across most chapters and what I consider crucial in understanding the characteristics of European cities.

The Importance of Considering the Context

Let me start with an obvious and rather theoretical statement: context matters. Scholars from most disciplines of the social sciences increasingly underline its importance: it is not possible to understand social phenomena without embedding them in their context, but what does this really mean for the analysis of European cities? Is it enough to say that the context of European cities is different from other contexts and therefore European cities are different? Such a tautological answer only shifts the question to another – more abstract – level. We have therefore to define first what a context is, what are its dimensions, which are relevant and how they intermix. The next step is to consider the implications of different mixes. It is those *specific mixes that contribute to define differences*.

Most theoretical approaches in social sciences refer – implicitly or explicitly – to the concept of “context” as a quite powerful tool at the very basis of their investigations. This is true for sociological thought since its foundation as a discipline: the classical dichotomy of *Gemeinschaft* (community) and *Gesellschaft* (society) is clearly a contrast of contexts, in which different dimensions interact in a relatively coherent way, providing two different sets of constraints and opportunities to actors. The concept of

embeddedness, which characterizes most of the debates on the working of the economy and its social foundations (from Polanyi 1944 onwards), has at its very analytical basis the crucial role of contexts. The same is true for the analysis of cities and urban governance. The concept of *nested cities* (Swyngedouw 2000; Hill and Fujita 2003; Hill 2004), besides highlighting the interconnectedness among cities and different territorial levels of regulation, makes explicit the need to consider cities as open systems, *nested* (or embedded) in a wider context of social, institutional, and economic relations (see also DiGaetano and Strom 2003). But what is a context? Generally, it can be defined as a set of alternatives made of constraints and enablements, within which individual (or collective) actors *can* or *have* to choose. In this sense, a context implies a classification exercise that allows actors to define events as constraining or enabling, to posit meanings and to act strategically. This quite abstract and loose definition is scalable in different directions: different levels of abstraction can be contexts to one another; the same is true for different territorial levels and timescales. The nation-state and regions are contexts for the city, just as the past is a context for the present.

The concept was used for the first time by Bateson (1972), who was interested in understanding how learning processes take place and work at different levels of abstraction. Actors learn, but they also learn to learn: they acquire frames through which they interpret the world, consolidating routines and structuring *Weltanschauungen* (world views). From this perspective actors acquire – interacting with the context – both the cognitive frameworks to refer to and the routines that point to a shared understanding of reality.

Sociologists usually investigate these processes in order to understand how the social bond is produced and reproduced in the tension between *agency* and *structure*. From their disciplinary point of view, contexts are usually considered the structural dimension of social life. This identification, however, is not so clear-cut, because contexts entail founding relational characteristics in which *agency* and *structure* are contexts for one another. For this reason, after the 1970s, sociologists increasingly focused on the process of *structuration* (Giddens 1984; Archer 1995, 2003). This entailed the recognition that social (cultural, economic, political, etc.) constraints have the power to impede or to facilitate different kinds of projects expressed by agents and, at the same time, that agency – through human reflexive abilities in interacting strategically with constraints – influences structural settings and mitigates their impact in a dialectical process that puts the two in relation with one another.² As we will see, these two dimensions acquire specific features in Europe.

At the intersection of macro-social constraining logics and the micro-social foundations of agency we find institutions, which have a crucial and

mediating role. On the one hand they provide specific contexts, and on the other they reflect the results of the institutionalization process of actors' action. They incorporate structural features reaffirmed through recursive praxis (Giddens 1984) but, at the same time, they express a genuine structural constraint, external to the individual (or collective) actor, defining the space for free action (Archer 1995, 2003).

Institutions as contexts

The crucial and mediating role of institutions has been underlined in most of the chapters included in this book as a strategic starting point for understanding cities and their emergent role. It is at this level that we should begin asking about the distinctiveness of different urban settings, including the question of why European cities are different from other cities. The answer is again banal: European cities are different because they are embedded in different institutional arrangements, providing specific contexts to actors, characterized by a specific mix of constraints and enablements, and structuring specific *Weltanschauungen*. But how, and which institutions are structuring specific contextual mixes? In what ways do they differ in Europe? These are difficult questions, which need some preliminary definition of what an institution is.³

In the sociological tradition some founding differences can be traced back to Durkheim and Weber. In his classical work *De la division du travail social*, Durkheim used the legal system as a proxy for the existing forms of solidarity, assuming that it institutionalizes the social bond holding society together (1893: 24–5). In doing so, he addressed the underlying collective normative framework institutionalized in the legal system, highlighting its constraints on human action. This concern also characterized Weber's analysis, even though he was more interested in understanding the ways in which cultural rules define social structures and govern social behavior, influencing the meaning actors give to their actions. His more actor-centered perspective aimed at developing an interpretative understanding of social action in order to arrive at a causal explanation of its course and effects (1922/1972: 1). Here, he pioneered a context-bound rationality approach, maintaining that rationality and choice must be understood within the context of the institutional framework of a given society and historical epoch (Nee 1998: 6).

The divide between the two classics⁴ is reflected in the shifting focus of new institutionalism.⁵ Despite the fact that there is no consensus on all characteristics of new institutionalism, it is possible to synthesize the difference between the old and the new in the higher degree of autonomy credited to the individual actor and to the role of culture. Actors are

supposed not only to interiorize social norms during their primary socialization process, but they are also considered more proactive in the construction of their cognitive framework of reference and their institutions.

Considering the different existing theoretical positions, Scott provided an *omnibus* definition of institutions as “cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior” (1995: 33). The implications of these characteristics – which are strictly interwoven with one another and are separated only analytically – are that institutions provide a *structured context for action*. On the one hand, their constraints (normative, cognitive, and regulative) limit and modify the free play of interactions; on the other, they provide resources for actions to take place. In other words, they define through complex social interactions borders, i.e. *in-out* relations. From the normative, cognitive, and regulative points of view, defining borders implies defining identities and differences, as well as the related processes of social inclusion and exclusion, i.e. processes of *social closure* (Weber 1972). In this sense, institutions are the result of power relations that became institutionalized, i.e. they reflect the outcome of conflicts and struggles resulting from agency taking place within a framework of specific power asymmetries. These are translated into regulations and define the roles of actors, who is *in* and who is *out* and – more particularly – who gets what, when and for how long in the redistributive process (Korpi 2001).

The path-dependent character of institutions

The above-outlined characteristics last over time because institutions are considered by most scholars to be *path-dependent*, i.e. they constrain choice to a limited range of possible alternatives, reducing the probability of path changes and presenting an evolutionary tendency, given the acquired routines. Agency takes place within a given context and path dependency is one of the most likely (but not the only) results of the interaction between the two, which brings about relative stability. There are many reasons why this is the case. For example, the reproduction of the institutional context occurs through recursive reflexive action. This implies, from the cognitive point of view, inevitable learning effects. Routines, taken-for-granted, and practices tend to consolidate the existing institutional settings. Moreover, the regulative nature of institutions, by establishing more formal rules (through the state) or fewer (through communitarian arrangements), contributes to the formation of mutual expectations – “a system of nested rules, which are increasingly costly to change” (Goodin 1996: 23) – and produces a self-reinforcing effect over time. Both examples show that the stabilization process works through the crucial mechanism

of “increasing returns,” i.e. positive feedbacks, which encourage actors to focus on a single alternative and to continue on a particular path once initial steps are taken (Pierson 2000a). At the very basis of all this lies the law of parsimony, which consists precisely in not re-examining the premises of habits, routines and rules every time they are used (Bateson 1972: 276). This tendency should not bring us to conceive of institutions as uniquely targeted to maintain stability. The other side of the coin is that institutions are not only constraining but also enabling contexts. Being at the intersection between path-dependent structural inertia (North 1990) and path-shaping activities, institutions provide a theoretical and empirical bridge between macro-social trends and micro-social foundations. As Jessop and Nielsen put it: “institutions always need to be re-interpreted and re-negotiated, they can never fully determine action; but nor do they permit any action whatsoever so that life is no more than the product of purely wilful contingency” (2003: 4; see also Berger and Luckmann 1967: 87). This implies that the path-dependent character of institutions has to do with the interplay of agency and structure, their different temporal frame of reference and the evident *long durée* of the latter. This interpretation implies that paths might be changed, but connects this possibility to the given contextual opportunities.

Institutional mixes and regulation

All the chapters in this book implicitly or explicitly underline the importance of contexts and institutions: living in a European city is quite different from living in a North American city, just considering the Western industrialized world. Even within Europe, living in a Scandinavian city is different from living in a South European city (see Chapter 14). Where do the differences lie? Most chapters here agree that they lie in the peculiar mix of institutions regulating social interaction in the different European states and cities (e.g., see Chapters 3 and 6) and in the differences between them and the other industrialized countries. But how does the issue of difference become concrete and empirically investigable? A favorite starting point has been the analysis of the regulative framework that institutions provide (Regini and Lange 1989: 13). In particular, the fact that they are:

- coordinating the relationship between different actors;
- regulating the allocation of resources; and
- structuring conflicts.

These intrinsic structural qualities of institutions in mediating agency and structures have influenced the building typologies exercise, which most

social scientists use for reducing social complexities and explaining differences in comparative work. The advantage of this perspective is to consider laws as a crucial starting point, but to go beyond the formal settings and to include also the practices different actors put forward, and the struggles implicit in the political process.

At least since Polanyi (1968, 1977), it has become quite popular in scientific debate to identify the *family (community)*, the *state* and the *market* as the relevant institutions to be considered in analyzing the different types and mixes. The literature on the issue is constantly growing in a quite articulated way. Some scholars added *associations* or organized social interests (Streeck and Schmitter 1985) as a further relevant institution working through specific mechanisms of regulation. Others stick to the dualism between *Gemeinschaft* and *Gesellschaft* outlined by classical thinkers such as Weber and Durkheim (e.g., Mingione 1991). We briefly discuss some of the typologies and the *classification exercise* later on. Here it is enough to say that these institutions regulate social interaction through their specific cognitive frameworks, the norms they put forward and the rules and resources they mobilize. In short, these institutions define – through their own specific principles of reference – specific modes of coordination and regulation, addressing what Polanyi defined as *mechanisms of socio-economic integration*. The *integrative effect* emerges – according to Polanyi’s holistic view of society – out of the economic process which consolidates, through specific movements of goods, the interdependence of individuals within institutionalized social relations. Within this framework, economic relations are considered to be both a means of fostering and consolidating social integration and the expression of wider social relations (Polanyi 1977). This implies not only defining specific contexts of constraints and enablements, but also the patterns through which social order is produced, and the crucial mediating role institutions have in putting agencies and structures in relation to one another.

Family, state, and market and the underlying principles of regulation have been widely used to construct typologies aimed at simplifying the complexity of society and explaining differences, at least descriptively. The prominence of one regulating institution produces an ideal typical configuration that – according to the different disciplines and models – helps to investigate analytically specific social systems of production (e.g., Hollingsworth and Boyer 1997; Crouch et al. 2001), particular welfare regimes (e.g., Esping-Andersen 1990, 1999; Mingione 1991; Gallie and Paugam 2000) and certain modes of governance (e.g., Jessop 2002; Le Galès 2002; DiGaetano and Strom 2003). Unfortunately, the complementarities between these approaches have been rarely investigated (for some exceptions see Ebbinghaus and Manow 2001; Huber and Stephens 2001; Hall and Soskice 2001). What all approaches share is the

relevance of the systematic interconnectedness and complementarity among the different institutions and their organizational characteristics, which mutually adjusted over long periods of time. Referring to Gramsci's (1949/1971) concept of *hegemony*⁶ and to the Regulation School (Aglietta 1979; Boyer 1986), the terms "regime" and "system" have often been used to underline precisely this aspect.⁷ How the interconnectedness is achieved and the way it gave rise to varieties of capitalism is, nevertheless, a matter of how agency and context structured one another over time, i.e. how the different dimensions interacted – through conflicts and struggle – bringing about specific historical paths of change.

The Prominence of the Political and the European Context

Within the picture outlined above, the state has a particular position. The command over resources and the capacity to enforce its regulation framework puts the state at a different level of abstraction compared with the other institutions. The state is not just one of the sources of regulation, but *the* regulative institution, which defines the role of the other institutions through its ability to impose decisions that concern the whole society or parts of it. As Hollingsworth and Boyer maintain: "it is the state that sanctions and regulates the various non-state coordinating mechanisms, that defines and enforces property rights, and that manipulates fiscal and monetary policy" (1997: 13). In so doing, the state establishes the prominence of the political by linking the different institutions through its policies, which explicitly (through rights and duties, resources redistribution, and so on) or implicitly (e.g., without intervening in or regulating specific issues) define the social responsibilities of the other institutions, their obligations and constraints on one side and the rewards and opportunities on the other. From this point of view, political power has an intrinsic *paramountcy* (Poggi 1991). This does not mean that the other institutions are irrelevant; on the contrary, but their "jurisdiction" has to be defined in relation to that of the state which regulates their functioning.

This was not always the case. The state emerged as a regulatory institution in Europe in the sixteenth century (Tilly 1975; Rokkan 1999), but its effectiveness increased only after the French and the industrial revolutions, when it extended its supremacy in regulatory terms over most other institutions through *the rule of law*. This increased role of the legal dimension of political processes defined rights and duties as the outcome of the institutionalization of political choices and struggle (Poggi 1991). Underlying this crucial historic shift was the fact that the state became *the* means through which political rights were defined and the participation of the

population regulated (Tilly 1975). This situation was further consolidated after the two World Wars, when the development of national compulsory insurance schemes and the removal of rigid guild systems and corporatist protections, most often organized at the local level, established new spaces for social membership (Marshall 1950; Alber 1982). Economic growth fuelled the nation-state with resources to be redistributed through welfare provisions and services.

Underlining the importance of the state and the *political* already defines the framework I will mainly refer to for understanding the context of European cities. However, the political is not separated from social reality. Despite important intra-European differences, to which we will return, we can identify, along with Kaelble (1987), Therborn (1995) and Crouch (1999), some broader commonalities characterizing (West) European countries on the eve of the nineteenth century. Here I will just mention some that distinguish them from other industrializing countries at that time, most prominently the USA.

- 1 European countries had a relatively low degree of religious diversity with just one (Catholic) or two dominant institutionalized Christian churches (Catholic and Protestant). Other religious diversities were limited to small and marginal groups (Crouch 1999). The religious cleavages have been linked for a long time with parties influencing the policy-making process in specific directions (Alber 1982; Rokkan 1999; Huber and Stephens 2001). These cleavages were not given in the USA, where the existing complexities, also in terms of ethnicity, brought about a bipartitism that was completely detached from religious values.
- 2 In European countries, some family structures, such as single young adults and nuclear families, were over-represented and, comparatively, later marriages characterized their reproductive strategies. These characteristics were present elsewhere, but not altogether and at the same time. According to Kaelble (1987: 14–23), this had three major implications. First, the development of social policies, which were needed to back up the nuclear families' weak sheltering capacities in the industrialization phase. Only South European countries followed a different path; stronger primary social networks have been accompanied on the whole by weaker states and other redistributive means. Second, late marriages contributed to the availability of a considerable and potentially mobile workforce. Third, the presence of single young adults might have had political consequences in the participation in mass political movements during the extension of voting rights. Even though it is not possible to speak about a unique European family model for the time being, it is nonetheless possible to differentiate it from the USA where the transformation processes have not been accompanied by the development of social policies.

- 3 European societies were characterized by widespread industrialization and a significant share of industrial employment, which favored class consciousness, cleavage and conflict. Nowhere else did industrial employment become as large a part of the economically active population as in Europe (Therborn 1995). This brought about a high level of class stratification with relatively low inter-class social mobility but, at the same time, also created greater political mobilization opportunities for the lower socio-economic classes, which brought about a more equal redistribution of resources and the development of the welfare state.
- 4 European societies since the Middle Ages developed a dense network of medium-sized cities (Hohenberg and Lees 1996), which had some important common traits, summarized by Bagnasco and Le Galès (2000) and Le Galès (2002). First, their morphology and history. European cities developed in most cases between the tenth and the fourteenth century, predominantly around a central place where political power and citizenry had, and still have, their symbols. This picture contrasts quite sharply with the grid structure of North American cities, their central business districts and the tendency towards suburbanization. Second, European cities have political and social structures that are embedded in relatively generous and still structuring nation-states. This implies, given the higher public expenditures, a relatively high share of employees in the public sector, who make the city's economy – in contrast to US cities – less dependent on market forces. Also, the low geographic mobility helps to stabilize urban contexts, favoring the development of collective actors. Third, European cities present public services and infrastructures that are strongly related to the regulative capacity and planning traditions of the respective nation-states. There are, of course, important differences among countries and cities (and this book reports some of them); nevertheless, they mitigate tendencies to segregation and poverty, which are quite widespread in the USA.

These characteristics are historically interconnected. European cities, for instance, had an important role in the development of the nation-state itself (Tilly 1975; Rokkan 1999; Le Galès 2002). Cities were political and cultural laboratories of participation and government. The specific administrative tools and techniques developed at the urban level – from town planning to differentiated functional roles and tax collection – were crucial to the rising nation-states, which extended their remit to the whole of society, promoting new mechanisms for regulating associative life.

In his analysis of power carried out within *Wirtschaft und Gesellschaft*, Weber devoted one chapter to the city (1922/1972: 727–814), underlining precisely the importance of this aspect. He considered the way in which the political deliberative processes were organized to be a crucial analytical dimension for understanding differences. Comparatively, he highlighted

the peculiarity of the medieval European city, where the *Bürger's* membership was based on his individual involvement in the regulation of social matters as a citizen and bearer of rights and duties, subject to common legislation (see Chapter 2). This was considered by Weber to be quite revolutionary for that time, because it contributed in the long run to free the individual from communitarian and ascribed bonds, and to set in motion a deep process of change, giving rise to the building of the nation-state on the one hand and to the development of capitalism on the other. Once these processes were completed – in Europe it was with the unification of Italy (1860) and Germany (1871) – state domination became the strongest organizing principle of the European urban system. Cities lost their autonomy and became agents of the state as local and regional bases for putting national policies into practice and for legitimizing the forms of territorial management defined by the State (Le Galès 2002: 76).

Institutional configurations and welfare regimes as structuring contexts

All the distinctive elements briefly outlined above are related to the specific role institutional configurations have in addressing and structuring social life. How do scholars deal with these differences? We mentioned previously the use of typologies as a heuristic device. A first distinction is provided by *comparative political economy* approaches which, addressing social systems of production, consider European countries – with the partial exception now of the UK and Ireland – as *coordinated* market economies and contrast them with uncoordinated ones, such as the USA. This approach provides a systemic view of how institutions and economic systems interact and considers institutions not only as a constraint on actor's (firms) behavior, but also as an opportunity to increase competitive advantages through the provision of collective public goods (Fligstein 1996; Hall and Soskice 2001: 31; Le Galès and Voelzkow 2001). This implies, for instance, that educational policies are important to attain a skilled labor force, and that social policies are important in managing social risks. They stabilize consumption and deter social tensions from degenerating. But where do the differences lie? They do *not* lie in the economic performance of the two models, as neoliberal rhetoric would suggest. In fact, as Hall and Soskice (2001) maintained, both liberal and coordinated market economies were able to provide satisfactory levels of economic performance and competitiveness. The World Economic Forum (2004), by ranking Finland, Denmark and Sweden among the top five most competitive countries in the world, contradicts neoliberal assumptions about the negative role of the state on competitiveness. These countries are, in fact, also the highest welfare spenders. Differences lie more in the explicit and important role of institutional arrangements in

shaping – through their complementarities – the two social systems of production. These arrangements bring about relatively coherent outcomes (e.g., in terms of social protection, labor market structure, financial markets) and reinforce the differences between the two kinds of political economy. However, despite the revitalization of the convergence hypothesis (for the debate see Berger and Dore 1996; Crouch and Streeck 1997), coordinated market economies show that a considerable diversity in national responses to exogenous (e.g., global competitiveness and trade liberalization) and endogenous (e.g., demographic structure, institutional inertia) pressures still prevails. The debate on welfare regimes provides insightful elements to understand these differences. The term *coordinated market societies* is, in fact, too vague. What becomes crucial is *how* they are coordinated, besides the institutions targeted directly at regulating market forces.

The important work by Esping-Andersen (1990, 1999) takes us a step further. Esping-Andersen uses the prominence of one regulative dimension as the main criteria to identify specific welfare regimes. The market, the family, and the state intermix in a peculiar way, giving rise to the *three worlds of welfare capitalism*: the *liberal*, the *conservative* and the *social-democratic* regime. The three regimes are characterized by different relations of dependence/independence from the market⁸ in relation to meeting one's own needs, and by specific outcomes in terms of social stratification and inequality. In the liberal regime, market-dependency is the greatest and inequality the highest (Förster 2000). In the conservative regime, we have an intermediate level of market-dependency, related to position in the labor market, with a tendency to maintain the status quo. Finally, in the social-democratic regime market-dependency is the lowest and redistribution the highest.

Esping-Andersen's model is well known and much debated,⁹ so we do not need to go deeper into it here. Its advantages lie in the plausible simplification it operates, which can be considered a good starting point to systematically address the intra-European differences among coordinated market economies. In order to give an adequate picture of these differences, however, several scholars criticized Esping-Andersen's typology and made a plea for grouping the specificities of South European countries into a specific regime (e.g., Mingione 1991; Leibfried 1992; Ferrera 1996, 1998; Gallie and Paugam 2000). The importance of clientelism, segmented labor markets, locally fragmented social assistance schemes, and unsupported family responsibilities underline the important differences between these countries and those of the conservative regime. For more details see Chapters 2 and 12, which address the specificities, opportunities, and threats of this particular regime, under particular stress as a result of the ongoing changes.

Table 1.1 provides a series of important indicators to understand the main characteristics of the four welfare regimes of *social Europe* resulting

Table 1.1 Socio-economic and social expenditure indicators for selected EU countries (1990–2000)

Welfare regime	Liberal		Social-democratic		Conservative		Familistic		
	UK		Denmark		Germany		Italy		
	1990	2000	1990	2000	1990	2000	1990	2000	
<i>Population</i>									
Old age index ¹	24.0	23.9	23.2	22.2	21.6	23.9	21.5	26.6	24.3
Child in single parent family ²	11.9	19.8	n.a.	n.a.	6.7	10.3	3.3	4.1	9.7
Fertility rate ³	1.83	1.64	1.67	1.34	1.45	1.34	1.33	1.25	1.53
Births out of wedlock ⁴	27.9	39.5	46.4	44.9	15.3	23.1	6.4	9.2	27.2
Divorce ⁵	3.0	2.6	2.5	2.7	1.7	2.4	0.5	0.7	1.9
Non-EU immigrants ³	0.6	2.7	2.8	3.9	6.3	6.7	0.9	1.9	n.a.
<i>Employment rates⁶</i>									
Male (15–64)	80.5	77.9	80.1	80.7	78.7	72.7	72.0	67.6	72.4
Female (15–64)	61.7	65.1	70.7	72.1	54.0	57.9	36.4	41.1	53.8
Youth (15–24)	64.3	55.9	65.0	67.1	57.9	46.1	33.3	26.1	39.9
% of fixed term contracts	n.a.	6.7	n.a.	10.2	n.a.	12.7	n.a.	10.1	n.a.
<i>Unemployment rates</i>									
Male (55–64) ⁷	8.4	5.5	5.1	3.9	7.0	12.6	1.6	4.4	8.0
Female ⁸	6.6	4.9	8.4	5.3	9.6	8.3	13.7	14.4	9.7
Youth (15–24) ⁸	10.8	12.7	11.4	7.35	8.0	9.1	27.2	30.7	16.2
Long-term (15–64) ⁹	33.5	28.0	28.8	20.0	45.9	51.5	69.0	61.3	45.2
<i>Expenditure on social protection</i>									
Per capita in PPS ¹⁰	3410.1	6180.7	4543.5	7671.5	4316.5	7267.9	3749.5	5891.4	6404.9
As % of GDP ¹¹	25.7	26.8	29.7	28.8	26.1	29.5	25.2	25.2	27.3
On family/children ¹²	9.0	6.9	11.9	13.1	7.6	10.5	4.4	3.8	8.1
On old age and survivors ¹²	46.2	48.7	36.8	38.0	45.8	42.5	54.7	58.5	46.6
On labor policies ¹³	n.a.	0.5	n.a.	3.9	n.a.	2.9	n.a.	1.2	2.0
On active labor policies ¹³	n.a.	0.07	n.a.	1.6	n.a.	0.9	n.a.	0.5	0.7
Unemployed covered ¹⁴	24.1	26.2	79.4	63.8	62.4	72.3	4.4	4.4	n.a.
GMI for 1 parent + 1 child PPP ¹⁵	n.a.	575.79	n.a.	800.11	n.a.	534.62	n.a.	219.57	n.a.

<i>Poverty</i>										
60% median pre-transfers ¹⁶	32	29	29	23	22	20	23	21	26	23
60% median post-transfers ¹⁶	20	19	10	11	15	10	20	18	17	15
Gini index ¹⁷	n.a.	33	n.a.	23	n.a.	28	n.a.	33	n.a.	31
<i>Competitiveness¹⁸</i>										
Growth 2003 ranking	n.a.	15	n.a.	4	n.a.	13	n.a.	41	n.a.	n.a.
Business 2003 ranking	n.a.	6	n.a.	4	n.a.	5	n.a.	24	n.a.	n.a.

¹ Old age index: people over 65 years as a percentage of the working age population (15–64 years). *Source:* Eurostat (2003a)

² Children (0–14 years) living in families with only one adult as a percentage of all children living in families with two adults. *Source:* Eurostat (2003b)

³ Data for non EU-immigrants first year 1994. *Source:* Eurostat (2003b)

⁴ As a percentage of all live births. For Italy, Denmark and EU-15, last year 1999. *Source:* Eurostat (2003a)

⁵ Per 1000 persons. *Source:* Eurostat (2003b)

⁶ Employed persons as a share of the total population aged 15–64. Last year 2001. *Source:* Eurostat (2003b)

⁷ *Source:* OECD (2002)

⁸ For Germany, first year 1993. *Source:* Eurostat (2003b)

⁹ Long-term unemployed (12 months or more) as percentage of all unemployed. *Source:* Eurostat (2003b)

¹⁰ In PPS (purchasing power standards). *Source:* Eurostat (2003b)

¹¹ First year 1991, last year 1999. *Source:* Eurostat (2003a)

¹² As a percentage of social benefits. *Source:* Eurostat (2003b)

¹³ As a percentage of GDP, last year 2001. *Source:* Eurostat (2003b)

¹⁴ Unemployed covered by unemployment benefits. *Source:* ECHP version 2001, first year 1994 (wave 1), last year 1998 (wave 5). Calculations by Carbone (2003)

¹⁵ Guaranteed minimum income (social assistance and existing relevant benefits/allowances) for one parent plus one child aged 2 years 11 months. PPP = purchasing power parities (Euro = 1). Situation July 31, 2001. *Source:* Bradshaw and Finch (2002)

¹⁶ Eurostat (2003a). First year 1995, last year 2000

¹⁷ EU-13. *Source:* Marlier and Cohen-Solal (2000)

¹⁸ *Source:* World Economic Forum (2004). The CGI (competitiveness growth index) and the BCI (business competitiveness index) aim at ranking countries according to the factors that favor the growth and business of an economy. It considers at its very basis a mix of qualitative and quantitative set of indicators and a survey conducted on 7707 senior business leaders in 101 countries. The report and full methodological details are available online at: www.weforum.org. Retrieved: September 15, 2003

from this typologic readjustment. We clearly see that data confirm to a large extent the clustering of the four models, their relative internal coherence and the different part played by the peculiar mixes of institutional arrangements.¹⁰ Just a few examples will make this more concrete.

Within the conservative regime the family is considered to have a major role (Esping-Andersen 1999). This role is socially recognized and supported by the state through *active subsidiarity* (García and Kazepov 2002), which implies family allowances and services only slightly less generous than in the social-democratic regime. Women balance caring activities with an European Union (EU) average activity rate and there are slightly fewer children born out of wedlock than in the EU average. In general, reciprocity relations are backed up by state intervention, and even though market dependence is higher than in the social-democratic regime, it is definitely lower than in the liberal and the familistic regimes. If a person becomes unemployed, there is an unemployment benefit that replaces wages by approximately 60 percent for a minimum of 6 months up to 2.5 years, according to age and length of paid contributions. After this period of time people can claim unemployment assistance or, most probably, social assistance as long as the condition of need persists. Replacement income rates are lower, but benefits allow individuals and families to be just above the poverty line (Kazepov and Sabatinelli 2001). Labor activation policies (training, requalification, job insertion) accompany passive policies.

All these indicators point to an institutional context in which the state and the family provide, through a specific mix of redistributive and reciprocity relations, a set of resources aimed at protecting families from social risks. Poverty is kept at relatively low levels and the relation to the market is mediated through the provision of public goods that bring about relatively competitive coordinated market economies.

South European countries of the familistic regime, despite some commonalities with the conservative regime, present quite a different picture. *Passive subsidiarity* characterizes the way in which the state supports the family. Family allowances are very low, in-kind services rare and locally fragmented. Women's activity rates are much lower than the EU average (Schmid and Gazier 2002), as are divorce rates and children born out of wedlock. Protection is (was, if we consider the recent reform trends) provided more than anywhere else through the male breadwinner. Relatively low unemployment rates for male adults, but high ones for youth and women point in this direction. The same is true for the high share of public expenditure absorbed by pensions vis-à-vis other social protection policies, which are left aside. Unemployment benefits are much lower than in other regimes (40 percent of the last net income for 6 to a maximum of 9 months) and other income-maintenance schemes aimed at the

unemployed provide a fragmented landscape of access criteria and benefits which protect only selected categories. Social assistance schemes are in most cases local and intervene only residually. As we will see in Chapters 3 and 13, within this framework families become overloaded with social and caring responsibilities and are not able to redistribute resources except within the family itself. This brings about an unequal distribution of income (i.e. a relatively high value of the Gini index) and also a drop in fertility rates. Having children becomes extremely costly (De Sandre et al. 1999). There are, of course, exceptions, which are located in economically and institutionally more dynamic regions of Southern Europe (e.g., the Basque country in Spain, some North-Eastern regions in Italy), but they confirm the overall problematic situation.

The typology briefly outlined in this section considers the nation-state as the main organizing territorial unit in the type-building exercise of welfare regimes. The same is also true of the coordinated market economies, which operate mainly through institutional settings defined at the national level. This prominent position of the nation-state has been widely challenged in the last 30 years, bringing about processes of rescaling and redesign. Does this mean that we are looking through the wrong lenses, if we focus on nation-states to understand European cities? In the following sections I try to show how the national frame of reference is still important and that the growing importance of cities (and regions) has to be considered through this perspective. In particular, I proceed on two parallel tracks. On one side I pursue my main argument about the distinctiveness of European cities rooted in the political dimension and the role of the welfare state; on the other side I present some of the main arguments put forward by the authors of the chapters collected in the three sections of this book as examples of this line of thought.

Changing Contexts

Undoubtedly, nation-states are changing. The issue is much debated in the literature on welfare capitalism and globalization¹¹ as well as among urban scholars.¹² Changes are emerging out of specific endogenous and exogenous pressures that the nation-state has to face. These pressures have had various sources since the virtuous synergies of the post-war welfare capitalist economies, which fed the expansion of public expenditure, were interrupted in the 1970s. Economic restructuring, technical innovation, and shifts between sectors brought about deep changes in employment and working conditions: relatively stable jobs in the manufacturing sector declined and flexible forms of employment in the service sector increased together with an increase in women's activity rates. Demographic changes,

like the aging of the population or the weakening of families' sheltering capacities, brought about increasing welfare demands for pensions and care services (Gullenstad and Segalen 1997). As Mingione notes in Chapter 3, the instability emerging from these changes in the market and the family spilled over into the protection capacities of the welfare state, giving rise to its fiscal crisis and that of its *crisis management mechanisms* (Offe 1984). This brought about a deep process of institutional redesign and rescaling, which Mingione sketches in relation to its diversified spatial impact on the different welfare regimes. In particular, he focuses on the consequences for the familistic regime, providing a picture within which the emerging patterns are, together with the liberal regime, the most fragmented and diversified. On the one hand, local institutions and family networks foster flexible and innovative competitiveness in self-employment or in small and medium-sized enterprises, like in the *Third Italy* or Catalonia (Bagnasco 1977; Piore and Sabel 1984). On the other hand, cities and regions with chronically high rates of unemployment and poverty remain locked in their situation, like in the Italian Mezzogiorno. The reasons for these differences are complex and both historically and institutionally rooted. The problems lie in the fact that the changing socio-economic and demographic contexts seem to exacerbate pre-existing differences. Cities and regions tend to polarize according to their ability to lessen the burden of caring responsibilities and to make strategic use of local social capital in addressing flexible and economically innovative arrangements. Within this picture, the nation-state has an important role. It provides only selectively the local economies with competitive public goods and it has difficulty keeping the divergent trends under control, because it is no longer able to guarantee its redistributive functions. Institutionally, the reliance on the family bears the risk of reproducing inequalities if the family's role is not backed up by state intervention. Resources are pooled just within the smaller *Gemeinschaft*. In other welfare regimes – including the liberal one, even though at a lower level – these protective functions, despite the increasing diversity, are still provided by the nation-state. There, the tensions generated by the changing contexts are kept under control through new forms of governance based on innovative mixes between passive national and active local policies.

It is within this framework that we should view the scenario presented and the trends highlighted by Martinotti, Sennett and Kesteloot in Chapters 4, 5 and 6 of the first section of the book on changing contexts. The existing regulative settings also influence the way in which the changing morphology of cities and the resulting urbanization patterns are filtered into concrete socio-spatial configurations.

The outlined changes make cities more complex, and to understand this complexity we have to refine our analytical tools. Martinotti proposes

to focus on how different populations, with different interests, cut across traditional class cleavages and make regulation much more complicated. Most of the social problems contemporary metropolitan societies experience are related to the way in which potential conflicts among inhabitants, commuters, city users, and metropolitan businesspeople are played out and are structured historically. Despite certain degrees of convergence with US cities, however, less market-oriented local governance arrangements, embedded in more binding regulation systems and urban planning, provide European cities with a higher degree of control over the tensions these different interests might bring about. These tensions are related to the ways in which the consequences of economic globalization and neoliberal adjustment are dealt with and, in particular, with the underlying spread of flexibility and vulnerability (Castel 2000). Sennett, in Chapter 5, addresses the implications of this trend on the social virtues of urban life: sociability and subjectivity. In particular, he maintains that just as flexible production brings about more short-term relations at work, it creates a regime of superficial and disengaged relations in the city, weakening the social bond. This is true, in general, but it should not be forgotten that it is also crucial how flexibility is dealt with in institutional terms. Sennett does not develop on that, but he warns us of the intrinsic risks institutions have to face. Flexibility undermines citizenship practices, which have to recompose increasingly fragmented interests. In this sense, we can surely affirm that the way in which flexibilization impacts on individuals' interaction patterns and feelings of insecurity depends also on the ways in which it has been institutionalized in different welfare regimes. Being a protected *flexiworker* in a system that bridges conditions of work instability through extensive and generous coverage, rather than a precarious worker left alone within unstable market relations, makes an important difference (see Table 1.1 for some relevant data supporting this argument).

Kesteloot, in Chapter 6, takes up Sennett's warning and deploys it in relation to the socio-spatial configurations of European cities. Using a geologic metaphor combined with an adapted regulationist approach, he shows how different types of residential environments are associated with the organization of the economy, the conditions of class struggle, the types of housing and the material and institutional modes of organization for collective consumption existing at the time they were built. These spatial patterns overlay and combine with the patterns produced in previous periods in a complex and historically rooted mosaic, which varies across cities, regions and countries. This results – according to Kesteloot – from the specific balance of power between employers and workers existing in the different accumulation regimes. As we have seen, however, this relation is strongly mediated by state policies, which influence levels, security, and replacement rates in case of market failure. Consequently,

production, consumption, and housing patterns are molded according to the ways in which taxation and social security contributions are redistributed through services and provisions. Our claim is that this produces different socio-spatial configurations in different welfare regimes. The neoliberal turn and the emergence of a flexible accumulation regime after the 1970s challenges the forms of mediation and negotiation that were institutionalized in the post-war period, and tends to polarize the possible directions of change (see also Jessop 2002). Kesteloot suggests two options. The first points towards a *repressive city*, where fear and insecurity develop into spatial displacement and concentrations of less privileged social groups. The second points towards a *negotiated city*, in which new forms of governance institutionalize the legitimacy of different populations to participate in the co-definition of socially relevant goals and how to attain them.

Rescaling and redesigning welfare

One of the consequences of the above-mentioned changes is that the local dimension is becoming more important in regulatory terms. This can occur in different ways. On the one hand, the state can decentralize some of its functions to lower levels of government, reforming the existing system. On the other hand, there might be an *implicit* decentralization resulting from a shift in the relevance of different policies, operating one at the national and the other at the local level. The two ways usually co-evolve and feed reciprocally. Let me give an example that shows how the two relate to one another. I will mainly refer to social assistance schemes and how they have changed in the last 15–20 years.¹³

The causal sequence of events is well known: the rise in unemployment in the late 1970s, triggered by deindustrialization and economic restructuring, brought about the spread of long-term unemployment by the mid-1980s. Unemployment benefits are based on contributions and regulated at the national level in most European countries. They aim at providing benefits up to a certain period of time. After that period, unemployed people who are unable to re-enter the labor market shift to unemployment assistance or, most probably, to social assistance schemes. The latter are regulated mainly at the local level (e.g., in terms of funding and accompanying measures) and operate on the basis of the means test (see Figure 1.1 on the CD-Rom). The increased number of unemployed claiming social assistance exerted growing financial pressure on cities, which stirred the debate on welfare *dependency* and how to hinder it, highlighting mainly the potential poverty and unemployment traps (Dean and Taylor-Gooby 1992) that passive social assistance measures bear.

This paved the way for deep reforms of most of the social assistance schemes in Europe. *Not being passive anymore* become the new slogan from Scandinavian cities to the Southern European ones, heading towards what Jessop called the “Schumpeterian Workfare Postnational Regime” (2002). Activation has become the magic word for finding a solution to dependency and attaining, at the same time, two goals:

- 1 *Getting people off the payrolls*, thereby cutting public expenditure on social assistance and unemployment measures and reducing the social costs of poverty and unemployment.
- 2 *Empowering the people* out of work by improving their life conditions and increasing their opportunities through wide social support provided by ad hoc designed accompanying measures.

Despite the fact that the tools developed for the attainment of these goals are relatively similar (e.g., providing subsidized jobs, training, requalification), European welfare regimes differ in relation to conditionality, compulsion, generosity, and to the local fragmentation these policies give rise to.¹⁴ The emerging differences cluster relatively coherently around the four welfare regimes that characterize Europe’s social model. The stronger accent on compulsory activation and conditionality is to be found in the *liberal regime*, even though all other regimes also introduced it. The *social-democratic regime* fosters more empowering policies, while the *conservative (corporative) regime* balances obligation and empowerment. The *familistic regime* is the most problematic one because, despite the path-breaking reforms of the second half of the 1990s introducing Revenue Minimum d’Insertion (RMI)-like schemes (e.g., in Spain, Portugal, and part of Italy), their implementation still reproduces in most cases past arrangements. The latter regime is also the one in which spatial differentiation is the highest in Europe (see also Mingione et al. 2002).

These trends are not just occurring within social assistance schemes. They reflect a more general shift towards local regulation, which took place in social policies throughout the 1990s (OECD 2003). In general, this regulatory shift addresses mainly in-kind services, public employment services, local partnerships, activation and accompanying measures rather than the definition of thresholds and the level of benefits. These are still defined at the national level. Even where they are defined at the local or regional level, as in Germany for instance, the variation is negligible. This holds true in all European welfare regimes, with some limitations in the familistic one where, on the contrary, the differences existing in access criteria and welfare provisions are not able to compensate existing differences in the other spheres of regulation, ending up institutionally reproducing and reinforcing the existing conditions of inclusion and exclusion.

The spatial impact of ongoing transformation processes

The implications of the increasing differentiation in local welfare state services and practices are highlighted by Alan Murie in Chapter 7. Their role in addressing the social consequences of the changes described above is becoming more and more important, because they are structuring the ways in which vulnerability and poverty are becoming concrete in cities and neighborhoods. The processes of social exclusion are, in fact, increasingly triggered by differential access to participation, redistribution, and rights, which are also shaped by local practices (see also Mingione 1996). Where you live makes a difference, and the rescaling process that welfare regimes are undergoing increasingly constrains and enables individual and families' agency according to the qualities of decommodified services they can have access to at the local level.

This implies, as all the chapters in the second part of this book highlight, that the patterns of social stratification emerging in European cities increasingly incorporate *space* as an important dimension in the structuring process of social exclusion and inclusion.

Musterd and Ostendorf (see Chapter 8), for instance, investigate the role of space in relation to segregation in cities. In particular, they address the possible neighborhood effects of spatial concentration of social disadvantage. The assumption in the literature is that the changing socio-economic and demographic contexts tend to increase inequality. Increasing socio-economic inequality is assumed to activate processes of spatial segregation, which negatively influence opportunities for social mobility, particularly in socially and economically weak neighborhoods (Wilson 1987; for a review, see also Burgers and Musterd 2002). Inhabitants of these neighborhoods become trapped in their condition of disadvantage. This question has been much debated in the North American literature. The evidence from comparative research shows that in European cities the impact of ongoing transformation processes does not automatically translate into high levels of segregation (Musterd and Ostendorf 1998). European cities have only moderate levels of segregation compared with US cities. Even in neighborhoods that concentrate social and economic conditions of disadvantage, people can easily "get in touch with the other" and experience socially mixed environments. The role of social policies in this process – in particular, welfare transfers coupled with targeted area-based projects – is considered to be particularly relevant in reducing segregation and neutralizing the neighborhood effect for the poor and socially excluded. Institutions (including the family and reciprocity networks) mediate the consequences of the changing contexts and mitigate their impact on people's living conditions. The authors report empirical

evidence for Dutch cities. Similar outcomes characterize European cities in general, even though differences can be found in relation to the characteristics of the welfare regimes within which cities are embedded. These differences are also confirmed when we consider the housing conditions of immigrants, who are in general one of the most vulnerable parts of the population with higher levels of segregation than nationals. In order to understand these differences, van Kempen makes a plea for a comprehensive approach in which the state plays an important part and interacts in a specific way with other dimensions (income, demographic structure, choice, etc.). Concrete housing conditions result from the interrelation between all these dimensions. Van Kempen shows that, despite the migrants–nationals divide in segregation levels, social housing supply and local welfare practices provide European cities with resources to reduce the levels of segregation much more than is the case in US cities. Marcuse follows the same line of reasoning, maintaining that social divisions within cities depend upon state action which “can ameliorate the extremes of inequality in income, in the first instance, and it can directly control the spatial patterns produced by [economic changes], in the second. State action in fact makes the critical difference between European cities and cities in the United States today” (Marcuse and van Kempen 2002: 29). However, the situation is not homogeneous in Europe, and the ongoing rescaling processes can bring about an increased differentiation at the local level, with liberal and familistic regimes being the most diversified.

The different role of the state in regulating access to housing influences the way in which gentrification processes take place and social mix is encouraged. Simon (see Chapter 10) shows how the pace and intensity of gentrification depend upon the flexibility of the housing market. European cities are, from this point of view, particularly resilient compared with US cities. The prominent role of home ownership, of public investors, and relatively low residential mobility limit de facto the negative effects of gentrification processes and sharp divisions. Public intervention in the renovation process and public urban planning in general tend to minimize the effects of the rent gap and to promote social mixing. Another limitation comes from local communities. In order to understand the processes at stake, Simon analyzes the case of Belleville in Paris. In particular, he addresses the implications of gentrification for the structuring of social integration and social mixing as part of a wider process of urban renewal in which different actors with different interests participate. In this sense, he is interested in showing how the encounter of different populations within the neighborhood changes the patterns of social integration. From this point of view, gentrifiers are not a homogenous group and the resulting interactions with the local inhabitants point to complex forms of mediation and interclass collaboration. Among gentrifying groups,

new middle-class *multiculturals* – as Simon calls those who enjoy social and ethnic mixes, look for an atmosphere and are willing a priori to respect the neighborhood – might mediate between business and politics, bringing about new forms of social cohesion from below, which are increasingly gaining ground in European cities.

Local governments, new forms of governance, and social cohesion

Within the trends of decentralization and devolution emerging at the end of the 1970s, cities gained autonomy and became actively involved in the policy design exercise. The basic assumption underlying these trends is that local policies should facilitate more targeted and flexible solutions which are able to adapt to increasingly varying social needs in differentiated local contexts. The degrees of freedom localities have, however, vary across countries and regions and depend very much on the institutional frames of reference, which constrain and enable context-specific options at the different territorial levels. The relationship these policies retain with national regulatory contexts remains crucial in understanding the impact devolution has in fragmenting and differentiating access to resources and establishing and institutionalizing new territorial inequalities. The four regimes characterizing the European social model present, from this point of view, distinct even though partly converging *path-dependent patterns*. This implies that similar policies embedded in different institutional contexts produce different impacts.¹⁵

To understand the complexity of this process and the fragmenting effect it might bear, we have to consider preliminarily that decentralization is often accompanied by a broader process of privatization and diffusion of neoliberal principles of regulation within public social services (Ascoli and Ranci 2002). Besides introducing *new public management* criteria inspired by the rhetoric of efficiency and the adoption of cost–benefit relations and performance indicators within public services and administrative bodies, this has brought about an increasing separation between funding and delivering services. In this context, public bodies are funding and regulating contracted-out services, which are supplied by third parties, mainly non-profit actors.

According to Ascoli and Ranci (2002), these changes are transversal to any welfare regime and should no longer be seen as a mere devolution of management responsibilities from public to private actors driven *only* by neoliberal ideology. Rather, they reflect increasingly *also* processes of systemic realignment of the spheres of regulation, implemented to meet the new emerging needs. These processes of realignment do not necessarily neglect the role of the state, but involve a reorganization of the institutional

forms through which services are being delivered, financed, and coordinated. Social expenditure did not decline radically as heralded and the state did not disappear. The territorial impact of these changes, however, depends on how they intersect with the existing institutional settings. As the chapters of the last part of the book clearly show, this situation is characterized by highly ambiguous synergies. On the one hand, they open up new opportunities for developing local partnerships and democratic participation in the co-definition of goals; on the other hand, they might have negative and unequal effects in terms of redistribution of both economic resources and opportunities (Geddes 2000; Geddes and Le Galès 2001).

One of the consequences of the above-mentioned changes from the mid-1980s onwards has been the development of new forms of governance through which different actors have become increasingly involved in policy design and delivery. Le Galès (see Chapter 11) addresses these issues, disentangling the elusive nature of urban policies and underlining the increasingly constructivist frame within which they are produced. Urban policies are, in fact, becoming more fluid as a result of a complex process of structuration, during which a widening range of actors, from different sectors of society, with different interests and acting at different levels, interact and produce policies. This brings about “an immense field of experimentation undertaken by local actors,” who are no longer merely implementing decisions taken at other levels of government, but are taking an active part in the redesign of public policies through conflicts and negotiations. In this framework, urban government has not disappeared; on the contrary, cities become a privileged site of aggregation and representation of interests. The crucial issue is then, as Le Galès clearly underlines, “bringing them together to organize a mode of city governance.” In this exercise, European cities present important differences compared with US cities. They still have strong capacities for initiatives and control, and – most importantly – they can rely on a welfare state with powerful mechanisms of redistribution. These provide relative stability, an *institutional milieu* that the new forms of governance can build upon: “a political domain in which the structural context of economic and state structuring and restructuring, political culture and the political actors intersect in the process of urban governance” (DiGaetano and Strom 2003: 363). The relevant role of the welfare state in European cities provides a specific political domain and makes European urban elites less dependent upon business interests. Not only do large groups within cities mobilize against radical cuts, but the vast majority of the population in Europe defends the welfare state (Gallie and Paugam 2002). It is true that state restructuring has partly weakened the protection from market forces and there is general agreement that competition is growing (Jensen-Butler et al. 1997). However, according to Le Galès, “the reality of competition translates into

public policies presented in the language of competition” to make cities more attractive to investors, also through the production of local collective competition goods (see also Le Galès and Voelzkow 2001). This tendency is supported by new forms of European-wide urban coalitions, which emerged with the support of the European Commission and its funding policies, promoting the new forms of urban governance with the aim of balancing competitiveness and cohesion (Geddes 2000; Le Galès 2002).

A good example of how the new forms of governance work and what impact they might have at the local level is provided by urban development programs, which are the focus of Jan Vranken in Chapter 12. These programs, developed throughout the 1980s and the 1990s, target a wide range of issues, from poverty and social exclusion in specific neighborhoods to the promotion of social cohesion and economic dynamism at the city level. Vranken’s analysis focuses on the implications of these programs for the changing patterns of solidarity and cohesion in the city. Do they impact on the life chances of the inhabitants? Are they just displacing a problem from the neighborhood in which they intervene to the neighborhood where they do not intervene? Does the intrinsic integrated approach foster solidarity and cohesion? Vranken’s answer is yes to all three questions, but under certain conditions. We have to consider how the context of action is structured, who are the actors involved, who is excluded and whose interests are represented.

Vranken shows that the most recent urban development programs tend to be rather comprehensive, foreseeing also the participation of inhabitants (or claimants) in the planning and implementation processes. This *participatory turn* dramatically improves the life chances of the poor and the excluded, and effectively fosters solidarity and cohesion. However, targeting some neighborhoods or areas might bring about varying degrees of territorial displacement, increasing inequalities within the city by isolating neighborhoods from their wider urban context. Here Vranken ties in with Le Galès and underlines another important aspect: the complementary nature of these programs to social policies, which cannot be substituted, because it “would imply an important breach of basic principles of solidarity.” This also has important implications in relation to fragmentation and to the ability of these programs to recompose the “pieces of the puzzle.” Their success depends not only on their ability to pull together actors, interests and available resources, but also on the quality of the resources social policies can provide.

This latter aspect implies that the characteristics of social policies influence the types of urban development programs that can be promoted in different welfare regimes and their degrees of freedom. In short, they help to structure the emerging modes of governance, coordination, and regulation, without determining them.

In the last few years, several scholars have tried to systematize the debate, developing typologies to understand the different underlying principles making the different modes of governance work (e.g., Pierre 1999; Geddes and Le Galès 2001; Jessop 2002; DiGaetano and Strom 2003). The aim of these scholars has been to understand how the public–private resource mobilization takes place, how partnerships are built and how actors interact, with a major focus on economic activities. Despite some divergence in the construction of the typologies in terms of criteria adopted and resulting types, there seems to be wide consensus on the driving forces fuelling the spread of new governance arrangements (e.g., economic restructuring, devolution of state authority). There also appears to be consensus on the crucial importance of the nation-state and the institutional embeddedness of these new forms of governance. Institutions reflect values, norms, and practices, providing, at the same time, the context for actors' bounded rationality. What clearly emerges from the analysis that the different scholars provide is, again, the tendency to develop forms of governance that seem to be in keeping with the existing institutional settings. According to DiGaetano and Strom (2003), different *institutional milieus*, with their structural contexts and political cultures, seem to furnish environments that are more receptive to some modes of governance than others. This depends on the fact that urban governance is related to the role of local governments (Pierre 1999: 375), which implies different institutional settings – also defined at the national level – and underlying values, norms, beliefs, and practices. Geddes and Le Galès (2001) refer to the four welfare regimes prevalent in Europe, as does Jessop (2002) in an adapted form.

Taking up the example of increasingly localized activation and social assistance policies mentioned earlier, we can recognize – using Jessop's classification (2002: 247–75) – some degrees of coherence between welfare regimes and the emerging new forms of partnership and governance (Lehto 2000). The prefix *neo* underlines the path-dependent character of the four regimes.

In the *neoliberal welfare regime*, typical of Anglo-Saxon countries (e.g., the UK), we find broad multi-actor partnerships, with a strong presence of private actors. *Delivery through partnership* characterizes employer coalitions, which provide a wide array of training and job insertion opportunities in a privatized market context in which variety is high and the claimant cannot necessarily choose. Efficiency, accountability, competitiveness, and contractual forms of relations regulate claimants' activation in a trend towards increased use of compulsory work activity and conditionality in defining access to means-tested benefits (Trickey and Walker 2000; Evans 2001).

In the *neostatist welfare regime*, typical of North European countries (e.g., Denmark), we find partnerships in which the main partners are state

agencies and, to a much lesser but increasing extent, the social partners. The former tend to foster collaboration between employment services and social assistance agencies. The latter operate under strict guidance of the local authority, which keeps the degrees of freedom for non-state actors quite low (Lødemel and Trickey 2000; Kautto et al. 2001). Compulsion exists, but is less relevant than in other regimes and accompanying measures aim at including a wide range of empowering services, which are often also designed to improve the participation of claimants in the definition and design of the policies' implementation.

In the *neocorporative welfare regime*, typical of continental European countries (e.g., Germany), we find partnerships in which the main actors are social partners, third-sector voluntary agencies, and state agencies. They all increasingly negotiate with the local authority on the design of the active policies to be consensually implemented. Most of them follow a *carrot and stick* strategy (compulsion and empowerment), providing chances to escape the conditions of need within a framework of diffuse conditionality and increasingly fragmented provision of accompanying measures, also at the territorial level.

In the *neofamilistic regime*, typical of South European countries, we find an extensive and highly heterogeneous presence of third-sector voluntary and non-profit agencies. Possible relations can range from particularistic and clientelistic forms of partnerships to highly advanced empowering and participatory arrangements. The reforms undertaken at the end of the 1990s in most South European countries tried to overcome the first aspect by supporting the latter. Their implementation, however, did not succeed in the majority of cases. Weak state initiative, the legacy of clientelism and reciprocity relations gave rise to a highly fragmented landscape in the context of an overall tightening of resources.

These modes of governance have to find ways of integrating structural constraints and opportunities for action for people in a condition of need. The final two chapters provide a glimpse of the influences that different modes of governance, embedded in different welfare regimes, have on individual agency. They reflect specific regulating and coordinating frames, and structure (but do not determine) specific coping strategies that individuals and families develop in the different contexts. Enrica Morlicchio describes in Chapter 13 some illustrative cases of how these processes take place in South European cities. The lack of either support from the state or local welfare arrangements, coupled with high unemployment, place a considerable amount of pressure for protection on the family. This does not imply automatically that the family is able to cope adequately with the problems it may have, but that poverty and social integration may coexist. Poor people in South European cities are not necessarily socially excluded,

they are often just poor and integrated in a frame of precarious living conditions, which allow them to “merely maintain a level of daily subsistence” in a context of neo-communitarian governance arrangements.

Similar accounts are given by García in Chapter 14. In contrast to Morlicchio, however, she embeds her analysis in the wider debate on the conceptions of social justice underlying social policies in general and minimum income policies in particular. Her focus is on how the latter provide individuals and families with adequate or inadequate resources to cope with conditions of economic hardship. The empirical evidence presented ties in with the analyzes put forward here and in the other chapters of the book, providing a coherent picture of similarities and differences existing in the European social model(s). Regulation principles and conceptions of social justice are not merely abstract terms of an academic debate, but become concrete through policies that define how needs are met, which actors will or should be involved, what resources will be mobilized, their generosity and coverage. Garcia shows that these differences have to be understood in a framework of multilevel governance in which both the local level and the European Commission are gaining regulative capacities. In particular, within the framework of increased fragmentation in the social policy landscape, the European Commission is fostering coordination processes aimed at advancing common European objectives while respecting national diversities. To attain this goal, in 2000 the Lisbon Council adopted the *Open Method of Coordination*, i.e. a *soft* instrument working through recommendations, benchmarking, monitoring, exchange of good practices, and the joint elaboration of performance indicators (Ferrera et al. 2002).

The impact of this method has still to be assessed. However, steering capacities are low and the instruments used – such as the adoption of National Action Plans for labor market policies and for policies on social inclusion – have no real binding character. Awareness of these shortcomings prompted the Commission to foresee a substantive streamlining, making objectives more targeted. A road map has been already set up for reviewing the impact of this method in 2006, but it is still unclear how much flexibility the path-dependent character of the national institutional setting will allow.

Conclusions: Challenging European Cities

In this introductory chapter I have tried to show that in order to understand the specificities of European cities we have to understand their contexts and how they changed from the end of the 1970s onwards. In particular, I have highlighted the importance of considering institutions as relevant

contexts, and how different regulatory frameworks produce different forms of social integration. I have also underlined the important role of the nation-state and the *rule of law* as a privileged perspective to frame the meaning of different institutional settings in filtering the impact that changing contexts have on cities. Economic restructuring and the relatively high levels of unemployment have, in the last 20 years, challenged the forms of social integration and cohesion that developed in Europe, particularly after World War II, within different national welfare states. These differences influenced the ways in which nation-states faced these challenges, and the way in which they redesigned and rescaled their policies.

In this framework, cities become increasingly important. The strong accent on devolution, decentralization, and active welfare policies has provided them with new regulatory autonomies which, in a framework of overall fragmentation, brought about the need for coordination of an increased number of different actors. New forms of governance emerged almost everywhere as an attempt to keep this complexity under control and to find ad hoc solutions to contextual and differentiated problems. The degrees of autonomy cities have and the resources at their disposal, however, still very much depend on the overall regulation at the national level. In fact, even though the processes of social exclusion and social fragmentation that the changing context produced at the local level have been increasingly counteracted by local policies, the latter retain a double territorial nature. They are both local and national (urban or regional). Passive policies (such as unemployment or social assistance benefits) are still defined mainly at the national level, while activation policies are defined more at the local level. It is for this very reason that the nation-state's influence on local policies is still pervasive, in particular in relation to redistribution, which still has an important role in Europe. In this sense, the new forms of governance may well be highly differentiated and fragmented, but as long as unemployment benefits, family allowances and minimum income support policies are regulated at the national level – and they are regulated at the national level in most European countries – the degrees of fragmentation and polarization are lower than in other countries, such as the USA. There, the low level of policy intervention exposes people in need to the increased speed of change of the market. The market changes faster than political redistributive institutions, which are more resilient. The conservativeness of resilience, however, should be seen in the light of cities being actors of institutional innovation. In fact, as we have seen, institutions define not only constraints but also enablements. This implies that changes are *metabolized* by the institutional system through claims, negotiations and conflicts among actors, and the outcome of the structuration process is a new institutional setting connected to past institutions but not entirely dependent upon them.

Being bold we could say that – as in the Middle Ages – cities are once again laboratories of how citizenship, in terms of membership, social inclusion and participation, is going to be constructed in the future; that is Weber’s claim for Europe’s specificity. The real challenge plays out in the definition of who is included and who is excluded. The increasing complexities cities have to face – new populations, migrants, more unstable labor markets, individualization of needs, segmented segregation – all point to rising struggles over citizenship. Less than ever can social rights be taken for granted. Fragmentation, flexibilization, and heterogeneity are indeed factors that foster social vulnerability and the spread of social risks, but these risks are not distributed evenly. European cities took up this challenge and provided diversified capacities of adaptation. They do that drawing on the full institutional heritage nation-states provide them with, a heritage that we have to consider in order to understand the paths undertaken in the different contexts, which the authors of this book describe in their chapters, highlighting the strengths, weaknesses, threats, and opportunities European cities have.

ACKNOWLEDGMENTS

I would like to thank Harvey Molotch, Patrick Le Galès, Enzo Mingione, Alberta Andreotti, and David Benassi for their valuable comments on the much longer draft version of this introduction.

NOTES

- 1 The distinctiveness of European cities has been investigated by important contributions by Bagnasco and Le Galès (2000) and Le Galès (2002). Also, other scholars highlighted important distinctive characteristics. Just to mention some of the most recent ones: Andersen and van Kempen (2001); Marcuse and van Kempen (2002); Moulaert et al. (2003).
- 2 There is no consensus among scholars on the topic. For an overview see Alexander et al. (1987), for the main contributions see Giddens (1984) and for recent developments see Archer (1995, 2003).
- 3 The concept of institution gave rise to a vast literature in the social sciences. Durkheim defined sociology as the *science of institutions*, but also other disciplines are closely associated with the study of institutions. For an overview of different disciplinary perspectives see, among anthropologists, Douglas (1986). Among economists, see Williamson (1975) and North (1990). For sociologists and their different positions, see Durkheim (1893), Berger and

- Luckmann (1967), Goffman (1974), DiMaggio and Powell (1991), Nee (1998), and Jessop (2002). For political scientists, see Hall and Taylor (1996), Nielsen (2001) and Pierson (2000b).
- 4 For the sake of simplicity we will consider these categories as undisputed, even though we recognize that the identification “Durkheim/structure” and “Weber/agency” is too crude. In the last decade, Durkheim’s work has been reconsidered in the light of agency-based theories, and *social facts* are no longer considered an external and coercive factor but concrete elements of social construction produced by the actors through their practices (Hilbert 1992; Rawls 1996; Poggi 2000; Garfinkel 2001).
 - 5 For an overview of the diversified theoretical landscape of neo-institutionalism, see DiMaggio and Powell (1991), Hall and Taylor (1996), Nee (1998), Korpi (2001) and Nielsen (2001).
 - 6 By *hegemony*, Gramsci meant the permeation *throughout* society of an entire system of values, attitudes, and beliefs that support the status quo in power relations. From this point of view, hegemony can be defined as an “organizing principle,” like institutions in the sense given above; that is, diffused by the process of socialization into every area of daily life. To the extent that this prevailing consciousness is internalized by the population, it becomes part of the “common sense,” so that the values of the ruling elite come to appear as the natural order of things.
 - 7 Even though the term *regime* has been used in quite a different way in North American urban studies (e.g., Stone 1989), the relational focus played an important part in those debates as well. Urban regimes are considered as collaborative arrangements through which local governments and private actors assemble the capacity to govern. By privileging the government–business link, however, these models are inadequate to analyze the context of European cities (Harding 1997; Mossberger and Stoker 2001). The different policy environment of European cities – despite the increasing role of city entrepreneurialism (Harvey 1990; Mayer 1994) – makes these approaches biased towards the economic point of view. Partnership is not only business related; it also involves quite differentiated policy fields and actors, such as welfare provisions (Kazepov 2002). In addition, the national influence, also in terms of resources transfer, is still predominant and European cities do not have to rely heavily on business investments as US cities are forced to do. For these reasons we will use the term regime in a wider sense, including other actors besides business.
 - 8 Esping-Andersen uses the terms commodification and de-commodification, referring to Marx and Polanyi. Social policies are seen as instruments to free individuals and families from market dependency and to protect them from the inherent risks this dependency might bear in case they are unable to work any more.
 - 9 For an overview of the debate on Esping-Andersen’s seminal contribution, see Art and Gelissen (2002).
 - 10 Despite the fact that some scholars put the UK in the same welfare regime as the USA, it is evident that the UK also presents substantial differences.

In the UK, claimants have well-established rights to moderately generous benefits. The contributory, non-contributory, and means-tested forms of state assistance are integrated and highly centralized, providing an overall coverage of risks. We cannot ignore the fact that the British welfare state was founded on the universalistic principles of the Beveridge report and has, for instance, a National Health Service which has provided since 1948 a tax-financed universalistic service, and a significant proportion of publicly owned council housing which accommodated – at its peak in the 1970s – nearly one-third of the population. It is also true, however, that entitlements have been progressively eroded since the 1980s, poverty and income inequality has increased more than in other European countries, and a path change towards neoliberalism has taken place (Kleinman 2002: 52–7).

- 11 The literature is immense. For an overview of the relation between the national welfare state and globalization, see, for instance, Pierson (2001), Sykes et al. (2001), Jessop (2002) and Rieger and Leibfried (2003).
- 12 For the relationship between globalization and its impact on the urban and regional scale, see Mollenkopf and Castells (1991), Sassen (1991, 2001), Fainstein et al. (1992), Amin (1994), Amin and Thrift (1994), Peck and Tickell (1994), Swyngedouw (1997), Keil (1998), Brenner (2000), Sellers (2002), Jessop (2002) and Scott and Storper (2003).
- 13 The literature on this topic is expanding. For an overview, see Eardley et al. (1996), Guibentif and Bouget (1997), Voges and Kazepov (1998), Ditch (1999), Leisering and Leibfried (1999), Heikkilä and Keskitalo (2001) and Saraceno (2002).
- 14 The literature on activation policies is also growing. For an overview, see Lødemel and Trickey (2000), Hanesch et al. (2001), Barbier (2001) and van Berkel and Møller (2002).
- 15 This hypothesis is supported by the analysis of Tito Boeri (2002). Considering two periods (1980–90 and 1990–99), Boeri regressed the average yearly growth rate in social expenditure in four social policy fields (unemployment benefits, pensions, family and social assistance) as a percentage of GDP and against its initial level in all four welfare regimes. The resulting beta coefficient showed convergence rates that are barely significant from the statistical point of view. The existing low level of convergence, however, does not occur across regimes, but within them.

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