Changing Social Service Systems in England, France and Germany: Towards De-institutionalisation or Institutionalisation?

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Changing social service systems in England, France and Germany: towards de-institutionalisation or institutionalisation?

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Introduction: social services in the welfare state

In all modern societies social services have a growing impact on the living conditions of large population groups. Social service needs have risen substantially due to population ageing and changing family structures. Moreover, demands have become diversified due to increasing social-cultural pluralism and individualised living arrangements in modern society. At the same time, however, supply capacities have grown to limits. All major social service providers face difficulties in mobilising resources: The family, which has always been the main provider, is no longer able to shoulder rising burdens; the welfare state is under high financial and political pressures (Esping-Andersen, 1999; Ferrera and Rhodes, 2000); and voluntary organisations have problems in recruiting volunteers for social work. Thus social service systems are squeezed between growing demands and limited supply capacities. This situation poses a major challenge to the modern welfare state (Bäcker and Nägele, 1995). In which way have the Western European welfare states reacted to these problems? Have they reacted in similar ways or differently, and why? What has been the major trend: towards de-institutionalisation or institutionalisation of social service systems in the welfare state?

An important point of departure for studying these questions is the special character of social services that distinguishes them from other welfare state institutions. First of all, social services developed later than most other social welfare areas and thus do not belong to the historical core institutions of the modern welfare state (Flora, 1986). One reason for this retarded development has been the fact that personal social services were mostly provided by the family and other ‘private’ institutions. The need for state interventions did simply not arise on a huge scale until recently, except in certain areas and at times of social hardship such as wars. Another reason has been the fact that in many countries massive state interventions into social services were not regarded as legitimate, because they seemed to threaten core values of Western societies such as the autonomy of the family and the prerogatives of the Christian churches.
In addition, social services have never become as highly institutionalised as social insurance, education and health care systems. In particular, they have remained more local and ‘private’ in character than other welfare state institutions. Social services have been institutionalised in between public and private spheres of society and in between central and local levels of government. In both respects, social service systems show huge international variations. This is one reason why they are an interesting topic for comparative studies on the welfare state. Another reason for a particular sociological interest in social services is their character of ‘social interaction’ (Badura and Gross, 1976). This implies relations of trust and power between social service providers and clients and is another reason for a limited role of the state. Social services are also an interesting area for studying social change, because since the early 1980s they have been a major field of welfare state reform (Lewis, 1998).

As a consequence of these reforms, systems have begun to change profoundly. One broad interpretation of these transformations points towards a partial retreat of the welfare state from the area of social services. Indeed, trends such as ‘privatisation’, ‘decentralisation’ and ‘welfare pluralism’ (Evers and Olk, 1996) suggest a general movement towards de-institutionalisation of welfare services. Social services are sometimes even regarded as a prototypical case for ‘cutting the edges’ of the welfare state or for ‘hollowing out’ its centre (Burrows and Loader, 1994). But there are good reasons to be cautious with such an interpretation. To begin with, in most countries social services have never been as highly centralised or public as this interpretation implicitly assumes. Recent developments like ‘privatisation’ or ‘decentralisation’ may be easily exaggerated if they are not put in a comparative framework and proper time perspective. Secondly, social services did not develop extensively before the 1970s, and needs continue to grow. It is rather doubtful whether a retreat of the state would indeed solve problems in an area that may well need institutional restructuring, but definitely not a dismantling of the welfare state in the proper sense of the word.¹

For these reasons an alternative interpretation is offered that suggests an ongoing transformation of social service systems towards a higher level of institutionalisation in the welfare state. The key mechanism in this development is the building up of integrated social service systems. Moreover, it is assumed that the welfare state tries to impose a higher

level of political and social control on these systems. Though most empirical evidence seems to support the ‘de-institutionalisation’ thesis, there are good arguments in favour of ‘institutionalisation’ as well. Since most of the literature is concerned with the former, I will concentrate here on the latter and try to develop some arguments in favour of increasing ‘institutionalisation’.

The aim of the paper is to study processes of institutionalisation and de-institutionalisation in social service systems. The above discussion has shown that social services constitute a particular area of the welfare state that needs special analytical treatment. Indeed, the classical distinctions between different types of welfare regimes (e.g. Esping-Andersen, 1990) do not lead us very far in understanding the research problems in this area and do not answer our questions. Instead of these broad macro-theories on welfare regimes and welfare states, one needs an approach that fits the institutional characteristics of the field and allows for an analysis of institutional change. In my view the welfare regime approach is neither appropriate for understanding institutional differences between countries nor for analysing institutional change. Therefore the paper will not start from the broad theories on the welfare state, but from two approaches that take into account the institutional characteristics of the field of social services: comparative-historical welfare state studies (Alber, 1995) and the welfare mix approach (Abrahamson, 1995).

The paper studies three main questions: which role does the welfare state play in social service systems? Do recent developments point towards de-institutionalisation or institutionalisation of social service systems? How can similarities and differences between countries be explained? The first part of the paper briefly describes the main variations in social service systems in Western Europe. After a short definition of social services and the meaning of the term ‘institutionalisation’ as used in the paper, I will present an overview of systems. The second part of the paper analyses social service systems in England2, France and Germany in historical perspective. The three countries show significant variations in three structural dimensions that have been important for the historical institutionalisation of social service systems: the relationships between state and family, state and church, and local and central government (Alber, 1995). The third part outlines recent reforms and developments in social service systems in England, France and Germany country-by-country. The fourth part studies these changes comparatively with respect

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2 The study is limited to the system in England and Wales, because the Scottish and Northern Irish systems show some differences.
to the issues of political control, path dependency and institutional innovation. The conclusion attempts to identify common core features of emerging social service systems.

1 Social service systems in Western Europe in comparison

A definition of social services and their institutionalisation

Social services can be defined by four criteria (Badura and Gross, 1976; Kahn and Kamerman, 1976; Munday and Ely, 1996). First, the focus is on personal social services rather than services related to the production or distribution of goods. Moreover, these services fulfil personal social needs rather than specific physical or intellectual needs. They focus on persons and social roles rather than bodies, intellects or minds. This focus distinguishes social services from health and education as well as from psychological assistance. Furthermore, social services are performed by persons on persons in direct social interactions, usually based on social relationships. The term ‘social’ also indicates a social significance of services beyond purely ‘private’ relationships. The ‘service act’ is embedded in a wider social context that is regulated by social values and norms.

Normative regulations may concern the role of service providers or the status of service recipients or both. Whether a social service is provided by a family member, a voluntary or a public agency makes no difference in that respect, as long as there is an impersonal normative basis for the service. This may be defined in terms of family obligations, Christian values, social welfare rights or others. In that sense personal social services transcend purely ‘personal’ relationships. They involve a ‘third party’ beyond provider and client that, for example, regulates, controls or finances them. By this the social significance of the service act is recognised.

In this sense, one can define the meaning of the term of institutionalisation. Institutionalisation refers to the way in which the service act is socially regulated and controlled. Lepsius (1990), speaking about institutional differentiation in modern societies, distinguishes between four basic problems that have to be solved in the process of institutionalisation in general. The first is the allocation of competencies and roles to various actors. It has to be decided which actors are integrated into the system and which roles they should play. The second problem concerns the allocation of resources to these actors. The third
aspect refers to the control of the system and of the way in which it is operating. The fourth aspect is the legitimacy of the whole set of rules. One may add that the precondition for this kind of institution building is that a problem first has to be regarded and accepted as a social problem.

Institution building or institutionalisation thus requires: (1) the definition of a problem as a social problem; (2) the integration of various actors into the field and a definition of their specific roles and relationships to each other; (3) the allocation of resources to the system as a whole and their distribution among the actors; (4) the setting up of control mechanisms; and (5) the establishment of a concept of legitimation. The process of institutionalisation in the field of social services can be seen in all five aspects. It will be argued in the following that recent developments in social service systems point towards an increased level of institutionalisation with respect to all five dimensions of institution-building. In particular, the integration of various actors into the field and the distribution of labour between them have changed considerably. In addition, the control mechanisms of the system have been transformed (see part 3 of the paper).

Social service providers and the welfare state

It has become common to distinguish four main ‘sectors’ providing social services: the family, the state, the for-profit (market) and the non-profit (voluntary) sector (Abrahamson, 1995; 1999; Evers and Olk, 1996; Wuthnow, 1991). These sectors are characterised by distinct modes of social regulation: the family is regulated by reciprocal solidarity, the state by hierarchy and formal rights, the for-profit sector by profit-seeking and market prices, and the non-profit sector by value-based voluntarism. Family-provided services are unprofessional whereas state-provided services are usually professional. Both voluntary and for-profit services have become highly professionalised as well. The four sectors partly overlap and social service systems are usually characterised by a mix of providers (welfare mix, welfare pluralism).

The family has always been the most important service provider. In addition, in Western Europe churches and cities were historically among the first extra-familial social service providers. They offered a variety of services including asylums and hospitals. With industrialisation, two other major ‘actors’ emerged on the scene: the labour movement and the bourgeoisie. Within these broad movements a variety of social welfare agencies were developed, based on working-class solidarity or philanthropy. Together with church-based organisations these agencies
formed the historical core of the present-day non-profit sector (Salamon and Anheier, 1997). On the other hand, municipal establishments developed into today’s local community social services. The welfare state as a nation-wide institution did not intervene deeply into social services until after World War I and II, with some exceptions.

The first areas into which the welfare state interfered were education and health. And this intervention often aroused deep conflicts with churches and private doctors. The battles between state and church over the school question and those between the state, social insurance companies and private doctors over medical services are well documented (see for example Mallinson, 1963; Immergut, 1992). A third area into which the welfare state interfered was poor law. Compared to that, social services for children, families, elderly and disabled persons were institutionalised later and less by the welfare state. For a long time, social services remained outside national welfare states or were only partially integrated within social assistance or health care systems.

Social service systems in Western Europe

Table 1 gives an overview of social service systems in Western Europe on the basis of coverage rates for children and the elderly and the mix of service providers (Bahle and Pfenning, 2001). Though on the basis of such a small sample it is of course impossible to speak about ‘clusters’, in very general terms one can distinguish five groups of countries with broad similarities in their social service systems. The description is based on a cross-sectional view of core empirical indicators in the early 1990s, but first I will briefly point to a few important structural factors that have shaped these patterns historically.

In macro-sociological perspective, three structural dimensions have been decisive for the institutionalisation of social services (Alber, 1995): the status and role of the family institution, church-state relations, and relations between central and local government (Ashford, 1982; Page, 1991). In all countries the family has always shouldered most personal social services, but its social status and institutional character has varied. The relationship between the state and the family was a major historical

3 Anttonen and Sipil (1996) come to a similar classification of countries, although they do not take into account provider structures. See also Roostgard and Fridberg (1998).

4 The description largely reflects the established patterns rather than the changes that have taken place recently; these will be discussed further in the third and fourth part of the paper.
factor that has shaped developments in social services, above all with respect to the legitimacy of state intervention (Fargion, 2000). This concerns in particular social services for children and families. The role of the church in society and its relationship to the (welfare) state also varied a lot. In many countries religious organisations formed the historical core of the modern non-profit sector. The way in which these organisations have been integrated into or separated from public systems explains significant differences between countries in service provider structures (Kuhnle and Selle, 1992). The third major structural factor, the role of local communities and their relationship to central government, has been important for the institutionalisation of social service systems between central and local levels of the welfare state.

(Table 1 Social service systems)

Belgium and France in these respects have relatively similar social service systems. Both are characterised by a high level of social services for children and families whereas services for the elderly are only at a medium level by comparative standards. Both France and Belgium were the pioneers of family policy in Europe (Bahle, 1995). The family was regarded as an important social institution in need of support and protection against adverse developments in modernising societies. In Belgium, this policy was based on Catholic predominance in politics since the late 19th century, in France on a combination of Catholic ‘familialism’ and state ‘pro-natalism’ (Schultheis, 1988). With respect to service providers, both countries are characterised by a welfare mix of public and non-profit organisations, but the public sector prevails, in particular in France (Archaumbault, 1996; Eichhorn, 1996). Due to deep conflicts between the Catholic Church and the state in the 19th century, church-related and state services grew in parallel. This development laid the foundations for a dual system of service provision. In Belgium, church-related welfare organisations have played a stronger role than in France, however. This difference reflects the different power positions of state and church in both countries. With respect to the relationship between central and local government, both countries were historically characterised by strong administrative centralisation. The unitary state developed field services also in the area of social services (Bodo, 1999). But systems have been changing since the 1970s (with federalisation in Belgium) and the 1980s (with decentralisation in France). In Belgium the result has been a peculiar form of institutionalisation in which the three cultural (language) communities are mainly responsible for social services rather than regions or local communities. In France,
decentralisation has shifted major competencies to *départements* rather than local communities (see the following parts of the paper).

The Netherlands and Germany are also similar to each other. In both countries, the non-profit sector is strong. In that respect, The Netherlands is on top in the whole of Europe (Bauer and Thranhardt, 1987; Schmid, 1996). At the same time, in both countries non-profit organisations are completely integrated into public social service systems. In The Netherlands they indeed constitute the system whereas Germany is characterised by a dual system of public and non-profit service provision (Bäcker, Bispinck and Nägele, 2000). In both countries the religious foundations for this form of institutionalisation can be found in their religiously mixed populations and in the strong impact of the Catholic emancipation movement in the 19th century. Both aspects have lead to a concept of subsidiarity that governs the relationships between churches and the state as well as those between the non-profit sector and the welfare state especially (Monsma and Soper, 1997; Heinze and Olk, 1981). Another aspect of subsidiarity refers to the role of the family and her relation to the state. In both countries, interventions of the state into the area of family responsibilities have been regarded with suspicion. Therefore social services for children and families are relatively modest, whereas services for elderly are highly developed at least in The Netherlands. With respect to central-local government relations, the two countries are different, however. The Netherlands has always been a strongly centralised country whereas Germany has been highly decentralised during most part of its history. Local communities and in particular states (*Länder*) have played major roles in social service systems whereas the central (federal) state has only intervened through framework laws (see the following parts of the paper).

Sweden and Denmark represent typical features of Scandinavian welfare states: a high level of social services for all population groups and a predominance of public service providers, mainly local communities. The Scandinavian countries have developed social services on a massive scale only after World War II, in the field of childcare not before the 1970s. Since then, however, their service systems have become the most extensive in Europe and probably in the world (Sipilä, 1997). Systems are based on an individualised conception of the family. In that respect and with regard to the relationship between the state and the church, the Scandinavian countries are opposites to The Netherlands and Germany with their strong traditions of subsidiarity. In fact, the strong interventionist character of the Scandinavian welfare states is related to both the state-oriented traditions of the Lutheran church and the
individualised concept of the family. At the same time, however, social services in Scandinavia are institutionalised at the local level, and local communities have a powerful position by comparative standards (Hesse, 1991).

During most of the period after World War II until the early 1980s the English system was characterised by similar features as the Scandinavian ones: a predominance of local and public social services. The exception was services for children and families. Indeed, in Britain these services have been among the least developed in Europe. The individualised concept of the family did not envisage huge state intervention as in Scandinavia, but was embedded in a wider liberal concept of non-intervention. By contrast, services for the elderly have been developed on a large scale. Since the 1980s the British system has been changing profoundly, however (Adams, 1996; Mitchell, 1998). Services for elderly persons have been transformed and cut back, for-profit providers have gained ground in rising numbers. With respect to the growth of the for-profit sector, Britain remains a unique case in Europe, although similar trends are visible in a number of other countries. Another difference to Scandinavia concerns the role of local communities. After World War II, British local communities had become strongholds of the universal welfare state providing a wide range of social services through public agencies. But since the early 1980s the relationship between central and local government has been changing substantially, in particular in social services (see the following parts of the paper).

Spain and Italy show typical features of Southern European welfare states. These countries are characterised by late and modest development of social services, except in the area of pre-schools for children 3-5 that look back on a long tradition. In addition, there is a mix of service providers, although the field is dominated by public agencies and agencies organised by the Catholic Church. In addition, labour movements have developed a network of services for members, but not especially in the field of ‘core’ social care services. A major reason for the retarded development of social services in Southern Europe is the family structure and the role of the family in society (Flaquer, 2000). Still today, the family fulfils a variety of social tasks, in particular social services. Even church- and state-provided services are not granted on a universal basis, but depend on individual circumstances. With decentralisation, the institutionalisation of social services has shifted towards regional and local levels of government.
Social service systems in historical perspective: England, France and Germany

Social service systems in England, France and Germany vary in key quantitative indicators (see Table 1, above) and in the three fundamental, structural dimensions that have shaped the historical institutionalisation of systems (Alber, 1995). These dimensions will be considered a bit further here, because they form the historical-institutional context for the recent reforms that are analysed in the subsequent parts of the paper.

The family and the state

In England, the family system has been highly individualised since medieval times. The family was not regarded as a strong institution with 'public' responsibilities. Until recently there was no explicit family policy. Policies with respect to the family were characterised by non-intervention (Kamerman and Kahn, 1997). State interference was only regarded as legitimate in cases of family malfunctioning, abuse, or poverty. By contrast, in France the family has had a strong institutional character at least since the codification of civil law by Napoleon. Moreover, France was the pioneer of family policy in Europe. The state's active support for the family has always been regarded as highly legitimate across all different political regimes that have governed France during the last 150 years (Schultheis, 1988). In Germany, marriage and the family are important social institutions that are even explicitly protected by the constitution. In contrast to France, however, family policy has remained limited and is characterised by the concept of subsidiarity (Bahle, Fix and Rothenbacher, n.y.). With respect to state-family relations, one can thus summarise the variations between the three countries as follows: state intervention into the area of the family, and implicitly in social services in general, is rather limited in England, in between in Germany (with a strong subsidiary component), and highest in France.

The church and the state

The French Revolution went further than the Reformation in the secularisation of church property and banned most religious organisations outside the church hierarchy. Therefore France is a special case among the Catholic countries of Europe. In contrast to others, the French Catholic Church was not able to develop a strong network of social

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5 See also Robbers, 1995 and Rokkan, 1999.
welfare organisations. After the Revolution, the French state was hostile towards all forms of civil association between state and citizen, in particular towards the organisations of the Catholic Church which were strongly restricted in their activities (Campenhausen, 1964). The Church was expected to fulfil a purely ‘private’ religious role for believers (Maier, 1959; Mayeur, 1975). The attitude and legal practice towards associations in general was shared by all successive French governments whether Republican, Bonapartist or Monarchist. But attitudes towards the Catholic Church differed between regimes, ranging from hostility in the Republic(s), to an accepted but limited status under Bonapartism and to an alliance under the restored Monarchy. Under these conditions, however, in particular in the Third Republic, the Catholic Church was not able to develop a strong network of religious welfare organisations, especially not in those fields that were of central importance for the state such as families and children (Archaumbault, 1996; Plongeron and Guillaume, 1995). In other fields, however, that did not become a primary concern of the central state’s welfare policies until recently (for example elderly and disabled persons) the non-profit sector has always been quite important, though the religious basis of many service organisations is faint.

In Germany both the protestant churches and the Catholic Church developed strong networks of welfare services that in the Weimar Republic became integrated into public social service systems under the concept of subsidiarity (Heinze and Olk, 1981). This system granted superior status to non-profit social services even in major fields such as health care, old age and children’s care. Nonetheless, beside the religious-based services public local services have always played a strong role. Thus, the German situation can be characterised by a dual system of public and non-profit service provision operating together and sharing the field. This sets Germany apart from The Netherlands where almost all social services have been developed under the auspices of confessional and ideological groups (pillarisation).

The Anglican Church was not particularly important in providing social services though in the 19th century quite a few philanthropic organisations with a fairly strong religious basis developed. England as the pioneer of industrialisation and urbanisation had in fact one of the most widely developed non-profit, philanthropic sectors among all European countries (Kramer, 1981; Lewis, 1995; Kendall and Knapp, 1996). This sector, however, did not strongly resist to later intervention of the welfare state by which basic services for elderly and disabled people were largely taken over by public agencies. The voluntary sector in Britain remained
only important in those sectors into which the welfare state did not interfere (Brenton, 1985; Beckford, 1991).

*Local and central government*

England for long was characterised by a dual system of central and local government with almost two separate worlds (Page and Goldsmith, 1987). But the balance of power was clearly leaning towards central government that also established local field services in the health sector whereas personal social services remained in the hands of local communities. In England local communities provided most personal social services themselves. Only recently, since the 1980s, this pattern has been changing fundamentally (Evandrou and Falkingham, 1998). In France, the central state also developed local field services in education and health care. In addition, the state was active in family and child services (Lewis, 1998). Local communities for long played a marginal role in social service provision: major areas were under control of central government, others like old age and disability were largely provided by non-profit organisations. The role of local communities in France has been changing significantly since the decentralisation reforms in the mid-1980s (Thévenet 1999). In Germany local communities have co-operated with non-profit organisations in major service fields such as old age, families and children. Thus in Germany social services have been provided in a ‘corporatist partnership’ between a highly organised non-profit sector and local communities (Anheier, 1991). Federal government did never develop its own field services except in unemployment and labour market policy.

3 Recent developments in social service systems: England, France and Germany

This part of the paper focuses on developments in social service systems in England, France and Germany since the 1980s. This period has been one of substantial changes in social service systems related to the restructuring of welfare states. In England the major aspects of reforms have been ‘privatisation’ and ‘marketisation’ of social services, in France decentralisation. Compared to these major reforms, changes in Germany seem to have been limited. But two developments have started to change the German system as well: the introduction of long-term social care insurance in 1994 and recent changes in family policy.
I will not go into the details of these reforms, but try to give an overall interpretation of their general character and direction. My interest is in the institutionalisation of social service systems. The comparison focuses on three dimensions: ‘privatisation’ with respect to public-private relationships, ‘decentralisation’ with respect to central-local government relations, and ‘welfare pluralism’ concerning the relationship between welfare mix and diversity of services. One question is whether and how the reforms have shifted boundaries between public and private spheres and between central and local levels, another whether developments point towards de-institutionalisation or stronger institutionalisation of social service systems.

**England: social control of a mixed welfare system**

England is certainly the country in Western Europe that implemented the most radical reforms in social service systems (Munday and Ely, 1996; OECD, 1994). The most important changes were made by the National Health Services and Community Care Act in 1990. The law aimed at a shift from institutional care to home-based community care. Another aim was to separate health care from social care by closing down long-term care departments in public hospitals. At the same time, market-based allocation principles were introduced in the NHS. The responsibility for all personal social services including social care was given to local communities’ social welfare departments. Those were required to out-contract major parts of social service provision to private for-profit or non-profit agencies.

The implementation of market mechanisms into public service systems and the mandatory out-contracting of social services to non-public providers seem to indicate a strong trend towards ‘privatisation’. But there are important elements in these reforms that point to an alternative interpretation. First of all, funding has remained exclusively public. Secondly, no direct market relationships between service recipients and service providers have been established; rather local social service departments control both financing and allocation of services. There are also serious doubts whether the reforms have really moved towards decentralisation. Social care services have certainly been removed from the NHS to local communities’ social service systems, but this indicates a separation of functions rather than a shift from central to local government. Instead, the reforms have strengthened central government’s control over local communities, in particular with respect to regulation, funding mechanisms and accounting systems. In fact, a major aim of the
reforms was to impose stronger controls on local authorities by central government (Byrne, 1996).

If taken separately, each of the individual elements of the reform might indeed be interpreted as a move towards ‘privatisation’ and ‘decentralisation’, but taken together and put into their overall institutional context they suggest exactly the opposite interpretation. The power centre of the system was clearly shifted towards the public and the centre. First of all, because at the local level public authorities contract with a variety of private for-profit and non-profit service providers. In the British context with a diverse and weakly organised voluntary sector this leads to a quasi-monopsonistic relationship between the service demander – local government – and service providers competing on the basis of costs. Financial control and market power are on the side of the local welfare state. Voluntary and for-profit agencies have gained higher market shares, but have also been more closely integrated into the public social service system. Their position is weak; they are largely controlled and steered by public contracts. At the same time, diversity in service provision and consumer choice that are both often confounded with the notion of ‘welfare pluralism’ have remained limited. Indeed, as one could have expected from a system without real market relations between clients and service providers, one result has been more uniform service packages, because the providers compete mainly on the basis of costs. It has already been noted how far central government has extended financial and political controls of the system. Though local authorities are responsible for service allocation, they are basically regulated, funded and controlled by central government. This is not ‘decentralisation’ but a centralisation of power. The reforms thus seem to have resulted in developing a functionally separated and closely integrated social service system with high public and central control.

The political background of these reforms is particularly interesting. The literature suggests two lines of argument. One is control of local government by central government, a theme that goes beyond social services. Another is control of the social service profession that in fact held a powerful position in the former local systems (Lewis, 1998; Balloch, McLean and Fisher, 1998). The reforms have weakened the position of both local government and welfare professionals. The last point is of special relevance, because it is often assumed that welfare professionals tend to increase service provision in their own interest and according to own standards. Since there was no effective political control at the local level, central government tried to impose it from the centre with the overall aim of keeping costs low and shifting services towards
community-based provision in the private sector. Welfare professionals lost their relatively independent status also within public agencies, because power was shifted towards managerial positions. Moreover, service staff in private agencies tends to be less professionally educated and is paid lower wages.

France: decentralisation and renaissance of the non-profit sector

In France, major changes in the institutionalisation of social services came in the context of the decentralisation reforms since the mid-1980s (Thévenet, 1999; Sanchez, 1993). Competencies in the area of social services were shifted towards départements, and within the département from the prefect to the elected president of the département assembly (Ceccaldi, 1993). The list of tasks that were shifted to local bodies is quite extensive. There can be no doubt that in France a real and fundamental decentralisation has occurred (Balme and Mabileau, 1999). The state continues to hold competency in health and education, although some supplementary services have also been shifted to sub-national levels. Moreover, some important new welfare state programmes such as the RMI were implemented at the local level from the beginning.

The reform was a clear shift towards decentralisation, but it also had strong repercussions on the role of the non-profit sector. As a consequence of decentralisation, closer links between public and private agencies were established at the local level. It has indeed been argued that decentralisation was coupled with a renaissance of the non-profit sector in France, even if this sector was not exactly unimportant before the reforms (Archaumbault, 1996). Really new is the fact that non-profits have been integrated into nation-wide policies like the RMI that is implemented at the local level. It seems that in France a ‘local corporatism’ in social services has evolved in which decentralisation and privatisation have gone hand in hand. Yet like in the British case, one should be careful with these interpretations and try to put developments into their wider institutional and political context.

The preconditions and mechanisms of the reforms suggest an alternative interpretation. Before, the French social service system was known to be highly fragmented and complex due to various selective interventions of the central state and the ambiguous position of the non-profit sector (Alfandarie, 1989). The system was indeed in part uncontrollable and suffered from a variety of defects. A shift of competencies towards the local level promised to solve major control and steering problems. But there were also strong political underpinnings. The Socialists who came
to power with the election of Mitterand for Presidency in 1981 were deeply rooted in local communities at that time, especially in the corps of elected mayors. At the same time they had good reasons to mistrust and limit the powers of a basically conservative elite dominating central bureaucracy and prefecture; this was an overarching reason for decentralisation (Schmidt, 1990). Thus prefects were deprived of power that was handed over to new elected bodies in the départements. Another reason was the idea to revive the voluntary sector with which the socialist movement had developed close networks.

Thus the overall aim was a political one: to establish political control over a system that has been widely regarded as deficient through a mixture of an uncontrollable central bureaucracy and an irresponsible non-profit sector. The solution was the development of a system of local corporatism by which central bureaucracy could be circumvented and the voluntary sector revived and integrated into the public system. The question remains, however, whether this 'micro-corporatist' arrangement will solve the problems. Some observers argue that the present system is even more fragmented than before. Some critics have also pointed to the fact that many new non-profits are in fact set up by local politicians and administrations in order to create flexible instruments outside the ‘old’ public service. Also in the French case contracting-out services to non-profit and for-profit organisations by local communities and départements has become common practice (Hantrais, 1996; Thévenet, 1998). And as in Britain, power relations are leaning heavily towards public authorities.

**Germany: moving beyond welfare corporatism**

The German case is more ambiguous. Changes have remained limited, but have started to alter the basic mechanisms of the old regime. In contrast to the other two countries the established German system of social services was characterised by low federal (central state) involvement and a highly institutionalised non-profit sector with public status (Heinze and Strünck, 1997; Seibel, 1999). Social services were provided by local authorities and – for the most part – non-profit organisations. A peculiar characteristic of the German system has been the co-existence of a highly decentralised public sector and a highly organised non-profit sector with state (Länder) and federal peak organisations (Anheier, 1991). Power relations between public and private sectors at the local level are quite different from Britain and France. German local communities have to deal with a highly organised and internally closely co-operating non-profit sector that is able to
establish a monopolistic, at least oligopolistic, system of local service provision.

Even without major reforms, the system has started to change since the 1990s (Backhaus-Maul and Olk, 1994). In particular, three developments have tended to weaken the privileged position of the non-profit sector: reunification, changes in family policy and the new long-term social care insurance of 1994. Reunification had an effect, because in the former GDR there was no non-profit sector. Social services were provided by enterprises or public agencies. It was difficult for non-profit organisations, in particular the religious ones, to develop organisational infrastructures in the new states. Still today local authorities provide most social services in the eastern part of Germany. In family policy the Constitutional Court in several sentences demanded more support for families in all areas of the welfare state (Bahle, Fix and Rothenbacher, n.y.). A direct result of these interventions was a federal law that guaranteed a kindergarten place for all children between 3 and 6 years of age until 1999. Up to now, non-profit organisations, in particular the confessional ones, have held the majority of institutions and places. But the law required a strong increase within a short time. Since the non-profit sector was unable to do this alone, local communities had to shoulder the task. This development has shifted the relations between public authorities and the non-profit sector in favour of a more important role of the public sector. Still, the German non-profit sector remains powerful compared to France or Britain.

The new long-term social care insurance has changed the position of the non-profit sector probably more profoundly and with longer-lasting effects. The law gives priority to family-based care, followed by home-based care through ambulatory services, and in last instance institutional care. Since ambulatory care services were seriously lacking, there was a strong need to develop them quickly. This situation helps to explain why for the first time the non-profit organisations were not granted legal priority in social service provision. Obviously the field is also attractive for small for-profit companies. The non-profits have to compete with them under the same legal and economic conditions. Moreover, the law foresees standard care and service packages for different degrees of care needs. Persons in need of care can choose providers among all recognised, locally active organisations.

Two features of this system are worth to be considered further. In contrast to Britain, it is not local authorities but persons in need of care who choose among service providers. In fact, local communities are
completely outside the system. But the competition between providers is
not on the basis of products or prices, because the care insurance in each
case pays exactly the same price for the same standard service package.
The real competition thus is about costs. This has raised severe criticism
on lack of ‘personalised’ care. Therefore the concept of welfare pluralism
is also misleading in the German case. Indeed, one result of the reform
has been a higher standardisation of services instead of more diversity
and consumer choice.

A second instructive element of the new care insurance concerns central-
local government relations. Before the law, care services were mainly
provided by the non-profit sector, although there was a substantial share
of for-profit institutional care services. The system was mainly financed
by local social assistance funds and partly by health insurance. It was
exactly the crisis of local finances that led to the reform by which above
all the financing of care services was completely changed. Social
insurance financed by social contributions of employers and employees
replaced the local social assistance funds. Thus local communities were
put outside the system also with respect to financing, as they wished to
be.

4  Similarities and differences in changing social service systems in
England, France and Germany

Social control of social services

To summarise, my interpretation of recent changes in social service
systems in England, France and Germany is relatively simple: in each
case the major aim of government was to (re-) establish political and
social control of systems. This has become urgent in a situation
characterised by both increasing demand and decreasing resources to feed
systems. But the way in which governments tried to establish control
obviously varied between countries.

In Britain, central government established firm control over local
government. At the same time the powerful position of welfare
professionals was undermined. The non-profit and for-profit sectors were
integrated into the public system, but control and funding rests with local
authorities. Services are commissioned by local authorities on the basis of
cost-competition between a variety of providers tending for contracts.
The steering centre of the system has been moved towards the public
sphere and towards central government. This is in sharp contrast to the
notions of ‘privatisation’ and ‘decentralisation’. Thus the system has become more institutionalised than before. Clients have no formalised role in this system; they cannot choose among providers and are not entitled to a certain set of services. This partly contradicts some of the underlying themes in the notion of ‘welfare pluralism’.

In France, political control of the system was established at the local level, thereby circumventing the fragmented and partly uncontrollable central state bureaucracy. The non-profit sector was integrated into the public system through local forms of corporatism that are mainly controlled by elected local officials. Also in this case a more institutionalised system has emerged, although with different features than in Britain. One reason for these differences is the different history of central-local government relations in both countries (Page, 1991; Mény and Surel, 2001). Whereas local communities in Britain had established strong, largely self-controlled social service systems (‘municipal socialism’), the French central state and social insurance agencies had partly centralised and thereby fragmented the system. But in Britain central government had the power to strongly intervene into local government (what, in fact, was done by the reforms) whereas in France local politics have always had a strong influence on national politics (Mény, 1996; Mabileau, 1996). Another reason for differences is the historically ambiguous position of voluntary organisations in France (Veugelers and Lamont, 1991). It had to be made an explicit attempt to revive this sector in fields that were firmly under state control. Another major difference between Britain and France concerns the form of control that was established. In Britain government believed in market mechanisms and financial controls, in France political control through locally elected officials was the major element. Thus the role of the client has moved towards a customer in Britain and towards a local citizen in France, though in Britain in fact public agencies rather than clients raise service demands on ‘the market’.

In Germany, the main instrument of public control was social insurance that introduced new financing mechanisms, standard needs and standard service packages. A legal condition of central importance is that insurance benefits are not allowed to exceed revenues. The supply of services, however, is not directly controlled. The major reason for this has been the strong position of the non-profit sector. In this system government is unable to impose strict policies on the highly organised voluntary sector. The German form of welfare corporatism is characterised by a powerful non-profit sector, also in politics, that has certainly been a major obstacle against the introduction of market
mechanisms in social service systems. Indeed, comparative empirical evidence suggests that market elements were mainly introduced in countries characterised by a predominant public sector whereas countries with a strong non-profit sector have faced high barriers against such innovations.

Path dependency and institutional innovation

One interesting general question in studies on institutional change is the issue of path dependency (Therborn, 1995; Crouch, 1999). To what extent do developments in social service systems reflect country-specific historical pathways, and to what extent institutional innovations? There is no simple answer to this question, because much depends on the level of analysis. At the macro-level, path dependency is more easily confirmed than at the micro level. There is always a certain degree of institutional change in all areas of social life. And from a lower standpoint, closer to institutional details, changes often look more dramatic than in a broad historical perspective.

Path dependency basically assumes that individual countries solve general problems in particular ways that are largely determined by established institutional arrangements. Underlying is the assumption of institutional continuity. Though this assumption may hold easily with respect to broad features of welfare state regimes, it is more difficult to verify with respect to specific institutional systems. In fact, there are as many instances of institutional change as of continuity in social service systems. Moreover, both continuity and change are not pre-determined events, but the product of political decisions. I will try to give some examples from the three country cases.

The fact that the English system of social services was largely public and locally organised was an inevitable point of departure for any institutional reform. But the way in which it was conducted and the direction of changes cannot easily be interpreted as path dependency. In fact, the reforms shifted one institutional element back to a situation that existed in a similar way before World War II: a huge part of service provision was transferred to the voluntary sector (Beveridge, 1948). But this sector now was closely integrated into public systems through service contracts. The same method was applied to the growing for-profit sector. Another piece of the reform, the shift of power from local to central government, was no return to a pre-war welfare state system, on the contrary! By imposing central regulations and controls on social service systems the welfare state for the first time strongly interfered into this area. It would really be
difficult to see an overarching path dependency behind these complex changes.

The institutional pre-conditions for the reforms, however, are evident: social services in England were largely provided by local authorities and financed by central government. This has made the reforms relatively easy, at least more easy than in countries with a high degree of financial independence of local communities (as in Scandinavia) or with a powerful position of the non-profit sector (as in Germany or The Netherlands). In particular, the implementation of market-mechanisms has been smoother in public systems than in systems in which half-autonomous non-profit welfare organisations prevail.

Also the French case shows a complex mixture of 'traditional' and 'new' elements of institutional change. Decentralisation certainly reversed the long lasting feature of centralism in French administration. But with respect to political control, the reforms confirmed rather than transformed existing political practices of strong local power positions. Also with respect to the role of the non-profit sector, the impact of the reforms is not easily evaluated. It seems that with decentralisation this sector has experienced a kind of renaissance. It became widely possible to contract with local government. On the other hand, the non-profit sector lost some resources and connections, in particular to central bureaucracy, on which it was able to play. Moreover, the ambiguous position of the non-profit sector in the French welfare system has not changed fundamentally. Its legal status is still weak and it largely depends on contractual relationships with (local) government (Barthélémy, 1994). Voluntary organisations are far less integrated into public welfare systems than in Germany.

Developments in Germany are also only partially in line with the assumption of path dependency. The introduction of a long-term social care insurance is certainly in line with the institutional history of the German welfare state that is built around the main concept of social insurance. On the other hand, recent developments in social services have tended to weaken the once powerful position of the highly organised German non-profit sector, another historical pillar of the German welfare system. This is a real change from the past (Bössenecker and Trube, 2000). In my view it was exactly this powerful position that had prevented for long thoroughgoing reforms in Germany. In that sense the German case also indicates how established institutional structures can hinder new developments.
Conclusion: core features of emerging social service systems

The recent changes in social service systems thus indicate a complex mixture of institutional continuity and innovation. In all three countries, social service systems have become both more complex and more closely integrated. Apart from country-specific patterns, the three most important common elements of these developments have been: a closer integration of various actors into social service systems, an increasing separation of functions, and an extension of political and social control.

The first element concerns the wide use of non-profit and for-profit providers in public social service systems (Kramer and Lorentzen, 1993; OECD, 1994). This development should not be confounded with welfare pluralism, however. Very often it means exactly the opposite: higher standardisation of services and less consumer choice. The second common element can be seen in a separation of financing, control and service providing functions. In all three countries one can find developments into this direction. The third element, political and social control, has been discussed above. Though institutional structures of social service systems still show significant variations between countries, it seems that in all cases the overall degree of institutionalisation has increased in recent decades. And this is exactly what one can reasonably expect in a period of growing pressures on welfare states.

In terms of methodology, the analysis has shown the usefulness of 'theories of the middle range' for studying institutional change. Rather than starting from the broad characteristics of welfare state regimes, one gets much closer to the subject by focusing on the institutional characteristics of the proper field of study. Thereby, the institutional-historical context of different societies has to be taken seriously into account. This gives us an instrument for both the analysis of country differences and social change. In my view, comparative studies on the welfare state, and may-be also studies on other areas of modern society, need more of historically informed institutional analysis. This may help us to escape from the unfruitful discussions about typologies and regimes.
References


Table 1
Social services in Western European countries, around 1995

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<th>Coverage rates (%)&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Welfare mix&lt;sup&gt;2&lt;/sup&gt;</th>
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<td>Children 0-2</td>
<td>Children 3-5</td>
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<td>France</td>
<td>23</td>
<td>99</td>
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<td>71</td>
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<tr>
<td>Italy</td>
<td>6</td>
<td>91</td>
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<tr>
<td>England</td>
<td>2</td>
<td>60</td>
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</tbody>
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1 As percent of age group; for elderly: as percent of persons above 65 years of age.
2 Rank order of social service providers: Public (P), Non-profit (N), For-Profit (F).
3 Old states only; German territory before 1990.
4 Not available.

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