

# HANDBOOK ON Urban Social Policies

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International Perspectives on  
Multilevel Governance and Local Welfare

Edited by

**Yuri Kazepov • Eduardo Barberis  
Roberta Cucca • Elisabetta Mocca**



RESEARCH HANDBOOKS IN URBAN STUDIES

HANDBOOK ON URBAN SOCIAL POLICIES

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Handbook on Urban Social Policies

International Perspectives on Multilevel Governance and Local Welfare

*Edited by Yuri Kazepov, Eduardo Barberis, Roberta Cucca and Elisabetta Mocca*

# Handbook on Urban Social Policies

International Perspectives on Multilevel Governance and Local Welfare

*Edited by*

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# Contents

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<i>List of contributors</i>	viii
<i>Acknowledgements</i>	xi
<i>About the cover</i>	xii

## THE ISSUES AT STAKE

1	Introduction to the <i>Handbook on Urban Social Policies: International Perspectives on Multilevel Governance and Local Welfare</i> <i>Yuri Kazepov, Eduardo Barberis, Roberta Cucca and Elisabetta Mocca</i>	2
---	--	---

## PART I LOCALIZING RISK AND VULNERABILITY

2	Localizing new social risks <i>Costanzo Ranci and Lara Maestriperi</i>	24
3	Territorial welfare governance changes: concepts and explanatory factors <i>Eloísa del Pino, Jorge Hernández-Moreno and Luis Moreno</i>	39
4	The territorial dimension of social investment in Europe <i>Yuri Kazepov and Ruggero Cefalo</i>	55
5	Urban social innovation and the European City: assessing the changing urban welfare mix and its scalar articulation <i>Stijn Oosterlynck and Tatiana Saruis</i>	72
6	Citizenship practices and co-production of local social policies in Southern Europe <i>Ana Belén Cano-Hila, Marc Pradel-Miquel and Marisol García</i>	85
7	The transformation of local welfare systems in European cities <i>Alberta Andreotti, Enzo Mingione and Emanuele Polizzi</i>	101

## PART II THE LOCAL DIMENSION OF TARGETED SOCIAL POLICIES

8	Care as multi-scalar policy: ECEC and LTC services across Europe <i>Marco Arlotti and Stefania Sabatinelli</i>	117
9	Poverty and multi-layered social assistance in Europe <i>Sarah Marchal and Bea Cantillon</i>	134
10	Institutional logics of service provision: the national and urban governance of activation policies in three European countries <i>Vanesa Fuertes, Martin Heidenreich and Ronald McQuaid</i>	152

11	The local dimension of housing policies <i>Christoph Reinprecht</i>	170
12	Migration policies at the local level: constraints and windows of opportunities in a contentious field <i>Eduardo Barberis and Alba Angelucci</i>	187
13	Segregation, neighbourhood effects and social mix policies <i>Sako Musterd</i>	204
14	Local segregation patterns and multilevel education policies <i>Willem Boterman and Isabel Ramos Lobato</i>	219
PART III THE INSTRUMENTS OF LOCAL SOCIAL POLICIES		
15	Local governance and street-level bureaucracy: the ground floor of social policy <i>Peter Hupe and Trui Steen</i>	235
16	National-regional-local shifting games in multi-tiered welfare states <i>Giuliano Bonoli and Philipp Trein</i>	250
17	Social work and community work <i>Stefan Königeter and Christian Reutlinger</i>	266
18	New public management-inspired public sector reforms and evaluation: long-term care provisions in European countries <i>Hellmut Wollmann</i>	281
19	Public participation and social policies in contemporary cities <i>Roberta Cucca</i>	296
20	Territorial effects of EU policies: which social outcomes at the local level? <i>Iván Tosics and Laura Colini</i>	308
PART IV EXAMPLES OF URBAN SOCIAL POLICIES AROUND THE WORLD		
21	Soziale Stadt (Social City) <i>Simon Güntner</i>	325
22	The rescaling of social policies in the post-Yugoslav space: welfare parallelism and local state capture <i>Paul Stubbs and Siniša Zrinščak</i>	337
23	States of welfare: decentralization and its consequences in US social policy <i>Sarah K. Bruch and Colin Gordon</i>	352
24	Urban social protection in Africa <i>Jeremy Seekings</i>	369

25	Social policies and security in favelas and urban peripheries of Brazilian cities <i>Eduardo Marques and Marta Arretche</i>	384
26	Innovative (local) social policies in China <i>Daniel R. Hammond</i>	399
27	Urban and local social policies in the Nordic countries <i>Håkan Johansson</i>	414
28	The challenges of activation policies in Japan and their local dimension <i>Miki Tsutsui and Shuhei Naka</i>	429
	<i>Index</i>	447



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## About the cover

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1) © Yuri Kazepov (2019) *Koyo* (Japan). *Koyo Eki* is a train station on the Japan Railways West lines. Signs indicate priority seats for elderly, disabled, pregnant women, etc.

2) © Yvonne Franz (2017) *Berlin*, Kreuzberg (Germany). Housing affordability become key in policy debates around the world and Berlin in particular. While tenants are facing increasing housing costs also due to a financialized housing market, household's income does not increase to the same extent.

3) © Yuri Kazepov (2019) Toyonaka City (Osaka prefecture, Japan). The map indicates neighbourhood projects targeting specific vulnerable groups and social resources (e.g. schools, public baths, parks, ...).

4) © Yuri Kazepov (2020) *Vienna* (Austria). Karl Marx Hof built between 1927 and 1930 is an icon for social housing with 1382 flats of affordable housing.

5) © Yuri Kazepov (2020) *Takatsuki* (Japan). Signs at the welfare office of Takatsuki City of Osaka Prefecture. Where innovative active labour market policies were implemented out in prefecture.

6) and 9) © Yuri Kazepov (2019) *Athens* (Greece). (Detail) Exarchia is a neighbourhood in Athens symbolising contestation and having a high presence of anarchic groups and squats. The housing issue is often at the centre of claims, in particular because of increasing homelessness and poverty.

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# THE ISSUES AT STAKE

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# 1. Introduction to the *Handbook on Urban Social Policies: International Perspectives on Multilevel Governance and Local Welfare*

*Yuri Kazepov, Eduardo Barberis, Roberta Cucca and Elisabetta Mocca*

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## INTRODUCTION

The territorial dimension of social policies and the role of cities as building blocks of social inclusion strategies have long been neglected in comparative social policy analysis. Conversely, in urban studies, the importance of national regulatory systems has often been underplayed, and the embedded nature of cities and local authorities more generally has often been disregarded (Kazepov and Barberis 2017, p. 302; Cucca and Ranci 2021).<sup>1</sup> There are just a few exceptions (e.g. Musterd and Oostendorf 1998; Ferrera 2005; McEwan and Moreno 2005; Keating 2013, 2021; Kazepov 2008, 2010), but none of these focuses specifically on urban social policies. We aim at bridging this gap whilst highlighting the importance of bringing different approaches together into a dialogue – a task that turns out to be easier said than done! Which is precisely why we envision this handbook to be such a valuable tool, bringing together authors from multiple disciplines, ranging from urban studies to political science, from geography to welfare studies, economics and sociology. For this very reason, in this introductory chapter, we initiate such a dialogue by defining ‘urban social policies’, with a view to better understanding the broader issue of the spatiality of social policies. Then, we attempt to disentangle the meaning of the terms ‘urban’ and ‘local’ in the context of welfare policies. Analytically, this task entails addressing several issues stemming from the truism of considering space an important dimension in their social construction, rather than merely a container where social phenomena take place. It would be impossible to address all analytical insights exhaustively within this introductory chapter; however, our aim here is to provide the reader with some of the important elements with which they can then navigate the parts and chapters of the handbook and to indicate paths for future research.

## AN ANALYTICAL PERSPECTIVE ON THE TERRITORIAL DIMENSION OF SOCIAL POLICIES

In order to better understand how the spatial dimension contributes to the production of social policies, we need to distinguish between four analytical elements that play an important role in this process: sovereignty, policy, context and politics. (1) *Sovereignty* pertains to the territorial organization of regulatory jurisdictions, their legitimacy, and the distribution of powers and responsibilities within multilevel institutional arrangements. (2) *Policy* pertains to the institutional design connected to specific regulatory principles. These first two – more institutional

– elements are complemented by: (3) *context*, which provides the actual configuration of needs with which regulatory jurisdictions must cope, and within which policies are implemented and their effects exerted; (4) *politics*, steering how regulatory jurisdictions design and implement policies on the basis of interaction between various stakeholders, both public and private (i.e. for-profit and not-for-profit).

To consider the spatial dimension of social policies in general, and its urban dimensions in particular, we need to understand the relationship between the four elements outlined above through a scalar approach. In this, the urban is not defined as a bounded territory, but according to its vertical positioning “within dynamically evolving, multitiered organizational-geographical configurations”, that is “as a sociospatial relation embedded within a broader, dynamically evolving whole” (Brenner 2019, p. 3).

Political economy scholars have highlighted the relational dimension referring to *institutional complementarities* (Amable 2016) in order to show how different institutions and their way of functioning can be mutually reinforcing. This is a common approach in comparative social policy analysis investigating the differences across welfare regimes (e.g. Esping-Andersen 1990), but it also characterizes the debate on the varieties of capitalism (e.g. Hall and Soskice 2001) which shows the synergistic effect of institutions and politics. None of these approaches is space-sensitive and focuses exclusively on a national level of analysis. Our understanding is that we need to add *spatial* and *contextual complementarities* to these perspectives in order to grasp the role and relevance of the various scalar arrangements of the different institutions across levels and their interactions within a wider context. In fact, it is from this dynamic among the four elements outlined above – with politics playing a mediating role – that specific outcomes emerge.

The first element pertains to the *sovereignty* a state has in defining its own policies and the territorial level to which they apply. A state can define the national policies that are to be applied to all resident citizens or adopt a state form – e.g. federalism – that devolves sovereignty over specific policy areas to territorial levels such as *Bundesländer*, *Kantons* or *Comunidades Autónomas* and *Regioni*. Certain competencies can also be decentralized to the urban level, and municipalities might have also some degree of freedom within their own administrative boundaries to design, finance, manage and implement specific social policies. However, sovereignty – at least since the Treaty of Westphalia (1648)<sup>2</sup> – pertains to the nation-state. This still holds true, despite tendencies to redistribute central state competencies to both higher and lower levels of authority.

The second element is *policy* and refers to *single policy instruments* (Lascoumes and Le Galès 2005), the design of which is inspired by specific regulatory principles. Their philosophical foundations – rooted in certain ideas of justice, deservingness and freedom – translate into precise mechanisms that also tend to produce specific outputs. Policies based on universal access criteria, for instance, are more inclusive than those based on the payment of contributions or those that are means-tested, besides the varying spatial implications that these can have. This is particularly true when they are regulated, financed, managed and implemented at different scales in varying mixes. A policy might be regulated at the national level, co-financed by the national and regional level and managed and implemented by municipalities. Each of these mixes contribute towards defining specific *borders* that include or exclude (institutionally) not only individuals and social groups, but also territories, recognizing rights and redistributing resources within distinct bounded communities.



The third element relates to the *context* and to the specificities<sup>3</sup> within which needs are produced and policies implemented. Context influences the impact and effectiveness of social policies and is all too often neglected in (comparative) analysis. A particular measure might produce entirely different effects when implemented in a locale with a dynamic labour market and a strong social infrastructure compared to the very same measure in a locale characterized by a stagnating labour market and a civil society less able to mobilize. As such, contextual differences might also substantially affect the success of a policy. A socio-demographic structure in specific territorial contexts might produce different needs and exert more or less pressure for healthcare and pension schemes (e.g. rural Japan has the highest and Chile has the lowest elderly dependency rates among OECD countries; see OECD 2018, p. 75). This is why context-sensitivity should be built into the institutional design of every policy.

The fourth element is *politics*. Actors and stakeholders interact within set jurisdictions, using specific policy instruments in (re)producing historically and spatially situated opportunity structures and peculiar forms of inequalities, also at the urban-local scale. Obviously, this spatiality is not fixed over time, but might change according to the transformations of its contextual elements and shifting power relations. These might range from explicit reforms, involving devolution or decentralization processes, to changing relevance of specific policies organized at different territorial levels, or changing socio-economic contextual conditions and policy orientations.

## DISENTANGLING THE URBAN AND LOCAL DIMENSION OF SOCIAL POLICIES

The social policy literature has no explicit definition of ‘urban’ or of ‘local’ social policies. Both terms display similarities, overlapping somewhat, whilst showing important differences, as well as pertaining to different levels of abstraction from an analytical point of view. Strictly speaking, they are both characterized by policies that are regulated, financed, managed or implemented within spatially limited jurisdictions. However, ‘urban’ tends to address cities specifically (however they are defined), while ‘local’ is a more general concept that can also refer to rural areas, neighbourhoods within cities, and even regions.

The term ‘urban’ has been at the centre of multiple disputes, both methodological and theoretical. The United Nations (2005), for instance, counted more than 100 different ways of defining ‘urban’ on the basis of multiple criteria, ranging from size to economic or political function, or simply according to law. This definitory babel has engendered flawed urban comparisons based on misleading data. Only from 2011 onwards, the OECD and EUROSTAT agreed on a harmonized definition of a city, at least in statistical terms: a city is defined by size as a set of clustered cells (1,500 inhabitants per square kilometre) with a minimum population of 50,000 inhabitants linked to a political level (for details and technicalities, see Dijkstra and Poelman 2012). If we combine this definition with social policies, we might begin to categorize urban social policies as those that address social issues in municipalities of a certain size. This statement assumes that the term urban identifies only mid-sized and big municipalities. Most urban scholars would resolutely disagree with this definition. Cities are much more than a statistical construct or – worse still – a container. Also theoretically, jurisdictional boundaries have always been regarded with suspicion, as the debate – from Wirth (1937) to Lefebvre

(1970) and reinvigorated recently by Brenner and Schmidt (2011) and the planetary urbanization<sup>4</sup> thesis – vividly demonstrates (for a critique, see Scott and Storper 2015).

This disagreement stems from a confusion between a rather formal and substantial definition of the term. Indeed, the rather technical understanding of ‘urban’ provided by the statistical definition hides not only the complex functional relations cutting across administrative boundaries (e.g. functional urban areas; Dijkstra et al. 2019), but also the substantive debates in urban studies on how to grasp the relational element of cities. Do cities differ from rural areas? Do they exert an influence beyond their jurisdiction? What is the role of density in the definition of contextual needs? Is the ‘urban’ experience the same across contexts (economic, cultural, political)? The landscape of issues is variegated and difficult to disentangle, in particular when we relate them to social policies, because policies require jurisdictions. Even when we take this narrower view of the issues, we face increasing complexities. For instance, on the one hand, we might have cities growing beyond jurisdictions and creating agglomerations without democratic representation, in need of specific (social policy) solutions, but which are difficult to govern. On the other hand, we might have municipalities that are too small to be able to intervene directly (e.g. financially) in relation to the needs of their populations. Building intermunicipal aggregations in order to be able to provide social services to a critical mass of inhabitants (e.g. *Ambiti territoriali* in Italy) or allocating jurisdiction over social policies to territorial levels other than the municipal in order to provide them (e.g. *Departments* in France) are just some of the more complex multilevel governance arrangements that are possible. Much depends on the type of policies considered, their interaction with other policies and the way in which the subsidiarity<sup>5</sup> principle is translated into the institutional design of said policies. The link with jurisdictions, however, becomes not only crucial analytically, but also part of the politics, i.e. of those conflicts and negotiations concerning those that are to be included or excluded from given redistributive communities, which are often also territorially defined.

In most of the cases, municipalities just manage and implement policies regulated and financed at supra-local scales (regions, nation-states). However, the degree of sovereignty that cities enjoy in defining their own social policies depends on the state form and the way in which jurisdictions are designed territorially. Decentralized systems entrust more power in territories than centralized ones, which conversely exert control over their territories through local branches of national authorities – e.g. prefects (Kazepov 2010). Nevertheless, nationally regulated policies can also address specific urban problems (Zimmermann and Fedeli 2021), which might eventually be connected to spatially determined agglomeration effects that the policy addresses. What we can safely affirm is that, in all countries, there is a complex mix of scales and functions that interact and produce very context-bound outputs both in terms of policies and social stratification. This will be one of the running mantras of this handbook’s chapters and implies that the concept of ‘urban’ should generally be considered as relational and not in isolation from other scales.

As intimated above, when we turn to the term ‘local’, we must acknowledge that its use is much more imprecise than ‘urban’, even though it relates to a position in a defined and limited space. The size of this space, however, is not defined precisely. As Gans (2009) points out, ‘local’ might refer to a geopolitical area, region, an urban area, neighbourhoods in larger cities or even different settlements like small towns, rural areas and suburbs, classified in vague and illogical ways. From this point of view, ‘urban’ is a specific form of the ‘local’. Disentangling this conundrum goes far beyond the scope of this handbook. Hence, our objective here is to achieve an operational definition based on how ‘urban’ and ‘local’ are associated with welfare

policies and their respective jurisdictions. In this respect, we might define ‘urban social policy’, starting from the definition of the welfare state, i.e. a public intervention that, through certain policy instruments, aims at protecting citizens from specific – socially recognized – risks. This rather formal definition hides the truism that these public interventions stem from processes of socio-economic modernization that are both historically stratified and are subject to change over time. Indeed, the urbanization process connected to the process of industrialization has been pivotal in defining the contours of social policies (Polanyi 1944; Alber 1982; Flora and Heidenheimer 1981; Flora 1986). The *social question* and *pauperism* (Baldwin 1990), which emerged in early industrialization, were in fact first and foremost an ‘urban question’. Hence, historically, urban social policies arise as a set of policies that aim at coping with social risks first emerging during the urbanization process characterizing capitalist modernization.

Albeit correct, this definition of urban social policies is partial and there are a few caveats to be considered. First, policies addressing poverty already existed before the industrial revolution: they had a much wider territorial scope and were managed at the parish level (Thompson 1963). The origin of social policies (as we know them) – the English poor laws – gained an urban focus only in the nineteenth century, driven by the process of industrialization and its social costs. This paradigm shift brought the institutionalization of welfare policies in the form of the *welfare state*, in which access was a *right* and not *charity* (Wilensky and Lebeaux 1965, p. xii). The nation-state thus became the key redistributive (and decision-making) arena meant to cover risks in areas ‘left behind’, where other problems may well exist. As Andreotti et al. put it in this handbook (see Chapter 7), urban social policies “are only a specific type of local welfare system, as small towns and dispersed localities, such as remote internal areas, have also shown their own dynamics of localization in welfare models”. Second, this trajectory was mostly Western and, more precisely, European. In other contexts, different trajectories of modernization, power and institutional configurations may well have had the effect of limiting the primacy of urban social policy in favour of other types of locales and settlements. For example, as Seekings underlines within this handbook (see Chapter 24), rural communities have long been at the core of welfare policy in many countries in Southern Africa. Meanwhile, some countries have dual welfare systems, with differentiated provisions for urban and rural areas, as in the case of China (see Chapter 26 by Hammond in this handbook; Pan 2017).

For these very reasons, we argue in favour of a time- and place-sensitive approach in the interface between social policies and their spatial articulations, considering the latter a constituent part of the analytical frame needed to understand social policy dynamics. For example, the differential impact of national welfare policies on urban and rural areas is key (Milbourne 2016) as it underlines the importance of the interaction between policy and context. In this handbook, we will address how both urban and local social policies are embedded in complex multilevel governance arrangements and how the underlying relations may change over time.

## THE RELEVANCE OF LOCAL SOCIAL POLICIES OVER TIME

Housing, unemployment, health, class conflict and segregation were not always urban problems. As we maintained in the previous section, when industrialization initiated rapid urbanization processes, cities became the place where new needs and risks emerged in a more evident way, including within the political arena (Polanyi 1944). A context in which community support was lacking and the spread of commodifying market relations was the breeding

ground in which the first forms of social policies emerged. In fact, the structuration of many of the policy fields of contemporary welfare owes much to the socially disruptive development of modern (industrial) society (Alber 1982; Flora and Heidenheimer 1981; Flora 1986; Thompson 2009), that had urban contexts and working-class neighbourhoods as their epitome – portrayed and denounced vividly by witnesses of the time like Charles Dickens (1837–1839) or Frederick Engels (1845).

In the meantime, the nation-state has constantly increased its regulatory outreach and financial efforts, curbed both by two world wars and the post-war economic boom (Obinger and Schmitt 2018). Until the second half of the 1970s, welfare policies were predominantly defined, regulated, financed and often also managed at the national level through local branches. The territorial dimension of social policy was mostly managed via national redistribution (Brenner 2004).

After the *Trente Glorieuses* (1945–1975) we witnessed several relevant changes from a territorial point of view, displaying important rescaling processes: from decentralization and devolution processes to supra-nationalization or recentralization ones. These changes were the result of an interaction between multiple forces. The deep structural changes (Amin, 1994) occurring since the end of the 1970s – from the socio-demographic structure of the population to socio-economic changes in labour markets and production systems in Western capitalist countries (Andreotti et al. 2018) – have challenged the way in which social risks are produced and addressed by social policies (see Chapter 2 by Ranci and Maestriperi). Particularly since the 1990s, social policies have undergone important reform processes in those countries, redrawing the boundaries of ‘social citizenship’ and giving a more prominent role to cities and local social policies (Kazepov and Barberis 2017). This also occurred thanks to the expanding role of social services (see Chapter 8 by Arlotti and Sabatinelli, Chapter 4 by Kazepov and Cefalo and Chapter 17 by Köngeter and Reutlinger) for some targeted groups (elderly care policies, activation policies on the labour market, social assistance schemes coupled with integration policies). The intense reform activities from the 1990s onwards has addressed social policies in two ways: (1) by changing the territorial dimension from which social policies have been designed, managed, funded and implemented; and (2) by increasing the number and type of actors involved in designing, managing, funding and implementing policies.

The joint effect of these two processes – also called *subsidiarization* (Kazepov 2008) or the *silent* revolution (OECD 2019, p. 3) – was brought about in many Western capitalist countries and beyond (vertically), through a decentralization of regulatory powers, and (horizontally) an increased role for non-governmental actors (Kazepov 2010). This trend was also supported by international organizations in the Global South (OECD 2019; Von Braun and Grote 2002) and has been accompanied by increased coordination efforts among public actors in different policy areas often regulated at different levels.

Even if the 2008 Great Recession has not (yet) remodelled the architecture of local and regional authorities, decentralization processes came to a halt. A vivid debate has been engendered regarding the benefits and costs of decentralization (Lago et al. 2020, p. 877). Processes of recentralization began to emerge in some countries (e.g. Greece, see Kyvelou and Marava 2016; in general, see Canavire-Bacarreza et al. 2021) in view of an increased need to control their financial commitments. However, the current dynamics are still unclear, particularly in light of the COVID-19 pandemic and multiple other intersecting elements – including, among others, policy specificities, state form, and degree of decentralization prior to the crises (Babin et al. 2021).

The territorial dynamics briefly outlined here implies that we cannot talk about an ‘urban’ or ‘local’ welfare in isolation from other scale dynamics and governance relations. This is particularly true when the jurisdiction of cities or any other local scale are defined by other levels of government, as a result of the rule of the law. We need to understand their embedded nature and how the levels interact with one another. This highlights the importance of understanding the ‘urban’ and ‘local’ not merely in relation to location, but as processual and relational spatial configurations that change over time and are related to actors’ constellations and power configurations.

## MULTILEVEL GOVERNANCE AND INTER-SCALAR RELATIONS: THE ROLE OF POLITICS

In multilevel governance arrangements, *politics* play a crucial role, in particular through multiple stakeholders at different scales (Bache and Flinders 2004). Frequently, the focus of research has been on policies and their dimensions – unravelling organizational processes, instruments, mechanisms and relations that are relevant to policy implementation at different sites, levels and scales. But this is only one side of the story. As classic works on the public policy process acknowledge (for an overview, see Hill and Varone 2021), the political dimension is very relevant at different stages in the public policy process and in different ways: not only in setting agendas and goals, but well before in deciding *if* and *how* to decide, and well after in the implementation phase. Conflicting views and strategic agency do not stop when a policy has been decided upon – a field extensively explored in implementation studies, starting with Lipsky (2010), and onwards (see Chapter 15 by Hupe and Steen). Actually, policy politics – that is the “politics of what policy should be” (Brodkin 1987, p. 571) that occurs outside legislative arenas – can be managed in different ways in policy delivery: depoliticizing contentious fields, stalling undesired reforms, and using policy and administration for political and electoral patronage, etc. In light of the aims of this introduction, it is worth exploring very briefly how politics and policy relate to multilevel and multi-stakeholders’ perspectives. In fact, conflict over decision-making and implementation may well be located in different scales and jurisdictions, both in terms of the political agency of policy actors, and in terms of pre-structuring and influencing actors’ strategies and agency in wider public arenas (from lobbying groups to media) (Eckardt and Elander 2009).

The role of ideology in setting the tone of multilevel governance arrangements and in defining spatial conflict as well as the degree of room to manoeuvre within any given local context is evident throughout various chapters of this handbook. Such a role is clear in contentious policy areas – e.g. migration (see Chapter 12 by Barberis and Angelucci) – as in the general politics of scale, defining the political space of the local, and the choice of urban actors to invest in welfare (see Chapter 7 by Andreotti et al.) or to support social innovation (see Chapter 5 by Oosterlynck and Saruis). This latter chapter also shows how different ideological frames may concur – with different arguments – leading to similar outcomes in the politics of scale: for example, in delegitimizing the national welfare state in favour of decentralization. Cost avoidance in a neoliberal agenda and democratic participation in a progressive approach may both serve such a purpose. An early acknowledgement of the relevance of politics in multilevel policymaking can be found in authors that have intersected studies on regionalism, political and fiscal decentralization, with an interest in the territorial dimension of social policy

(Keating 1998, 2009; Loughlin 2021). Keating, in particular, contributed to popularizing the concept of ‘decentralization of penury’ (first debated by Meny and Wright in 1985). Moreover, he also addressed the relationship between policy and politics in the decentralization process, where decisions on the territorial dimension of social policy must also be framed in terms of political conflicts and strategies. Divergent political priorities, party cleavages and territorial divides in service supply might reinforce any existing tensions, giving rise to forms of *passive subsidiarity* (Kazepov 2008) and shifting games across scales as explored in Chapter 16 by Bonoli and Trein in this handbook.

Between the late 1990s and early 2000s, multilevel governance was also problematized from a political point of view, and in the intersection between policy and politics. Hooghe and Marks (2003), for example, questioned the accountability and the democratic dimension in multilevel configurations. Adopting a scalar approach meant not only focusing on the working of multilevel governance and welfare or on the strategic behaviour of actors, but also examining the logic behind such arrangements that frame if and how decisions are made viable. The politics of scale refers precisely to the spatial forms that institutionalized power may assume. A local government does not necessarily limit its reach to its own jurisdiction, as it may affect other spatial organizations as well. A national agency – and its branches – is not only national in scope, as it may interact and impact upon local and supra-national scales in various ways (Cox 1998).

In the case of Western capitalist welfare states, the issue was explored by several authors (e.g. Jessop 2002; Peck and Tickell 2002; Brenner 2004). In particular, Brenner identifies a critical juncture in the shift from “the task of maintaining minimum standards of public welfare and social service provision in their territorial jurisdictions” through subnational administrations during the era of spatial Keynesianism, to “increasingly differentiated configuration(s) of state space [*relations*] equipped with customized, place- or scale-specific administrative arrangements that are considered to be suited to their own particular circumstances and socioeconomic assets” (2004, p. 99). The consequence of this shift is the spread of divergent regulations, peculiar features of public service delivery and differentiated provision levels. In principle, this would not be a problem per se if differences in provision were to result in varying needs being met more effectively. The problem emerges when differentiation follows power logics that (re)produce inequalities rather than contrasting them.

Such a perspective challenges the idea that the local dimension is better per se (the ‘local trap’, as defined by Purcell 2006), as much as it challenges methodological nationalism that maintains the nation-state is the only relevant arena for policies and politics (Wimmer and Glick Schiller 2002). Hence, in this handbook, the local dimension of policymaking is not meant as a localist perspective, as supralocal arenas and actors interact with specific territories in enabling or constraining institutional agency and place-based governance networks. Local policy and local politics are not necessarily local, as they are influenced by a wide scope of trends cutting across multiple scales (Le Galès 2021). Indeed, some locales can in fact be innovation hotbeds, influencing upper scales in ways and degrees related to the different spatial configurations of power, as well exemplified in this handbook in Chapter 26 by Hammond for China, Chapter 28 by Tsutsui and Naka in Japan, and Chapter 4 by Kazepov and Cefalo in relation to the social investment approach.

## OUTLOOK: THE PRESENT AND FUTURE ROLE OF THE LOCAL LEVEL IN WELFARE SYSTEMS

The previous sections have illustrated some of the analytical tools with which the role of the territorial dimension of social policies may be explored. In this introduction, we are not able to cover all issues that emerge throughout the handbook. What we would like to address here are some of those that potentially represent challenging new avenues of research, both theoretically and/or empirically.

### **The Subsidiarization of Social Policies: Towards a Context-Sensitive Research Agenda**

The first emergent issue pertains to the increasing subsidiarization of social policies, i.e. the process that sees scales – from local to supra-national – and actors – from public to private (for-profit and not-for-profit) – developing into complex multilevel governance arrangements. Disentangling the multitude of implications within this process has been often confined to studies of federalism and territorial politics more broadly, while subsidiarization increasingly redefines the role of urban social policies and degrees of freedom local actors have to define them. The complexity of the processes at stake requires that we disentangle not only the implications for inequality arising from the transfer of sovereignty to lower (devolution) or higher (upscaling) jurisdictions. It also calls for a better understanding of the role of the different actors in this process and their strategic use of social policies in politics. How do these processes affect specific jurisdictions in particular cities? How does the *challenge of coordination* (Peters 2018) across scales and various actors play out in emerging complex governance arrangements? What is the role played by the contextual conditions in which policies are implemented? The need to consider contextual complementarities in the analytical framework forces us to pay attention to the relationalities involved and their spatial patterns: which actors operate at each scale and with what consequences? This also applies to the false dichotomy between *standardization* (in which the same rules apply to all) and *context-sensitivity* (the need to consider differences) that hides the need to understand, on the one hand, the multiple directions of rescaling, of *what* is rescaled *how* and *why*. On the other hand, it calls for the need to investigate new forms of coordination and meta-governance (Christensen et al. 2019; Meuleman 2008, 2019) that are put in place, and with what consequences. Moreover, what role do the variegated contextual differences play in these processes (Davies 2005)? What are the scale dynamics from the point of view of urban social policies? What degree of autonomy and how much room for manoeuvre do local actors have? And does widening the options for local experimentation – e.g. through participatory practices – influence the possibility for cities to upscale social policies?

What are the drawbacks of such processes in terms of consolidation of territorial inequalities, undermining inter-regional solidarity (Keating 2009) or the multiplication of potential conflicts across scales and between actors (see Chapter 16 by Bonoli and Trein)? These are primarily addressed in ad hoc studies within different disciplinary domains, in which specific aspects such as problems of accountability and transparency (e.g. Christensen and Lægheid 2017) or discretion (an exception: Hupe and Buffat 2014) are addressed. By doing so, potential emerging forms of *passive subsidiarity* – i.e. the delegation of social responsibilities to civil society (or kin and family) or lower scales (local authorities) without targeting adequate public resources – are not really addressed. These trends highlight the need to move towards

a context-sensitive research agenda for local social policies in which it is not only the definitional conundrum of what urban social policies are that is addressed, but also the different types of ‘local’ and how they interact in increasingly complex multilevel governance arrangements. In the field of social innovation studies, for instance, a relatively recent strand of literature refers to such complex arrangements in terms of *bottom-linked governance* (Moulaert and MacCallum 2019; see also Chapter 6 by Cano-Hila et al. in this handbook). This concept helps in considering the interaction between public institutions and civil society (Ascoli and Ranci 2002), in which place-based collaborations cuts across scales, keeping together in the political landscape both bottom-up mobilizations and top-down measures. Emerging approaches addressing these issues aim at understanding complementarities across policies and scales (see Chapter 4 by Kazepov and Cefalo) and how the new forms of governance of local welfare systems are embedded in their broader contexts (see Chapter 7 by Andreotti et al.). This latter aspect, in particular, is often neglected by the literature on social policies, despite its important territorial implications which might even affect the success of national social policies locally (Kazepov and Ranci 2017; Zimmermann and Fedeli 2021). As we have maintained, such territorial diversity hints at the fact that the relationship between social policy design and different contexts also plays an important role in (re)producing territorial inequalities. This becomes particularly clear in light of the COVID-19 pandemic, which has affected some economic sectors – localized in different contexts – more than others (e.g. transportation, tourism, leisure, etc.). From this point of view, this leads to further questions regarding the future prospects for urban social policies. What degrees of freedom will they have and how will they manage emerging demands for greater involvement of citizens in policymaking?

### **The Relationship between Violence, Control and Local Social Policies**

A second issue that is gaining relevance but which has been under-investigated by welfare scholars is violence and control. In critical social policy studies, the issue of control is conceived – following Foucault’s *biopolitics* approach (2003) – as a mode of power which operates through the administration of life immanent in the practices of governing and involving bodies (both individually and collectively), their health, sanitation, procreation, mental and physical capacities (McKee 2009, p. 466). The global perspective adopted in this handbook, however, helps us to problematize the relationship between local social policy and governance, on the one hand, and control and violence, on the other hand, through multiple lenses and viewpoints. Indeed, the important role of social policies in mitigating or even avoiding extreme outburst of violence acquires different meanings according to the contexts we analyse. This is a focal point of discussion in Chapter 24 by Seekings for Southern Africa, and in Chapter 25 by Marques and Arretche for Brazil. It would also be quite incorrect to limit the issue to the Global South without undergoing a process of decolonization in our understanding of urban and local welfare in non-Western contexts. These have their own paths, which go beyond isomorphism and Western centrism.

There are at least three ways in which violence and crime may affect local social policy, that may be worth exploring further in future research.

First, the *state’s monopoly of violence* – as a mechanism of oppression and control – might structure social exclusion in spatially bounded ways. Stigmatization, incarceration and policing may operate as functional substitutes for welfare policy – particularly in specific locales. Wacquant’s (2009) contribution on hyperghettos is quite telling from this perspective.



Similarly, the perspectives on encampments and rural ghettos mentioned in Chapter 12 by Barberis and Angelucci may also be a case in point.

Second, *collective violence* – possibly also tied to oppression – may be an influencing factor in the political and policymaking arenas. Social movements can give rise to rebellions, and political reactions can be repressive, but claims arising from riots can be related to recognition and citizenship rights (Amin 2003). The riots in the UK, France and Sweden during the 2000s – rooted in socially excluded neighbourhoods – are a good example, also showing that the issues at stake may find accommodation via welfarist responses. In this respect, a branch of literature shows how riots and political violence are a good predictor of future increases in public expenditure (Welch 1975; John 2006). On the other hand, as Marques and Arretche underline in Chapter 25, systemic violence may well disrupt welfare systems – in its political support as in its fundamental institutions undermining the rule of law.

Third, actors of political violence – but also of crime (especially organized crime) – may well challenge the public as a provider of welfare, in terms of winning the heart of associates and their families, but also of larger publics, so as to grant support against state repression. This may apply to Italian mafias (Colletti 2019), to Central and Southern American drug cartels (Flanigan 2014), and to politically oriented criminal(ized) organizations (Grynkewich 2008). In a way, this is evidence of the functional need for welfare provision since anti-state organizations have to support their own members too. And obviously, it is also evidence of the state's failure in locales and groups that may feel dispossessed, and are hence keen to organize against them, or to accept aid from anti-state organizations. While this is quite an extreme situation, in terms of the analysis of the multilevel governance of local welfare provisions, it is a call for a wider consideration of non-state actors other than civil society *strictu sensu*, and their direct role in welfare provision. International aid – partially addressed in Chapter 24 by Seekings – may be another case in point.

### **The Impact of Stress Tests like the Economic Crisis and the COVID-19 Pandemic**

The third emerging issue relates to important stress tests like the economic crisis of 2008 and – most prominently for its magnitude – the COVID-19 outbreak in early 2020. These events have posed significant social, economic and political challenges to central and local governments alike. Given that the outbreak of the pandemic started during the preparation of this manuscript, all authors were asked to add a section to their chapters providing first insights on its impact. In general terms, we can wonder if and how the management of the COVID-19 pandemic and its consequences do produce a path break or are path dependent on the basis of previous trends in the territorialization of social policy. The sociology of disasters (Peek et al. 2021) often maintains that such crises do selectively accelerate and reinforce existing processes. Thus, we may speculate that territorial trends in sovereignty, policy, context and politics are hastened as a consequence of these events. For example, Chapter 2 by Ranci and Maestripiéri, and Chapter 12 by Barberis and Angelucci maintain that women, youth and migrant workers (i.e. groups already among the most vulnerable in many contexts) have been among those hit hardest. The pandemic further polarized the housing market and spatial segregation (see Chapter 13 by Musterd): a class divide was visible in the lockdown phases, as less affluent households living in inadequate accommodation lacked the space in which to work and study (see Chapter 5 by Oosterlynck and Saruis, and Chapter 25 by Marques and Arretche on Brazil). Additionally, lockdowns and quarantines forced household members to spend an

unprecedented amount of time together, worsening some already difficult family situations, leading to domestic violence (see Chapter 11 by Reinprecht, and Chapter 17 by Köngeter and Reutlinger).

On the other hand, the pandemic may also be a critical juncture that challenges the multi-level governance of social policies. The boundaries of inclusion and exclusion and the mechanisms through which citizens acquire rights are redrawn – including territory and territorial organization: scalar fixes, jurisdictions, and the actors involved. Even further, recent research postulates how the COVID-19 pandemic brought about the diffusion of nationalism and localism, inasmuch as countries' and cities' ability in curbing the spread of the disease has become an achievement to be celebrated – an attitude defined by Kloet et al. (2020) as 'biopolitical nationalism'. Territorial inequalities among regions and cities are worsening (OECD 2020). This applies to European macro-regions (as noted in Chapter 4 by Kazepov and Cefalo), as much as to the US, where measures to manage the consequences of COVID-19 were implemented unevenly from one state to another (see Chapter 23 by Bruch and Gordon).

The preparedness of the institutional structure of specific countries and policy arenas to cope with the syndemic effects of the COVID-19 outbreak is likely to depend upon general regulatory principles in welfare provisions. For instance, contributory based models that foresee a stable relationship between employment conditions and regular payment of contributions suffer when workers are laid off *en masse*. Countries in which this model prevails reacted by continuously extending short-term schemes like the *cassa integrazione* in Italy or *Kurzarbeit* in Austria and Germany. This is also related to the spatial organization of such regulatory configurations. As Del Pino et al. observe in Chapter 3, policymakers worldwide tried out new governance configurations, swinging between decentralization and recentralization of key policy competencies, in particular in the realm of health and social policies. Anecdotal evidence seems to suggest that centre–periphery relations were particularly strained in some countries, on the one hand, because the impacts were context-related (e.g. based on economic sectors, spatial connections, crowding, existing vulnerabilities in specific locales, etc.). On the other hand, in some cases relationships were further strained due to the 'territorial games' between national and subnational actors that had already been an issue well before the COVID-19 outbreak. Arlotti and Sabatinelli in Chapter 8 argue that 'inter-scalar conflicts' took place between national and regional governments, both seeking to expand their powers and the resources available to them. Such transfer of competencies between centre and subnational governments also changed direction in the two waves of the pandemic: as noted by Bonoli and Trein in Chapter 16, in the cases of Switzerland and Germany, the first wave was characterized by a recentralization of key competencies, while the following wave witnessed a re-transfer of policy capacity to subnational governments. In this respect, it is better to avoid presentism and to not rush to conclusions, as scalar adjustments are still in place, and the short-term outcomes are quite ambivalent – leading both to attempts for more coordination (if not recentralization), and to more subnational autonomy. Thus, we will limit ourselves to some speculative perspectives on potential directions of welfare territorialization – mentioning the chapters where initial evidence of such trajectories is visible.

On the one hand, the common trajectories of decentralization that took place between the 1980s and 2000s have already been under political scrutiny since the 2008 economic crisis. A retreat from decentralization may take different forms: for example, the role of cash safety nets – when managed in centralized ways – may produce an implicit recentralization (without changing the regulation of any measure, simply those managed at national level become

more important). Meanwhile, more formally, recentralization may also happen via *soft* policy measures – e.g. via coordination arenas between national and subnational authorities. Finally, central authorities may formally claim back power, using the emergency situation as an opportunity. As argued in Chapter 7 by Andreotti et al., in many European countries there has been a recentralizing tendency, witnessed by the regained policy capacity and political saliency of the central state. Likewise, Tosics and Colini in Chapter 20 note a recentralization trend in many countries, accompanied by a deficiency in financial support to subnational authorities to curb the negative impact of the pandemic. Or even a cutback of local finance, as experienced in countries in Southeast Europe as Stubbs and Zrinščak note in Chapter 22. A shift to the centre was reported for Sweden, where the central state intervened on health and social matters (see Chapter 27 by Johansson), and strong recentralization also occurred in China, where the central state stepped in to implement a variety of social policies, as discussed by Hammond in Chapter 26.

On the other hand, local actors may have been better prepared to cope with unprecedented needs, implicitly producing new forms of vertical and horizontal subsidiarization. The pandemic brought to light the importance of citizen engagement in service production and delivery, as Hupe and Steen report in Chapter 15. In reference to horizontal subsidiarity, solidarity acts have been organized promptly by citizens and associations to support people in need, as documented in Chapter 5 by Oosterlynck and Saruis, in Chapter 6 by Cano-Hila et al., and in Chapter 22 by Stubbs and Zrinščak. More formally, the amount of social, health and economic problems may have pushed some central authorities to pass the buck downwards – for practical reasons (having more non-monetary resources – e.g. people – to deal with the problems), as much as for political reasons (to shift responsibility – and even scapegoating). Tosics and Colini point out in Chapter 20 that housing and specific measures in favour of the unemployed have been implemented by local governments to help more vulnerable residents. In the same vein, in Japan, municipalities and prefectures are the level where people in need have turned for economic support (see Chapter 28 by Tsutsui and Naka). Finally, the pandemic has showed the crucial importance of the care sector, e.g. long-term elderly care (see Chapter 8 by Arlotti and Sabatinelli, and Chapter 18 by Wollmann) which is in most cases provided at the local level.

## NAVIGATING THE STRUCTURE OF THE HANDBOOK

In order to substantiate the issues addressed above, the handbook is divided into four, logically interconnected parts. In the first part, the chapters address the dynamics of localizing social risks and vulnerabilities. The second part addresses the local dimension of targeted social policies, ranging from care to educational policies. In the third part, the focus is on instruments of local social policies, from street-level bureaucracy arrangements to new public management and their consequences. The fourth and final part provides examples of urban social policies from Africa to Asia, from Brazil and Europe. In the discussion that follows, we offer a summary of the issues and how they are connected, easing the navigation of the handbook.

## **Part I: Localizing Risk and Vulnerability**

Introducing crucial keywords and concepts, the first part of the handbook frames the discussion around the localization of the new social risks and the process of territorialization of social policies. The concept of ‘new social risks’ (NSRs) has become relevant in the social policy discourse, although very little attention has been paid to risk differentiation resulting from the variety of local contexts. On the contrary – as described by Ranci and Maestripietri in Chapter 2 – it is crucial to emphasize how certain social groups (e.g. lone mothers, precarious youth or elderly people) may be more exposed than others to specific local social risks, and regional dynamics can affect the capacity of these individuals to cope with situations of risk. By introducing the concept of ‘localized social risks’, the authors pave the way for the analysis of the territorialization of social policies presented throughout several chapters of the handbook. In Chapter 3, for instance, Del Pino et al. define the logic beyond the process: as subsidiarity and multilevel governance were meant to enable institutions to face specific social risks and to create opportunities, subnational governments have generally gained ground in the implementation of social policies, although with different outputs. Social and public responses to NSRs depend not only on the characteristics of national and local welfare systems, but also on the coordination capacity of welfare programmes. This is the case of the Social Investment (SI) perspective that has been embraced not only at national level, but also in several regional contexts across Europe. In Chapter 4, Kazepov and Cefalo show that, in order to be effective in counteracting inequalities, the SI approach should combine strong central frames with attention to local conditions in order to adapt to the characteristics of each territory and maximize its inclusive potential. The chapters collected in this part highlight the way in which the configuration of local welfare systems cannot merely be described as variants of national regimes or as specific cases with locally autonomous features. As argued in Chapter 7 by Andreotti et al., scholars have rediscovered the embeddedness of welfare systems in local history, institutions, cultural and political traditions, and economic and civil society actors through the investigation of local policies. The contribution of organized citizens and residents, for example, has created urban constituencies to defend and innovate local social policy. However, as argued in Chapter 6 by Cano-Hila et al., the transformative capacity of citizen initiatives is more significant when they integrate their actions in social policies through ‘bottom-linked’ governance relations. In many contexts, the emergence of a new model of public-civic cooperation has been developed from the urban scale upwards, but mostly by also mobilizing actors and resources from various other scales. As reported in Chapter 5 by Oosterlynck and Saruis, this largely applies to well-established welfare regimes in Europe and elsewhere. In contrast, in countries without established welfare regimes, we often see social innovation being driven by large-scale social movements that engage in protracted struggles and we find state institutions much less inclined to collaborate. In summary, the chapters in Part I address the interlocking relationship between local politics, policies and structural dimensions as embedded in multilevel and scalar configurations. This perspective is key to understanding the outputs and changing trends in urban and local social policymaking.

## **Part II: The Local Dimension of Targeted Social Policies**

The second part of the handbook addresses the local dimension of targeted social policies. Some of these chapters highlight the complex multilevel governance structure regulating

specific social policy domains at the local level, whilst others deal with policy areas and strategies, particularly crucial for medium-large cities worldwide. This is related to the fact that urban/local social policies are often more prominently related to in-kind services. Policies concerning children and elderly people are, from this point of view, paradigmatic grounds from which to understand the governance complexity of local provision. In Chapter 8, Arlotti and Sabatinelli describe the multi-scalar structures of these policies in Europe. Central, regional and local institutional levels are involved in combinations that vary according to the specific policy tool employed and the context. Chapter 9, by Marchal and Cantillon, addresses social assistance policies in Europe aimed at combating poverty. Social assistance is par excellence a policy domain in which substantial decentralization applies. It is part of the multi-scalar arrangements in which local governments usually hold, not only managerial and financing responsibilities, but also important competencies that in other social policy domains pertain to the national level: e.g. the definition of benefit levels or eligibility criteria. This could give rise to a high level of local variation. The same occurs in activation policies, which can at least partly be explained by the specific institutional context and the related regulatory principles which shape the forms and dynamics of local inter-agency collaboration, as reported in Chapter 10 by Fuertes et al., using Germany, Sweden and the United Kingdom as examples.

The chapters that follow focus on policies that are predominantly designed and implemented in cities targeting those that are usually considered to be more specifically 'urban' issues in the social policy literature. These include policies related to housing (see Chapter 11), immigration (Chapter 12), segregation and social mix policies (Chapter 13) and school segregation (Chapter 14). The main argumentation – following the subsidiarity principle – is that the local level is supposed to be best equipped to identify and implement effective solutions. Housing affordability issues, for example, are more acute in large and growing cities, as reported by Reinprecht in Chapter 11. The retrenchment of the public housing sector in many countries and the spread of market regulation within the housing sector have jointly contributed to a situation in which disadvantaged groups are increasingly segregated, both socially and physically. Spatial segregation not only mirrors the social structure but may also act as a driver of social inequalities. This is the case in the processes of school segregation described by Boterman and Lobato in Chapter 14, which may reinforce educational inequalities and limit opportunities for social mobility. Musterd (Chapter 13), describes two alternatives for dealing with spatial (residential) segregation in cities: (a) area-based interventions in deprived areas in order to develop better infrastructures (see also the case of *Soziale Stadt* in Germany presented by Güntner in Chapter 21); and (b) sectorial policies intended to combat social inequalities and provide more affordable housing solutions (see Chapter 11 by Reinprecht). Cities are places where specific social problems are more visible, but also platforms for innovation in social policy. As argued by Angelucci and Barberis in Chapter 12, this is the case in migration policies at the local level. Particularly in contexts with higher shares of migrants, cities can constitute fertile grounds for migrant political agency, serving as battlegrounds in the acquisition of social rights. One of the common threads cutting across the whole handbook – but particularly the chapters of this part – is that although the socio-economic trends and problems tend to be more visible in cities, they are actually influenced by policies that are regulated at other levels of government. Thus, understanding how social inequalities, residential segregation, educational inequalities, migration trends and settlement and housing affordability issues are manifest requires embedding cities within their multi-scalar arrangements.

### **Part III: The Instruments of Local Social Policies**

A multi-scalar perspective is an important aspect highlighted through several chapters in Part III, while addressing specific instruments of local social policies, including measures and tools that design, manage and finance local welfare. In Chapter 16, for instance, Bonoli and Trein analyse how the interaction between different layers of government has affected the pressures to act and the policy decisions of municipal governments in light of the increasing costs of social assistance. Taking a comparative perspective from Europe, the authors argue that the way in which cost-shifting games unfold varies between countries according to the degree of fiscal autonomy of subnational governments, and their aspirations for relevance. Such aspirations denote the extent to which subnational levels of government want citizens to be autonomous from the national government and in charge of important policies. In Chapter 15, Hupe and Steen focus on the co-production roles of local governments (*political co-production*), street-level professionals (*bureaucratic co-production*) and citizen-clients (*citizen co-production*), whilst looking at the case of the localization of Dutch social care. The authors' conclusion is that, despite the prevailing claims regarding the advantages of localization (e.g. enhancing performance and democracy), output varies according to the context. Localization might even risk increasing the pressure for professionals at the street level: as government 'pass the buck' downwards, the risk is that the *local* becomes overburdened. A similar theme emerges from Chapter 17, by Köngeter and Reutlinger, on the local dimension of social work. According to the authors, professionals in this field are often overburdened and excluded from the design of the relevant policies. This is consistent with new public management-inspired public sector reforms characterizing several contexts in Europe over recent decades, as described by Wollmann in Chapter 18. The involvement of local government in the provision of personal social services has undergone profound changes and local authorities have significantly withdrawn from direct social service provision by outsourcing service provision, primarily to private providers. Thus, local governments' direct link with service provision has been replaced with a commissioning (purchaser–provider) relationship.

The role of civil society in the process of policy design is scrutinized by Cucca in Chapter 19, on participatory arrangements in local social policy. These differ with regard to key actors, aims, spaces and rules. This variety highlights the interdependence of the institutional architecture and its regulatory principles, political leadership, and the rules and the social basis of participation. The widespread diffusion of participatory policies has been supported by international organizations on the whole, first of all by the EU (Chapter 20) and those social policy programmes for which the EU has no direct competence. These have impacted upon local policies by influencing the power relationships within the national multilevel governance structure, as reported by Tosics and Colini in Chapter 20. In summary, all of the chapters in this part show how local policies are embedded in multilevel governance arrangements characterized by a high level of interdependence across scales together with a horizontal coordination of interests, actors and organizations.

### **Part IV: Examples of Urban Social Policies around the World**

The fourth and final part of the handbook provides examples of urban social policies around the world (from Europe and Southern Africa to Asia and South America). Some chapters describe policies and instruments implemented in specific local contexts, whilst others analyse

the variation of local welfare systems in regional or national settings. In Chapter 21, for instance, Güntner describes the program *Soziale Stadt* (Social City) in Germany. *Soziale Stadt* is essentially an area-based policy in which the social dimension complements physical investments. A key achievement of the programme is an increased awareness of the importance of including the social dimension in physical renewal projects. However, after 20 years, the results of this model are mixed. Often the interventions succeeded in preventing further deprivation but have failed to induce a decisive change for the better. The complexity of multilevel governance arrangements in social policies becomes evident also in Chapter 22, where Stubbs and Zrinščak focus on the re-scaling of social policies in the post-Yugoslav space. The authors show how, despite inheriting broadly similar social welfare systems, Bosnia-Herzegovina, Croatia and Serbia display significant divergences in their contemporary arrangements. These are the product of the complex interplay between the institutional reforms and the specific contextual dimensions of the three new independent states. More specifically, levels of economic development, direct and indirect impacts of the conflict, and degree and nature of international actors' involvement act as path-shaping factors. In Chapter 27, the last chapter describing the complexity of multilevel governance in Europe, Johansson addresses local and urban social policies in the Nordic countries. He shows that, although Nordic welfare states continue to rely on strong local governments, framed by equally strong central governments for the regulation, funding and implementation of social policies, decentralization might increase differences between urban and rural areas, challenging Nordic egalitarian ideals.

In Chapter 23, Bruch and Gordon also focus on decentralization processes and their consequences, concentrating specifically on US social policy. According to the authors, decentralization has shuffled new responsibilities onto state and local governments that, in many cases, have lacked the political inclination or fiscal capacity to step up. Indeed, the devolution of administrative authority and discretion to states and local jurisdictions perpetuates and even enables deeply racialized social and economic relations. In Chapter 24, Seekings describes a very different context: urban social protection regimes in Southern Africa. More specifically, he illustrates how they are generally characterized by low coverage of a small numbers of workers in formal employment, limited social insurance, and growing – but still very limited – social assistance. This is due partly to the fact that many of the interventions are aimed at addressing the risks of deserving poor located in rural rather than urban areas. Also, in Chapter 25, Marques and Arretche analyse a specific aspect of urban social policies: their relations with security in favelas and urban peripheries of Brazilian cities. According to the authors, in order to better understand the issues affecting urban peripheries, we need to take a more comprehensive approach than one focused exclusively on social policies. Indeed, in Brazil (though this could equally apply to many other countries) criminal organizations compete with the state for the monopoly of violence and authority, which includes an increasing capacity to control the means needed for an individual's survival. Changing this context is a major challenge.

In Chapter 26, Hammond introduces readers to innovation in urban social policy in the People's Republic of China (PRC). In particular, he focuses on the way in which innovation manifests itself in the myriad programmes and policies encompassed by urban social policy. Such developments are, however, subject to the limits of state structure, dominant ideological values, the issue of institutionalization, resource allocation, and the role played by local and élite policy actors. Finally, in Chapter 28, like other chapters in this handbook, Tsutsui and Naka debate the challenges of activation policies focusing on Japan and on the provision of 'counselling' as the access door to labour market inclusion. The authors define how the

combination of this dominant familistic outlook and welfare state retrenchment has promoted a form of decentralization characterized by ‘passive subsidiarity’, further offloading public responsibility onto individuals in need and their families. This is an open challenge in all decentralization processes.

## NOTES

1. The reasons are multiple, including a dearth of available comparative data at the urban level, the lack of a homogeneous definition of ‘urban’, as well as the importance of nation-states in terms of regulatory capacity and resources invested, particularly from the post-war period onwards (Kazepov 2010).
2. The Westphalian Treaty, signed at the end of the Thirty Years War (1648), has long been considered by political scientists (Wight 1977) as the foundational moment of nation-states’ sovereignty over their territories. Post-colonial scholars tend to challenge the allegedly ‘universal’ character of the treaty, showing different patterns for non-Western countries (Teschke 2003).
3. Here we refer to spatial contextualities, but context could also be related to time. History plays a key part in framing the role and impact of policies and specific measures. To give one example, we might consider the changing context in the economic fortune of a given city over time. For instance, Detroit was the capital city of Fordism in the 1950s (with more than 1,850,000 inhabitants), while in 2013 (with less than 640,000 inhabitants) it entered default and was the US city with the highest share of individuals living with an income under the poverty line (36 per cent), only superseded by Cleveland in 2019 (US Census Bureau 2020). All else being equal, the very same policy might have an entirely different outcome in 1950 compared to 2019.
4. In urban studies, the concept of ‘urban’ has been stretched in many directions, following different theoretical approaches. Some authors decouple the urban built environment (and its jurisdictions) from urbanization processes that, conversely, are considered to be based on planetary interdependencies: “spaces that lie well beyond the traditional city cores and suburban peripheries – from transoceanic shipping lanes, transcontinental highway and railway networks, and worldwide communications infrastructure to alpine and coastal tourist enclaves, ‘nature’ parks, offshore financial centres, agro-industrial catchment zones and erstwhile ‘natural’ spaces such as the world’s oceans, deserts, jungles, mountain ranges, tundra, and atmosphere – have become integral parts of the worldwide urban ‘fabric’” (Brenner and Schmid 2011, p. 12). This definition challenges our understanding of the urban, but also shows us the tension and the differential speed between relatively institutionalized jurisdictions and processes of social and economic change.
5. The origin of the concept of subsidiarity dates back to the seventeenth century and has since then characterized multiple struggles (from religious to political) connected to the territorial organization of power. Being at the foundation of federal systems, subsidiarity addresses the allocation (or use) of authority within a political order in the belief that smaller territorial units are better able to achieve social justice (Føllesdal 2014). The definition of subsidiarity implies that matters ought to be handled by the smallest (or lowest) competent authority, meaning that a central authority should perform only those tasks which cannot be performed effectively at a lower level (Waschkuhn 1995).

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# PART I

## LOCALIZING RISK AND VULNERABILITY

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## 2. Localizing new social risks

*Costanzo Ranci and Lara Maestripieri*

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### INTRODUCTION

This chapter is focused on new social risks and the relatively recent emergence of social vulnerability from an urban social policy perspective. In the last two decades, the idea of new social risks has become particularly relevant in the social policy discourse, but with no or very little attention paid to risk differentiation resulting from the variety of local contexts. This lack of attention towards ‘localized social risks’ is paradoxical, as protection against new social risks requires the supply of social services, which are mainly provided at the local level. Though local welfare policies play an important role in this respect, their impact, including the implications of local configurations of social risks, have largely been ignored within the scientific literature – with a few important exceptions.

In this chapter we start filling this gap, showing the empirical evidence on new social risks and their local differentiation, whilst considering the role played by local welfare policies to protect people against them. The chapter is organized as follows. First, we introduce the concept of new social risks and describe their main drivers. Following which, we see how the spread of new social risks paves the way for social vulnerability to emerge as a syndrome that is distinct from poverty or deprivation. Next, we introduce the dimension of locality into the debate on new social risks, reviewing those studies that have analysed new social risks in the urban debate. In conclusion we argue for a wider integration between the debate on social vulnerability, new social risks and urban studies, in order to consider locality as one dimension of the contemporary structure of risks.

### THE RISE OF NEW SOCIAL RISKS IN POST-INDUSTRIAL SOCIETIES

In recent decades, contemporary societies have been facing a dramatic transformation in their risk structure, which has greatly contributed to an expanded sense of insecurity in the population (Esping-Andersen 1999; Armingeon and Bonoli 2005). Until the 1970s, Western capitalist societies developed on three basic foundations: high employment stability, a broad and generous welfare system, and the persistence of relatively strong family ties based on a traditionally gendered division of roles. The post-war growth of welfare systems has made a substantial contribution to the bond between the dominant organizational model in the sphere of production and the dominant pattern in the family sphere, offering protection against what was considered the most serious social risk: losing a job (Esping-Andersen 1999).

In such societies, it was recognized that conditions like unemployment or illness were consequences of factors beyond the control of the individual and that they had important negative consequences for the whole of society. Certain events that for various reasons prevented a person from working – sickness, accident, unemployment and old age – assumed the status

of ‘social risk’ and involved a recognition of the right to public protection. Because these negative events and their frequency were clearly identifiable, they could be analysed, predicted and protected through welfare mechanisms. In occupational welfare systems (Ferrera 1996), social protection was mainly guaranteed to male adult workers, whilst dependent members of the household – children and women – were supposedly protected by male breadwinners, whose economic stability ensured the security of the entire family.

Since the 1970s, the three foundations (standard work, nuclear family and generous welfare protection) on which post-war societies rested have progressively lost their capacity to provide for the well-being and security of many citizens (Pierson 2002). According to Esping-Andersen, these institutions are today the principal sources of risk (1999). Three main dynamics of erosion have been identified: the destabilization of the labour market, the weakening of family-based support, and the inadequacy of modern welfare states to provide protection against new social risks.

The first form of erosion regards the organization of work. The fundamental break with the industrial wage-earner model lies in the increasing job insecurity. There is nothing marginal in this trend: increasing job insecurity is a mainstream process, mainly determined by a progressive shift from manufacture to a service-based economy. The tertiarization of the economy is the outcome of several trends: first, the technological transformation has automatized the more routine jobs in manufacture, reducing the weight of the industrial sector within total employment; second, part of the previously in-house support activities have been outsourced to specialized companies (such as accounting, advertisement and cleaning); third, the expansion of state intervention has created new jobs in education, health and social services (such as caring for the vulnerable, for example).

Whilst higher availability of non-standard jobs has favoured increased participation of people from social categories previously excluded from the labour market (such as women, hence the feminization), the price of the de-standardization was a loosening of the capacity of employment to protect individuals from economic insecurity and the diffusion of in-work poverty across European societies. As many authors have recently pointed out (Hacker 2019), the diffusion of financial strain and temporary poverty are some of the main effects of increasing temporary insertion into the labour market. In general, seasonal and temporary workers are also the first victims of economic stagnation, such as in the present pandemic. Those workers with lower wages and fixed-term contracts tend to be concentrated within those sectors most affected by lockdowns and COVID-19 (such as tourism, culture, leisure) (Eurostat 2020). Employment losses have been concentrated amongst immigrant workers, women and younger workers – groups that tend to be lower skilled workers, for whom employment conditions are generally worse and the possibility of remote working is unlikely (Cortes and Forsythe 2020; Béland et al. 2020).

The second form of erosion consists of the gradual weakening of kinship support networks as a consequence of new demographic trends and an individualization of social life. The demographic balance between generations has been dramatically altered by an ageing population, due to concomitant longer life expectancy and lower birth rate. Older people are more vulnerable to infection than other age groups in the pandemic crisis, and therefore need special forms of protection and care (Brooke and Jackson 2020). Moreover, new forms of households have developed, whilst previously established family models have experienced profound internal reorganization: the participation of women in the labour market has left progressively unmet care needs within families that were previously organized around rigid, gendered roles. In this

process of emancipation from traditional models, the family capacity for collecting and redistributing resources to the benefit of its weakest members has reduced, paving the way for difficulties in work–care reconciliation and social care provision. The pandemic has highlighted the contradictions of a system that requires women to work without providing sufficient support for their unpaid labour: gender inequalities in terms of hour reductions and voluntary leave have been exacerbated by the closure of nurseries and schools during lockdowns (Blaskó et al. 2020). Finally, new risk profiles have emerged for which the existing national welfare states are not adequately organized to provide a satisfactory response (Taylor-Gooby 2004). As such, calls have been made for a general recalibration of the financial and organizational architecture of the welfare state (Esping-Andersen et al. 2002; Ferrera and Rhodes 2013).

In the most recent decades, the changes mentioned above have caused the progressive appearance of ‘new social risks’ (NSRs hereafter). According to Taylor-Gooby (2004), these risks differ from ‘old social risks’ as their impact in industrial societies was not considered so extensive or relevant as to call for specific measures of social protection; an impact that has instead significantly increased in the last decades. The emergence of NSRs has therefore been a political, as well as a social process. Specific situations have become so potentially dangerous nowadays that they call for specific safety or compensatory public measures.

Many authors have tried to identify the peculiarities of NSRs. According to Esping-Andersen, NSRs are to be understood firstly as life-course risks. Whilst traditional social risks were concentrated on the two ‘passive’ tail ends of life (on children and old age), in post-industrial societies, with heightened family instability, widespread unemployment and more insecure careers, “life-course risks are now bundling in youth and prime age, adult life” (Esping Andersen 1999, p. 42). If traditional social protection systems privileged family allowances and pensions to protect larger families and old age, NSRs ask for policies supporting the young in their insertion into adult life, since it is they who are most affected by unemployment, lower wages and household poverty. A second characteristic relates to the spread of family instability and the consequent failure of many one-earner households (including single-parent families) to provide protection against poverty and social exclusion arising in the labour market. Finally, according to Esping-Andersen, “what is called for is not more, nor less, welfare state but a major overhaul; a reprioritization of goals, a recast emphasis in favour of young families and, especially, their servicing needs” (Esping-Andersen 1999, p. 167).

A further clarification in the definition of NSRs comes from Taylor-Gooby (2004). NSRs are mainly located within two difficult challenges for individuals in post-industrial societies: balancing work and family life, on the one hand; and on the other, entering the labour market, maintaining stable, reasonably well-paid employment, and gaining adequate training in a more flexible labour market. As a consequence, NSRs more commonly affect people at the younger stages of their lives, since they are mainly to do with entering the labour market and establishing a position within it, and with care responsibilities primarily at the stage of family building. Second, NSRs may represent more serious problems for individuals without adequate training or education. Finally, they involve both labour market and family life, and thus extend the demand for state intervention into areas of life that had been perceived as private from an old-risks perspective.

Armingeon and Bonoli (2005) have attempted to define NSR profiles more specifically, considering them a consequence of instability of family structures and de-standardization of employment. They identified the following risks: reconciling work and family life, single parenthood, having a frail relative, possessing low or obsolete skills, and insufficient social

security coverage (due to discontinuous work careers). In spite of their diversity, all these risks share the following characteristics: being new (as they were marginal in old social risks societies); concentrated in younger people, families with small children, or working women. These aspects are not fully covered by post-war welfare states.

To conclude, NSRs have not yet been completely defined. This is due to two main reasons: the complexity in capturing the whole range of multiple risks, differently distributed in different contexts (Ranci 2010) and a lack of systematic comparable data on most of these risks and their impact on individuals or households. In general, a tentative map of NSRs should include the following: (1) risk due to difficult work–care balance; (2) risk related to precarious participation in the labour market; (3) risk due to temporary (rather than permanent) poverty or financial insecurity; (4) long-term care needs (related to ageing). A further risk not yet considered, which is strongly locally based, relates to unaffordable housing situations. We will see below how relevant this risk is, especially in its intersection with other social risks.

A further issue regards the people most affected by NSRs. Traditional groups considered in the debate on NSRs have been children and young people, single mothers, low-skilled and low-waged service workers, long-term unemployed and temporary workers (Zutavern and Kholi 2010). Whilst the first formulation of NSRs did not include older people in need of care, more recent formulations have included this group (Bonoli 2007). However, people with migrant backgrounds have been largely neglected in this discussion, which is a paradox if we consider the relevance attributed to globalization on the drivers of recent labour market transformations. In fact, migrants have been considered the first victims of casualization and downgrading of working conditions, largely occurring in many economic sectors in post-industrial countries (Sassen 1995).

## FROM NSRS TO SOCIAL VULNERABILITY

If a conclusive list of NSRs is hard to define, in some regards the scientific discussion presented above has clarified what is peculiar in NSRs. In risk analysis, risk is defined as the possibility of a negative outcome or significant damage as consequence of one (or more) factors, called ‘risk factors’. The negative outcome clearly identified in industrial societies was the loss of a permanent job. Social protection against this risk was basically aimed at reintegrating that income which was not guaranteed by an employment position. However, as the discussion above shows, NSRs are related to negative outcomes that do not primarily stem from the loss of a job. Rather than one’s position in the labour market, the new risks depend on the difficult connections between the labour market, household organization and public welfare. And it is precisely their ‘intermediate’ positioning in the gap between these different social spheres that has made public recognition of NSRs very difficult (Taylor Gooby 2004). As a consequence, the public status of NSRs is far from being generally recognized and considered.

A second peculiarity of NSRs is that the relationship between factors and negative outcomes is complex and multidimensional. Negative outcomes in industrial societies were basically the result of four risks around which the main mechanisms of social protection were constructed: sickness, old age, disability and unemployment. In post-industrial societies, however, individuals participate in the distribution of collective resources through a number of different channels. A high share of the individual/household income, for example, comes from participation in the distribution of public resources (Esping-Andersen 1999). Since people simultaneously



participate in a number of different resource distribution systems, NSRs basically arise from the difficult combination of different mechanisms of resource distribution, as the case of care-work reconciliation problems clearly shows (Lewis et al. 2008).

It is in this aspect that the inadequacy of the traditional notion of social risk is found. Within a system characterized by the participation of individuals in a number of different resource distribution mechanisms, the chance that specific risk factors cause negative outcomes depends not only on a specific risk factor (such as unemployment, for example), but also on the available monetary and knowledge resources of individuals, their class position, their gender, household organization, protection offered by the welfare state, and the capacity of individuals to organize and manage complex situations. The same factor may well produce different impacts on individuals and families, with some individuals and families being more vulnerable than others to the same risk factor. Moreover, the intersection of several potential factors of disadvantage in the same person can magnify the negative outcomes to which an individual is exposed, determining a multiplicative effect of risk on her/his material conditions (Castán Broto and Neves Alves 2018).

Risk analysis has introduced the concept of *vulnerability* to explain how the effect of the same risk factor can be different amongst individuals equally exposed to a particular risk factor. In risk analysis, these two aspects are conceptualized in separate ways: one aspect is hazard (the probability of a potential negative situation occurring) and the other is vulnerability (the degree of exposure to damage that may result from the situation) (see Birkmann et al. 2013 for a review of these concepts). Vulnerability, therefore, accounts for the distribution of a negative outcome within a population in relation, not to the cause (the risk factor) that determined it, but to the greater or lesser exposure of the population to suffering the consequences of this cause. In other words, vulnerability identifies a situation characterized by a state of weakness which exposes a person (or a family) to suffering particularly negative or damaging consequences if/when a specific risk factor occurs. Vulnerability does not necessarily identify trajectories of impoverishment or social exclusion, but rather a higher degree of exposure to serious damage: dependent persons may suffer severe impoverishment if they are alone or have no access to care services; temporary workers may suffer serious damage if they become sick; a low-income family may fall into a condition of full poverty if a member of the family loses his/her job or if a child is born and the woman is obliged to stop working.

From this perspective, vulnerability is peculiarly characterized by instability (Ranci 2010). Consider the examples of temporary workers, people hit by chronic invalidity and families floating above and below the poverty line. These are situations characterized by access to partial social rights, by instability in their access to fundamental resources, and by the overall fragility of social and family relations. What they have in common is that their position within the main systems of social integration (work, family and the welfare system) is characterized by insecurity.

It is from the instability of the social position occupied that the notion of vulnerability draws its relevance (Castel 2016). Exposure to the risk of serious negative outcomes depends not only on an individual's position within society, but also on a broad set of situations in which people fluctuate (Castel 1995). Fluctuation occurs in various ways: horizontal mobility between different jobs, flexibility in work and family roles, uncertainty over the position occupied, absence of welfare guarantees and difficulty in reconciling and coordinating different roles and responsibilities. Whilst, on the one hand, such fluctuation opens up the possibility

for many individuals of “building their own biography” (Beck 1992), on the other hand, it contributes to social instability and difficulties in being independent.

The spread of NSRs, therefore, brings out the importance of social vulnerability. This is characterized by uncertain access to fundamental material resources (a wage and/or welfare benefits) and/or by the fragility of the family and community social networks. It is characterized not only by a deficit of resources, but also by exposure to social disorganization, which reaches such a critical level as to put the stability of everyday life in danger. It takes the form of a life situation in which autonomy and the capacity of individuals and families for self-determination are threatened by the introduction of uncertainty into the main systems of social integration. The instability of social position translates into a reduction of opportunities in life chances and possibilities for choice. It is characterized not so much by the scarcity of resources tout court, as by the instability of the mechanisms used to obtain them (Hacker 2019).

Vulnerability has been often considered a preliminary stage of poverty trajectories, or as a situation characterized by a high probability of becoming poor. People experiencing this situation are indeed in a fragile position that can easily be worsened by individual factors such as sickness, unexpected expenditure, or a health crisis, such as the recent one. However, vulnerability does not *necessarily* lead to poverty or social exclusion. Being in temporary employment, facing a high risk of eviction or a protracted lack of housing solutions, running the risk of being trapped in an ethnically segregated secondary labour market, or being excluded from or segregated in the labour market due to difficult reconciliation problems, such as a single parent with very young children, are all a difficult situations per se, but people in these situations might not be poor. However, their situation might worsen if a negative event occurs. Vulnerability prevents people from making projects and long-term investments and exposes them to anxiety and fear for the future.

Finally, the spread of social vulnerability matches with the analysis of Beck on the future of contemporary post-industrial societies. According to Beck, uncertainty is not a transitory syndrome but a permanent trait of a post-industrial society. Industrial societies were strongly oriented toward future development, and this explains why their propensity to risk was so high: in those societies the logic of the production of wealth dominated over the logic of the production of risks (Beck 1992), and the latter were considered only as latent side effects. In post-industrial societies, however, risks have moved to centre stage. Confidence in the ability to keep risks under control is replaced by the idea that risks are not fully predictable and controllable. According to Beck, “a utopia of security” with a peculiarly negative and defensive character has grown. Nowadays it is no longer a question of obtaining something good, but just of avoiding the worst: the dominant purpose has become self-limitation (Beck 1992).

To conclude, social vulnerability has become very relevant nowadays, as it captures the situation of uncertainty and insecurity affecting a large group of the population in contemporary societies. It highlights how the boundary between integration and exclusion is often blurred in societies where resources are not distributed on a permanent basis and according to stable criteria and mechanisms. On the other hand, it is the uncertain status of vulnerable people that makes the empirical measurement of social vulnerability difficult.

## LOCALIZING NSRS

The wider scientific discussion on NSRs has so far neglected the relevance of local determinants of social vulnerability. This can be mainly explained by the fact that most structural dynamics driving the diffusion of NSRs are analysed and investigated at the macro-level, leaving context behind. For example, the de-standardization of work is clearly a phenomenon generated on an international scale and affecting, though to different extents, the majority of Western advanced capitalist societies. The same happens for general change, such as the individualization of the life-course, household instability, the ageing of the population, and so on.

Despite the fact that NSRs are mainly produced by macro trends (though with relevant local variability), social vulnerability is a more locally sensitive, and strongly context-based, phenomenon. If NSRs can be represented as a seismic disturbance affecting large territories, social vulnerability mainly depends on the configuration of local welfare societies and their capacity to protect people from possible damage. Localities affect the way in which individuals are exposed to vulnerability. Vulnerability is therefore differentiated not only by country, but also by locality within countries, and even by location within a specific neighbourhood of the same city (Bernard and Šafr 2019).

The relevance of the local dimension in social vulnerability is mainly due to three aspects. First, social risks affect citizens in different ways, depending on local attributes, such as features of the production system, of the housing sector, of the labour market. Cultures and traditions may also play a role in supporting/preventing specific strategies for dealing with NSRs within the local population. Second, territorial dynamics may worsen the vulnerability of specific residents by exposing them to further, locally-based risks: for instance, lone mothers, older people, precarious workers, households exposed to unaffordable housing conditions. NSRs may affect them differently, depending on the specific configuration of their individual and household's risk structure. Finally, the difficulty of national welfare systems in adequately addressing the rise of NSRs and the consequent rescaling policy dynamics (Kazepov 2010) have recently given local welfare systems greater relevance (Brenner 2004). In the discussion that follows, we review how scholars have addressed these aspects.

## DIFFERENT RISKS IN DIFFERENT PLACES

The local variation in the profiles of those most exposed to NSRs is the first analytical dimension that emerges by applying the social vulnerability approach to urban studies. By local variation, we mean the specific role played by the neighbourhood, city or territory in which an individual exposed to NSR lives, and that might be a mechanism triggering vulnerability. Research has identified several profiles that might be exposed to NSRs: households living in a condition of temporary poverty or financial strain (Revilla et al. 2018), women with unresolved care-work problems (Jensen 2017; Watt 2018; Langford et al. 2019), chronically ill or disabled people (Fabula and Timár 2018), the young with a low-asset family background (Hochstenbach and Boterman 2017), and low-income older people living in gentrifying areas (Buffel and Phillipson 2019). For these profiles, it becomes increasingly difficult to satisfy basic needs when they are located in a place that magnifies their vulnerable condition. Multiple disadvantages, including some related to the local context, may contribute to worsening their situation. This especially occurs in the case of migrants: the intersection of

locality and migrant background explains the spread of multiple deprivation in urban areas characterized by a high concentration of migration flow (Castán Broto and Neves Alves 2018).

Escott (2012) found that the UK local labour market significantly shapes the joblessness of women through their occupational segregation within particular industries, exposing even highly employable women to a higher risk of unemployment, discrimination and loss of career aspirations than men. The same study shows that a migrant background intersecting with gender disparity and territorial fragility increases the magnitude of social disadvantage: black and minority-group women were represented by almost double the unemployment rates of white British men in the same areas (Escott 2012).

The study of Palomera (2014) on working-class migrants' strategies to cope with access to home ownership in Barcelona clearly depicts how social vulnerability changes in relation to different intersectional disadvantages. Migrant newcomers need to access affordable housing whilst working in informal markets with no regular contracts. Migrants who have previously arrived and are already documented sublet unregistered rooms, offering shelter and social contacts to those recently arrived. The revenue made by subletting is then reinvested to pay the mortgage needed to access housing property, which is their only access to permanent housing in a context providing low-income people with neither affordable houses to rent nor public housing.

Cities have progressively become less welcoming to low-income groups. The lack of affordable housing solutions for the lower and lower-middle class population is the outcome of a double process: on the one hand, the retrenchment of the public housing sector; on the other hand, an increasing appreciation of the housing market in central neighbourhoods (Cucca and Ranci 2016). Especially in Southern European cities, housing is also a financial protection compensating for low social benefits (Arbaci 2019). Home ownership – which is higher in Southern than Northern Europe – has nevertheless become a critical aspect for people exposed to NSRs. Aramburu (2015) focused on working-class young people moving out of their parents' house. Their precarious condition in the labour market (combining a low salary with a short-term contract) dampens their capacity to access home ownership, especially in the case of drop-out, lowly qualified, unemployed or under-employed workers. Spatialization of housing costs also disproportionately impacts on women already exposed to NSRs (Watt 2018). A variety of intersecting mechanisms have been reported: for example, rising housing costs in inner city areas lock women out of those areas where local welfare services are likely to be more diffuse (Murphy 2017) (see also Chapter 11 by Reinprecht in this volume). Urban policies aimed at urban requalification led to the contraction of the rental market, with the consequent displacement of those who were unable to afford these renewed neighbourhoods (Cucca and Ranci 2016). Individual preferences, resources and restrictions determined by the housing market trigger a concentration of poor people in poor neighbourhoods: poor people tend to live in deprived areas because they cannot afford to live elsewhere, given the sorting process of the housing market (Manley et al. 2012).

Housing is also a problematic issue for the elderly. Ageing has many spatial implications due to reduced mobility, which makes local circumstances of living one of the crucial aspects through which social vulnerability comes into play. The debate about age-friendly cities focuses on this issue, stressing in particular the need to ensure an ageing-in-place right to older people (Buffel and Phillipson 2019). How to deal with the right to ageing in place within a context of growing loneliness experienced by older people (due to a weakening of kinship

support in cities) is one of the most difficult challenges for social policies and urban planning in contemporary Western advanced capitalist societies (Steels 2015).

To sum up, locality contributes to the way in which residents in specific places are affected by NSRs. Local aspects related to the structure of the labour market or the housing sector conspire to raise the exposure to NSRs for specific groups of people. Urban research has shown that social vulnerability mainly rises at the intersection of multiple critical conditions, most of which (such as housing conditions) are locally determined. Furthermore, the coping strategies of vulnerable people are also locally and spatially constrained. The social and spatial quality of local spaces (of specific neighbourhoods, but also of particular buildings) plays indeed an important role in allowing access to housing (as shown in the case of the migrant groups in Barcelona) or permanence in the same urban area (which is shown to be important for many frail older people).

## LOCAL DRIVERS OF VULNERABILITY

There are few studies in which the concept of social vulnerability has been applied as a heuristic concept to study the local determinants of NSRs in different local areas (Ranci et al. 2014; Maestripieri 2015; Kasearu et al. 2017). In many other cases, however, though studies have not explicitly adopted the concept of social vulnerability, they have captured important trends and issues that can be analysed using the analytical lens of social vulnerability. Most of the issues at stake in such studies are at the core of the contemporary urban studies debate.

How local disadvantages transmit into individual vulnerability has been fiercely debated. Studies from different traditions agree that living in a peripheral area is an important driver of vulnerability (Rodríguez-Pose 2018; Kemeny and Storper 2020). An urban environment can in fact prove to be a supportive tool for those profiles who might be more exposed to NSRs. Poverty is now more concentrated within suburban areas than big cities. Welfare states mediate in this process: suburbs are the areas that benefit most from higher levels of national spending, whilst suffering more in countries where spending is lower than the European average (Zwiers and Koster 2015). Using a qualitative approach, a study by Revilla et al. (2018) examines resilience to vulnerability across Spanish households by comparing two localities: a suburb of Madrid and a rural town in the same region, La Mancha. In the first case, vulnerable people were more likely to access support through social relationships within their neighbourhood. However, this social capital was available only to those who had been living in the area for some time, and excluded newcomers, magnifying the vulnerability of immigrants. In the rural case, the possibility of reverting to agriculture, thanks to investment savings in the acquisition of agricultural land, allows individuals to meet a level of subsistence. In case of harsh financial constraints deriving from unemployment, this livelihood at least enables individuals to cover the basic household needs. But the lack and dispersion of social and unemployment services calls into question the possibility of changing one's situation in the medium term (Revilla et al. 2018).

Along the same lines, studies exploring the neighbourhood effect in urban areas, mainly characterized by high poverty and/or ethnic segregation, show ambivalent results in respect of the possible effect of the context on social vulnerability (Cucca and Ranci 2016). The debate on the neighbourhood effect concentrates on a simple question: can a concentration of poverty make individuals poorer? Although the evidence is mixed and one of the main criticisms is

that studies use neighbourhood differences as a mere evidence of neighbourhood effects, this argument has begun leaking into urban policy, triggering mixed housing strategies (Manley et al. 2012). Most of the studies in this tradition rely on sophisticated statistical models and the results change depending on the way that the neighbourhood effect is operationalized. A study by Bernard and Šafr (2019) compares income levels across different types of micro-regions in the Czech Republic. They show that negative neighbourhood effects are stronger in the case of rural regions that are a greater distance from urban centres, with low-skilled employment, compared to deindustrialized regions in peri-urban areas mainly characterized by higher unemployment rates and extended social exclusion. Specific social groups suffer more from the effect of living in a rural peripheral area: women and high-skilled individuals are more exposed to social vulnerability compared to any other individual profile, in line with the intersectionality argument previously cited. This counterintuitive result might be explained through the concentration of high-skilled labour demand in cities and its absence in rural peripheries (Bernard and Šafr 2019).

It is not surprising to find women amongst the more disadvantaged profiles in rural peripheral areas. Jensen (2017) argues that the combination of a local productive structure and its local welfare system might favour the employability of women, by offering good quality service employment and in-kind services to ease the work–family balance (Jensen 2017). A study from Langford et al. (2019) demonstrates how accessibility to the Welsh policy of free early education and childcare of working parents mainly depends on the matching between supply and demands that occurs at the local level. Geographical variations in access to existing levels of childcare provision matter when we consider the capacity of the welfare state to mediate between the occurrence of a need for reconciliation and the emergence of vulnerability (when reconciliation is not met). Their analysis shows that urban centres more adequately supply services to satisfy for need for reconciliation, compared to low-inhabited localities such as rural communities. The same finding characterizes the study of Fabula and Timár (2018): framed in the right to the city debate, they show how being a woman in a rural periphery of Hungary is more likely to deprive one of access to social services, especially in the case of disabled or chronically ill persons, further magnifying their condition of vulnerability (Fabula and Timár 2018).

The neo-Lebiefvrian discourse has been one of the ways through which a more complex discourse about gender and the multidimensional disadvantage of women has recently been debated in urban studies (Beebejaun 2017). Watt's (2018) study on London collects biographies from homeless lone mothers living in temporary accommodation, displaced by the urban renewal operated in the city when hosting the Olympic Games in 2012. Women's vulnerable condition is strongly worsened by their displacement into social housing buildings that are located far from their neighbourhoods and primary networks. The city urban renewal project triggered the gentrification of areas in East London and the most vulnerable profiles as lone mothers are no longer able to access the private housing market, eroding their right to the city (Watt 2018).

Gentrification is thus one of the main local drivers of vulnerability for people living in the city with low income and no access to housing ownership, including older people of working-class origins (Buffel and Phillipson 2019), the young (Hochstenbach and Boterman 2017) and lone mothers (Watt 2018). Gentrification is strongly driven by urban professionals who are attracted to urban city centres as they offer good quality urban amenities, good mobility infrastructures and services for care–work reconciliation. However, the social mix dynam-

ics driven by gentrification in its early stages are often counterbalanced by self-segregating processes (Manley et al. 2012), mostly expressed by school segregation (see Chapter 14 by Boterman and Lobato for a more detailed discussion on this topic). Frank and Weck (2018) show that in some contexts, such as Hanover (where their study is based), middle-class parents living in socially heterogeneous settings have ambivalent feelings about separating themselves and their children from low-income or ethnic populations. Nevertheless, Boterman et al. (2019) stress that school segregation is one of the most evident processes taking place in European cities and it has become even stronger than residential segregation in cities where school choice is allowed. This issue is discussed in detail in Chapter 14, but for now, suffice to say that this phenomenon is the outcome of the mobility strategies of middle-class parents who try to preserve the supposed quality of education of their children, whilst at the same time, escaping from the increasing ethnic and social mix of urban centres. Middle-class reproduction strategies also drive gentrification through the housing choices of young people leaving the nest. Hochstenbach and Boterman (2017) show that social class background is a determinant variable in Amsterdam to predict the neighbourhood in which young will move after they leave their family of origin. Thanks to parental financial support, middle-class children are in fact able to access housing property in gentrifying or high-status mature-gentrification neighbourhoods, while children of low-asset parents move disproportionately to peripheral neighbourhoods.

A study from Buffel and Phillipson (2019) explores the effect of gentrification on older people. They interview those inhabitants of Manchester who, after living their entire life in a working-class neighbourhood, have to grow old in a gentrifying context undergoing social change – characterized by new retail outlets, increase in housing costs and alterations of public spaces. Older people, especially if they are homeowners, tend to remain in their neighbourhood, even though they lack the resources to match the lifestyle proposed by the new incomers. They suffer the erosion of their primary networks: their children do not have sufficient resources to buy a house near them, exposing themselves to vulnerability and solitude in the case of the loss of a partner or long-term illness. At the same time, they experience the advantages of new infrastructures and a revaluation of their property (Buffel and Phillipson 2019).

To sum up, territorial dynamics (such as spatial urban–rural polarization or gentrification) affect social vulnerability in two main ways. On the one hand, they play an important role in selecting those people who are mostly affected by local social risks, such as rising housing costs, lack of employment due to the state of the local labour market, or reduction in social protection related to cuts in local welfare spending. On the other hand, urban dynamics may, or may not, increase the vulnerability of people, affecting their capacity to deal with social risks through service provision, resilience of locally-based social networks and stability of the housing conditions. Research shows that current socio-spatial transformations have favoured the increase of social vulnerability, especially in rural peripheries and urban neighbourhoods exposed to gentrification.

## CONCLUSION

In this chapter we have investigated the extent to which NSRs assume a local dimension, by looking at how territorial dynamics affects social vulnerability. We first introduced the concepts of new social risk and social vulnerability. Then we reviewed studies at the urban

level that show the local consequences of macro trends evidenced by the social vulnerability debate. In order to distinguish the local drivers of vulnerability, we identified two main trends: first, certain social groups are more exposed than others to local social risks, e.g. lone mothers, young precarious, elderly people; second, urban dynamics affect the capacity of those individuals to cope with situations of risk. We thus argue that certain localities, such as peripheries, rural areas or places that are in some way left behind, might magnify the vulnerability of some social groups.

Local welfare systems are generally considered to play a crucial role in the protection against NSRs (Jensen 2017). Whilst protection against old social risks was mainly organized at the national level and through welfare monetary programmes, protection against NSRs is better obtained through the delivery of in-kind services. Responding to the challenge posed by NSRs implies massive activation in terms of local welfare bodies, which are the main providers of social services and programmes (such as childcare facilities, activation schemes, social inclusion activities and housing support) (Kutsar and Kuronen 2015).

However, this new attention to local welfare is also the result of policy failures. According to Bonoli and Trein (2016), downwards rescaling strategies should be understood as a blame-avoidance strategy, aimed at eluding the commitment of state institutions, and a strategy for shifting costs and responsibilities of difficult welfare responses to NSRs from central to local authorities. More generally, especially in times of austerity, the delegation of responsibility from central to municipal governments has occurred without the provision of adequate funding, paving the way for social spending cuts or increasing inadequacy of social programmes to respond to the emergence of NSRs: a situation that has been described as austerity localism in some contexts (Cucca and Ranci 2016). Moreover, even local governments have been observed to be pursuing policy strategies aimed at shifting the cost of social protection from local to national/regional funding (Bonoli and Trein 2016). One of the main effects of such dynamics is that the downward rescaling of welfare programmes increases inequality in the distribution of NSRs and social protection against them (Kazepov 2010).

In some cases, however, localism has also played a positive role. Multilevel programmes have been implemented in some countries, such as Sweden or the Netherlands, based on a combination of central funding and local planning and delivery actions to address complex NSRs. In specific cases, central programmes have been decentralized to adapt to variable local circumstances, and this has increased their effectiveness. In general, an increasing multilevel organization of social policies is the result of trends of decentralization/recentralization of welfare programmes (Ranci et al. 2014).

The general impact of such trends is ambiguous. On the one hand, there has been a process of institution-building at the local level, which has greatly improved the local infrastructure of welfare systems in many areas and their capacity to address NSRs. On the other hand, citizens addressed local actors, already under strong financial strain due to local fiscal austerity, claiming policy solutions to unmet needs determined by national welfare retrenchment. The final result has been that social and public responses to NSRs depend not only on the characteristics of national and local welfare systems, but also on the vertical coordination capacity of welfare programmes.

The capacity of local welfare to protect against NSRs depends therefore on multiple institutional as well as social and political factors (Andreotti et al. 2012; Cucca and Ranci 2016; Johansson and Panican 2016; Ranci and Cucca 2016). An empirical analysis in 18 European cities (Ranci et al. 2014) found that local welfare policies addressing vulnerable groups (tem-



porary workers, migrants and lone mothers) through a range of programmes reached higher than national rates of coverage and/or a significant degree of innovation in policy contents or organization patterns. However, the overall protection given to individuals exposed to NSRs depended on the contributions of all institutional levels that have explicit or implicit competencies in welfare provision. Local welfare programmes were effective in protecting against NSRs to the extent that they were embedded within a national framework recognizing such risks. It was because of the presence of such conditions that cities carrying out local welfare programmes were able to make a difference and tackle unanswered social demands. In this context, welfare regimes make a difference. Whilst Northern European cities (Stockholm and Amsterdam in this research) have been highly effective in protecting against NSRs, the impact of local welfare programmes in less vertically coordinated institutional contexts was more limited. Stronger vertical coordination could also enhance equal NSR protection across territories.

In conclusion, local welfare is a relevant component of social protection against NSRs to the extent that the local system is integrated into a well-coordinated vertical multilevel institutional framework. Even in this context, inter-institutional tensions in the distribution of responsibilities and funding competencies are likely to rise, especially in times of austerity. The high coherence found in research between local configuration of NSR profiles and the structure of local welfare policies suggests that both the risk structure and risk protection are mainly co-determined by general structural factors related both to local aspects (such as the level of development of the local production system) and national aspects (such as the social protection system).

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### 3. Territorial welfare governance changes: concepts and explanatory factors

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#### INTRODUCTION

In the decades before the Great Recession was unleashed in 2007, many nation-states restructured the territorial governance of their social protection systems. The understanding behind this was the concept that the whole set of interactions engaged in by the different levels of government better enabled them to face social risks and create opportunities linked to the protection of citizens (Kooiman and Bavinck 2005). The increased participation of the different levels of government (as well as other non-governmental actors) in these interactions around the different phases of welfare state policy-making aimed to: (a) strengthen the democratic claim for proximity, through the greater involvement of citizens in the processes of policy-making and mutual control amongst governments; (b) improve efficiency in the delivery of goods and services through the tailoring of programmes better suited to local needs; (c) articulate spaces for territorial experimentation and social innovation, facilitating citizens' and NGOs' involvement and empowerment (see also Chapter 5 by Oosterlyck and Saruis in this volume); and (d) recognize territorial diversity in countries of a plural internal composition (Keating 2017; Moreno 2018; Banting and McEwen 2018). As a result, subnational governments (SNGs) generally gained ground in the implementation of social policies, even in unitary systems (McEwen and Moreno 2005; Sellers and Lidström 2007; Kazepov and Barberis 2017).

Before the Great Recession, advantages about the involvement of SNGs in social policies seemed to outweigh potential drawbacks (Moreno 2003; Keating 2017). However, in the context of the recent economic crisis, and now, at the time of writing, when all the governments of the world are dealing with the COVID-19 pandemic, arguments for and against different kinds of territorial welfare governance have been the subject of an all-embracing political and policy discussion (OECD 2020, p. 54). Involvement of SNGs, including cities and towns, in the social policy domain seems natural, since they are on the frontline, dealing with citizens' demands. In principle, they can respond in a more agile and effective way to urgent proximity needs derived from a crisis, such as, for example, homelessness or first care to migrants upon arrival in a city. Moreover, regional and local governments are aware that much of their legitimacy is obtained through the implementation of social policies, which is even more important in times of crisis (Nelson 2012).

However, there are also some general objections to the greater involvement of SNGs in social policy-making and provision in the context of a crisis. During the Great Recession, these were related to the welfare state tenets of equity and economic efficiency. In the context of the COVID-19 pandemic, a decentralization of social policy competencies and powers to SNGs could arguably endanger equal access to certain basic services or resources (Banting

and McEwen 2018). The increase in social demand, demographic stress, housing market decline and fiscal pressures have surpassed the administrative capacity of a number of SNGs. Even where they have joined forces with NGOs, as we have seen in Southern Europe or in the USA, they may still be unable to fully meet the demands of citizens (Maino and Ferrera 2015; Lobao 2016). Welfare decentralization may also cause inequalities amongst citizens living in communities where there are fewer resources, or where local authorities are socially insensitive, something which may become a legitimate claim for central government (CG) direct intervention.

Alongside concerns for social justice, national governments have been forced to balance their accounts under the auspices of international institutions. In many cases, economic responses have been accompanied by a proliferation in the conditionality of intergovernmental grants limiting the fiscal-financial management autonomy and subnational social policy-making (De Mello and Tovar Jalles 2019). An important percentage of total public spending (between 65 and 68 per cent in the EU-15) is devoted to the funding of long-standing and highly legitimized social protection, health and education policies (OECD 2019). Note that SNGs are responsible for a large share of this spending. Thus, they have aimed to avoid an excessive increase in spending. Otherwise they are faced with two options: either having to raise more money through unpopular taxes; or requesting bailouts from CG and developing a reputation of incompetence in financial management (Bonoli et al. 2019). In some cases, SNGs have attempted to cut public spending in order to avoid a possible electoral punishment resulting from a tax increase.

In the face of a global health epidemic, debates have been prompted in a number of countries, such as the USA, Germany, UK, Sweden and Spain, as to whether a centralized approach can articulate a more effective response countrywide. Centralized management may avoid the difficulties of coordinating governments of different political colouring, overcoming inequalities in health or possible resistance to providing information in some territories. However, especially in the second wave of the COVID-19 pandemic, there has been increasing debate as to whether allowing SNGs to decide on when and how to apply measures, such as lockdowns, could be more effective in terms of limiting the serious economic repercussions for the whole country (OECD 2020).

Territorial politics has tended to neglect the social dimension and research on welfare systems, taking for granted the unitary nation-state as the sole unit of analyses (Jeffery and Wincott 2010). In the wake of the Great Recession, there has emerged a growing literature on systematic comparison of the general dynamics and explanatory factors of change in multi-level systems. However, we lack systematic accounts on the trends and determinants of territorial governance reforms in the field of social policies (López-Santana 2015; Terlizzi 2019).

In this chapter we review the existing literature on the change of territorial governance of welfare systems, seeking to present conceptualizations of territorial welfare change, and its scope and direction. We analyse several factors accounting for their occurrence, using literature on territorial welfare governance and findings by previous research on reforms in contemporary times.

The next section revolves around discussion of the concept of territorial governance in social policies. After that, we reflect on some of the difficulties in grasping and making sense of territorial welfare change. Following which, we review research findings on explanatory factors and main determinants of territorial governance change. In particular, alongside contextual factors, e.g. economic crisis, we explore how other factors, such as the role of ideas

or institutions, can trigger or slow down territorial welfare governance reforms. Some final remarks are put forward with some issues to be considered for further research.

## TERRITORIAL WELFARE GOVERNANCE

Welfare expansion during the *trente glorieuses* (1945–1975), the so-called ‘Golden Age’ of the welfare state, affected systems of governance and internal governmental relationships. In both federal and unitary states, there was a move towards centralization of power. Large central bureaucracies took control of the provision of social security, healthcare, social care, and education or housing policies. Although SNGs kept a role in delivering and implementing welfare programmes, their autonomy was restrained, mainly through policy tools of standardization.

From the 1970s onwards, territorial welfare governance has moved upwards and downwards (Kazepov 2010; Ferrera 2012), shifting towards supranational levels of government, such as the European Union, but also subnationally. Both regional and local governments have become institutional arenas for greater public responsibility. Many argue that the phenomenon of change in governance is complex (Barberis et al. 2010). Different concepts have been used to label changes affecting the relationships between the central state and subnational governments.

According to the idea of ‘glocalization’, the territorial governance of welfare has become somewhat detached from CGs. Rather than being their sole public responsibility, it has migrated in two directions, both upwards and downwards (Swyngedouw 1997). Thus, subsidiarization can be conceptualized as a composite of processes of reform that captures not only the vertical or territorial dimension of governance, but also the horizontal transformation in reference to the multiplication of actors in the design, implementation and funding of social policies (Kazepov 2008).

Political scientists have dealt with the concept of multilevel governance through a rather simplified notion of the changing relationships between multiple actors (individuals and institutions) at the various spatial scales around policy-making (Hooghe et al. 2016). Concerning the welfare state, there has been a change in the territorial distribution of power from a system where CGs were almost the exclusive institutional actors, to a vertical governance system in which the responsibilities are shared among EU institutions, the European member states and SNGs, as well as by public and private (profit and non-profit) actors (Jessop 2008).

The increase of inputs relating to social policy-making at the meso level has induced the possibility of creating different regional or local welfare regimes within the same country. They consist of a set of formal and informal arrangements, through which regional or local governments and different mixes of institutions and public or private actors get involved in the provision of welfare resources (Sellers and Lidström 2007). In Italy, for example, childcare services and programmes of minimum income have often been planned, implemented and financed at the local level. A set of different socio-economic and cultural conditions, a different degree of participation and social innovation, as well as the financial constraints in the context of the crisis have thus led to a broad range of local welfare systems (Bifulco 2016). In Spain or Russia, the regional governments have used their powers to develop a series of distinct models of welfare provision in areas such as healthcare, education and long-term care (Gallego 2016; Thomson 2002).

## GRASPING TERRITORIAL WELFARE CHANGE

There are four aspects that render the identification and characterization of many of the aforementioned changes in territorial welfare governance somewhat challenging: (1) the degree of change in different dimensions of policy-making; (2) the difficulty in measuring changes in the governance of social policies; (3) the complexity in identifying some types of changes given their nature; and (4) the timing of, and processes through which, changes have been implemented.

### **Dimensions of Social Policy-Making**

There is a wide range of functions that are distributed amongst different levels of government in many territorially sophisticated systems: (a) decision-making, or political and legal regulations, (b) implementation or organizational and administrative setting, and (c) funding. In many welfare states, decision-making activities are driven by CGs, such as general laws about healthcare, education or labour activation policies, whilst implementation and funding have been decentralized in many welfare states (Minas et al. 2018).

Concerned about equality, CGs in some Nordic countries have developed national strategies of coordination so as to standardize the provision of social assistance for immigrants at the local level. In these cases, decision-making remains within the hands of CGs, who have tried to ensure a more homogeneous implementation across the country. Although implementation continues to be within the remit of the SNGs, and the CGs develop coordination strategies, it becomes difficult to pinpoint the extent to which a policy has been centralized or decentralized.

### **Measuring Change**

One issue that continues to pose a major challenge is the question of how to measure change in the territorial governance of social policies. Contributions in the more general field of comparative territorial governance can be useful in this (for a general overview, see Harguindéguy et al. 2021).

The Regional Authority Index (RAI) has tracked changes in regional authority within 81 countries on an annual basis from 1950 to 2010, using 10 dimensions around the political, administrative and fiscal powers of governments (Hooghe et al. 2016). A move towards regional authority was captured in 21 of 27 European countries, especially in formerly centralized states with higher levels of ethnic diversity or larger populations. Decentralization trends were also identified in most countries of Latin America and Southeast Asia. This is compatible with the maintenance of the arbitrating role of central states.

Building upon a critical review of the RAI, a new scheme has been developed for measuring de/centralization and autonomy from 1950 to 2015, incorporating new dimensions and indicators (Dardanelli 2019). The index identified the strengthening of some regional governments (as in Belgium), macro-local governments (as in Denmark, Netherlands and Norway), and the introduction and development of strong regional governments (as in Spain). However, it also acknowledges processes of weakening regional governmental autonomy (as in Germany), or cases in which no change has occurred (as in Sweden and Switzerland).

More specifically in the field of social policies, Sellers and Lidström (2007) have proposed an aggregate index from the different types of welfare states. It consists of several indicators

applied across 21 countries, encompassing fiscal as well as political and administrative dimensions of empowerment and supervision. It shows a close relation between the egalitarian and universalistic character of the Social Democratic welfare state and the strong pre-existing infrastructure of local governments – in the form of extensive fiscal and politico-administrative capacities.

With the aim of measuring the evolution of the role of the three territorial levels regarding several social policies through a scoring system, a new model was worked out to identify patterns of convergence toward and divergence from multilevel government (Kazepov 2010; Barberis et al. 2010). While this contribution covers changes regarding the different dimensions of policy-making (decision, implementation and financing), it does not make explicit which specific sub-indicators could be utilized to accurately measure what is happening within the role of government in these dimensions.

In addition to these results, such contributions are valuable as they suggest that the analysis of change in territorial governance should adopt both a longitudinal and multidimensional perspective. It is necessary to study not only the explicit rules of the political-institutional interaction and government structures, but also the aspects relating to the implementation of public policies (Dardanelli 2019). The analysis of change in territorial governance must take into account local dynamics, and the possibility of different territorial dynamics, depending on the scope or sector of social policy (Sabatinelli and Semprebon 2017, p. 115). Likewise, as we examine below, the analysis of any change in governance must capture its complexity and timing.

### **Nature of the Changes**

Another element that hinders an understanding of change in the territorial governance of welfare is that it can be formal or informal. Sometimes, change leaves a regulatory and legal trail. Change in territorial governance of healthcare in Italy had a formal downward nature. Through the healthcare reforms of 1992 and 1993, and the amendments to the Italian constitution of 2001, regional and local governments increased their functions in health policy, managing more resources, with more fiscal autonomy and more decision-making leeway in the organization of the health services (Pavolini and Vicarelli 2012).

Informal changes are more viable when the country's constitutional design establishes broad areas of joint and concurrent competencies between the different levels of government (Simeon 2009). Without formal legal changes, some functions related to a social policy can nevertheless be taken on board (or abandoned) by one of the levels of government involved (Kazepov 2008, p. 250). In Spain, for instance, the term 'improper powers' is used to talk about tasks assumed by local governments in order to respond to citizen demand in the areas of education, housing and youth, despite such competencies being the 'formal' responsibility of other tiers of government.

### **Timing of the Changes**

A difficulty in the analysis of the transformation in welfare governance is related to timing. These processes can take place in a diachronic or synchronic way. In the first case, China has alternated between periods of decentralization and centralization since 1949 (Béland et al. 2018). In particular, during the Great Leap Forward (1958–1961) and the Cultural Revolution



(1966–1976), the central government left pensions, healthcare and education in the hands of subnational units (provinces, prefectures and counties). However, initiatives of the central government since 2000, such as the institutional integration of social welfare programmes management and the introduction of objectives associated with subnational units, have confirmed the existence of a new period of recentralization (Zhu 2016; see also Chapter 26 by Hammond in this volume).

In synchronic processes, decentralization and centralization may coexist (van Berkel et al. 2011). For example, using explicit rhetoric of decentralization, the central government in the UK approved the Localism Act (2011). This law transferred more powers to local levels of government across all areas of social policy, social services and long-term care, as well as more local flexibility (such as council tax benefit, crisis loans, and funding for specialist housing), and allowed the organization of referendums amongst citizens regarding the payment of taxes above the level that the central government authorizes (assigned to social policies). In parallel, the Welfare Reform Act (2012) requested the establishment of austerity programmes for local government (with savings amounting to 10 per cent per year in their budgets until 2016, and a plan to reduce the deficit in four years) (Turner 2019). In this case, decentralization was accompanied by measures that were expected to ensure that subnational governments were in line with national policy objectives.

## EXPLANATORY FACTORS OF TERRITORIAL WELFARE REFORM

Analyses of the factors that explain the territorial welfare reform are still insufficiently systematic. Based on recent and more general studies on the politics of territorial reforms, we suggest in this section that several elements can be identified as having a decisive effect in the initiative and possible success of territorial welfare reforms. Following the well-known explanatory triad of ‘ideas, interests and institutions’, a fourth area concerning ‘context’ can be singled out and added for the purposes of our analytical endeavour (Hall 1997; Moreno and Palier 2005; Benz 2016; Colino 2018).

### **The Role of Ideas**

Changing ideas amongst elites, academics, think-tanks, political parties and/or wider public opinion about how to organize the system of social protection, or specific welfare policies, help to explain the content of welfare reforms (Moreno and Palier 2005). Likewise, processes of territorial reorganization can have an ambivalent nature and have sometimes been legitimized by opposing ideologies (Kazepov 2010). Normative proposals about democracy, fiscal and economic theories on territorial organization of power, preferences about egalitarianism and the role of the state and individuals can be also used to justify different models of territorial welfare governance.

Theories of fiscal federalism might be invoked to defend the notion that national governments are better positioned for making some policies (programmes involving cash transfers or economies of scale) and subnational governments are more adequate for others (provision of in-kind services, such as education or social services) (Treisman 2007). Some ideas favour the promotion of greater decentralization, providing more resources to subnational units,

which would facilitate a more particularized treatment of local problems and enabling more opportunities for citizens to participate. However, it can also be argued that policy centralization strengthens the executive capacity of government, facilitating faster and better decisions aiming to achieve fairness and equality across social groups and geographic areas. A clear demarcation of social policy responsibilities can be also claimed, allowing citizens to have primary reference points to contact when they need services or benefits, and also to reward or penalize electorally governments for their performance. According to some social innovation proposals, cities or even neighbourhoods are often regarded as loci where people experience needs, construct solidarity and community, and where there are more opportunities to mobilize and develop collective action (Moulaert 2013).

In Brazil, Argentina and other Latin American countries, and based on fiscal federalism ideas, the main purpose behind the decentralization of social policies in the early 1990s was to stimulate a more efficient provision of public goods and to improve democracy after the demise of authoritarian regimes (Brosio and Jiménez 2012). After the mid-1990s, with the fiscal crisis in Argentina and the defaults in the Brazilian federative unit of Minas Gerais, a new fiscal frame was introduced, which reoriented the process of decentralization, especially with the introduction of expenditure rules for subnational governments affecting social policies (Jiménez 2015; see also Chapter 25 by Marques and Arretche in this volume).

In the USA, the change toward a more coercive federalism during the 1960s, in which the federal government assumed a leading role compared to previous dual and cooperative federalisms, also had an ideational base. Already the New Deal had highlighted the weaknesses in the ability of states and local governments to solve the problems of an urban industrial society. Programmes of the New Deal during the 1930s (such as Old Age Insurance, Unemployment Insurance or Aid to Dependent Children) coped with a national crisis and promoted justice against the corrupt behaviour and the supremacist elites in cities and states. Decades later, the federal government began to be regarded as an engine of social change with the enactment of Medicare and Medicaid in 1964 and other important nation-wide social programmes (Kincaid 2015). From the early 1980s onwards, the extension of neoliberal ideas meant a reduction of subsidies to regions and local authorities, which stimulated subnational government to mobilize with the development of new paradigms of public management and the implementation of ‘fiscal federalism’ ideas about competition (Loughlin 2018; see also Chapter 23 by Bruch and Gordon in this volume).

Regarding citizens’ preferences about which levels of government should be involved in different policy areas, differences were expressed across Spain’s regions with regard to health services, pensions, education and social services (Del Pino and Van Ryzin 2013). Education, age, gender, social class, political ideology, a preference for taxes, and regional political identity all emerged as important independent determinants of these assignment preferences (Schneider et al. 2011). Although none of these authors establish causality, they show that preferences are quite consistent with the distribution of government responsibilities.

### **Contextual Pressures and Policy Problems**

The need to solve public policy problems in particular contexts can lead to questions about the existing institutional balance and the role of different governments in policy-making, leading to changes in welfare governance (Braun and Trein, 2014). Socio-demographic challenges and the impact of new social risks (Taylor-Gooby 2004), such as growing inequalities, the ageing

of the population, migration and financial globalization, or even public healthcare problems, are just some of the most compelling issues. These pressures affect how risks are distributed territorially and shape the functioning of welfare institutions and policies (Ferrera 2012).

National governments may opt for decentralization because of societal change, and policy responses to these stimuli require policy decisions and service delivery of programmes that have to be adjusted to the proximity criteria or tailored to the contexts of the actors involved (van Berkel et al. 2011). A case in point is the passive or protective function of the public unemployment system, which has traditionally been assigned to CG in most countries. However, SNGs have been regarded as an appropriate governmental level to be in charge of the new component of the services, the so-called activation policies, consisting of counselling, training or placement services. SNGs can adapt to the particular features of a segmented local labour market or the characteristics of local target populations (Karjalainen 2010; López Santana 2015).

Ethno-territorial and socio-economic segregation patterns, social polarization, and social exclusion are growing problems for welfare governance (see also Chapter 12 by Barberis and Angelucci in this volume). In the USA, an exclusive focus on the country-wide context obscures the role that subnational scales play in immigration policies (Ellis 2006). US federal government has maintained control over the regulation of residency, including immigrant entry and exit, but has left important degrees of responsibility to states and localities for the new residents. Some SNGs which suffered budgetary cuts have offloaded social obligations to non-profit organizations and have abandoned the service provision. In some cases, they have also lobbied and sued the federal government to have some of their costs reimbursed (Kim and Warner 2016).

Also concerning migration, a kind of ‘local citizenship’ has been labelled in industrializing rural areas in Guangdong (China), where welfare benefits are made available for the locally born, whilst excluding migrants (Smart and Smart 2001). In the context of economic globalization and territorial competition for foreign investment, local governments who carry out a wide variety of ‘institutional innovations’ in labour insurance and welfare protection have had very few incentives to provide social protection for migrant workers. These workers move around between regions, giving rise to local protectionist practices (Mok and Wu 2013). Around the world, big cities react by claiming for special status and more resources to develop their own solutions (Katz and Bradley 2013).

An important contextual factor is the economic situation. In a context of crisis, there exists a high possibility that austerity measures promoted by supranational institutions, such as the EU in Europe or the International Monetary Fund in South America, might in turn affect the territorial welfare governance, as shown in decentralized countries. In Spain, the CG witnessed an increase in spending on the social policies of their jurisdiction (unemployment insurance and pensions) because these programmes functioned as automatic shock-absorbers or stabilizers. In parallel, the CG transferred an important part of the responsibility for the social cuts to the regions. Before the 2007 crisis, the regional *Comunidades Autónomas* (ACs) had a high degree of autonomy for public borrowing and had devoted 75 per cent of their budget to social protection spending. However, from 2010 to 2016, Spanish ACs went through periods during which their revenues plummeted. The CG reduced regional autonomy imposing conditional financial grants, for instance, in healthcare (Del Pino and Ramos 2018).

In some scenarios, as illustrated by the financial defaults in Argentina, the losses of autonomy by SNGs preclude any open resistance. In contexts of fiscal consolidation, resistance and

opposition by the SNGs may generate intergovernmental conflict due the loss of autonomy and discretionary capacities for policy implementation (Schnabel et al. 2016).

Around the world, the search for solutions to the different policy problems caused by COVID-19 (including healthcare, social and economic problems) has implied questioning the existing institutional balance and the role of different governments in social policy-making. Sometimes, this policy problem approach has induced welfare governance changes. Switzerland recentralized healthcare management, the UK temporarily decentralized it, and Spain established a central emergency health command and control regime, though regions can still implement their own specific measures (OECD 2020). The strong impact of the COVID-19 pandemic on nursing homes has fuelled public debate in Sweden with many proposals for governance change, including regions devolving responsibility for the management of care homes to the central authorities, i.e. to reverse the Community Care reform initiated in 1992 (Johansson and Schön 2020).

Interestingly, the uncertain nature and evolution of the pandemic has prompted improvisation and innovation in government relations. In Italy, measures in one city (the proactive Veneto approach towards the containment of the virus consisting of extensive testing, tracing and quarantine, home diagnosis and care, specific effort to protect workers) have been extended to other regions. Some French regions have transferred patients to other regions, whilst some operative tasks were taken over by one level of government during the first wave of the crisis and by a different one in the second wave. After flattening the curve of the contagion in the summer of 2020, some European CGs preferred to have a relatively decentralized approach to reducing the economic impact of the crisis. So each region or local government could take social or health measures based on whether or not a region, or even a local government, had the virus ‘under control’.

## **Institutions**

Institutions, such as electoral rules, bureaucracy, executive or legislative arrangements, affect how power is organized territorially. Likewise, the constitutional design and both polity and policy legacies shapes welfare development. Federalism impacts on the development of social policy. From the perspective of rational choice, different kinds of federalism create different rules about the distribution of power or modes of bargaining. In each context, actors seek to maximize their power by controlling political, fiscal or administrative resources, in order to guarantee their autonomy and influence in policy-making (Rhodes 1981). In particular, the rules on the territorial distribution of power have to be taken into account in the process of welfare rescaling. By encouraging distinctive dynamics, different federal and spatial institutional architectures and interactions may determine different CG and SNG inputs in social policies, simply by means of favouring horizontal and vertical experimentation and policy learning across jurisdictions (Obinger et al. 2005).

The type of intergovernmental relations (cooperative or confrontational), together with the formal institutional framework and some ideational factors (such as the beliefs about which level of government will be most effective, innovative or promote equity) explain processes of decentralization and recentralization (see the section about the role of ideas above). This is illustrated in the case of healthcare policy in Denmark or Italy (Terlizzi 2019).

Until the early 1990s, Germany and the USA had similar systems of long-term care (LTC). In 1994, the introduction in Germany of a new LTC social insurance programme was encour-

aged in response to the concerns of the German *Länder* about the growing burden of elderly care on subnational social assistance schemes, and their veto power and pressure to the federal government in the *Bundesrat*. In the case of the USA, the absence of a federal reform of LTC can be explained by the fact that states have much weaker institutional means to force the federal government to address their problems and policy aspirations (Campbell and Morgan 2005).

Concerning public subnational expenditure, the case of Belgium confirms the expectation that the combination of high subnational autonomy in political decision-making, and low subnational fiscal autonomy increases spending at the subnational level (Rodden and Eskeland 2003; Arnold and Stadelmann-Steffen 2017).

Certain controversies exist about the complex effect of federalism on the role played by CGs and SNGs regarding their ability to retrench social policies in the context of permanent austerity (Pierson 1995). Although some reforms promoted by international institutions encouraged centralization following the Great Recession, in certain domestic contexts they improved the ability of SNGs to influence national policy-making through a CG's need to engage with them in nationwide fiscal aims (De Mello and Tovar Jalles 2019).

In Spain, the CG has an important role in the design of retrenchment in regional healthcare policy through mechanisms such as the obligation to submit financial rebalancing plans in the case of regional deficits, together with the conditioning of access to certain federal funding programmes. Although the latter reduces the leeway of subnational units, ACs have genuine political and administrative power in implementing initiatives designated by the CG and ensuring they are consistent with their social priorities. Several ACs have displayed strategies to circumvent the restrictions on access to healthcare for immigrants designed by the CG (e.g. through subventions to medical NGOs). Others have taken advantage of the CG's framework legislation to facilitate retrenchment (e.g. wage cuts), while articulating a strategy of shifting the blame to the CG as the designer of these provisions (Del Pino and Ramos 2018).

### **Interests and Strategies**

Change can be the result of a specific logic of action established according to a clear set of interests and strategies. The (in)compatibility of interests amongst actors may account for changes in the territorial welfare governance. Three parallel dimensions of conflict of interest operate in most federal and multilevel systems, which can influence territorial changes: political (between government parties and opposition parties at all levels); institutional (among institutions at central and regional level), and socio-economic (between rich and poor regions).

Although interests are not automatically translated into operative reform, the most effective manner in which they can influence territorial welfare reform is when political parties get into office. The politics of territorial reform concern both state-wide and sub-state parties' interests and strategies in the course of their competitive interactions (Toubeau and Massetti 2013). State-wide parties usually run along the left/right spectrum. However, in some countries, the territorial axis (preferences for centralization or decentralization) may articulate electoral competition too. Then the position of state-wide parties on (de)centralization becomes relevant.

In general terms, party preferences on territorial issues are related to two core ideological dimensions of party competition: the economy and culture (Toubeau and Wagner 2015). Using data from 31 countries, these authors confirm that parties on the economic left-wing are less inclined towards decentralization, because it hampers redistribution; whilst right-wing parties

prefer decentralization because it can improve efficiency in the production of public goods. However, whilst some conservative parties would oppose decentralization because it erodes national unity, left-wing parties tend to prefer decentralization since it recognizes diversity.

The position held by the state-wide parties is not only shaped as the result of its ideology and preferences around redistribution and cultural identity. It can be determined by the dynamics of party competition both at the national and at subnational level (Vampa 2017; Basile 2018). The salience assigned to the issue of decentralization amongst political parties cannot be explained by looking only at voter preferences. In the case of Belgium, for instance, the continuous relevance of regionalist parties in the Flemish party system have compelled mainstream parties to accommodate their demands for territorial autonomy regarding social policies (e.g. competencies on employment and the payment of child allowances were decentralized following the Sixth Reform of the State in 2011) (Deschouwer 2013).

Regardless of their ideological credentials on the left/right spectrum, sub-state nationalist parties also claim social policies to be a key element in achieving self-government, a strategy which aims at pushing for more decentralization (Keating 2001; Greer 2010). In regions where identity politics is already salient, such as Scotland and Quebec, central or federal government retrenchment enabled pro-centralization forces to posit regional government as the guarantor of social rights (Banting and McEwen 2018). These demands for more political power in social policy-making can revolve around the idea of solidarity within their own regional boundaries. Demands of different territorial arrangements in the field of social policy can also be driven simply to stop subsidizing other regions, or by a desire of rich regions to minimize redistribution to poor regions, as arguably could be the case of Flanders in Belgium (Béland and Lecours 2018).

## CONCLUSION

In the decades before the Great Recession, there existed a general mood for decentralization and increasing SNG involvement in social policy-making and implementation. Such developments triggered academic engagement in the study of regional welfare policies and challenged research that had been plagued by ‘methodological nationalism’. The latter continues to neglect the territorial dimension of social policies (Moreno 2018).

However, amongst other implications, the effects of the Great Recession, coupled with those of the COVID-19 pandemic, have highlighted the debate about the virtues and shortcomings of different modes of territorial welfare. It has also made evident some shortcomings in the ways in which we conceptualize and measure territorial change in the welfare state and social policies. From the 1970s, a general trend concerning SNGs – including cities and towns – has been identified as gaining ground in the implementation of social policies. Our examination has focused on how recent economic crises have clearly affected some of the governance dimensions of social policies. From the 1990s onwards, processes of upward rescaling seem noticeable in some European welfare states. In parallel, we have seen some recentralization of powers in social policy-making at the central government level and an increasing influence of supranational authorities, such as the European Commission. However, we need more studies to establish the scope and direction of future change.

Ideas, institutions, interests and strategies, as well as the need to solve public policy problems in specific contexts are yet to be further scrutinized to understand the content, direction,

occurrence and success of general territorial reforms. In this chapter, we have pondered how some of these factors might work in the field of the territorial welfare governance reforms. Yet, there is an open debate about the extent to which common contextual factors, such as globalization, the dynamics of capitalist accumulation and its economic downturn, as well as socio-demographic changes and the irruption of COVID-19 pandemics, have led to convergence processes in the territorial governance of social policies. Some of these factors have been underlined as main forces in the reorganization of subnational spaces, such as cities and city regions and welfare policies (Brenner 2004).

However, differences in timing, scope and direction of change have also been identified in the territorial governance of social policies. When differences are due to reform strategies, regardless of similar exogenous pressures, it can be concluded that institutions or actors matter above other considerations. Country features and processes of continental union in future critical junctures are also key elements to be taken into account in a comparative perspective. Comparison across countries remains an important task for researchers.

The impact on the configuration and change in welfare territorial governance demands further careful analysis. In the context of crisis, we are uncertain of the extent to which exogenous pressures have been stronger than the resistance of certain national peculiarities. The repercussions of the COVID-19 pandemic may bring about new opportunities to re-evaluate the governance of social policies.

The sheer impact of the COVID-19 pandemic speaks for itself. As of November 2020, around 1.5 million people had died worldwide. The shock to the world economy has also been immense, increasing poverty and inequality. The COVID-19 crisis has challenged humanity everywhere. In terms of public policies to address transboundary health crises, systems of governance need to be redesigned. As part of these policies, healthcare and social programmes are essential to overcome the consequences of the pandemics. To achieve such an aim, further research is needed to determine which level(s) of government should manage health, nursing homes or social transfers, and through which coordination tools and public policy instruments the negative impacts of future pandemics can be alleviated. There is certainly room to think it over.

## NOTE

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## 4. The territorial dimension of social investment in Europe

*Yuri Kazepov and Ruggero Cefalo*

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### INTRODUCTION

Social Investment (SI) emerged at the end of the 1990s in Europe as a policy perspective pursuing the modernization and long-term sustainability of Western welfare states (Midgley 1999). In order to address the changing configuration of social risks that undermine the responsiveness of welfare institutions, SI fosters the investment of public resources into ‘productive’ social policies, by combining social inclusion and economic competitiveness (Morel et al. 2012). Establishing this link has proved difficult since productivity is an ambiguous concept when applied to social policy, which is more complex than a simple production line. The effects of social policies might be long-term and indirect, aimed at social justice rather than pure cost-efficiency (Nolan 2013). This conceptual ambivalence makes it all the more challenging to analytically address the issue and raises some questions. What are the dimensions of productivity in social policy analysis? Are enablements productive as well? How do we measure long-term and uncertain outcomes, e.g., in education and active labour market policies?

The aim of SI is to increase social inclusion through education and work, by equipping the population with competencies and resources to participate in the more flexible market of the knowledge economy, requiring higher and specific skills (Lundvall and Lorenz 2012). SI is used as an analytical and discursive lens to reframe the understanding of social policies, and to rhetorically legitimize public expenditure in selected interventions, by countering neoliberal discourses that see social policies as costs.

The SI perspective has been discussed and, so far, promoted mainly at the national and supra-national level in Western capitalist societies, whilst the territorial dimension of this approach has been relatively underestimated in the debate. In this chapter, we adopt a neo-institutionalist perspective that considers the role of territorial complementarities as a useful framework to analyse the relations across territorial levels integrating the SI approach. The concept of complementarities refers to the idea that two or more elements of a specific institutional configuration have to be considered jointly in order to understand specific outcomes emerging from their synergic effects and interaction (Hall and Soskice 2001; Amable 2016). Therefore, the coordination and interdependencies amongst institutions are relevant in explaining the diversity of outcomes across socio-economic systems (Crouch et al. 2005). Accordingly, territorial complementarities result from purposeful coordination of institutions organized at different territorial levels or simply through their interaction with local socio-economic features. These may be related, for instance, to the productive system, to the labour market, to specific social norms or demographic dynamics. Complementarities between local institutional configurations and contextual socio-economic conditions add a layer of complexity to simple institutional complementarities and have a crucial impact on

life chances. In this chapter, we will concentrate on this spatial dimension, although time and historically specific arrangements within which SI develops influence its impacts on welfare provisions and individuals' life chances as well.<sup>1</sup>

In the first part of the chapter, we describe the SI approach and review its main pros and cons, as highlighted by the scholarly debate. Next, we maintain that the relevance of the territorial scale in the SI perspective is due to the interaction between four main tendencies: (a) the reliance on the provision of capacitating services; (b) the process of institutional rescaling; (c) the persistence of spatial inequalities at sub-national levels; and (d) the characteristics of the knowledge and learning economy. Finally, we argue that a place-sensitive approach to complementarities should be included within the analytical framework of SI. We stress the role of contextual and institutional conditions (Kazepov and Ranci 2017), which can be strongly territorialized, in fostering or hindering SI interventions.

## SI AS A POLICY PERSPECTIVE: ASSUMPTIONS, CRITICS AND THE ROLE OF CONTEXT

Given the changing nature of social risks (see Chapter 2 by Ranci and Maestriperi in this volume) that follows far-reaching structural changes in economic systems, technological development and demography, mature welfare states face increasing pressures (Hemerijck 2017). Against this background, SI emerged at the end of the 1990s as a policy perspective advocating the relevance of the welfare state in employing public resources to foster 'productive' social policies, which could support the competitiveness of economic systems and have positive externalities for society (Giddens 1998; Esping-Andersen et al. 2002). According to this perspective, social policies could be seen as "local collective competition goods" (Crouch et al. 2004, p. 2).

According to the SI perspective, policy interventions should focus not only on protection, but also on prevention, preparing individuals to face the less predictable configuration of social risks affecting contemporary societies. SI contributions refer to a positive theory of the state, which should take on a redistributive function, providing social protection to citizens in need, as well as a capacitating one, providing services that promote human capital and work-life balance (Morel et al. 2012). The main aim is to increase participation in the labour market, especially in high-quality jobs: SI can be understood as policy investment in tomorrow's tax-payers, as future productive workers (Hemerijck et al. 2016). However, this should not be a substitute for conventional income guarantees (such as minimum income schemes and unemployment benefits) since the minimization of poverty and income security is a precondition for SI to be effective (Esping-Andersen et al. 2002). The ambitious goals of SI have to be pursued through a comprehensive policy mix (Solga 2014), broadly encompassing education policies, labour market policies, poverty alleviation policies and family policies.

The SI approach has been criticized because of its productivist orientation, which seems to privilege the employability of individuals rather than their well-being. According to one of the most critical strands of the literature, a narrow SI focus on activation and cost-containment could potentially ignore new forms of poverty and their increasing levels (Nolan 2013), thus leading to a re-commodifying attitude governed by market driven logics. Other scholars highlighted how SI interventions could even aggravate social inequalities, favouring higher- and middle-class households and fostering the so-called Matthew effects.<sup>2</sup> At the same time, the

focus on the enhancement of human capital seems to be at odds with the inability of many economic systems to produce ‘good jobs’ for a large share of citizens (Taylor-Gooby et al. 2015). A further critical element is represented by the high costs of SI policies, hardly sustainable in times of austerity, and the risk that they might crowd out more traditional social protection and redistribution (Cantillon and Vandenbroucke 2014).

SI policies work differently under different institutional and socio-economic contextual conditions, so that SI developments cannot be explained solely on the basis of different ideological attitudes or by the amount of public investment (Kazepov and Ranci 2017). The equation: ‘Context + SI = Outcome’ bears important consequences for SI policies’ implementation, as positive outcomes might be achieved only under specific circumstances. Neglecting the ‘Context’ element in the equation would produce misleading interpretations of the SI impact, reinforcing ill-advised ‘one-size-fits-all’ policies and easy institutional shopping Europe-wide. Using Italy as a critical example, Kazepov and Ranci (2017) show that the structural disconnection between the education system and labour demand exposes human capital investments to the risk of over-education and poor economic returns. In this chapter, we maintain that institutional and socio-economic contextual conditions also point to regional and local differences, which affect strategic outcomes, such as employment growth, social exclusion and even political discontent (Rodríguez-Pose 2018; Scandurra et al. 2021). This means that localities are characterized by different chances for SI and innovative policies not only to be adopted, but to produce their expected positive results. This territorial articulation, as far as SI is concerned, is unpacked in its constitutive elements in the following section.

## THE ROLE OF SUBNATIONAL TERRITORIES

So far, the debate on SI has mainly focused on the national and supra-national level and their efforts in the promotion of SI interventions (e.g., through the Social Investment Package, or the Lisbon Strategy, etc.). Less attention has been devoted to the sub-national levels, both in the design and implementation of SI strategies. This mirrors the tendency in comparative social policy analysis to underestimate the territorial dimension of social citizenship (Kazepov and Barberis 2017). The relevance of the territorial dimension in relation to SI policies emerges from the interaction between four main tendencies: (a) the increasing importance of the provision of capacitating services; (b) the process of institutional rescaling and the emergence of local welfare configurations; (c) the persistence of spatial inequalities at sub-national levels; and (d) the development of the knowledge and learning economy and its peculiarities.

### **The Spread of Capacitating Services**

Monetary transfers (for instance, pension schemes and unemployment benefits) introduced during the *trente glorieuses* in most welfare regimes represented the main welfare response to relatively predictable, standardized and therefore insurable social risks. Starting from the mid-1970s, however, deep socio-economic changes and the mutating landscape of social risks (Ranci 2010) put the traditional configuration of social protection systems under pressure. During their *silver age* (Taylor-Gooby 2002; Pierson 2002), in the 1980s and 1990s, the European welfare states experienced complex reforms of recalibration and retrenchment (Taylor-Gooby 2002).

*Table 4.1 Public expenditure\* on cash transfers (social protection\*\*), in-kind benefits (social protection\*\* and education – all levels combined), as a percentage of GDP (2000–2018)*

Public expenditure	Cash transfers			In-kind benefits					
	Social protection			Social protection			Education		
	2000	2010	2018	2000	2010	2018	2000	2010	2017
UK	15.1	17.4	15.4	7.3	10.4	10.1	4.6	6.2	5.4
Sweden	16.1	15.3	14.5	11.3	12.5	13.2	7.2	7.0	7.1
Germany	19.0	18.3	17.3	8.7	10.4	11.1	4.5	5.1	4.6
Italy	17.2	20.2	21.2	5.6	7.3	6.7	4.5	4.5	4.0
Poland	15.7	14.6	15.0	3.3	4.6	4.2	4.9	5.9	4.6
EU-27	–	18.0	17.4	–	9.3	9.2	–	–	4.6

*Notes:* \* Selected EU countries with different welfare regimes (Esping-Andersen 1990). \*\* Social protection benefits in Eurostat include the following functions: healthcare, disability, old age, survivors, family/children, unemployment, housing, social exclusion. Cash and In-kind Benefits for Social Protection: <https://bit.ly/3vpdl95>; Education Expenditure data until 2011: <https://bit.ly/3tyP12X>; Education Expenditure data after 2011: <https://bit.ly/2PXhi4s>.

*Source:* Eurostat (accessed 10 March 2021).

Emerging social risks are the result of major transformations from an industrial to a post-industrial society and, according to SI advocates, should be addressed through enabling social policies (Kenworthy 2017), mainly provided as tailored in-kind benefits<sup>3</sup> in the form of services. Capacitating social services aim at equipping citizens with the resources needed to navigate the uncertainties that characterize flexible labour markets and de-standardized life courses (Sabel et al. 2017). This is why the SI approach promotes the investment of resources, amongst others, into childcare, education and training at the secondary and tertiary level, life-long learning and active labour market policies (ALMPs) (Hemerijck et al. 2016). As can be gauged from Table 4.1, the investment of resources in services (including education) followed different trajectories across EU countries, although generally showing signs of increase in the last twenty years.

However, the outcomes of in-kind benefits provision do not depend exclusively on the amount of expenditure. The governance and coordination of the actors involved in the actual production of services plays a major role in their effectiveness (Martinelli et al. 2017). This stance is supported by studies suggesting that education and services may have ambiguous impacts on inequalities. Along this line, Verbist and Matsaganis (2014) found that traditional cash transfers are more redistributive than in-kind benefits in most European countries. Educational expansion has not reduced the impact of social origin on educational attainment, labour market outcomes and income (Shavit and Müller 1998). Despite cross-country differences, access to higher education is still highly unequal: even in the best performing countries (e.g., Denmark), young people with higher educated parents are twice as likely to be enrolled in higher education compared with young people with lower educated parents (Bonoli et al. 2017). In the same vein, Checchi et al. (2014) argue that investment in education may even result in increased inequalities over time, favouring high and middle-income groups. This recalls the relevance of the stratification effect of social policies and complements attention on the amount of investment and expenditure with a focus on the design and implementation of the measures. The territorial differentiation of service delivery adds not only a further layer of complexity, but also questions the underlying principle of social justice.

Service intensive welfare policies tend to maximize territorialization effects, especially when compared to transfer-based measures that are usually managed at the central level (Kazepov and Barberis 2017). Moreover, social services are often deemed to be better managed and provided at the local level (Morel et al. 2012), which is closer to the scale at which the needs arise. The local level is considered the ideal dimension to recognize and meet social needs, as well as to create networks and to mobilize resources (Moulaert 2013). Sabel (2012) indicates the growing trend at sub-national levels towards the provision of customized and capacitating services, driven by significant devolution in public administrations. Baines et al. (2019) also argue that sub-national contexts can be precious assets for SI, as they are often becoming arenas for innovative bottom-up solutions to social challenges. This pertains to multiple areas, such as employment and family services, training and skills rehabilitation, and care policies. Since these policy fields are at the core of SI strategies, their territorial organization also becomes a major characterization of the SI approach.

Territorial variation in the supply of social services – either amongst different regions, or between urban and rural areas, and even within urban areas – exists in every country. This is the case even in countries with smaller and supposedly homogeneous populations, like the Nordic countries (Trydegård and Thorslund 2001). These variations are a major vector of social inequalities and exclusion (Martinelli et al. 2017). In the absence of a definition of enforceable social rights and/or of minimum standards of intervention, the local delivery of innovative services becomes a ‘postcode lottery’ and may further increase inequalities amongst citizens, depending on where they live. This should warn against the risk of falling into ‘the local trap’, i.e., the a priori assumption that the local scale is preferable to larger scales (Kazepov et al. 2020; Purcell and Brown 2005). Therefore, arguing that the territorial dimension is indeed important for capacitating services and SI rather means referring to complex multi-scalar arrangements which combine the specificities of the local with the multiple jurisdictions in which it is embedded, and the networks of actors involved.

### **The Increasing Relevance of Local Welfare**

In the SI debate, references to sub-national contexts and local levels of governance have been limited. However, if we embrace a relational approach, we can recognize that SI moves between and across scales, depending on the institutional scalar arrangements framing its development. These moves range from measures designed at the supra-national level and implemented at the regional or local level (e.g., Youth Guarantee, a targeted EU programme tackling youth unemployment), to innovative capacitating and bottom-up initiatives with limited involvement of supra-local dimensions. The autonomy allocated to local welfare systems (Andreotti et al. 2012) also reflects a wide array of approaches in policy provision. In turn, this produces differences in the socio-economic requirements to qualify as a ‘person in need’, in terms of entitlement to in-kind benefits, as well as the varying mixes of the actors, interventions and stakeholders involved. The joint effect of these trends is an increased differentiation in the distribution of social inequalities and vulnerabilities. Along this line, Ranci et al. (2014) proposed a typology of local welfare systems, looking at cities as frontliners in the provision of social policy measures, and as point of entry to analyse the interaction between socio-economic structural conditions and local welfare policies within the respective multi-level arrangements.



If rescaling dynamics can create the conditions for developing effective and localized solutions to social needs, they also entail some critical aspects. As observed by Sabatinelli and Sempredon (2017), rescaling reforms has not always brought about a clear and balanced allocation of competencies and responsibilities amongst the various institutional levels in the four main functions involved in the regulation, financing, planning and provision of social services. Moreover, the increasing autonomy of local welfare often comes with shrinking resources, due to restrictive fiscal policies adopted in most European countries within the framework of the European stability pacts (Kazepov and Barberis 2017). This, together with the lack of coordination across scales and actors, might even increase conflict and ineffective policies.

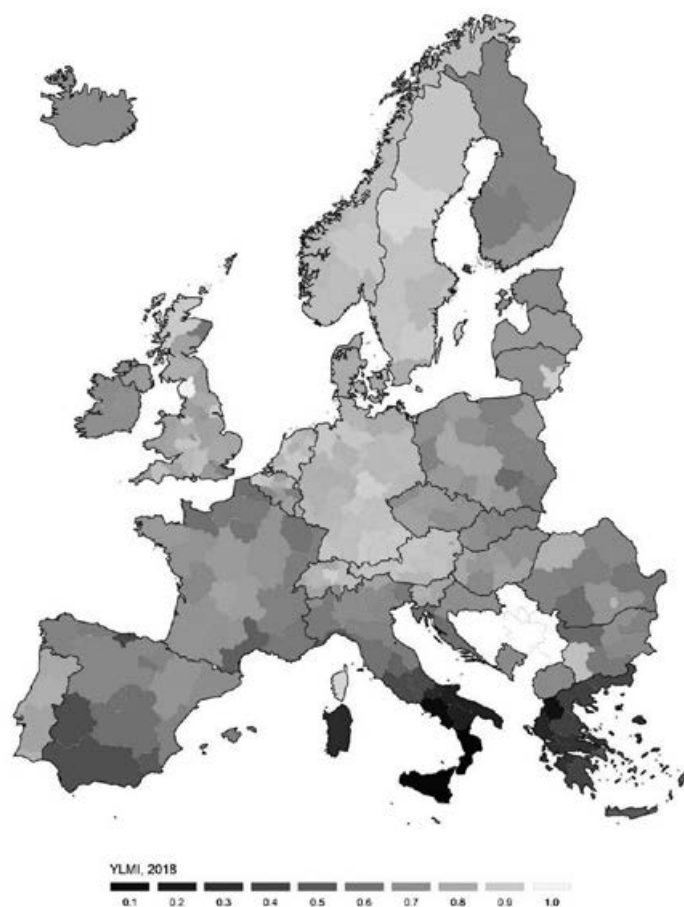
Research on active labour market policies, lifelong learning and education, as crucial policy fields within the SI perspective (Hemerijck 2017), clearly demonstrates the relevance of the local dimension of welfare systems in the implementation and, in some cases, in the design of interventions. However, the multi-scalar organization within which they are embedded substantially varies both across fields and countries. Just taking into account the institutional design of ALMPs, different arrangements emerge. In countries like Germany, the United Kingdom and Sweden, for instance, ALMPs are framed and coordinated at the national level through centralized policies and directives. However, the delivery of activation policies varies amongst cities within the same country, due to the different actors involved and types of network coordination (see Chapter 10 by Fuertes et al. in this volume). The same applies to diverging levels of centralization in the coordination of lifelong learning services (Parreirado Amaral et al. 2020): in some regions (e.g. Vienna, Scotland, etc.), specific local initiatives were introduced to address youth's employability agendas, whilst in other cases national policies were promoted and regionally enacted (e.g. Upper Austria, Liguria in Italy). A similarly complex landscape of multilevel arrangements characterizes formal education in Europe. The governance of childcare, for instance, often implies a stronger role for the local level (see Chapter 8 by Arlotti and Sabatinelli in this volume). Secondary and tertiary education are usually more centralized, even though extreme territorial variations can be found in curricula design, degree of autonomy of schools and universities, or in the involvement of local firms in the provision of vocational training.

What becomes important from a SI perspective is to understand how these variegated scalar configurations of institutions and actors unfold in the provision of capacitating services. From this standpoint, cities and local welfare systems can be seen, analytically, as entry points into complex structures of multilevel governance providing investment-related interventions.

### **The Persistence of Spatial Inequalities**

Europe harbours strong territorial disparities in unemployment, employment, economic and material living conditions across regions and within respective countries. Per capita income, labour force participation and unemployment, the distribution of skills and returns to education are some of the main dimensions of differentiation (Dijkstra 2017; Bruno et al. 2014). The multidimensionality and extent of the problem can be exemplified, considering the integration of young people in the labour market (Cefalo et al. 2020), which shows pronounced regional differentiation, not only across, but also within countries (see Figure 4.1<sup>4</sup>). Given the extent of contextual differences in local labour markets, context-blind SI measures promoting human capital development and employment risk being rendered ineffective and may even contribute to deepening disparities between better-off and disadvantaged territories. To avoid unintended

consequences, the design and implementation of SI policies should include some elements of adaptation to territorial characteristics.



*Source:* Cefalo et al. (2020).

*Figure 4.1 Youth labour market integration in 2018, YLMI composite index score, by NUTS-2 regions*

One of the main objectives of the EU is to kick-off processes of convergence within and between member states. This has thus been one of the key words of the work programme of the Juncker Commission (International Labour Office 2016). This territorial issue also marks the often-overlooked relevance of spatial disparities in SI, as social policies should promote growth together with a higher degree of cohesion. However, empirical evidence shows the persistence of high disparities between territories (Storper 2018): a time series on European regional development shows how the pattern of growing territorial inequality and geographical

concentration of economic resources and employment can be traced back to the 1980s (Roses and Wolf 2018) and have increased from 2008 onwards (Dijkstra 2017).

Regions and cities have variously responded to labour market and socio-economic challenges in the last decades (Marelli et al. 2012; Iammarino et al. 2018), thus marking the existence of a territorial patchwork of diverging income and labour market participation (Charron et al. 2015). However, as Storper (2018, p. 248) puts it, “the divergent new geography of employment and incomes [...] seems to correspond to a divergent new geography of opportunities”. This point is crucial because, from the SI perspective, growth is also envisaged as a result of breaking the intergenerational reproduction of social disadvantage (Hemerijck 2017). However, context-blind SI interventions, ignoring territorial differences and the interaction with socio-economic trends and institutional features, may even contribute to producing new social inequalities or to aggravating existing ones through what has been labelled as ‘territorial Matthew effects’ (Sabatinelli 2016).

The existing spatial differentiation filters the pressure exerted by the current COVID-19 pandemic on the different socio-economic systems of EU countries and finds confirmation in the variety of policy interventions and lockdown measures adopted during the first half of 2020.<sup>5</sup> The economic and social consequences of this crisis will be a stress-test of the capacity of local and national welfare systems to implement SI strategies in order to mediate external shocks, deeply affecting the European landscape of spatial inequalities in the years to come.

### **The Rise of the Knowledge Economy**

As a supply-side policy approach, the core of SI lies in the enhancement of human capital and skill development, with the aim of facilitating access to employment, especially in high productivity service sectors (Di Stasio and Solga 2017; Wren 2017). This approach has to be embedded within the context of a learning and knowledge economy, where both the capacity to learn and knowledge-intensive work are crucial for economic performance (Lundvall 2016). The concept of a knowledge economy comes with particular territorial implications, as it entails a high demand for specialized and highly skilled labour, for example in ICT and engineering, producing spill-over effects for the creation of jobs in related sectors and fostering a demand for the ‘up-skilling’ of workers (ESPON 2017). From this perspective, competitiveness and skill formation have an important spatial dimension, which has been investigated by economic geographers (Storper 2018) and territorial cohesion scholars (Faludi 2010; Medeiros 2016). Indeed, the proximity of actors involved in the generation of knowledge contributes to the emergence of clusters (Rodríguez-Pose and Comptour 2012) and regional systems of innovation (Iammarino 2005). There, technological developments and regional innovation lead to a growing demand for higher skilled workers and consequent labour-pooling (Kalleberg 2009), bringing about an increase of the flow of human and social capital.

The downside of this dynamic is the potential increase of social polarization and inequalities (Iammarino et al. 2018) as a typical outcome of uneven development characterizing capitalistic economies (Smith 1982). Such an outcome does not take place only between countries and regions, but also within cities, and risks hindering the goal of ‘inclusive’ growth advocated by the SI perspective (Hemerijck 2017). Less competitive regions are challenged by brain-drain, or in other words the migration of highly skilled people, and are often dependent on the returning inflow of remittances and knowledge workers (ESPON 2017). Moreover, the expansion of the knowledge economy in the urban context tends to disproportionately

benefit some social strata, deepening the gaps between affluent and deprived areas within cities: new, well-qualified and well-paid jobs are created, but they attract highly skilled and qualified people, whilst leaving a struggling stratum of the local population behind (Cucca and Ranci 2016). Looking at the European context, innovation and employment growth are still concentrated in a limited number of north-western regions. Here, virtuous circles of good interregional connections, a highly skilled labour force and an attractive business environment, have allowed neighbouring regions to benefit from their proximity. In Southern and Eastern member states, the innovation performance is weaker and regions close to centres of innovation – mainly the capital cities – do not benefit from their proximity (Dijkstra 2017).

The view that skills in the local labour force are critical for regional economic development is also shared by the literature on political economy and skill formation, engaging with the coordination amongst interdependent actors in a local context. The matching of individual abilities with employment requirements, as well as the signalling role of qualifications that link education with job opportunities, takes place within different regional or local skills ecologies (Dalziel 2015). High skills ecosystems are described as geographic clusters of organizations (firms, training and research institutions) employing staff with advanced skills, specialized in a particular sector or technology (Finegold 1999). On the other hand, low-skill ecosystems present self-reinforcing networks of societal and state institutions whose interactions stifle the demand for improvement in skill levels. This tendency often results in enterprises staffed by poorly trained managers and workers, which produce low quality goods or services.

Overall, these perspectives agree that the dynamic of knowledge diffusion does not necessarily provide better opportunities, and that it may in fact increase the gaps and disadvantages for people in deprived areas or less developed regions. This reinforces the critical stance we advanced previously against spatially blind SI strategies that promote human capital development through standardized measures, without considering the role played by territories in determining the expected outcomes (or the lack of) on growth and inequalities. Training and activation policies should not simply invest resources in education to increase the qualifications of the work-supply, but rather they need to engage with the characteristics of differentiated skills ecosystems in order to pursue the objective of (territorially) cohesive growth.

## A CONTEXT-SENSITIVE SI: TERRITORIAL, INSTITUTIONAL AND SOCIO-ECONOMIC COMPLEMENTARITIES

Scholars highlight the inherent multidimensionality underpinning the SI approach (Garrizmann et al. 2017), showing that the achievement of far-reaching SI objectives of growth and inclusion relies on a complex policy mix, cutting across different policy fields (Solga 2014) and distinctive policy functions (Hemerijck 2017). Such an argument stresses the relevance of institutional complementarities as a necessary condition for an effective SI strategy (Dräbing and Nelson 2017). Along this line, considering institutional and contextual conditions as ‘territorial complementarities’ is a useful approach when addressing the territorial articulation of the SI perspective.

The concept of complementarities is not novel in comparative social policy: by analysing the combinations amongst the state, the market and the family – considered as institutions aimed at addressing social risks – Esping-Andersen (1990) identified several welfare regimes. From his perspective, variations amongst social policy regimes can be traced back to the synergic

effects that institutional complementarities produce, in particular referring to specific regulatory principles (e.g., redistribution, reciprocity, etc.). For instance, in the social-democratic regime (Nordic countries), the welfare state provides a wide range of universalistic, redistributive and highly de-commodifying measures that tend to crowd out the market and socialize the costs of family formation.

Several combinations of complementary institutions can also bring about a beneficial effect in terms of aggregate economic performance (levels of growth, employment, productivity), and/or deliver benefits to some specific groups (Crouch et al. 2005). In terms of policy solutions, this entails a recognition that there is no ideal, one-size-fits-all practice. Rather, it is the interactive and relational nature of the elements of a specific context, their mutual adaptations and the influence that they exert which produces a certain synergic result, for instance, in terms of increased economic competitiveness or high employment. The goodness of fit amongst elements, however, cannot be taken for granted. Indeed, the relationality entails that the interaction amongst various institutional arrangements (pertaining different policy fields) and structural socio-economic conditions must be taken into account. The interplay of institutions, socio-economic and socio-demographic characteristics could be defined as *contextual complementarities*: institutions influence socio-economic structures, but at the same time the latter also influence institutions in a dynamic and dialectical process (Cefalo and Kazepov 2018).

When addressing the territorial articulation of the SI perspective, we can indeed distinguish *territorial complementarities* as a third transversal component of wider contextual complementarities. Territorial complementarities specifically pertain to the territorial organization of institutions providing (capacitating) services and to the territorial diversity of socio-economic conditions. Understanding their interaction is key to understanding the output of SI policies and how different contexts can ease or hinder specific outputs. Institutions and contexts might even negatively affect one another, thus producing *negative complementarities*, as in the case of the mismatch between educational attainment and the offer of labour market positions. Some examples might clarify this framework.

The Danish ‘flexicurity’ model, gradually implemented in the 1990s, is a well-renowned example of complementarities supporting high-quality employment, consistent with the SI approach. Despite recent difficulties, expressed by hikes in youth unemployment, the triangulation of generous unemployment benefits, ALMPs and flexible labour markets, is still regarded as being capable of speeding up the reintegration in the labour market and improving the quality of the supply of workers (Andersen 2012). Another example are family policies in Germany. Here, national policy reforms approved in 2007 – aimed at encouraging higher labour market participation of mothers – created the conditions for the development of several action plans for the promotion of child and family well-being at the local level (Chirkova 2019; Hemerijck et al. 2016). However, notwithstanding these positive achievements, the overall effects on female employment and fertility were partially limited by lacking complementarities with other policy measures, for instance, the low availability of public childcare (Bick 2016).

The outlined complementarities present territorial traits, which have not been specifically singled out in the literature on SI. In our view, the recognition of the contextual, locally based conditions that can make investment policies more effective refers to the existence of specific territorial complementarities emerging from the tendencies presented above within this chapter. (a) Capacitating services at the core of the SI perspective tend to maximize territorialization effects, combining the local specificities with the multiple jurisdictions within

which they are embedded, and the networks of actors involved. (b) Local welfare systems within multi-scalar governance arrangements have increasing responsibilities in promoting new programmes and in implementing SI policies (Ranci et al. 2014). (c) Spatial inequalities play a relevant role in the configuration of social risks and opportunities, as can be seen by observing the (d) imbalanced distribution of skills and innovation that characterizes the diffusion of the knowledge economy.

Therefore, looking at territorial complementarities means focusing on interactions across levels of governance and regional or local specific conditions. In particular, it entails focusing on the way these configurations produce, or not, the positive outcomes of inclusive growth promoted by the SI perspective. Above, we have already documented the positive complementarities resulting from virtuous circles of skilled labour, growth and innovation in neighbouring regions in north-western Europe. Conversely, many Southern and Eastern European regions are characterized by negative or weak complementarities, as seen in the lack of innovation, brain-drain dynamics and lack of job opportunities, which interact with institutions and service providers that are territorially organized (ESPON 2017).

In countries with sharp geographic divides, governance arrangements, skill formation systems, labour markets, patterns of family and social stratification may intersect in peculiar ways, reinforcing geographically uneven developments. Territorial Matthew effects (Sabatinelli 2016; Bonoli et al. 2017) and negative complementarities are quite common in these cases: deprived territories in which there would be most need for the positive impact of SI services are also the territories in which the ability to develop effective capacitating services is likely to be more limited. This is due to the interaction between weak institutional arrangements – for instance, scarce availability of funds for local welfare, fragmentation and desynchronization in the multilevel governance structure, less efficient coordination and institutional performance – and socio-economic characteristics for instance, lack of innovative firms and concentration of sectors harshly hit by the crisis.

In Italy, for instance, national regulations on childcare shifted responsibilities in the provision of services to regional governments. Not all regions, however, implemented the ‘integrated system of social services’ introduced by the National Law 328/2000, thus contributing to higher territorial differentiation in childcare provision. As an example, Sabatinelli and Semprebon (2017) report that the southern region of Calabria did not set up consistent allocation of funding, adding scarce resources to the low political priority given to such services, due to context-specific social norms that consider the family (and women in particular) as the key care provider (see also Chapter 8 by Arlotti and Sabatinelli in this volume). All in all, these negative complementarities jeopardized childcare provision in Italy, fragmenting its supply and providing unequal access. In contrast, a positive example of territorial complementarities and context-sensitive measures is the Vienna Employment Promotion Fund (WAFF). The Austrian governance of active policies and training gave to the Chamber of Labour and to the government of the Vienna region the possibility to create the WAFF fund that works in complementarity with the local public employment services. The WAFF finances lifelong learning programmes, mainly targeting employees in need of training or re-qualification who do not receive unemployment benefits and are therefore excluded from ALMP provided by public employment services. By doing this, the fund fills an institutional gap and contributes aligning employees’ skills with the demands of the labour market (Ahn and Kazepov 2022).

## CONCLUSION

Social Investment was mainly theorized and discussed considering the national level as the key territorial level of governance. This approach was framed with supra-national rhetoric by the EU (European Commission 2013), but the picture is more complex and needs to include the territorial dimension and its multiple scales within the analytical frame. This is related to the ongoing process of rescaling and territorialization of social policies, and to the persisting territorial disparities that become evident at the sub-national level, in particular at the local and urban level (Dijkstra 2017). For these very reasons, local welfare arrangements gain increasing relevance, as do spatial disparities and concentration of skills and innovation, also. Hence, territorial diversity within multilevel governance structures should be considered in the frame of SI research and interventions, by assuming a context-sensitive approach to complementarities. In fact, territories are the places where the action of organized institutions is mediated by local specificities, giving rise to different degrees of territorial complementarities across scales.

The analytical need to territorialize SI is also enforced by the debate on territorial cohesion, arguing for context-sensitive development and social policies to address economic, social and even political distress in Europe (Barca et al. 2012; Bachtler et al. 2019; Piattoni and Polverari 2019). According to this approach, interventions should combine strong central frames with attention to local conditions in order to adapt to specific characteristics of every territory and maximize its potential (Rodríguez-Pose 2018; ESPON 2017). This position strongly resonates with a territorialized SI strategy that relies upon locally specific socio-economic conditions and multi-scalar institutional arrangements in order to produce the ‘win-win’ returns of social cohesion and economic growth (Hemerijck 2017). What we would need is a calibrated form of active subsidiarity in which the allocation of regulatory responsibilities is accompanied by resources in an institutional frame that attempts to tackle territorial distress and takes into account local institutional and socio-economic conditions.

The policy implications of territorial complementarities are manifold. Whilst territories presenting positive complementarities require incremental innovation and policies that do not compromise their dynamic drive and favourable outcomes, this may not be the case for deprived contexts. Local configurations related to the socio-economic and institutional structure may easily turn into inertial traps that cannot be addressed through ‘one-size-fits-all’ policy solutions. It might be the case that even incremental policy reform at the regional and national level might not be adequate as the persisting effect of long-term negative complementarities may hinder the effectiveness of interventions. In the case of SI, this is shown by evidence on territorial Matthew effects and increasing inequalities in access to service provision. This would call for a stronger leap in social policy, through jumping scales in governance levels (Kazepov et al. 2020) – from the local up to the national or EU level. A stronger role for the EU in the design and implementation of context-sensitive policies aimed at releasing the potential of disadvantaged areas could therefore be beneficial in the pursuit of SI.

Finally, the relational dynamic between institutions and context is paramount in periods of critical events. Like the economic crisis of 2007–2008, the COVID-19 pandemic is having differentiated impacts, mediated by the specific configurations of territorial complementarities (Böhme and Besana 2020). The older share of the population has been hit the hardest by the virus. Other groups with potential vulnerabilities also risk being affected by its social and economic consequences, for instance, young people with precarious employment, workers in

severely affected sectors, like tourism, or women having to work from home whilst simultaneously dealing with care responsibilities.

On the one hand, the pandemic has far-reaching implications in relation to SI policies and areas of intervention. As shown by Arlotti and Sabatinelli (see Chapter 8 in this volume) and Fuentes et al. (see Chapter 10 in this volume), the COVID-19 crisis affects the balance of care and work responsibilities, particularly for women; the quality of childcare and education, threatened by closures and re-openings with various organizational patterns and rules; the economic sustainability of activation and employment services in connection with income support; the relations amongst the various institutional levels and the balance in the responsibilities between central states and regions for service provision.

On the other hand, SI policies play a crucial role in mediating the effects of the pandemic and in the future recovery of European societies. In this regard, the consideration of the territorial dimension in articulating interventions that are sensitive to specific contexts will be paramount. Research on the aftermath of the 2007–2008 crisis shows that institutions and policy responses may be effective in mitigating negative consequences on employment and social inclusion (on youth unemployment after the crisis see Piopiunik and Ryan 2012). This calls for adequate interventions of social protection to back up incomes in conjunction with the reorganization of SI services (education, childcare and healthcare), not only to implement emergency actions, but also for (local) welfare to develop in a more inclusive direction.

The misalignment between institutions, especially in disadvantaged contexts, tends to create lack of coverage for certain groups that may be exacerbated by the weaknesses of the local economy. Conversely, lacking or shrinking opportunities and absence of adequate national welfare measures might, to a certain extent, be counteracted by a dynamic local welfare system. Innovative locally based actions, especially when connected to and in coordination with higher governance levels, might have a positive and inclusive impact. Again, the specific mix of complementarities will influence the outcomes in terms of citizens' opportunities and inequalities. There are highly resilient local contexts, able to mitigate the consequences of the conjuncture, as well as mounting disadvantages in already deprived or dysfunctional places. A new surge of divergence and territorial disparities between European regions could therefore be the first challenge to arise for SI and European cohesion policies, in the aftermath of the COVID-19 pandemic.

## NOTES

1. For instance, the long-term consequences of transformative and recalibrating SI reforms are often uncertain. Many unpredictable variables may intervene between the initial investment and the eventual outcome, as in the case of educational policies (Busemeyer and Nikolai 2010). Addressing these issues would go beyond the scope of this contribution.
2. Bonoli and colleagues (2017) argue that human capital investments in childcare and higher education, as well as active labour market policies, are often biased by 'Matthew effects', a term coined by Merton (1968). This occurs when measures designed to favour disadvantaged people end up benefiting mostly middle and higher-income groups. For instance, job related training may require a proficient command of the local language and some cognitive or non-cognitive skills. The most disadvantaged might lack this knowledge, thereby reinforcing their disadvantage.
3. In-kind benefits are defined as commodities directly transferred to recipients at zero or below market prices. In Europe, these are usually services, such as health, education, childcare and care for the elderly (Barr 2012).



4. The YLMI index combines regional indicators of labour market participation and exclusion according to the educational level. It goes from 0 (very low youth integration) to 1 (high youth integration).
5. For an overview, see the University of Oxford Supertracker, which monitors (comparatively) every source addressing COVID-19 welfare reforms (<http://bit.ly/3ldBMBt>).

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## 5. Urban social innovation and the European City: assessing the changing urban welfare mix and its scalar articulation

*Stijn Oosterlynck and Tatiana Saruis*

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### INTRODUCTION: A NEW PARADIGM FOR URBAN SOCIAL POLICY?

Over the past decade, social innovation has been heralded as a new paradigm for social intervention. These are initiatives that mobilize citizens and their resources to address pressing social needs that states and markets cannot solve on their own. Social innovations are defined as “innovations that are social in both their ends and their means” (Bureau of European Policy Advisers 2010, p. 9). They are new ideas (provisions, measures, services) that simultaneously satisfy social needs more effectively than the consolidated alternatives and create new and empowering social relationships and collaborations (Mulgan 2007; Murray et al. 2010). As the Bureau of European Policy Advisers – who provide policy advice and recommendations to the European Commission – wrote in an influential report on social innovation: “Social innovations have empowered people and organisations to develop participative solutions to pressing societal issues. They are creating a momentum and developing elements of a ‘new paradigm for social intervention’” (Bureau of European Policy Advisers 2010, p. 16). It is proposed that social innovations are leading to “a new form of ‘enabling welfare state’ [...] that requires a change of attitude and involvement from citizens, public authorities at all levels and private organisations in order to improve the response to new social demands” (Bureau of European Policy Advisers 2010, p. 20). This approach assigns a central role to ‘social entrepreneurship’: the application of principles and entrepreneurial methods to welfare services and innovating them by improving their results (Mulgan 2007; Murray et al. 2010).

One of the crucial features of social innovation is its highly localized character (Oosterlynck et al. 2020), very often in urban settings. In the late 1970s, the crisis of Fordism turned into a full-blown urban crisis, with urban areas being acutely impacted by deindustrialization. As a result, the urban neighbourhood became an important unit for urban interventions and a preferred site for social innovation practice (Oosterlynck et al. 2013). Hence, the current interest in social innovation as a new paradigm for social intervention is rooted, to a significant extent, in the urban regeneration and neighbourhood development policies that have become popular in many countries since the 1980s.

Conceptualizing urban social innovation and its impact on urban social policies is somewhat of a challenge in the context of established welfare regimes. In these welfare regimes, social policies are both a pre-eminent feature of how states intervene in society, but also mainly organized on a national scale (Esping-Andersen 1990; Kazepov 2010). Extensive welfare provision is a defining feature of the city in established welfare regimes, where cities and their local social policies were mainly seen as transmission belts for national social policies until the

1970s. This started to change in the 1970s, with the territorial reorganization of social policies, resulting in an increasing role for the urban scale, occurring at around the same time that social innovation began to emerge (Kazepov and Barberis 2017). The combined emergence of local social innovation and the territorial reorganization of welfare services and social policies may serve to revive the role of cities as political and social actors and local societies (Bagnasco and Le Galès 2000). Cities, particularly in Europe, traditionally constitute arenas for policy-making, although the differences in their degree of autonomy from their respective national governments are significant (Cattacin and Zimmer 2016; see also Chapter 3 by Del Pino et al. in this volume).

The questions that we want to make central to this chapter are: what does social innovation imply for urban social policy; and what does the concomitant rise of (urban) social innovation and the territorial reorganization of social policy mean for how cities in established welfare regimes are governed? We propose to explore these questions through the European case, which we argue is paradigmatic of an established welfare regime with a strong role for the public sector and a multi-scalar governance configuration in the making, and where the strongly entrenched national scale is increasingly being challenged by actors and institutions on the urban scale. Moreover, Europe is also one of the important regions for urban social innovation dynamics in the field of social exclusion and poverty, albeit shaped by variably articulated welfare state regimes that define the conditions (e.g., policy aims, resources, institutional networks, and so on), in which social innovation initiatives develop or are hindered in their development (Kazepov et al. 2020).

In this chapter, we first briefly discuss the three characteristics that define the city, particularly in established European welfare regimes. We discuss recent changes in the scalar rearticulation of welfare regimes; more specifically the rescaling to the urban, and the changing welfare mix, which we argue are related to spatial and institutional changes within neoliberalization, as well as to the rise of social innovation. Following this, we assess empirically if and how social innovation changes the way European cities are governed to address poverty and social exclusion, paying specific attention to the role of the public sector and the multi-scalar governance configuration. Finally, a brief conclusion summarizes and highlights the main research findings.

## URBAN SOCIAL INNOVATION AND THE CITY IN ESTABLISHED WELFARE REGIMES: TOWARDS A SPATIAL AND INSTITUTIONAL TRANSFORMATION?

In urban studies, there has been some debate on the role of cities in established welfare regimes (Bagnasco and Le Galès 2000; Andreotti et al. 2012; Kazepov and Barberis 2017). Besides showing lower levels of social inequality and spatial segregation, a crucial feature of these cities is that they are characterized by public intervention in planning policies, service provision and infrastructure building (Kazepov and Cucca 2019). In fact, especially starting from the Middle Ages (but with roots in ancient Greece and the Middle Eastern settlements), cities, particularly in Europe, have been political and cultural laboratories for participation and democratic government to develop administrative experiences and competencies which would later become a crucial foundation for both welfare regimes and nation-states (Bagnasco and Le Galès 2000; Kazepov 2005).

In the nineteenth century, industrialization and rapid urbanization led to the so-called ‘social question’. This relates to the impoverishment and inadequate working and living conditions of the growing industrial proletariat that first manifested itself in European cities (Isin 2008). However, whilst the social question emerged as a specifically urban question, over the course of the twentieth century, it was reframed as a distinctively national question (Savage and Warde 1993; Oosterlynck et al. 2016). The social question was addressed through the establishment and expansion of welfare regimes. Nation-states – which gradually established themselves since the Westphalian treaty in 1648 – have assumed most functions in this crucial dimension of citizenship and popular legitimacy (Marshall 1965). In the four decades following the Second World War – often labelled as the ‘Golden Age’ of the welfare state (Esping-Andersen 1994) – local arrangements for social protection (e.g. contributory-based benefits, etc.) were upscaled and embedded in a wider national political and policy context. Local governments took on a managerial role, acting mainly as ‘executors’ or ‘transmission belts’ of national welfare policies, whilst leaving decision-making on social policies to the national scale (Brenner 2004). This multi-scalar configuration, with a strong role for the national scale (Cox 2016), is a third – albeit of more recent origin – distinctive characteristic of cities operating in established national welfare regimes.

From the 1970s onwards, the concomitant rise of neoliberalization and social innovation as contradictory, and spatially and temporally uneven, responses to the consolidation of national welfare states started having an impact. The crisis of the Fordist mode of economic growth in the late 1970s challenged the post-war social model, which was strongly articulated on the national scale in unprecedented ways. The economic crisis stimulated a pervasive neoliberal critique of the public sector and social expenditure under national welfare regimes, which have come to be considered ineffective, inefficient, as creating welfare dependency and unable to meet new social risks in changing societies (Esping-Andersen 1994; Esping-Andersen et al. 2002). Another earlier critique came from the opposite end of the political spectrum; namely, left-libertarian new social movements criticized national welfare regimes for being overly top-down and bureaucratic and not leaving sufficient space for the autonomy and participation of citizens (Oosterlynck et al. 2013). It is from these movements that market-critical forms of social innovation emerged.

Together, these critiques (along with a number of other factors) contributed to a protracted process of spatial and institutional restructuring of national welfare regimes. This involved the rescaling of institutional competences for social policies and welfare provisioning, mainly downwards through decentralization to the regional and urban scale, and the increasing involvement of private profit and (new) non-profit organizations in welfare policies, resulting in a less organized welfare mix (Kazepov 2010; Bode 2006; Kazepov and Barberis 2017). Or, as Ferreira claims with regard to the latter:

Welfare policies are currently undergoing changes in which familiar state and market centred approaches are being blended with various other arrangements with the result that allegedly contradictory patterns have emerged in terms of the social distribution of the responsibility for welfare. (2008, p. 515)

Both criticisms held national governments, in particular, responsible for the malfunctioning of the welfare system. They are considered ‘too far’ from citizens’ needs and demands and therefore increasingly confronted with competition from subnational institutions and private for-profit and non-profit organizations that previously were not active in the field of social

policy and welfare provisioning. The promotion of institutional rescaling and improving participatory processes in welfare provisioning and social policymaking aims, on the one hand, to increase effectiveness, efficiency, transparency and legitimation of welfare policies; and, on the other hand, to diversify and expand the supply of welfare provisions, meet uncovered needs and contain the costs in a period of budget reduction. This strategy is considered one of the key solutions to the welfare crisis, even though it is variably applied and leads to varying results within the different national contexts.

Within this complex institutional and spatial restructuring process, cities in established welfare regimes regained relevance as a spatial scale on which welfare provisioning and social policies are developed and innovated upon (Kazepov and Barberis 2017). This role of cities as privileged sites for social innovation builds upon a long urban tradition of policy elaboration. Environmental factors, such as diversity and density of social contacts, are correlated with the potential for innovation (Evers et al. 2014) and this explains, at least partially, why cities have always been places for the development of new ideas on problems and policies (Cattacin 2011). The close cohabitation amongst different social classes makes poverty and social problems more visible and the emergence of social tensions more likely, but also collective claims to fight poverty and social exclusion more feasible and the elaboration of local policy responses more probable. Historically, public intervention against poverty began to take form within city borders (Kazepov 2005; Cattacin and Zimmer 2016). It is this ‘urban tradition’ of anti-poverty action that has been revived by the social innovation movement since the 1970s.

However, the growing autonomy of urban societies in pursuing social policies and welfare provisioning plays out in a complex, multi-scalar context. That is, a context characterized by a post-industrial transition, increased market globalization, stronger supra-national institutions (especially in Europe), and diffusion of new information and communication technologies and international migration. Cities are forced to compete with other cities to attract resources and market opportunities (Buck et al. 2005; Cattacin and Zimmer 2016). This is especially so when (funding for) national welfare policies are retrenched – which is a process that occurs unevenly across territories and policy sectors (Brenner 2004) – and cities are forced to become not only executors or implementers of national and supra-national policy choices, but also active promoters of local growth and social problem solving, following a sort of ‘entrepreneurial approach’ (Harvey 1989). Territorial resources, like a consolidated participatory and civil society-driven innovation tradition, become crucial for renewing welfare policies. Whilst investments in public well-being through better and innovative welfare policies can be considered as a supportive condition for territorial development, in others they represent conflicting policy aims (Cattacin and Zimmer 2016).

It is in this context that the debate on social innovation becomes increasingly relevant, holding a special relationship with the urban scale. It becomes a source of solutions for new social risks and needs, and a remedy to the failures of the market, the public sector and established civil society organizations. It is also in this context that we aim to analyse how, if at all, the upsurge of social innovation in cities of established welfare regimes transforms the role of cities. We focus specifically on the central position of the public sector in social policymaking and welfare provisioning, and the position of cities within a multi-scalar configuration of social policymaking. The latter is important because the strong emphasis on the localized nature of social innovation entails the risk of the so-called ‘local trap’, referring to dynamics that prevent social innovation from expanding beyond the local dimension (Purcell and Brown 2005; Kazepov et al. 2020). Many urban social innovations, however, do not follow a pure



bottom-up logic, but are embedded in a complex context of opportunities, limits, resources and relationships at different spatial scales (Oosterlynck et al. 2020). Whilst the urban is, more often than not, the spatial scale on which social innovations are assembled and produce their effects, supra-local factors are equally important to develop, sustain and grow socially innovative projects (Oosterlynck et al. 2020; Fontan et al. 2004; Moulaert et al. 2005) and create significant relationships and networks. These include flexible legislation, the availability of funds, and the possibility to access different kinds of resources (for example specific professional skills or voluntary engagement).

Urban social innovation is a vehicle, not only for the rescaling of welfare provisioning and social policymaking, but also for changing the welfare mix. The ‘welfare mix’ is the “combined interdependent way in which welfare is produced and allocated between state, market, family and the third sector” (Longo et al. 2015, p. 2). On the urban scale, other actors, resources and ways of operating are present compared to the national scale. Urban social innovation gains part of its strength by mobilizing citizens and their organizations and resources to address social needs that states and markets cannot adequately solve on their own. We can therefore expect urban social innovation to contribute to changes in the welfare mix. The debate on social innovation starts in the 1970s, mainly within the field of urban and territorial development (but it has older roots in the dynamics of industrialization, see Godin 2012). It referred to collective action in response to emerging needs, with particular emphasis on the agency of social movements and the third sector (Chambon et al. 1982; Moulaert et al. 2017).

Important here is the role accorded to the public sector, or the state, in social innovation discourses and practices. The crisis and transformation of national welfare regimes from the 1980s onwards bear the imprint of arguments and currents that are critical of state and welfare bureaucracies. The spatial and institutional reforms of welfare regimes involve processes of de-statization (Jessop 1999), notably through the decentralization of (national) public institutions’ competencies and, in particular, the growing involvement of private organizations in welfare policies. Criticism of national centralized welfare bureaucracies is not only a recurring feature of neoliberal critiques of welfare states, but is also visible in social innovation practices and discourses (Oosterlynck et al. 2020). From a neoliberal point of view, the state and welfare bureaucracies, especially those at the national level, hinder efforts at finding an effective solution to social problems, but also undermine the drive towards innovation in social policies and services.

The critique from a social innovation perspective came from an entirely different angle (and was combined with an equally fierce critique of market solutions to social problems). It does not oppose social protection from the destructive forces of the market per se, but rather objects to the bureaucratic, standardized and centralized forms these types of social protection had taken in the post-war national welfare regimes. A social innovation perspective favours autonomy, empowerment and citizen participation, hence favouring a leading role for local social organizations and institutions – whether private non-profit, public organizations or businesses. The urban (local) dimension is seen to be closer to citizens and their organizations and therefore operates through a spatial scale on which it is easier to identify new risks and rising social needs, elaborate new solutions and mobilize a multiplicity of actors necessary to realize them. Over the past decade, social innovation has received more policy attention and assumed a growing policy relevance. This is especially true in the context of the European Union, where social innovation is increasingly used in political and strategic documents and funding programmes, and has acquired a meaning that is closer to social entrepreneurship (Oosterlynck

et al. 2020). The EU thus maintains its localized character, whilst privileging entrepreneurial approaches and actors over social movements and collective (political) actions.

To conclude, in the last decades, the welfare state has increasingly assumed the connotations of a welfare mix, characterized by variable multi-scalar (vertical subsidiarity) and public–private collaborations and partnerships (horizontal subsidiarity) (Kazepov and Barberis 2017). In contrast, from a traditional governmental perspective, this model is based on a more horizontal governance logic, in which public organizations’ role is more oriented to coordination, control and promotion than to the direct provision of benefits. Meanwhile private organizations are involved in programming, designing and realizing policies (Ascoli and Ranci 2002). Urban social innovation has been an important vehicle for this spatial and institutional transformation of welfare regimes. In this chapter, we chart the impact of this spatio-institutional transformation on the role of the city in established welfare regimes, focusing in particular on the role of the public sector and the multi-scalar configuration of welfare services.

## THE CITY AND SOCIAL INNOVATION: AN EMPIRICAL EXPLORATION

In this section, we explore this research question empirically, based on the results of the large-scale research project *ImPRovE*,<sup>2</sup> involving 31 in-depth cases of local social innovations, their welfare mix, strategies and modes of governance, as well as the broader, multi-scalar institutional context in which they operate. The case studies are situated in different fields and welfare regimes (Oosterlynck et al. 2020). They are focused on three policy fields that are of great importance for fighting poverty in Europe: labour market activation, access to housing (with an emphasis on homelessness) and inclusive education. The case studies are located in five types of welfare regime and eight countries in Europe: Austria and Belgium (corporatist-conservative); UK (liberal); Sweden (universalistic); Italy and Spain (familistic); and Hungary (hybrid and transitional). The urban contexts include: Graz and Vienna in Austria; Ghent and Leuven in Belgium; Budapest in Hungary; Bologna, Lecce, Trento and Venice in Italy; Malmö and Stockholm in Sweden; and London and Manchester in the United Kingdom.

At first sight, one would expect to see a diminishing role of public actors in social policy and welfare provision as a result of social innovation. This would challenge the conventional post-war role of cities in established welfare regimes, since public intervention is seen as the historical guarantee for maintaining certain levels of social justice. Indeed, as Bode (2006) claims, states are confronted with increasing difficulties in adequately addressing the social risks produced in labour markets and, therefore, private actors, whether for-profit or non-profit organizations, are taking up more central roles in the welfare mix. If we look at which actors initiate and take responsibility for social innovation initiatives in the case study analysis of the *ImPRovE* project, we see significant variation across countries, but in most case study countries non-profit organizations are dominant in initiating and leading social innovation initiatives (with the notable exception of Sweden, where the public sector more often plays the central role). In the field of labour market activation and housing, the public sector initiates and leads more social innovation initiatives than inclusive education.

The Housing First initiative in Budapest is one example of how non-profit organizations are developing social innovation initiatives in order to redefine municipal services or procedures to include new or neglected target groups (Bernát and Kubik 2015). The initiative started in 2014 in the neighbourhoods of Kőbánya and Újpest–Budafok and was led by three civil society organizations: *A Város Mindenkié*, an organization involving homeless people and their allies; *Habitat for Humanity Hungary*, an international non-profit organization which mission it is to eliminate housing poverty; and the *Twist Olivér Alapítvány*, a local service provider for homeless people. The non-profit organizations were able to convince two Budapest municipal governments to provide them with some of the empty public apartments all over the city, which they could then renovate and rent out to the project's homeless clients. The municipal governments also agreed to be flexible in applying the eligibility criteria for the public housing, e.g. by recognizing unregistered jobs and unofficial income (for example, scrap metal collecting) in the assessment of homeless people's income capacity to pay the rent.

However, the predominant role of civil society organizations in urban social innovation is not the whole story. In almost all cases, there is significant public sector involvement, showing indeed that public institutions, resources and instruments remain a crucial actor in welfare provisioning in cities in established welfare regimes. One example in which a local government provided generous funds to promote social innovation, in this case to make the housing market more affordable for young people, is the Swedish case of *UngBo 12* (Colombo et al. 2016). In fact, the Swedish municipality of Malmö financed, designed and coordinated a process for the development of new ideas in the field of housing. One way in which they achieved this was through a call for housing ideas for young people, a participatory housing design competition for architects and an exhibition on housing for young people. It was launched in 2011. They gathered for the first time in Sweden, where many public and private housing operators discussed measures to tackle the housing affordability problem at a local and national level. The first immediate result was a tender for land allocation. The building companies were asked to propose projects for new houses for young people in Malmö, based on the ideas gathered through the competition. This led to 11 dwellings for young people being financed. The project was directly managed by the Planning Office of the Municipality of Malmö, which also funded 50 per cent of the project's cost. The other 50 per cent was provided by the private companies involved, motivated by the public visibility of the initiative and with the incentive of maintaining a good relationship with the municipality.

Such examples, and a range of others within the dataset, go against the conventional argument that in the context of the neoliberalization of welfare societies, social innovation acts as a vehicle for offloading public responsibilities on civil society organizations and their volunteers. Although there are some examples of this trend in the *ImPRovE* case studies, particularly in Southern European cities, evidence is too limited to conclude that, across-the-board, urban social innovation signals public withdrawal from welfare provision (Oosterlynck and Cools 2020).

In contrast, an example of where we can see local government withdrawal from welfare provisioning is to be found in Italy, in the city of Lecce (Kazepov et al. 2015). In this city, a small local association of volunteers obtained two years of funding from the European Social Fund through the Puglia regional government to work on inclusive education for Roma children. The project offered afterschool educational activities and support for homework, while successfully working with Roma families. The municipal social services and the (central) state schools sent these families' children to the new social services and gave the project a good

evaluation, indicating that it very much supported their own work and provided a sort of ‘service to the services’. However, both public institutions refused to finance the project after the ESF contributions stopped and argued that they lacked funds.

Despite the central involvement of many public sector institutions in social innovation, something about the involvement of the public sector in urban welfare provisioning is changing. Rather than seeing this in terms of a reduction of its role, however, the changes are better captured when seen as a (qualitative) transformation of public sector institutions’ role. The role of public institutions in the political economy of welfare provisioning requires a systematic analysis of its specific contribution in social innovation dynamics. The case study analysis of localized social innovation dynamics in the *ImPRovE* project clearly shows that public institutions not only adopt classical welfarist roles, such as provision of social services and income support, but engage in a much wider set of roles, notably integrating increasingly complex, multi-scalar welfare mixes, promoting, facilitating and mainstreaming social innovation through policy learning and change. By exploring new roles in governing the welfare mix and sharing the governance of welfare provisioning with private, mostly not-for-profit actors, the state effectively loosens its monopoly on social service provision. This results in the development of a new kind of steering capacity focused on the integration of public and private actors, instruments and resources, in which the innovation capacity of civil society organizations and social entrepreneurs is stimulated and consolidated.

One example that shows how an urban government is struggling with its role of managing and coordinating complex public–private networks and governance processes is the *MigRom* project in Manchester, also involving work with vulnerable social groups (Cools and Oosterlynck 2015). *MigRom* was a client-led, local engagement strategy for Roma inclusion, and involves activities such as interventions in the public debate in the media, exchange experiences with young people, and awareness raising in local institutions. It is co-managed by the Regeneration department of the Manchester City Council, coordinated by the *Romani* project at the University of Manchester and funded by the EU. The governance role played by the Manchester City Council was important, not least because of enduring conflicts of vision and interests between the two competing clusters of organizations. This often necessitated that Manchester City Council played a mediating, or even hierarchical, role.

As far as the *ImPRovE* case studies show, local social innovations are seldom initiated and led by public institutions; rather, it is a role mostly played by civil society organizations. There is a range of reasons for which public institutions engage in partnerships with private (profit and non-profit) actors on social welfare provision, notably complementary expertise, implementation and coordination capacity and innovative ideas and approaches. This implies that public actors perceive that a particular area of the expertise that they need, in order to address social needs and societal challenges, resides outside of their own organization – and most often also outside of the public sector. The same can be said for the on-the-ground capacity to implement and/or coordinate social innovation initiatives. Interestingly, in our case studies, civil society organizations rarely engage in social innovation to improve the coordination and implementation capacity of their initiatives, which seems to suggest that they already have the required implementation and on-the-ground coordination capacity. Finally, public sector organizations do not feel they command the capacity to nurture innovative ideas and approaches for welfare provision themselves. As such, they seek cooperation with a wide range of private actors and their associated instruments and resources to socially innovate. This supports the collaborative innovation model proposed by Sørensen and Torfing (2011), showing that networked cooper-

ation could be a source of innovation in and of itself. In the collaborative innovation model, networks are the central source of social innovation. They provide the relationships of trust that support “collaborative processes through which problems are framed and new solutions are crafted and selected” (Sørensen and Torfing 2011, p. 844).

All this suggests that urban social innovation is transforming the role of the public sector in European cities, at least as far as welfare provisioning is concerned. The *ImPRovE* case study analysis suggests that public–civic partnerships are emerging as a proven model for social innovation. In these partnerships, hierarchical modes of steering the welfare mix, which are deemed typical for the post-war bureaucratic welfare regimes, are far from dominant and seem to give way to mostly hybrids of networked *and* hierarchical forms of steering. Urban social innovation, then, is a vehicle for the public sector for experimenting with a new role: no longer only direct social service provision and income support, but also integrating welfare mixes, promoting social innovation and engaging in policy learning.

One example of policy learning, which only happened after a fierce struggle of a civil society organization to get recognized by the urban government, is the *Tutti a Casa* project in the Italian city of Bologna (Saruis et al. 2016). *Tutti a Casa* was the front running *Housing First*<sup>3</sup> initiative in Italy. The initiative started in 2010, after a highly mediatized conflict between the city’s main homeless people’s association *Piazza Grande*, and the urban government. As a result of this conflict, the Bologna city government decided to reopen one of its homeless shelters. However, the association declared that this solution was not enough to address the needs of the homeless. This started a period of conflict between *Piazza Grande* and the municipality. In 2012, the association presented a Housing First proposal named *Tutti a Casa* to a call for projects from the Bank Foundation Del Monte of Bologna and Ravenna. The proposal was financed, and the association started to realize it, whilst the municipality refused to collaborate and the local politicians, officials and social workers remained generally sceptical about it, if not openly adverse. The turning point was an important conference about policies in support of the homeless, held in Bologna in 2013, involving politicians, experts and social workers from all over Italy. During the conference, a comparison of housing initiatives in different municipalities was presented, which made the Bologna city administration begin to understand how innovative the *Tutti a Casa* project was. From that moment, a process of rapid growth and institutionalization of the initiative began. The Municipality of Bologna not only started to collaborate with *Piazza Grande* on *Tutti a Casa*, but they also moved some funds from traditional shelters to a municipal Housing First experiment.

This case study shows, not only how non-profit led social innovation may facilitate policy learning in the urban government, but also the often-conflictual process through which public–private partnerships are restructured. As Bode rightly claims, many established welfare regimes have always been strongly based on “system-wide coordination via negotiated public-private partnerships” (Bode 2006), but in the current context – which is as much shaped by urban neoliberalization as by urban social innovation – the partnership of civil society organizations with the state has become less stable and more volatile, i.e. more performance and project-based. To the extent that urban governments engage with social innovation, the city may become a site for welfare regime transformation.

How does urban social innovation rearticulate the scalar configuration of welfare regimes? The *ImPRovE* case studies provide some (if only partial) answers to this question by systematically analysing how states are financially involved in social innovative initiatives. As intimated above, public institutions are frequently important providers of financial support

to social innovation initiatives. Most of the initiatives that were analysed got some – but certainly often not enough – public funding. In terms of the scale of government involvement, local funding is also crucially important. This confirms the urban (and regional) role of ‘scale keeper’ in accessing of social innovation initiatives in the field of poverty and social exclusion to public funding (Kazepov et al. 2020). European funding also plays an important role, but rarely does so on its own. It is mostly combined with local or national funding, giving social innovation a bottom-linked rather than bottom-up character (Eizaguirre et al. 2012). Quite significantly, national government funding is of least importance, which confirms that urban social innovation is a vehicle for transforming national welfare regimes in multi-scalar welfare regimes, in which both the urban and European scale acquire more importance.

## CONCLUSION

This chapter has addressed the question of how social innovation transforms the position of the city in welfare provisioning within established welfare regimes. In particular, we focused on two aspects of that position: namely, the crucial role of the public sector and the specific relationship between the city and national welfare states. We argued that even though non-profit organizations often drive social innovation to tackle poverty and social exclusion, the public sector remains an important actor in welfare provisioning and its innovation. Urban social innovation does then act as a vehicle for rethinking, rather than abolishing, the role of the public sector in established welfare regimes. The public sector remains important for funding, organizing and coordinating welfare systems and policies. It both retains its classical role in social service and income support, but it also plays a much wider role, engaging for the integration of increasingly complex and multi-scalar welfare mixes, promoting and facilitating social innovation’s rising and mainstreaming through policy learning. In urban social innovation, a new model for public–civic cooperation is emerging that may lead to a different kind of welfare regime. This is also the case for its scalar articulation. The dominance of the national scale in welfare provisioning and policies is not necessarily withering, but it is challenged by increasingly pro-active strategies for social innovation at the urban scale. At least in terms of funding, a strategic collaboration between the local and European scale is visible that is resulting in an increasingly powerful multi-scalar dynamic of welfare regimes.

This analysis points to the emergence of a new model of public–civic cooperation, built up from the urban scale but mostly mobilizing actors and resources from various other scales as well. Of course, in important regards, this is mainly valid for well-established welfare regimes in Europe and elsewhere. Whereas, in countries without established welfare regimes, such as Brazil, we often see social innovation being driven by large-scale social movements that engage in protracted struggles and we find state institutions much less inclined to collaborate (see e.g. Leubolt et al. 2016). Establishing cooperation around social innovation initiatives with governments on various scales is, in this context, often a matter of continued grassroots mobilization. One cannot rely on the institutional routines and expertise of both public sector and civil society representatives that were nurtured and consolidated through decades of cooperation around welfare services provisioning in an organized welfare mix. Within private market-oriented welfare regimes, in which citizens rely more on private insurance and social policies are more residual and conditional, social innovation initiatives may be more

inclined to turn towards market actors for stable cooperation arrangements (see e.g. Cools and Oosterlynck 2016 on ecological work integration social enterprises in the UK).

It is probably too early to make big claims about how this newly emerging model of public–civic cooperation in established welfare regimes will be challenged by COVID-19 and the measures taken to counter it. Since COVID-19 makes visible and deepens existing dynamics of social exclusion and poverty (Blundell et al. 2020), it seems that it could be a potential trigger for social innovation. The general measures that are being taken to stop the spread of the virus, notably lockdown measures, have had a particularly severe impact on social groups within a precarious position on the labour market, such as those who are living in housing of low quality, with little outside space and insufficient rooms and insulation to offer privacy and rest for all family members and whose children suffer most from not being able to attend school. In response to this unprecedented societal crisis, we have seen the rise of citizen-driven initiatives to provide support to those most affected by the COVID-19 measures,<sup>4</sup> often in cooperation with local government and local entrepreneurs. On the other hand, many national governments and supra-national institutions, even those countries who have been calling for budgetary orthodoxy for decades, are engaging in debt-financed investments to keep the economy afloat and support social cohesion. At least in theory, this seems to offer a fruitful context to deepen the new model for public–civic cooperation built around urban social innovation dynamics in a multi-scalar welfare regime.

## NOTES

1. A landmark here was the Beveridge Report, which developed a coherent regulatory framework and institutional architecture for social policies and welfare provisions that were up until then juxtaposed.
2. The European research project *Improve – Poverty Reduction in Europe: Social Policy and Innovation* was financed by the European Commission within the 7th Framework Programme (Ref. 290613, 2012–2016). For more information see: <http://bit.ly/3uAgHp8>. The most complete publication of the research results can be found in Cantillon et al. (2019), while the study on Social Innovation is in Oosterlynck et al. (2020).
3. According to Tsemberis (2010), *Housing First* is a model of intervention for addressing homelessness among people with mental health and addiction problems. It was developed by the non-profit organization Pathways to Housing. This approach considers housing a basic human right to be provided without any requirement or compulsory treatment. Its basic principles are: commitment to working with users as long as they need, separation of housing from mental health and drug and alcohol services, consumer choice and self-determination, recovery orientation, and a harm reduction approach.
4. See for example the remarks of the WHO Director-General at the ‘Civil society engagement in COVID-19 response at national and local levels’ webinar, accessed 1 October 2020 at <http://bit.ly/3rb5kBS>.

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## 6. Citizenship practices and co-production of local social policies in Southern Europe

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### INTRODUCTION

The involvement of citizens and civil society actors in the implementation of local policies became prominent worldwide during the 1980s as part of the new governance paradigm.<sup>1</sup> The shift combined two characteristics: (1) the introduction of the private sector New Public Management practices in public institutions; and (2) the New Public Governance discourse, with its emphasis on partnerships between the public sector, civil society and private actors. Later, the new millennium also witnessed several initiatives that reinforced the participation of civil society and citizens in policy implementation.

In 2001, the European Commission published the *European Governance White Paper* acclaiming the subsidiarity principle and the involvement of citizens and civil society actors in governance. Even before that, the UN Millennium Agenda had recommended “develop[ing] strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication” (United Nations 2000, p. 5). This participatory turn in governance was reinforced by the European Commission Innovation Programme, which singled out social innovation to address social risks in the context of economic crises *with* stakeholders and citizens rather than *for* them (Bureau of European Policy Advisers 2010; Moulaert and MacCallum 2019, p. 24).

The emphasis within this new paradigm was specifically on top-down participatory governance, which opened policy-making up to a variety of new social actors. However, this was done without necessarily incorporating bottom-up ideas, or even aspirations for a more democratic style of governance. Even so, new opportunities emerged from these limited changes in citizen participation which allowed for innovative citizenship practices led by civil society groups, urban community groups and activists (García 2006, p. 746; Martinelli et al. 2017).

The involvement of citizens and civil society in local social issues is often seen as a binary proposition: such relations either imply co-option of citizen movements by institutions, resulting in top-down governance, or they can be seen according to bottom-up claims. This chapter examines examples where the top-down/bottom-up dichotomy appears to have been successfully overcome, thus showing the potential of ‘bottom-linked’ governance of social innovation in social policy (Moulaert et al. 2019; Pradel-Miquel et al. 2020). The concept of bottom-linked governance is defined as “new forms of democratic governance collaboratively built between social innovation initiatives and activists, their scalarly dynamic networks and state institutions and agencies” (Moulaert and MacCallum 2019, p. 50).

Welfare state retrenchment in European countries paved the way for innovative urban initiatives (Cucca and Ranci 2016). Many of these initiatives seek different forms of collaboration with local administration, and this has fostered the co-production of policies with local

administration working with civil society organizations and social movements. The process of policy formulation and implementation tends to reinforce, not only social, but also political citizenship. Through the policy-making process, citizen initiatives may go beyond local spaces and, by developing mechanisms of participation, might be enabled to spread to wider sectors. However, it helps when policy administrators are open to new ideas and approaches from civic organizations. Moreover, the institutionalization of new instruments can make citizen participation effective; one such instrument is the incorporation of the commons<sup>2</sup> as a mechanism of participation in local governance, which is described in more detail later in this chapter.

Our aim in this chapter is to show, through various case studies of citizen initiatives, that their transformative capacity has worked best when channelling their actions through ‘bottom-linked’ governance relations. We focus on cases in four major Spanish cities – Madrid, Barcelona, Bilbao and Zaragoza – as well as others across Southern Europe, such as Athens, Bologna, Milan, Naples and Porto. In the discussion that follows, we describe features that we have identified in examples of bottom-linked governance. We then provide the historical and geographical context in which these experiences emerged in each of these countries and cities. After that, we describe new forms of citizen organizations that emerge, outlining their practices in relation to the governance of social services based on different forms of collaboration with local institutions. We also describe some new experiences in response to COVID-19, and finally we sum up with our conclusive reflections. Our analysis considers each case first within the city governance framework, following which we then examine the difference that exists between them (for details, see Eizaguirre Anglada 2020b).

### **Features of Bottom-Linked Governance**

Before moving on to examine the examples in more detail, it may be helpful to elaborate briefly upon the characteristics that we have identified in bottom-linked governance in order to clarify what is meant by this term. First, it entails initiatives that not only call for further redistribution of resources, but also focus on the introduction of ‘new’ approaches in social policies with a view to reinforcing social citizenship. The involvement of ‘users’ is important both in the formulation and implementation of local social policies. This can be achieved through community-building and community-public partnerships in the management of local policies. Examples include neighbourhood and community plans to improve housing conditions and social services in cities.

Second, some of the initiatives stimulate the participation of citizens beyond their immediate communities. One way that this can be achieved is by taking part in joint action in urban public spaces, sometimes guided by activists in a first moment of organized protest. However, for claims to have a lasting influence in local policy, some level of routinization or ‘participation plan’ is required. The innovative experience of ‘ordinary’ citizens having a direct say in public budgets in Porto Alegre in 1989 demonstrates the possibility of democratizing local policy.

Third, in many cities, local institutional actors are often sympathetic to innovative suggestions made by organized citizens for ongoing involvement in civic society, especially where they are accustomed to delivering social policy with non-state actors (Oosterlynck et al. 2016, pp. 4–6). In the Porto Alegre case, the incorporation of claims to rights into a routinized policy instrument was possible through the openness of the city government (Ganuza and Baiocchi 2019).

Fourth, instruments are needed to achieve three-way collaboration amongst public managers, professionals in local administration and members of civic groups to accommodate new proposals from these groups. Successful interaction has stimulated the development of durable bottom-linked policies. Instruments of participation in policy choices are being developed around the world, and these are supported through technological innovations. However, bottom-linked citizen innovations do not merely entail the application of technical expertise to assist participation mechanisms. Other instruments may be introduced that involve modifying objectives, accepting new conceptualizations, changing regulation and legitimizing new ways of governing (Lascoumes and Le Galès 2007).

Fifth, the introduction of the commons as an approach to the governance of resources that are created and owned collectively has become an attractive perspective for activists when they set out to reclaim institutions and community services to make them more accessible. The commons approach takes its cue from Ostrom (2018), who would overcome the public/private dichotomy by strengthening the role of community in the provision of services and of citizen participation in decision-making. Ostrom's work showed how some goods and services could be managed through collective arrangements amongst community actors. Using the precepts of institutional economics, Ostrom argued that multiple actors can reach collective agreements which promise better management of resources. Amongst the features of the commons are the emphasis on members' horizontal decision-making and the intention to meet some kind of social need (education, employment) rather than turn a profit.

David Harvey (2012) expounded the virtues of the 'urban commons' in cities in his vindication of citizen practices. However, he insists on its dynamic character and sees it as an "unstable and malleable social relation between a particular self-defined social group and those aspects of its actually existing or yet-to-be created social and/or physical environment deemed crucial to its life and livelihood" (Harvey 2012, p. 73). By pointing out the risks of creating potentially exclusionary mechanisms in citizen practices, Harvey alerts us to the dangers of experiments that operate without institutional embedding.

The perspective on the common good advanced from the 1990s and intensified with the social activism that has since re-emerged. With the 2008 financial crisis and its aftermath – including a dramatic rise in social need, accompanied by shrinking public resources – the larger cities of Southern European countries became laboratories for trying out new forms of cooperation between citizens and communities. The challenge for such horizontal organizations is to establish alternative ways of cooperating with local institutions to influence local social policy.

## WHY SOUTHERN EUROPEAN CITIES? THE HISTORICAL AND GEOGRAPHICAL CONTEXT

Citizen and community initiatives emerged in the cities of Southern European countries before 2008, but these were especially active in the aftermath of the financial crisis, where they mobilized to cope with growing social needs that remained unmet by either public bodies or the market. In some instances, organized citizens in anti-austerity social mobilizations articulated claims to rights that went beyond the immediate coverage of needs and services. These included political demands, such as changing the political vision of cities, transforming social policy schemes and eventually modifying local governance to reinforce social rights. Waves of

social mobilization shook Athens, Rome, Lisbon and the Spanish cities of Madrid, Barcelona, Valencia and Zaragoza (amongst others). These disruptive mobilizations demanded state action to strengthen social policies and to consolidate the social rights that were under attack (Zavos et al. 2018). Some of these anti-austerity social movements constituted radical new parties associated with left-wing politics (e.g. Syriza in Greece, and Podemos in Spain) (Della Porta 2015; Hadjimichalis 2018). The widespread presence of young cohorts in the protests and within the formation of new parties (García 2018) got more attention than the impact of these mobilizations on local social policy.

An important question in relation to our focus on these innovative citizen movements and their potential role in local social policy in Southern European cities is: why have such movements been so pronounced in these cities? There are four broad reasons for this choice of focus, as detailed below.

First, there is the divergence between Northern and Southern European cities in their institutional and financial capacity to implement local social policies to tackle poverty and social exclusion. The austerity policy after 2008 deepened the restructuring of welfare in EU member states, particularly in the social policy sector, with a ‘general disengagement’ of the state from the direct provision of in-kind services in favour of outsourcing. This factor interacted with the previous downward re-articulation of responsibility in welfare, with more responsibilities handed to local governments to provide services (Kazepov 2010; Andreotti and Mingione 2016). This decentralization of service provision has a longer history in Northern countries, where the development of multi-level governance of welfare matched the move towards financial decentralization. In Southern European countries, however, the more recent downward transfer of responsibility for service provision was not well articulated in multi-level governance, nor was it smoothly accompanied by financial decentralization (Martinelli et al. 2017). These countries also experienced stronger state withdrawal from some of these services, which made the impact of austerity even harder to bear.

Second, the difference in institutional and financial capacity between cities in Southern European countries and their Northern counterparts was exacerbated after 2008. Greece, Italy, Portugal and Spain were pressed by the Troika (European Commission, European Central Bank and International Monetary Fund) to implement pro-cyclical fiscal consolidation measures. Each country signed individually formulated memoranda of understanding monitored by these supranational institutions. The national governments then restricted local welfare and services expenditure; meanwhile, reduced investment and employment opportunities created new categories of socio-economic exclusion, such as young unemployed graduates; adults with long working careers and stable community membership; and immigrants with precarious jobs and very low salaries. Young cohorts working sporadically in precarious jobs without full economic and social rights became the new economic ‘denizens’ (Standing 2011, 2014). From 2008 to 2013, employment fell by 26 per cent in Greece, 16 per cent in Spain and 8 per cent in Italy and Portugal, and the poverty rate rose significantly in the four countries, much above the EU average (Cano-Hila et al. 2020; Perez and Matsaganis 2018, p. 196; Eurostat 2018, p. 31).

Third, in the four countries, citizen initiatives in the neighbourhoods of cities sprung up to respond to the needs of families and so to complement family solidarity. Citizen mobilizations occurred in large open spaces of many cities, and it was here that ideas emerged in relation to the creation of community practices for policy innovation concerning housing, material resources, or employment. In Spain, the Anti-Evictions Platform was created in Barcelona in 2009 due to the impact of the mortgage crisis after the housing bubble burst in 2008. This

elaborated multiple strategies for housing accessibility and introduced the ‘right to housing’ argument into the debate. This organization achieved national significance as similar platforms appeared in all large and medium-sized cities in Spain (García 2019). Local groups showed significant capacity to create networks within and across cities which strived to influence, not only local, but also regional and national policies and to receive support from supra-national bodies. In the centre of Naples, a citizen-led initiative (the *Associazione Quartieri Spagnoli*) established a managing agency for neighbourhood development with the support of the local administration and European co-financing. Despite institutional support, this organization retains leadership of the project (Cavola et al. 2010).

After 2011, Athenian solidarity networks, such as Myrmigi, exemplify horizontally organized citizens operating as welfare providers with material resources collected from other citizens. Likewise, there is the Hellinikon Social Medical Ward and Social Pharmacy (MKIE), a network of doctors who provide health care on a voluntary basis. The actors involved in these practices are redefining the concept of the public, going beyond citizen participation to include welfare socialization (Vaiou and Kalandides 2016).

Quite a few cities of the four Southern European countries have a history of solidarity economy and community resilience projects (Baumgarten 2017). More recently, new and existing groups in Lisbon and Athens, as well as large cities in Italy and Spain, have promoted growth in the social and solidarity economy, often through the creation of new cooperatives and organizations trying to influence active employment policies at the local level (Pradel-Miquel et al. 2020; Vaiou and Kalandides 2016). Despite retrenchment in public programmes for social entrepreneurship, new programmes and funding to foster the solidarity economy have been promoted at the local level (European Commission 2020). As a result, social enterprises grew from 5,680 to 9,680 between 2008 and 2017 in Spain, from 11,264 to 15,770 between 2011 and 2017 in Italy and from 116 to 899 between 2012 and 2016 in Greece.

Fourth, in some Southern European cities, flexible forms of collaboration between grassroots organizations and local administrations were furthered by the advent of new political parties and coalitions in local, regional and national governments. Grassroots mobilizations generated new national parties which framed their claims in opposition to austerity and the political establishment. Political parties, such as Syriza in Greece and Podemos in Spain, achieved political representation, first locally and then nationally in majority governments (Syriza) by forming coalitions (Spain) or by supporting the majority government (Portugal). Local political coalitions, supported by local social movements, committed to a social citizenship agenda and to reinforcing political participation. The Spanish (2015) municipal elections brought new local political platforms to power in Madrid, Barcelona, Zaragoza and eight medium-sized cities (Blanco et al. 2019). Sometimes, the new parties did not have clear majorities and were forced to form alliances with well-established political parties.

In the next section we analyse the emergence of new organizational solutions for the governance of social policy as well as the efforts of both local administrations and citizens to develop new forms of collaboration and openness. We describe different forms of collaboration between citizens and local administration, ranging from self-organization to inclusion in public policy programmes. Although the chapter concerns Southern European experiences overall, we offer greater detail on the four Spanish cities of Madrid, Barcelona, Bilbao and Zaragoza, the objects of our empirical analysis.

## DIFFERENT FORMS OF COLLABORATION IN LOCAL SOCIAL POLICIES

The emergence of citizen initiatives has resulted in a variety of new collective actors. Each national and local context largely determines how these actors relate to other community and civic groups from previous waves of citizen mobilizations and with local administration. In Greece, ‘solidarity initiatives’ appeared in Athens and other cities to alleviate the everyday effects of the crisis. Seeking alternative ways of delivering services, organized citizens established horizontal networks with other organizations engaged in bottom-up projects. Services included the delivery of food, schemes for educational support, and the provision of medical services and pharmaceuticals. The organization of these services required cooperation between actors of the various solidarity initiatives. The formation of horizontal networks was crucial in order to exchange skills and experiences amongst organizations operating in different neighbourhoods and townships of metropolitan Athens. However, collaboration between the new organizations and the administration was an issue after the 2011 economic crisis in Greece and this problem continued in 2015 when Syriza came into power within the national government (Arampatzi 2017).

There has been ample debate on the role of citizens in the expansion of democratic spaces (Vaiou and Kalandides 2016). Spaces of active participation have allowed alternative ways of belonging through the formation of networks of solidarity and this reconfigured the public space. The approach had an impact on local candidates and political parties but the goal of preserving bottom-up citizenship and reconfiguring public space remained.

In Portuguese cities and rural areas, alternative projects developed relating to youth unemployment and austerity measures. News of the success in Athens reached Lisbon and other cities, where solidarity-based exchange groups were organized to meet social needs. Citizen projects proliferated after 2011, such as self-organized cultural centres and urban gardening groups. Some of these projects were developed on occupied spaces of city land, others were tolerated by private landowners. The connection between these groups and the anti-austerity movement was uneven and the aim was not to influence policy. Unlike Greece, in Portugal the solidarity economy has been highly institutionalized, particularly since the 1990s, with the support of Portuguese and EU programmes. The creation of a national platform to support local projects has consolidated this trend of institutionalization (Baumgarten 2017, pp. 175–180). This goes some way towards explaining the relative lack of literature reporting on citizen practices outside of policy.

A salient feature of most new citizen initiatives in Spanish and Italian cities is their willingness to collaborate with the administration and to engage in the co-production of policies, whilst maintaining the structure of self-government and horizontal decision-making. These citizen organizations seek to retain support from their social base as a firm anchor outside the administration and to maintain a measure of economic autonomy. The connection to actors involved in the social and solidarity economy is essential, as this allows the organizers to learn how to develop economic activities outside the sphere of the market. Many of the citizen organizations were willing to cooperate with the authorities if their claims were adequately addressed. This insistence on self-government and autonomy from the administration that we have seen in innovative organizations from Barcelona, Bilbao, Madrid and Zaragoza was often defended in terms of community involvement in service provision and the capacity to develop forms of public–community partnerships instead of public–private ones.

New spaces of dialogue between civic organizations and the local administration can lead to new types of partnership. These encounters can lead each local administration to adopt old and new instruments to incorporate the new initiatives. One such instrument is a formal agreement in which the autonomy of the civic organization is preserved in both the provision of the service as well as internal management (such as decision-making amongst members and planning of delivery). Examples are agreements of cooperation where citizen organizations run cultural sites, or where social and cultural services and solidarity activities and/or alternative markets have become a stable feature in the neighbourhoods. Other instruments allow for co-production of the services with systematic coordination amongst public officials and citizen organizations, such as services to deal with poverty and issues of social exclusion. In this last type, there tends to be routinization in civic participation without necessarily renouncing the citizen practices that gave rise to the initiative (assembly deliberations) (Eizaguirre Anglada 2020b; García Cabeza and García Ferrando 2020).

In Barcelona and Madrid, as well as in some medium-sized cities in Spain, the commons approach was explicitly adopted by some of the political coalitions that emerged in the 2015 local elections, by adding the suffix ‘en común’ (in common) to their name. Upon reaching power, some of these coalitions developed new policy instruments to strengthen public–community partnerships. For instance, in Barcelona and Madrid, the commons approach inspired the collaboration of organized citizens with the administration in the management of spaces (e.g. urban gardens, parks, empty lots with new uses) and social centres. Other examples of its application in response to social needs include neighbourhood initiatives involving social programmes for urban regeneration, labour insertion policies or healthcare provision (Eizaguirre et al. 2017; Blanco et al. 2019).

The mayor of Naples, Luigi de Magistris, developed forms for greater involvement of local social movements and citizens through a commons approach. The local administration there supported the initiatives of several social centres, considering them as for the ‘common good’. The city even established a ‘Department of the Commons’ (Bauwens 2016). In 2014, the Bologna City Council approved the ‘Regulation between Citizens and the City for the Care and Regeneration of the Urban Commons’, aka ‘Bologna Regulation’, to promote a new form of collaborative governance (Bianchi 2018).

The ways in which citizen initiatives sought to collaborate with the local administration clearly varies across cities. The same goes for their role in proposing new policies and approaches and in suggesting different opportunities for action and dialogue. Local administrations also differ in how they conceive of the role of civil society actors in services to meet social needs, ranging from complementing public action to actually substituting the local administration in the provision of some services. Given all this, one can sometimes observe changes in the relationship between civil society actors and the local administration, moving from a critical outsider position to a dialogue and eventual cooperation. We have identified three main types of relations between social initiatives and local government: (a) claims that lead to initiatives that participate in the formulation of local policy through bottom-linked governance; (b) claims by actors who prefer to remain active in projects outside the institutional frameworks of local policy; and (c) local policy with input from community action resulting from claims made in the decade of the 1980s. Table 6.1 summarizes the main features of each of these types, which we analyse in more detail below.



Table 6.1 *Types of collaboration between social initiatives and local administration*

Forms of collaboration	Main features
Bottom-linked governance	Co-production of policies, public support of citizen-led programmes through the provision of technical staff, funding or other material resources (e.g. spaces) based on flexible agreements
Outside institutional frameworks of local policy	Self-management and independence from the administration, but sometimes informal relations and collaboration with existing local policy frameworks in the provision of social care or services
Local policy with input from community action	Connection with the administration through existing actors and institutional mechanisms established through previous waves of mobilization

Source: Authors' own elaboration.

### Claims and Participation in Local Policy in Bottom-Linked Governance

The initiatives that fit into the first kind of pattern present a total predisposition to working in close collaboration with the local administration and are characterized by fluid dialogue with institutions. In one way or another, these social initiatives integrated their actions into the architecture of local social policy in their respective cities. Some adapted their contribution to the existing institutional mechanisms, whilst others contributed towards creating new mechanisms through their interactions with local council officials. For these organizations, the issue of autonomy of action and the original design of their projects caused much debate. Civic actors and organized citizens used different strategies to avoid being co-opted, such as running their projects as autonomous providers of services whilst being part of the overall structure of public social service provision or starting economic activities in the social and solidarity economy.

In the introduction to this chapter, we mentioned the innovative citizen participation in Porto Alegre. These citizens organized assemblies and established dialogue with the left-wing local administration, who they found to be receptive. The identification of examples of this and similar models of citizens' bottom-linked innovations remains highly relevant (Porto de Oliveira 2017). In Barcelona, for instance, neighbourhood employment initiatives were developed in collaboration with the city administration. In the case of *Barceloneta Proa a la Mar*, a group of residents in the neighbourhood of *La Barceloneta* began offering support to unemployed neighbours by helping them to approach local businesses. Demand for the initiative induced the organizers to seek support from the local administration since volunteers alone could not fulfil the level of local need. The project was then institutionalized and professionalized and became part of the 'Barceloneta Community Plan'. The city administration then created an instrument for participation and local development in response to this citizen initiative.

This form of ad hoc 'institutionalization' gave access to technical support from the administration, whilst the project itself remained autonomous. The framework of the community plan also made it possible to launch a participatory process that culminated in a local employment pact and an economic development strategy for the neighbourhood. This initiative is considered a success (Cano-Hila and Pradel-Miquel 2020), because the agreement, *Barceloneta Proa a la Mar 2015–2020*, aimed to boost the local economy and it did in fact improve the labour market insertion of *Barceloneta*'s residents during that period. It promoted – within the community plan – the social and solidarity-based economy and strengthened community ties.

The fact that the initiators were local citizens made this case an example of what we mean by bottom-linked innovative governance. The introduction of new instruments was hardly required in this case because the municipality of Barcelona had already created instruments from the late 1990s to initiate community plans with the participation of citizens.

Bottom-linked approaches have also developed within self-managed social centres, which have then gone on to seek support from the local administration to legitimize their social and cultural activities directed at their communities and/or their city. Examples include the *Centro Social Luis Buñuel*, located in the historic centre of Zaragoza (García Cabeza and García Ferrando 2020) and the *Espacio Vecinal Montamarta*, in the Madrid district of San Blas (Díaz Orueta and Lourés Seoane 2020). These centres serve as containers of social projects and cultural meeting points within their neighbourhoods. Both cases represent examples of ‘fragile’ collaboration with local government, since they are dependent on the cooperation of whichever political party happens to be in power. The main mechanism for each of these is a formal, legal agreement by which the city administration concedes the symbolic tenancy of the premises to the community organization. Often these premises are owned or purchased by the administration, and are lying vacant prior to being occupied by the organization. Part of the agreement states that the administration should respect the self-managed, neighbourhood-based nature of the initiatives. The other part is the transition from a spontaneous citizen organization to the constitution of a formal association, subject to specific requirements in Spanish law.

Collaboration between civic organizations and local administrations ending in formal agreements take different forms, and these are normally context related. For example, in Naples, the *Ex Asilo Filangieri*, a centre for cultural production, is managed by an ‘Assembly’ (Cillero 2017) overseeing the programme of activities, the communication and the logistics. The city administration have adopted a flexible approach to incorporate and support the recovery and collective use of this public space that had previously been abandoned for many years, and has categorized the ‘Assembly’ as a public common good. This Italian case differs from *Collaborare è Bologna*, where attempts to create a citizens–local administration collaboration occurred in parallel to attempts to evict social centres and with tensions between urban social movements and the city council (Bianchi 2018).

The four social and cultural centres (in Zaragoza, Madrid, Naples and Bologna) have become spaces for deliberation and discussion as well as meeting points for social movements and citizen organizations. These social spaces not only host citizens’ debates and the search for solutions concerning issues of local collective interest; they have also become spaces of solidarity in which social ties are generated on the basis of horizontal (i.e. non-hierarchical) relations. These citizen practices are a way of claiming a ‘right’ to the city. In addition, there has been a revitalization of existing centres, and this has strengthened their role as incubators of new initiatives and promoted the democratization of the city and its neighbourhoods.

### **Advancing Claims When Actors in Projects Opt to Be Outside Institutional Local Policy**

The second group of citizen initiatives is characterized by their lack of formal collaboration with municipalities, whereby they maintain independence, thereby preventing co-optation and avoiding the danger of weakening of their internal democracy. The actions of such groups focus on overcoming the institutional framework. Here we describe experiences in Bilbao and Athens.

In Bilbao, *Hika Ateneo* is a self-managed social centre created in 1997 with a consolidated position in the social activist fabric of the city. This organization played a key role in local debates concerning the contribution of social movements and the emergence of new initiatives against social exclusion (Eizaguirre Anglada 2020a). *Hika Ateneo* maintains its independence from local government and provides spaces for other citizen initiatives and social movements (particularly left-wing social movements). It encourages citizen participation in addressing social, cultural and political issues and has consolidated its capacity to host a range of cultural activities, including cinema, theatre, music, literature, gastronomy, talks, debates, exhibitions and solidarity meetings. The income generated through these activities, in addition to membership fees, enables the initiative to remain autonomous.

In Athens, the *Social-Cultural Centre of Vyronas Lampidona* is a meeting place, open for debates and any activities of importance to neighbourhood residents. The centre offers after-school activities for children, workshops for creative writing, teaching assistance for high school students, language teaching, music, dance, and so on. This initiative has helped to create a close-knit community. It originated in 2011 from a group of activists who occupied an unused municipal facility in which they organized discussions and cultural activities. At first, the municipality attempted to evict them, then later, to privatize the site. However, the local community protested, with the demand that they ‘*let Lampidona live*’; finally, the municipal authorities abandoned the idea of closing it down and completely ignored its activities. *Lampidona*, through self-management, self-financing, volunteering and collaboration with other solidarity initiatives, provides space for the creativity, desires and needs of local society (Vaiou and Kalandides 2016).

Such innovative social experiences promote a sense of belonging and of urban citizenship, encouraging the politicization of participation, community development and the reconfiguration of public spaces outside the institutional local policy space. Some initiatives embody principles of libertarian self-management. The above examples show a critical attitude from organized citizens towards, and on occasion even in conflict with, the municipal administration concerning the use of space or the preservation of autonomy. A *modus vivendi* often results, from which administrations respect the organizations’ actions and their role in the provision of services. However, the strong sense of autonomy significantly limits the potential of such initiatives to contribute to public policies, which could otherwise reinforce co-construction of socially innovative social policies so that the positive outcomes could be replicated in other neighbourhoods. Thus, their strength lies in reinforcing community relations, their limitation is that they remain locally bound.

### **Local Policy with Input from Community Action from Claims Made in the 1980s**

The contribution of earlier community action and social movements upon current social policies in cities has not always been acknowledged – with some exceptions (Eizaguirre et al. 2017; Martínez 2011). However, previous waves of mobilization can help us to understand some of the initiatives that have emerged from more recent mobilizations in Southern European cities.

In Madrid and Barcelona, social mobilization at the neighbourhood and city levels in the 1970s and 1980s involved the demand for public services (schools and health care centres) and housing for newly arrived workers (often internal migrants from other regions). When democratic local councils were re-established in 1979, the new leadership incorporated

a substantial part of those claims into urban planning and social policy. Also during that same period, urban social movements in Athens, Lisbon and Porto had a marked focus on housing needs, with some factions within these movements taking direct action by occupying buildings (Martínez 2011). The squatters' organizations have subsequently had some influence in urban refurbishing plans in central areas of cities. Although urban social movements of the 1970s and 1980s were significant in cities around the world, they occupied a special role in Greece, Portugal and Spain since they coincided with the democratization processes that followed the fall of dictatorships in those countries.

In Porto, housing problems were persistent even before migrants from the colonies arrived after the 1974 revolution. Such problems boosted the city's urban movement. Citizen associations formed housing cooperatives that continued to work intensely on the provision of affordable housing, even though the mobilization capacity of these associations diminished radically (Martínez 2011, pp. 160–165). Nonetheless, some of the most radical groups involved in squatting gained the support of some architects and planners who not only engaged the members of these groups in the urban planning of specific neighbourhoods, but also helped to legalize the occupations of houses and gain recognition for being able managers of buildings (Martínez 2011, pp. 160–165). However, such mobilization experiences were to remain local and therefore had limited impact at that time. As Martínez explains it (2011, pp. 166–167), the actors did not form national federations and their influential capacity in planning was marginal. Nevertheless, having learnt from this historical experience, more recent ecological movements in Porto have been more successful in presenting alternative technical proposals and in contributing to planning policy.

The case of Zaragoza offers a contrast; here, citizens from the mobilizations of the 1970s and 1980s contributed to the formulation of local employment policies and urban community planning. The institutionalization of neighbourhood associations' participation was consolidated, with these associations becoming increasingly involved in the administration's social inclusion policy. Their action led to the creation of the *Red de Centros Socio-laborales de Zaragoza* (Network of Social and Occupational Centres of Zaragoza) to deal with school dropout and youth unemployment in low-income neighbourhoods. From the neighbourhood associations, parishes and civil collectives, intervention strategies were initiated for the socio-occupational integration of young people. Over the years, these actions were incorporated in the labour insertion policies that are key features of the current local welfare system. These organizations managed activation schemes with public and private finance. Unlike the Porto case, here the leading organizations formed a federation at the national level and were instrumental in modifying legislation concerning the role of civic organizations in job integration. When the 2008 crisis caused high levels of unemployment, these civic organizations were ready to embrace a role in labour and social inclusion initiatives and work with the local administration within the wider framework involving a constellation of actors. They also support the integration of new, young actors in new civic programmes of work activation (García Cabeza and García Ferrando 2020).

### **Developments during the 2020 COVID-19 Crisis**

Prominent citizen initiatives have emerged since the outbreak of the COVID-19 pandemic, particularly across Italian and Spanish cities where mobility restrictions were severe for many weeks. During the lockdown, elderly people living alone and far from their families became

very vulnerable. The same is true of workers in the informal economy, who were deprived of their source income. Citizen initiatives of different kinds (formal and informal, individual and collective) focused on providing basic food support and assistance to socially excluded sectors of the population (Blades Cano et al. 2020). There appears to be some connection between the solidarity practices that spread after the 2008 financial crisis, which formed the social basis of anti-austerity mobilizations, and current social responses to the COVID-19 crisis (Blanco 2020; Cano-Hila and Argemi-Baldich 2020).

The COVID-19 crisis has prompted a collaborative effort among Southern European and Latin American higher education institutions under the name of the *SOLIVID* project (SOLIVID 2020), which has made available a worldwide map to show the emergence of solidarity initiatives during the pandemic. For European cities, the map shows the emergence of new food banks, as well as the reactivation and growth of existing ones in cities such as Milan, Naples, Madrid, Barcelona or Lisbon. Citizens have become involved in helping to meet increasing demands for food and assisted in meeting other basic needs.

Solidarity initiatives also emerged to ensure access to information, psychological support in the context of confinement and providing an internet connection (for instance, to children of low-income families who needed to access online learning). One example is the Portuguese city of Aveiro, where a telephone support initiative was organized for elderly people to provide information and help them access local social programmes. A similar service was set up in Milan. In Spanish and Portuguese cities, neighbourhood solidarity networks, based on self-help and horizontal organization, have articulated responses for people in need. Social centres have become hotspots for the articulation of citizen initiatives. With local variations, the role of these networks has been reinforced by institutional support from city administrations. This is the case of Barcelona and of many other small municipalities (Blades Cano et al. 2020).

Finally, confinement has created a new opportunity for voicing claims and for exercising pressure on public administrations to widen the scope of national and local social policies. In Portugal, confinement has reinforced the long-standing claim for housing to be treated as a social right. As economic recovery was based to a large extent on housing revalorization, Lisbon saw a jump in evictions. Housing movements were able to raise this issue on the policy agenda, as confinement made having a habitat a fundamental need. The claim that change is needed in regulations concerning access to housing for low-income groups and for the homeless and to bring the 'right to housing' closer to reality has become more justified (Mendes 2020).

## CONCLUSION

The analysis of citizenship practices that tackle the dynamics of social exclusion shows that claims for social citizenship could be transformed into local practices aimed at the reinforcement of local social policies and with citizens involved in their development. The contribution of these practices to social policies can occur through changes in policy objectives or in the way policies are implemented. We have argued that the transformative capacity of citizen initiatives is more significant when they integrate their actions in social policies through bottom-linked governance relations.

This bottom-linked style of governance manifests itself in different ways. We have shown cases in which citizen initiatives have been supported by the local administration with professional and/or financial support to widen the impact of their specific actions (e.g. job activation) to all citizens (instead of just a specific community). In other cases, citizens' claims have inspired initiatives that are not directly connected to the local administration but constitute direct or indirect support for existing policies. These initiatives are relevant in moments of crisis and can sometimes find forms of informal collaboration with the administration, even if they remain formally detached. The operationalization of bottom-linked governance is perceptible in specific current local social policies which have been 'framed' to some extent by citizen claims from the 1970s and 1980s and have since provided the script for new initiatives and approaches to social policies. Neighbourhood and community programmes are good examples of these.

New instruments are needed, not only to integrate new and more diverse actors into the implementation of policy, but also to put into practice new concepts with which to frame policy (Lascoumes and Le Galès 2007). In some of the examples examined in this chapter, citizen initiatives espouse innovative cooperation with the local administration and, in doing so, experiment with new concepts and instruments of policy implementation. One example is the introduction of the commons approach to governance, especially in some large Italian and Spanish cities. The operationalization of the commons approach has required the design of public–community partnerships taking advantage of technical expertise and new technological instruments. Despite the introduction of instruments that can legitimize new civic actors as partners of local policy in innovative ways, some organizations (close to social movements) are still reluctant to avail themselves of the new mechanisms that entail partnerships with the administration.

Partnerships that involve collaboration between organized citizens and public administration, as well as the introduction of new legislation and mechanisms, have often been seen as ways of developing 'caring neoliberalism'. That is, when parts of the responsibilities of the administration are delegated to communities and groups (Bianchi 2018; Rosol 2012). We have presented the argument that within specific local institutional contexts the capacity of organized citizens may work otherwise.

First, there are examples that illustrate the possibility of transforming citizen claims into practices developed in partnership with the state (i.e. local administration) and not as a substitute for state action. Second, citizen initiatives often seek both to bolster political and social citizenship and reinforce local social policies by participating in the definition and implementation of these policies without necessarily being co-opted. Third, new citizen organizations may propose the establishment of new forms of collaboration on conditions of strict internal democracy. This avoids adopting the public-management style of social policy governance, as other longer-established organizations have done in their partnerships with local institutions.

Such attempts may not be always successful, since partnerships with institutions entail risk, such as co-optation and democratic flaws (Pinson and Morel 2016; Davies 2007). To confront the challenge of co-option, organizations are faced with a dilemma: they can either try to preserve autonomy and self-organization whilst seeking collaboration and support (professional and financial) from local institutions to guarantee the continuity of their initiative. Alternatively, they can strive to maintain autonomy from the administration. That means they may need to seek alternative funding schemes based on the social and solidarity economy. The mode of engagement with local institutions described earlier (e.g. in the case of *Hika Ateneo*

in Bilbao, or the cultural centres in Madrid and Zaragoza) may be the closest possible arrangement to the commons approach, which strengthens the role of community in the provision of services and promotes co-management of policies and citizen participation in the city.

Finally, citizen initiatives and social movements ultimately strive for their demands to lead to the provision of resources and services, and to achieve the co-production of policies. The organizations that were formed during previous waves of social movements and in the post-2008 crisis have all grasped the opportunity of urban collective action in the attempt to democratize local governance. The impact of the innovative capacity of the constellation of the players (social and political movements, civil society actors, local administrations) is rooted in their specific institutional contexts and trajectories in local governance. In many Spanish and Italian cities, and in some of the Portuguese cities, local governments have developed new policy instruments for greater involvement of citizens in decision-making. Barcelona, Madrid, Bilbao, Zaragoza, Bologna and Naples, as well as Porto, are just some of the examples of this. On the other hand, in Greece, social movements and horizontal networks have shown more reserve concerning collaboration with public administration, even though there are forms of informal collaboration.

## NOTES

1. This chapter derives from the research project INNOSOGO, Social Innovation and Governance: Emerging Practices for Cities in Transformation financed by the Spanish Ministry of Economic and Competitiveness (CSO2013-47217-P).
2. Governing by commons involves creating an inclusive framework for common-pool resource management (see Ostrom 2018).

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## 7. The transformation of local welfare systems in European cities

*Alberta Andreotti, Enzo Mingione and Emanuele Polizzi*

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### INTRODUCTION

One of the main changes that has occurred within modern welfare systems is the shifting role played by local, national and supranational institutions over time. Nation states played a crucial role in building the main infrastructure of welfare systems in the ‘trente glorieuses’, from the 1940s to the 1970s. However, local institutions became increasingly important from the 1980s and until the first decade of the 2000s, at least in Western European countries, leading to the rise of what we have called ‘local welfare systems’ (Andreotti et al. 2012). The first and most obvious reference point in this concept is the urban level, but cities are only a specific type of local welfare system, as small towns and dispersed localities, such as remote internal areas, have also shown their own dynamics of localization in welfare models.

Later, the economic crisis of 2008 triggered a process of a recentralization of functions in several European countries and in different policy domains (Keating 2017), bringing a return of the prominent role of the nation state, previously depicted too quickly as a dead body (Therborn 2017). The main reason for this recentralization process was the necessity for the state to keep social expenditure under control. Additionally, the role of the state has come to the forefront with the rescuing of national and local banks during the financial crisis of 2008 (Woll 2017), the securitization of territory, and the so-called migration and refugee crisis in 2015. More recently, as we shall discuss in the conclusion, the COVID-19 pandemic crisis has initiated a new phase, based on strong centralization, accompanied by a massive increase in public social expenditure. The nation state has also regained centrality in the rhetoric of politicians, reaffirming national sovereignty (which does not necessarily match with a homogeneous national identity) over supranational and local institutions. The most evident expression of this is the rise of populism in almost all EU countries and their success in the electoral turns of 2019 with the slogan ‘national residents first’ (Milner 2019) which the pandemic has partly mitigated. On the other hand, the importance of cities and metropolitan areas emerged during the previous decades (Le Galès 2002; Kazepov 2005) and the differences between localities have not disappeared and the local welfare systems are important, even if in different terms than before.

The economic crisis of 2008 and the recent pandemic have triggered an acceleration and amplification of social and territorial inequalities within and between European regions and cities. The report *The State of European Cities 2016* (European Union, UN Habitat 2016), shows significant gaps between rich metropolitan cities, mainly concentrated in the North and Central parts of Europe, and less dynamic ones located in Southern and Eastern Europe. The same report is less straightforward on the urban–rural divide as far as poverty and at-risk-of-poverty rates are concerned, although it highlights higher rates in rural areas. Data shows that metropolitan areas have the highest employment rates and concentration of com-

panies, which are now an important actor within local welfare systems, by providing jobs and often also welfare benefits to their employees. As such, these contribute to further increasing the inequalities between metropolitan and rural areas, but also between economically dynamic and stagnant or declining urban areas. Metropolitan areas are also centres of education, with fewer early school leavers, and more residents participating in education or training (European Union, UN Habitat 2016, p. 84). All in all, they are at the centre of social, economic, and political innovation, and the main drivers of contemporary transformations.

The recentralization process and the increase in territorial inequalities challenge the centrality of local welfare systems (LWSs) in two respects. The first refers to the leveraging power of centralization, which would undermine the local level, above all when centralization occurs within austerity measures and large reductions of budgets. The second pertains to the nature of LWSs with the preference for the urban welfare system, as cities are often considered ‘natural’ examples of LWSs. In this chapter we argue that LWSs are still important as centralization does not erase the crucial role of local actors in shaping the resources for the local population, and that the local dimension cannot be reduced only to cities and metropolitan contexts, as towns, dispersed localities and rural areas are also part of the issue and cannot be neglected.

The chapter reads as follows. In the first section, we focus on the theoretical concept of embeddedness in the analysis of welfare systems. Drawing on the Polanyian tradition, we explain why the classical Esping-Andersen classification (1990) continues to provide a fundamental – though not exhaustive – framework to understand the regimes of welfare capitalisms. As many scholars have shown throughout the last fifteen years (Brenner 2004; McEwan and Moreno 2008; Kazepov 2010), focusing only on the national level cannot explain the specific configurations of welfare capitalism emerging at the local level. We also underline how Mark Granovetter’s (2017) contribution can be useful to frame the embeddedness of welfare systems particularly at the local level.

In the second section, we argue for the distinctive role played by the European Union and the principle of subsidiarity in the rearrangement of the national welfare states. They laid down the conditions for the emergence of LWSs. It is not by chance that the concept of the LWSs originated in the EU.

In the third section, we argue that the concept of LWSs is more appropriate compared to the urban welfare system, as the latter is a specific type (an example) of the former. We consider the socially and territorially embedded nature of needs and provisions of welfare, which emerge both in urban and in rural areas.

In the fourth section, we focus on the dynamic of differentiation between urban and rural areas in European regions. The capacity for both social and political actors to mobilize their repertoires of action at the local level is addressed in the fifth section as part of the explanation for this process of differentiation. In the conclusion we propose some conditions for the transformation of welfare and social protection to tackle the increasing heterogeneity and inequalities of local welfare systems, focusing also on the current pandemic crisis which is further exacerbating territorial inequalities.

## EMBEDDEDNESS AND WELFARE SYSTEMS

The theory of embeddedness can be used to explain diversity in local welfare systems. We shall then discuss how the different forms of embeddedness of local systems plays a role

in the transformation of welfare in Europe at a time of increasing inequalities and social fragmentation.

Embeddedness is at the core of Karl Polanyi's (1944, 1957, 1977) interpretation of the dynamic of capitalist societies as exposed to the commodification processes. Polanyi assumes that three basic modes of social interaction regulate social life: reciprocity, redistribution and market exchange. These modes are the source of the most important institutions of social life: family and community (reciprocity); the state, political and legal organizations (redistribution); and the firm, the contract, and the banking system (market). In our societies, the increasing influence of market exchange produces a strong, continuous deregulation of traditional institutional assets (disembedding process) and a contemporary countermovement of new institutional constructions (re-embedding) along all the three modes of interaction. All modern institutions are continuously reshaped in different ways within this process of change activated by the diffusion of commodification (Mingione 2018).

Esping-Andersen (1990) explicitly used Polanyi's vision in his influential interpretation of the three worlds of welfare capitalism, although he did not consider the dynamic aspect of the theory. He assumed that in the process of national welfare institutional building, the most important difference in classification was the relatively higher presence of one of the three modes of social interaction that are clearly, simultaneously, the main sources of social protection. In the Scandinavian countries, the state is prevailing; in the Anglo-Saxons countries, it is the market; and the family-community in the conservative world of welfare-capitalism. The conservative model is more or less typical of all the other welfare capitalist countries, even if there is a wide range of differences amongst them. Southern European countries are less defamiliarized, while Central European countries have developed strong nation state policies centred on the public corporate protection of workers and their families.

We maintain that Esping-Andersen's interpretation of national welfare capitalism is a good starting point (Andreotti and Mingione 2016), but it is not fully suitable for understanding the embedding process of contemporary local welfare systems. The relative prevalence of one of the three modes of support cannot explain the local arrangements of social institutions at times when societies are increasingly unequal and fragmented, and traditional standardized forms of social protection are not working. Taking up Granovetter's (2017) suggestion, it is important to look at the temporal embeddedness of institutions. Within LWSs, this means taking into account the dynamic articulation of the 'demand and offer' side, the presence of different social groups in terms of class, age, ethnic and cultural differences, the population needs, and the diversified potentials of political activation to defend welfare interests. The process of change also frames the institutions of the local provision of social support where the mix of family, local state and market is enriched by processes of professionalization, traditions of the third sector, innovations from below, private firms' interventions, and the structure of relations among all these actors playing at the local level. Here again Granovetter's approach on the importance of social networks helps in understanding local conditions. Indeed, networks produce different local potentials of support, information, solidarity, and capacities for social innovation, and they play a crucial role in the current transformation of welfare to address increasing inequalities, heterogeneity and social risks.

Together these elements constitute the features of the 'second motion' of the Polanyian theory of double movement: the re-embedding process that mobilizes institutional and network resources that are primarily, but differently, present at the local level. Locally embedded new forms of solidarity and social support, or initiatives of social innovation, do not substitute the

system of Marshallian rights that was supposed to accompany the traditional standardized welfare as designed by the Beveridge Report (1942). Rather they are part of a social transition based on the challenges to respond to instability and fragmentation. As we shall see in the following section, the importance and effectiveness of local conditions have been incorporated in the concept of subsidiarity. However, this concept is in tension with the Marshallian ideal of welfare that is to provide a universalistic equal protection for every individual, because subsidiarity means a diversified opportunity structure, producing social inequalities and potentially undermining the Beveridge system.

## SUBSIDIARITY AS A STRUCTURING FACTOR IN THE EUROPEAN CONTEXT

From the mid-1970s onwards, with the fiscal crisis of the welfare state and its increasing social and political de-legitimation, Western countries witnessed a process of territorialization of welfare policies that reached its peak during the early years of the new millennium (Keating 2017). This process has not been linear; it is more a stop and go one, and it comes after a relatively long period of centralization and standardization, which is at the core of the consolidation of the ‘Golden Age’ of welfare. During the Golden Age, an exceptional institutional combination of factors<sup>1</sup> made commodification compatible with social protection, and capitalism compatible with welfare and democracy (Marshall 1972). But that favourable combination came to an end during the 1970s (Andreotti et al. 2018).

Within this process of change, a new type of welfare has slowly taken hold, one which is more closely focused on the obligations and duties of those in need of support (Esping-Andersen et al. 2002), more oriented to the supply than the demand side (Hemerijck 2012; Palier and Hay 2017).<sup>2</sup> This has generated growing interest in ‘active’ welfare, promoting forms of ‘empowerment’, activation on the labour market and also important forms of social investment (Jenson 2009; Evers and Guillemard 2013; Morel et al. 2011; Pavolini et al. 2013).

The ‘new active welfare’ lays its foundations on the local level, where it is supposed to be easier to start processes of activation and to create synergies with the local organizations. Three main reasons have contributed to bringing the LWS to the forefront. It is supposed to be closer to citizens’ needs, and more effective in tackling social issues; it is supposed to be more open, participative (democratic), and innovative, as at the local level it is easier to involve and engage citizens directly. Last, but not least, it is supposed to be less expensive for the central state<sup>3</sup> (Andreotti et al. 2012). The European Commission has played a central role in promoting these ideas under the heading of the subsidiarity principle, both in its vertical and horizontal dimension. The vertical dimension refers to the principle according to which welfare provision must be carried out at the relatively lowest level – close to the beneficiary – whilst the horizontal dimension refers to the equal recognition of all social actors, public and private, to respond to the citizens’ needs. This is the core of the multi-level governance (MLG) approach of the EU, which has also been adopted by many non-European countries.<sup>4</sup> However, this approach contains a fundamental ambiguity: on the one hand, it magnifies the participation and the sharing of responsibilities between and amongst authorities and actors; on the other hand, its implementation is subjected to the cost-efficiency logic favouring a decrease in central public spending, and a shift of competencies from the centre, instead of shared/joint responsibilities.

The implementation of the subsidiarity principle strongly contributed to development of LWSs and, from an academic perspective, drew attention to the local dimension when analysing welfare policies, as by default the implementation of this principle entails a certain degree of flexibility and variability according to the different territorial contexts.

There is a further important element that needs to be stressed within the EU framework: local welfare policies are not directly financed and regulated by the EU (see also Tosics and Colini, Chapter 20 in this volume). Member states are responsible for assisting local bodies in the way they consider most appropriate, further increasing variability in the implementation of the principle. Empirical analysis has documented the variability already before the economic crisis (Kazepov 2002), showing how the implementation of vertical subsidiarity was highly affected by the transfer of resources from the central to local level. This was even more the case after the economic crisis, when variability turned into territorial and social inequalities, as we shall see later on.

A similar pattern can be depicted for horizontal subsidiarity, with a shift of responsibilities and resources from the public actor to private actors at the local level. During the 1990s and early years of the new millennium, the third sector was the main partner for welfare provision at the local level. In recent years, corporations and private companies have also become important for the provisions of local welfare services. The ambiguity of horizontal subsidiarity is high, if we assume that it generates resources that can compensate for cuts at the national level. The experience of labour market inclusion programmes for those receiving income support reveals a rich mix of agreements with firms, which facilitate training, labour market entry, access to housing, and family and cultural mediation. However, in contrast to the predictions of supporters of welfare privatization (Williams et al. 2014), the synergy with private providers does not solve financial difficulties of a LWS. In almost all cases, private interventions are not without cost for public bodies, as the private firms need subsidies in order to function effectively. It is a joint responsibility, where the public actor cannot dissolve. Furthermore, services provided by private actors are often not universalistic, leading to the exclusion of those who cannot afford high prices or of specific categories not considered deserving.

The activation of synergies between local public welfare and private initiatives forces local governance actors to develop professional capacities that favour the creation of new forms of social protection. Yet, the development of these skills and capacities has a substantial economic cost to be met by local administrations.

The high costs of an effective LWS – which is active, transparent, inclusive, participatory and effective – are starting to become acknowledged not only by scholars, but also by policy makers. This contributes to explaining the transition to the following phase of recentralization of welfare, which started before the economic crisis and then amplified by the subsequent austerity measures.<sup>5</sup> This transition is far from being linear and uniform; in any case it is definitely not the re-proposition of the centralized welfare state as we knew it during the Golden Age. It does not erase the subsidiarization process of the previous years but it adds a more complex multi-level intertwining of local competencies and central economic constraints. It is important to stress that this process is still driven mainly by the cost efficiency logic (rationalization of expenditure), and not by territorial solidarity and/or territorial redistribution. The risk is that grassroots movements and associations, which had been activated in the previous phase, may disappear. Also a new horizontal concentration process is starting to become visible; that is the concentration of welfare provisions in the hands of few private big (sometimes international) or philanthropic players (such as foundations) that can achieve economies of scale. In this

way, the participation and activation of the weakest local actors is undermined (Anheier 2018; Natali and Pavolini 2018).

The recent empirical studies on LWSs show the persistent importance that LWSs have in the design, planning and provision of services (Ranci et al. 2014; Johansson and Panican 2016; Bifulco 2017). Some of these studies have focused on the relationship between vertical and horizontal subsidiarity looking at the impact of the regulatory institutional framework, on the diversification of local actors, their coordination, and modes of governance. Others have looked more in depth at the local policies and practices designed and implemented by the local actors considering how these practices could be up-scaled. Not surprisingly, there is a general agreement that national welfare strongly affects the local level, and the latter is often reproducing the same features and problems of the national one (Brandsen et al. 2016; Cucca and Ranci 2016). However, some important nuances exist. Johansson and Hvinden (2016), in the conclusion of an edited book on local welfare systems in Europe, suggest that LWSs are not to be conceived as mirroring national regime features. There are instead qualitative changes at the local level that match the local legacy and the institutional continuity of previous local arrangements (Panican and Angelin 2016, p. 261).

In the same vein, Fuertes et al. (see Chapter 10 in this volume), analysing other LWSs in Europe, show a complementarity between the national and local level in the institutional logics “which might open the access to additional locally situated formal and informal resources in relation to the national framework”, stressing the open character of LWSs. For instance, they find that in national contexts where the state logic is prevalent, the most effective LWSs are those developing community and market logics, and the reverse. These results seem to confirm the effectiveness of the subsidiarity principle when it works as a joint responsibility.

Studies on LWSs, focusing on the concrete functioning of the subsidiarity principle, extensively analyse their institutional dimension and their multi-level governance (local/national actors, policies, practices), sometimes neglecting the needs of the local population which are the results of the main socio-economic and demographic changes all Western countries are undergoing – but filtered by local processes and conditions. This is why we argue that it is still important to have a comprehensive understanding of LWSs as open systems.

## UNPACKING THE LOCAL: A QUESTION OF SCALE

In the last years, the concepts of ‘local’ and ‘urban’ have been often used as opposites in the public and political debate. We argue that they are not opposites, rather we use local to suggest a subnational level and territory, and urban as a specific type of ‘local’ with important distinctive features. In this regard, the concept of scale can be of support (Swyngedouw 1997; Jessop et al. 2008). Scale needs to be positioned within a broader nested hierarchy and refers to the arena where relations between actors are contested, negotiated and regulated (Scarpa 2016). LWSs are open systems nested in a hierarchy where the state has a regulatory power. Depending on the institutional design of the state, tensions between and amongst actors at the subnational scale can be more evident at the regional or municipal scale, be that urban or rural. In federal systems – but also in highly decentralized systems like Italy – the largest intermediate level (be it the region, land, *comunidad autónoma* or canton) has considerable importance in structuring welfare policies because it has shared responsibility for coordination and institutional regulation (Keating 1998; Ferrera 2005). However, in almost all systems,

the lowest local administrative level in charge of providing social services and implementing support measures is the municipality.

The issue at stake in all LWSs is to have the financial and professional resources necessary to realize the required (active) social support in all different kinds of localities. In the remote areas, there are specific problems, such as the access to certain services that require social density or to create ‘bridges’ with other territories. This is why from the 1980s onwards, the Scandinavian countries began the drive towards local welfare by reforming their system of municipal organization, merging small municipalities together and providing additional national resources to those situated in remote areas, such as helicopters for transporting people in need of hospital care (Benner and Vad 2000; Timonen 2004). This kind of reform has considerable political and economic costs that are easier to support in a period of economic growth, and more difficult to justify in periods of crisis. The countries that managed to move quickly towards this ‘new welfare’ by adopting early reforms enjoy considerable advantages, whilst latecomers have generally missed the favourable window of opportunity for this kind of institutional change (Bonoli 2013).

The question of financial and professional resources for the development of local welfare can also be posed at a more general level. In fact, municipalities do not have enough resources to promote the ‘new welfare’. If this must be capillary, personalized and ‘active’, it entails elevated costs, including the development of new professional competencies. Examples include pre-school childcare, provisions for elderly people who are no longer able to take care of themselves, mediation services which are essential for the social inclusion of immigrants and, to an even greater extent, active labour market programmes (Bloom et al. 2003). Financial and professional resources of LWSs are a crucial part of the story contributing to the differentiation process between territories and cities that we are going to see in the next section.

## DIFFERENCES AND INEQUALITIES IN URBAN SOCIAL POLICIES

The process of reconfiguration of welfare amplified by the economic crisis of 2007/2008 did not affect all national and local contexts with the same magnitude and did not produce the same reactions. The countries more severely hit, such as Greece, Spain and Italy, paid the highest price for these changes, both in terms of expenditure cuts (Taylor-Gooby et al. 2017) and social problems (van Kersbergen et al. 2014; Lobao 2016). But even within countries, some local contexts were more able than others (and more endowed with institutional, economic and political resources) to tackle the challenges of the crisis (Le Galès 2018; Johansson and Panican 2016). Under this process, the dynamics of differentiation between cities, on the one hand, and towns and rural areas, on the other hand, is particularly relevant.

The European Union and UN Habitat report *The State of European Cities 2016* provides a rich description of how cities are facing the social and economic changes of the last decade. According to this report, the European city model has been reinforced after the crisis, but with important differences amongst cities and countries. The main divide is between metro regions<sup>6</sup> and lower dense urban and rural areas.<sup>7</sup> As Le Galès (2018) maintains referring to that report, many of these cities and metropolises have been able to face the challenges of the crisis, by making public investments and transforming their urban territory in order to attract new enter-



prises and jobs and to increase economic productivity.<sup>8</sup> In most countries, cities attracted more people than rural areas, although with some exceptions.<sup>9</sup>

Territorialization and subsidiarization of the welfare system, which took place in the 1990s and the first years of the new millennium (Kazepov and Barberis 2013) contributes highly to this differentiation dynamic. As said before, this process not only had a vertical dimension, as local governments acquired more powers of regulation, but also a horizontal dimension, as private actors played a growing role in designing and implementing social services. Most of these actors have enhanced their agency in welfare service provisions and social innovation: third sector organizations providing public welfare services (Brandsen et al. 2016), private philanthropists financing social programmes (Skocpol 2016), and private firms paying welfare services for their employees (Ferrera and Maino 2014). Despite the recentralization process that occurred in the aftermaths of recent crises, the wider autonomy acquired by many cities during the process of active subsidiarization in the 1990s allowed them to be more able to deal with the challenges of global competitiveness and social inclusion. Where the territorialization process in the 1990s included also a financial devolution or a larger fiscal autonomy for cities and local contexts, the subsidiarization process developed in a more active way (Kazepov 2008). Moreover, as many states turned towards decentralized models of collective bargaining, the differentiation process also occurred in the labour markets (Bonoli et al. 2017).

Storper (2016) signals the importance of matching scale and income criteria in order to understand why some metropolises are broadening their distance from the other European cities. Metro regions, where the large-scale matches with high-income – such as Paris and London – managed to compete in the global arena by investing in higher value-added economic activities. For the same reason, middle income metro regions, where the global competition is based mainly on lower-cost locations, tend to grow slower and, consequently, fall into the middle-income trap (Tselios et al. 2012).

However, the same attractiveness of these cities implied that they became also a nest for problems connected with the incoming of new populations: social inequality, segregation, gentrification, perception of insecurity, tensions among culturally different communities, etc. (Hochstenbach and Musterd 2018). Cost, quality and availability of housing have often been much higher in many metro regions than in towns or rural areas (Tsenkova 2016). In cities affected by rapid population and/or income growth, there have been severe problems of overcrowding and housing affordability. The share of working-age migrant population in cities was double that of towns and suburbs, and four times that of rural areas (European Union, UN Habitat 2016). The sense of being physically insecure after dark is higher in cities (31 per cent) than in rural areas (18 per cent), and city dwellers are three times more likely to live in an area with problems related to crime, violence and vandalism than those living in rural areas (European Union, UN Habitat 2016).

Despite these problems, rural areas are still more likely to have higher levels of poverty and social vulnerability. As Eurostat data showed in 2014, the highest risk of poverty or social exclusion in the EU was recorded amongst people living in rural areas (27.1 per cent), followed by people living in cities (24.3 per cent) and those living in towns and suburbs (22.3 per cent). Although there are important exceptions (in some countries this risk is higher in cities, such as in Austria, Belgium, Denmark, Germany and the UK), the overall trend is very telling.

Where European cities show the more significant advantage over rural areas is in the educational levels. The percentage of people with a good level of education or training is significantly higher in cities (47 per cent) than in rural areas (27 per cent) or in towns and suburbs

(33 per cent). Early school leaving is also more frequent in rural areas (12.4 per cent) than in towns and suburbs (11.9 per cent) or cities (10 per cent).

Moreover, cities' and metropolises' problems prompted regional and national governments to tackle them and to finance special programmes more than in rural areas. Specific urban programmes have been introduced in the last 20 years in order to respond to the most visible and dramatic urban problems to regenerate urban poor neighbourhoods, to produce social mix, and to promote social inclusion (Bridge et al. 2014; see also Chapter 21 by Güntner in this volume).

To sum up, despite the problems connected with growth and migration, many European cities continued to show capacity to promote local forms of welfare protection. The divergence between urban centres and rural areas is, however, only one part of the story about the differentiation between local welfare systems in Europe, which is both socio-economic and institutional. The other part of this story deals with the differences between national welfare regimes. The increasing importance of the local dimension of welfare does not mean that the national welfare regimes do not play a crucial role in shaping them (Mc Ewan and Moreno 2008; Ranci et al. 2014). Local welfare systems cannot be understood without taking into account their path dependency from national welfare regimes (Van Kempen and Murie 2009).

According to this perspective, the European Commission and UN Habitat 2016 report provides significant evidence about the divergence between national (or macro-regional) contexts. Whilst cities in the Continental and Nordic European areas showed good capacity of attracting jobs, people and resources, many cities in Eastern Europe – except the national capitals – are suffering from a strong demographic decline. A similar dynamic is detectable in those European countries where the economic crisis impact was more severe, like those in Southern Europe.

## URBAN ACTORS' AGENCY IN LOCAL WELFARE SYSTEMS

Cities and metropolises develop their own welfare systems by building upon their own specific interplay of needs and resources. Amongst the resources that contribute to building a LWS, an important role is played by the local actors' agency in promoting services and policies that fit better with their own needs and aspirations. Agency is intended here as the capacity of actors in using their voice and taking action in the public sphere in order to influence decisions and behaviours of other actors. This capacity, then, is political and the actors become able to use it when they cultivate it. It can refer to explicit political actors, such as parties, mayors, and municipal councillors, but also, and more significantly for our argument, to informal political actors, such as civil society organizations, urban movements, trade unions, etc.

What we have seen in many cities over the last few years is the relevance of the agency enacted by these actors in advocating for or directly promoting rules and policies to local and supra-local institutions. Generally speaking, their objective was to protect citizens from the effects that the neoliberal policies brought to welfare systems, in terms of recommodification of public goods and public services (mainly, but not only, in the housing sector) and retrenchments of public expenditure for welfare services (Ranci et al. 2014; Taylor-Gooby et al. 2017). These actors have appeared more frequently in cities than in rural areas, and more specifically in those metro regions where growth and globalization had a significant impact. As Nicholls (2008, p. 856) points out, "the complexity of large urban systems and geographic proximity

and stability increases the likelihood of a diverse range of strong tie groups in possession of high-grade and specialized resources. These resources can be very useful for social movements operating at a variety of spatial scales.”

In most cases, these actions have influenced the city governments and pushed them to adopt social and economic policies oriented to counterbalance the most disruptive effects of the global economic and population flow, such as gentrification, segregation, and the moving of the lowest income population out of the city (Zavos et al. 2018). According to Pradel-Miquel et al. (2020), in times of crisis of the democratic systems (Streeck 2014), some cities in Southern Europe enabled citizens not only to voice their claims and ask for fairer policies from local and national governments, but also to develop mechanisms of reciprocal solidarity and social justice. Stubbs and Zrinščak underline the roles of these new urban social movements in claiming a ‘right to the city’ and building what has been called a new ‘political municipalism’, which focuses mainly on public goods and urban commons (see Chapter 22 by Stubbs and Zrinščak in this volume).

In these experiences, the political dynamics appear to be twofold. On the one hand, these movements are promoted and sometimes enabled by the policy and political action of the urban governments of these cities. On the other hand, these administrations have been elected also because of the momentum created by these movements, and their political action is partially driven by the bottom-up pressure coming from urban movements. The Barcelona case is a good example of these dynamics, as the political action of the mayor Ada Colau was possible also because of her political experience, rooted in the urban housing movement she led in the years after the economic crisis (see Chapter 6 by Cano-Hila et al. in this volume). The Milan case (Andreotti 2019) shows the intertwining of social innovation practices promoted by the municipal administration and a close collaboration from social innovators to design and implement the policies of the administration itself (Pais et al. 2019).

In order to understand how these civil society–local administration relationships have been developing, it is useful to take into account, more systematically, the presence of informal actors in the creation of urban welfare systems. One of the implications of including them is that it is not only the social movements and political actors that need to be analysed and understood, but also the illegal actors. Marques and Arretche (Chapter 25 in this volume) describe them in the case of São Paulo, but also within the European context this intertwining of political and criminal dimensions is important (De Leo 2017).

In addressing claims by movements and social actors coming from below, city administrations follow different paths. In governing social services providers, labour market actors (firms, unions, workers), citizens’ demands, urban movements, and cities have to apply their own regulating and coordinating strategy (McQuaid and Lindsay 2005; van Berkel and Borghi 2008). The effectiveness of their strategy is particularly relevant at the local level, but much of its success depends on the multi-level governance coordination, and particularly on the presence of active subsidiarization processes (Kazepov 2010), which means economic resources and not only policy responsibilities.

As Fuertes et al. (see Chapter 10 in this volume) suggest, in this governance action, each locality shows a prevalence of some institutional logic over others, with consequent local variations in the policy implementation process, in the inter-agency collaboration and in the networks of actors involved.

## CONCLUSION

In 2020, the COVID-19 pandemic and the consequent economic crisis have substantially altered national and local welfare systems. It is too early to point to any firm evidence, particularly with regards to its long-term impact, but we can make some preliminary considerations connected to the narrative developed within this chapter. The dramatic need for social support that the pandemic crisis has created has resulted in an enormous increase in welfare social expenditure across nation states (additionally, in Europe the EU has largely changed its social spending strategy). Although under different conditions compared to the Golden Age, we are back to the high social spending of nation states.

The pandemic crisis is further increasing inequalities: huge national welfare spending is barely able to confront emergencies and cannot properly address pre-existing inequalities. Local welfare systems are variously engaged in tackling these difficulties, using all their professional, financial and solidarity/agency resources. Cities appear to be better placed to respond to the crisis compared to towns and rural areas; though it is possible that the impact may be less extreme in these less-intensively populated, isolated localities, where the virus may be less active. In the medium-term, cities will take advantage of innovation, concentration of human capital, reorganization of services, and mobilization and activation of solidarity from a large number of citizens (Florida et al. 2020). The pandemic crisis is enhancing the trend of welfare transformation towards a more centralized social expenditure model but with increasing local responsibilities and differences. The challenge of social and territorial inequalities is high (Florida et al. 2020).

The transformation of the European welfare systems is tension-ridden. Social fragmentation and increasing inequalities produced by global competition and financialization contribute to the difficulties in expanding the level of social spending in order to protect increasing heterogeneous populations. The pandemic crisis is making the situation worse because the population in need (the unemployed, poor, homeless, and so on) is increasing enormously. Independent of decentralization and recentralization processes, the importance of local welfare is part of this tension-ridden picture, where standardized forms of social protection are insufficient, inequalities are persistent, and social rights are increasingly weak.

Local welfare systems are relevant in producing social support for citizens. Yet, these experiences are not the solution for countervailing the weakening of social protection caused by the heavy challenges capitalism is undergoing (Streeck 2014; Merkel 2014). The potential of new forms of agency supported by advanced technologies need the synergies and efforts of every actor dealing with social policies at all governance levels. In this challenge, states are still crucial actors in empowering citizens and enabling them to participate in LWSs. Furthermore, LWSs cannot alone counteract the growing social and territorial inequalities.

A strong national and supranational regulatory frame is important for ensuring basic levels of protection necessary to confront the impact of the pandemic crisis, counteract inequalities and discrimination, and avoid the fragmentation of citizenship according to place of residence. A clear and balanced system of competencies and redistribution of responsibilities allows local institutions to implement innovative forms of social protection in favour of the most disadvantaged. Local agencies, third sector and citizens' organizations are crucial, but they are most effective when, at the different levels of scale, there is a strong social and political commitment to solidarity and integration, intercultural collaboration and involvement of professional and knowledge specializations.

## NOTES

1. Among the most important factors of this combination we can quote a reinforcement of democracy; a Keynesian approach to the regulation of the economy; a welfare state able to protect citizens from standard social risks; the ‘male breadwinner regime’ based on the gender division of care work and stable family wages.
2. A crucial role in this shift of welfare policies from a Keynesian model to a Schumpeterian model was played by the neoliberal policy framework emerging as hegemonic since the 1980s in many Western countries.
3. These three reasons tackle the factors of the unstable triangle – market economy (capitalism), democracy and welfare – that T. H. Marshall discussed in his essays on welfare-capitalism (1972).
4. It is estimated that between 80 per cent and 100 per cent of the world’s countries experimented with one or another form of decentralization between 1980 and 2000 (Faguet 2014).
5. In certain countries and in certain policy domains (mainly health care, economic development, but also active labour policies and poverty) the process of recentralization has been anticipated and relatively radical. It is the case of Nordic countries (Sweden and Denmark first) (Trydegård and Thorslund 2010), of certain Eastern European countries (such as Hungary and Estonia) (Loewen 2018) and South European ones (such as Italy) (Dente 2012; Polizzi et al. 2013).
6. Metro regions are generally considered as urban areas with at least 250,000 inhabitants.
7. Three types of metro regions are considered by the report: capital city regions (which include the national capitals); second-tier metro regions (the largest cities in the country excluding the capital); smaller metro regions (the remaining ones).
8. Between 2000 and 2013, GDP growth in cities was 50 per cent higher than in the rest of the EU and employment in cities grew by 7 per cent Second differentiation (European Union, UN Habitat 2016).
9. In rural areas and small towns of Southern European countries such as Spain, Italy, Portugal and Greece, working-age residents born in a different EU country are growing more than in cities because of the tourism industry or the increasing number of retired people moving to less expensive locations.

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## PART II

# THE LOCAL DIMENSION OF TARGETED SOCIAL POLICIES

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## 8. Care as multi-scalar policy: ECEC and LTC services across Europe

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### INTRODUCTION

Needs relating to care are chief examples of what have come to be known in the literature as ‘new social risks’, typical of post-industrial societies (Taylor-Gooby 2004). This chapter focuses on two main, specific fields of care policies – early child education and care (ECEC) for children below school-age, and long-term care for dependent older people (LTC) – across European welfare and care regimes.

On the face of it, these two types of care services may seem to have little in common. Their targets are positioned at opposite ends of the life cycle, they respond to separate sectors of public administration, and their specific aims are quite different. Services for young children focus on early socialization and cognitive development, as well as at reducing the intergenerational transmission of social inequalities (Esping-Andersen 2002). In contrast, LTC services address the specific long-term needs affecting dependent older people, determined both by health conditions causing frailty and limitations arising in daily activities, such as body care, eating, mobility, etc. (Gori et al. 2015).

Despite these differentiated objectives, ECEC and LTC share an important transversal aim. That is, favouring the reconciliation of work and family responsibilities, primarily of parents in the case of ECEC and of adult children in the case of LTC. In both cases, women are the main target of work–family balance programmes since the distribution of care within the family is still gendered despite changes over time and differences in contexts.

In addition, similarities can also be seen in the way in which policy responses to these two different kinds of care needs are institutionally organized. First, both ECEC and LTC belong to the *care* domain and share the fact of being labour-intensive policy fields in which the core response consists in the relationships that (more or less professionalized) carers build and maintain with those they care for. This fact has enormous consequences in terms of economic sustainability as well as the quality of service provision (e.g. staff’s professionalization and working conditions). Second, in both fields we observe the presence of different policy instruments, relating to monetary transfers, leave and service provision. Third, in both ECEC and LTC, these multiple lines of intervention are regulated and implemented through complex multi-scalar structures. Central, regional and local institutional levels are involved in combinations that vary according to the specific policy tool employed and the context. Still, the role of local bodies is transversally relevant, especially for in-kind services, as these are ultimately provided in the field.

Thus, it is useful to examine ECEC and LTC together, though being aware of the specificities of each field. In particular, we focus on a specific analytical dimension in this chapter: the vertical dimension of multi-level governance (MLG) patterns of ECEC and LTC policies across Europe. Relevant changes have also occurred along the horizontal dimension, with the

pluralization of actors and of public–private relations. Despite the closely intertwined nature of these changes with multi-scalar configurations, for the sake of analytical clarity, the focus of this chapter is only on the vertical dimension. We account for the main European welfare and care regimes acknowledged in the literature, disentangling common trends and specificities, using paradigmatic national cases where possible.

The COVID-19 pandemic has had significant impacts on the policy fields under scrutiny here. The higher mortality of older people, the implications of physical distancing on the organization of services, and the emergence of inter-scalar conflicts regarding authority over decisions to limit the contagion are all significant issues that we tackle in the conclusion.

The chapter is organized as follows. The first section illustrates the main policy instruments in each of the respective care fields. Next, we examine ECEC and LTC against the backdrop of welfare and care regimes and of the vertical MLG patterns in various European contexts. Following which, we discuss some of the main implications of the localization of care policies. Finally, we draw some conclusions, focusing also on the impact of the COVID-19 pandemic on these two policy fields.

## THE INSTRUMENTS OF ECEC AND LTC POLICIES

Care needs are generally tackled through various policy instruments, articulated around three main pillars: money, leave and flexible work arrangements, and care services. Monetary measures are designed to support families, in bearing the cost of raising children or caring for dependent older family members, respectively. Leave regulates and supports time off from paid work (through job protection and monetary compensation), and thus frees up time for the care of family dependants, whilst flexible work arrangements allow working schedules to be adjusted to the individual and the variable configurations of care needs. Formal services complement family and informal care arrangements via the organized provision of either home-based or centre-based professional care, and with varying degrees of institutionalization.

The implementation of these policy instruments has specific implications from a territorial perspective. Historically, the provision of monetary measures and the regulation of leave has been the prerogative of central government, whilst the provision of care services was the complex outcome of an articulated multi-level institutional system in which local authorities have played a major role, although to differentiated grades in different contexts. Nevertheless, in the wake of the rescaling processes that have been instigated across European countries since the 1990s, regional and local administrations have been enlarging their scope of action in areas that used to be exclusive state responsibility. These included – again to different degrees depending on the country, time period and policy field – monetary transfers to families, vouchers to cover care costs, and work–family balance programmes. Despite these important developments, service provision remains the policy instrument where local authorities have the biggest role to play, which is why this chapter is chiefly focused on this aspect. In this section we first detail the specificities of centre-based services dedicated to young children and dependent older people, respectively; then, we briefly illustrate individual care and monetary measures aimed at each of the two target groups.

### Centre-Based ECEC Services

Starting with ECEC services, we need to disentangle the institutional architecture of centre-based services, which may be organized in one or two separate segments. The ‘unitary system’ can be found in most Nordic countries, the Baltic countries, Croatia and Slovenia. The ‘split system’ prevails in the remaining countries, with two successive cycles welcoming children of different ages, with the transition taking place between age 2½ and 4. In some countries (Denmark, Germany, Austria, the UK, Spain and Bulgaria) both unitary and separate settings coexist (Eurydice 2019).

The *preschool cycle* traditionally developed around two main approaches (Bennett 2005). The first of which is ‘readiness-for-school’, which is aimed at preparing children for compulsory schooling through cognitive development and mathematical, language and literacy skills; staff are, therefore, mainly made up of preschool, or even primary school teachers. This tradition particularly inspired the French *école maternelle*, the Italian *scuola materna*, and the British *preschool*. The second approach is the ‘social-pedagogical’ curriculum tradition, rooted in Nordic and German-speaking countries. It emphasizes overall child development, social competencies and emotional well-being; the staff are thus generally made up of specifically trained pedagogues. Both traditions gained wide social consensus that was at the basis of significant expansionary paths over the twentieth century.

The *early-development cycle*, for the youngest children, is more articulated and diversified. These services are delivered through day-care centres, or *crèches*: collective facilities where children are safely cared for in groups, for a certain number of hours per day and week, and in which the relations with professional educators as well as with peers constitute specific pedagogical dimensions.

Alongside the continuous attendance offered by centre-based services are *integrative services*, which welcome young children, with or without a reference adult, for a few hours a week, like the *haltes jeux* in France. Their main aim is facilitating socialization for children who are not enrolled in centre-based facilities, as well as promoting parenting support and family self-help.

It should be noted that in unitary systems and within the split system, preschool facilities are most often under the authority of the ministry of education, whilst facilities for younger children may also be a competence of the ministry for health, welfare, or the family. This difference indicates the diverse understandings of the social role of the two segments. Across the board, split systems are often associated with stronger segmentation in terms of staff qualifications, educational guidelines, quality, levels of fees and need coverage. That is, the segment for older children tends to consist of more qualified staff, is more heavily subsidized and therefore less expensive for families, and more quantitatively developed in comparison to the younger (0–2 years) segment. Not by chance, in recent years, integration of the two segments has in some cases been completed, as in Finland and in Ireland, or initiated, as in Italy and Spain (Eurydice 2019).

### Centre-Based LTC Services

Similarly, in the case of LTC, the provision of care services is characterized by different types of interventions. Traditionally, in most European countries, care services for dependent older people have been centred on institutional solutions, such as *residential services*. These

services were particularly focused on the support of frail older people living alone and in conditions of poverty. Residential services were included amongst social assistance measures provided by local authorities, or (in particular, in Continental/Southern European countries) by private actors with religious affiliations. However, over the years (in particular, from the 1970s onwards), in many European countries, an orientation in favour of ‘ageing in place’ emerged. Ageing in place refers to the possibility of continuing to live in one’s life context and, ultimately, in one’s dwelling, even in face of disability and lack of autonomy. Supporting this ageing in place approach through the provision of innovative home-care services became a strategic intervention for local authorities to ensure a better quality of life for older people and avoid them being uprooted from their home and daily life.

*Home-care services* are organized today by local authorities in many European countries, often with the involvement of private actors, both for profit and non-profit, in the management and provision. These services are based on professional care staff that helps dependent older people living at home in carrying out daily life activities. However, they do not guarantee round-the-clock assistance. Therefore, often the presence of an informal care network is essential to ensure the ageing in place approach, especially when older people are affected by particular limitations and care needs. In this regard, over the years, other innovative forms of intervention have also been developed, such as day centres, respite services, etc., which allow families to reconcile care tasks, whilst avoiding forms of institutionalization of the elderly.

Despite the growing importance of home-care services and of the ageing in place approach, residential services have not disappeared and still play a crucial role in tackling the care needs of dependent older people. These services have also seen a profound transformation, from low to higher levels of care capacity, which entails the presence not only of care workers, but also of health-care professionals (such as doctors, nurses, physiotherapists, etc.). This transformation in the profile of residential services can be explained in relation to different factors. On the one hand, the diffusion of solutions (such as home-care services, or individual-based care, see below) supports the permanence of older people in their own home in many cases as long as possible. Thus, the recourse to residential solutions occurs only when the older person is affected by a particularly critical condition, with high levels of need, meaning that ageing in place is no longer a viable solution. On the other hand, over the years, many European countries have rationalized their hospital systems in the attempt to increase efficiency and efficacy, but reducing hospital care beds, in particular for older people affected by chronic diseases. This process has entailed a growing shift towards the LTC residential system and a consequent increase in the care intensity required to cover such needs. However, as we will see later in this chapter, these processes have also stimulated important institutional tensions from the point of view of inter-scalar relations.

### **Individual-Based Care and Monetary Support**

In addition to collective services, the coverage of care needs in both ECEC and LTC fields is ensured by other types of support: individual-based care and monetary transfers. In this case, however, the regulative role of sub-national levels of government tends to be more limited or even absent.

*Individual-based care* for very young children is provided by individual child-minders or baby-sitters (mostly women), who care only for one child or for a small group of children, either at the care worker’s home, or at the home of (one of) the child(ren). The extent of public

regulation of, and support for, these care solutions vary widely amongst European countries. Here we will briefly sketch two opposite cases: France and Italy (Sabatinelli 2016). In France, a national system of certification of child-minders has been in operation since the 1970s (*assistantes maternelles agréées*), assuring a minimum level of training and regulating issues, such as the caregiver's health status and the appropriateness of the home setting. Associations of individual carers (*relais*) provide additional services. In some cities, *assistantes maternelles* are even hired by the municipality (*crèches familiales*). By contrast, in Italy, the regulation of this care solution has been lacking for a long time. Most individual child-minders work without an official labour contract, which strongly restricts guarantees both for the care workers and for the families. Initial hints of regulation can be found in the recent introduction of (national) vouchers and transfers targeted to families hiring child-minders, including specific measures during the COVID-19 pandemic.

In the case of LTC, too, the care of older people often sees a crucial role played by individual-based care workers. Again, they are mostly women, to large extent foreign nationals. Their importance has grown constantly across many European countries in the face of the decrease in the care capacity within families (Gori et al. 2015). The relevance of these care workers is particularly high in Continental and Southern European countries, where the supply of residential solutions is scant, the resistance of older people to institutionalization is greater, and ageing in place is resoundingly the preferred option. Even in this case, however, different trajectories of insertion of individual-based care workers into the national care systems emerge. In particular, in Southern European countries (such as Italy), care workers are not covered by forms of contractualization, they occupy a highly precarious position and are usually on low wages, whilst public regulation is weak (Ranci et al. 2019). In Continental countries, there has been an attempt to institutionalize and to better regulate this phenomenon. For instance, in Austria the 2007 reform of '24-hour care work' aimed at regularizing illegal arrangements with migrant care work in private households (Österle and Bauer 2016).

Most countries also display *monetary transfers* (or *tax relief*) aimed either at compensating families for the time they directly devote to care (*cash-for-care schemes*), or, more recently, at reducing the impact on families' income of fees of facilities or of the cost of hiring a family assistant/child-minder.

In particular, in the case of LTC policies, cash-for-care schemes constitute a central part of the system of interventions supporting the care needs of dependent older people in several European countries (Italy and the UK, but also Continental countries such as France, Germany and Austria). Cash-for-care schemes were initially introduced to support adults with disabilities, to promote empowerment and the possibility of families having some autonomy over the organization of care, thus reducing the influence of professionals. Over time, they have been gradually extended to (or taken over by) older people, in the wake of population ageing. These schemes display different structures in the various countries, from the point of view of eligibility criteria, institutional management, generosity and rules of use of the resources. For example, in countries like Italy, the cash-for-care transfer is unconditional, without restrictions on how the resources are spent. Whereas in countries like France and (partly) Germany, the rules of use are more cogent (Gori et al. 2015).

To sum up, the care needs of young children and dependent older people see the stratification of a complex system of policy instruments. The generosity and articulation of such instruments, the level of development and the relative weight assumed by each specific policy tool in regard to the others are quite differentiated, not only amongst care regimes, but also between

and even within countries. Indeed, the organization and implementation of ECEC and LTC policies often entail complex multi-level institutional settings, as analysed in the next section.

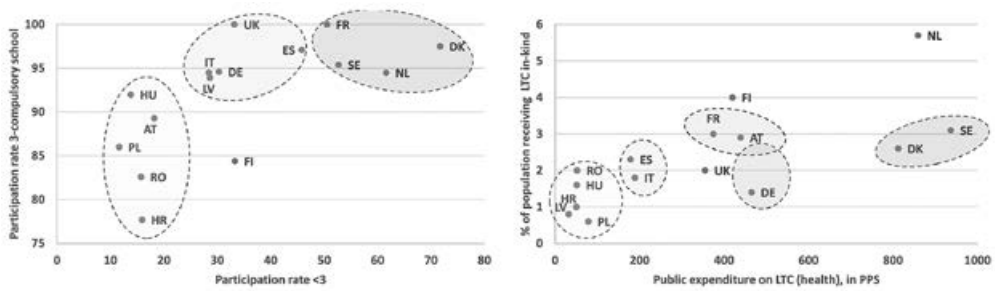
## THE VERTICAL DIMENSION OF MULTI-LEVEL GOVERNANCE IN ECEC AND LTC SERVICES ACROSS EUROPEAN CARE REGIMES

From the 1990s onwards, a vast body of literature has deepened the comparison of welfare regimes from the viewpoint of policy fields that had not been at the core of the classic comparative welfare studies. These had focused on responses to Fordist risks, such as unemployment and old age (Titmuss 1958; Esping-Andersen 1990). Together with studies considering social assistance (such as Ferrera 1996), comparative studies on family and care policies have shown a certain degree of coherence with the previously identified welfare regimes, but also some inconsistencies. Interestingly, such analyses have highlighted differences *within* the clusters. In this section we sketch the distinguishing features of the four main groupings of European countries as to the timing, approach and scope of ECEC (Sabatinelli 2016) and LTC (Ranci and Pavolini 2013).<sup>1</sup> We draw upon an earlier study by Anttonen and Sipilä (1996) on care services for young children and dependent elderly, and on the classification of care regimes by Bettio and Plantenga (2004).

Figure 8.1 shows how these four groupings hold valid, both when looking at coverage rates across the two ECEC segments, and at expenditure and coverage in LTC. We triangulate this information considering the main policy tools of ECEC and LTC services and the clusters of territorial organization of social policies proposed by Kazepov (2010). In fact, care policies are the complex outcome of the articulate contribution of different institutional levels. Care services implemented at the local level also entail the involvement of different territorial levels of government, each playing a role on one or more functions of policy development, namely, planning, financing, quality management and monitoring. As we shall see, such roles differ in scope across and within the different care regimes, as the regulation and implementation of care services reflect the ‘vertical division of labour’ amongst the institutional levels operating in each context (Aguilar-Hendrickson and Sabatinelli 2014).

### **Nordic Countries**

In comparison to the other welfare regimes, Nordic countries are characterized by more generous welfare policies, a more universalistic approach in terms of entitlement, stronger capacity for de-stratification and de-commodification, and a wider share of resources spent on in-kind provision as opposed to monetary transfers. As for care policies, they have notoriously been forerunners in the development of both child- and eldercare public services, even as far back as the 1960s, in order to support women’s participation within labour markets in the face of workforce shortage and for gender equality purposes. Care service provision allowed families, particularly women, to balance their care and work responsibilities (‘de-familization through public provision’, Saraceno 2016), whilst at the same time creating a large number of secure jobs in the public sector, which were predominantly undertaken by women. It is from such changes that a ‘multiplier effect’ originated, which helped to enlarge the employment basis and support the cost of expensive welfare systems (Esping-Andersen 1999).



Source: Authors' elaboration based on data retrieved from Eurydice (2019) and European Commission (2019).

*Figure 8.1* (Left side) Participation rates in centre-based ECEC of children under age 3 and aged 3 to compulsory school, 2017; (right side) Public expenditure on LTC (health) (in PPS) and % of population receiving formal LTC in-kind (care in an institution/care at home), 2015

As for ECEC, already at the beginning of the 1990s, Nordic countries displayed comparatively high coverage rates, especially for the youngest children (0–2-year-olds) (29 per cent in Sweden and even 44 per cent in Denmark), whilst for the 3–5 age range they followed Francophone countries and were in line with Southern countries (Anttonen and Sipilä 1996). Over the decades that followed, they further enlarged their coverage through the introduction of subjective rights to ECEC; only Finland shows lower participation rates (see Figure 8.1).

Similarly, in LTC, services in Nordic countries show comparatively high levels of coverage, with few exceptions (see Finland in Figure 8.1). In these countries, services are mostly framed as an individual social citizenship right and, in some cases (e.g., Denmark), they are largely free of charge (Kvist 2018). However, it is also important to note that, over the last decades, important processes of privatization and reduction in provision have undermined the degree of universalism, stimulating particularly in some countries (such as Sweden) a growing informalization of LTC needs (Meagher and Szebehely 2013; Theobald and Ozanne 2015).

From a territorial viewpoint, Nordic countries' organization of social policies has been defined as 'local autonomy centrally framed' (Kazepov 2010). With regards to ECEC, competencies are largely attributed to local authorities, but territorial harmonization is high in terms of quality levels, staff qualifications and training, educational guidelines, and level of families' co-payment (Eurydice 2019). In some countries, the central government plays a role in funding and regulation, as in Sweden and even more so in Finland. Where competencies are largely local, territorial differentiation is controlled by steering mechanisms or intermediate bodies, like counties in Norway (OECD 2015). Despite these differences, all Nordic countries display unitary ECEC systems under the auspices of the Ministry for Education.

In the case of LTC services, Nordic countries confirm a strong pattern of 'centrally framed local autonomy'. However, some important differences emerge between countries as to the degree of central regulation. For instance, in Sweden, care services for older people are formally recognized as an individual right at the national level, but the actual implementation is totally devolved to local authorities (Trydegård and Thorslund 2010; Schön and Heap 2018). The national framing of local autonomy is based on specific mechanisms of territorial coordination at the central level. For instance, we see this in the role played by the National Board of



Health and Welfare (NBHW), which softly steers local authorities through guidelines and data comparison on the levels of local expenditure and quality of services (Meagher and Szebehely 2013). However, the level of discretion of local authorities in the definition of access criteria, as well as in the type of support provided, remains very high (Rauch 2008; Theobald and Ozanne 2015). Also, in Denmark, national law establishes the pivotal role of municipalities in the organization, management and financing of social services, including the support of frail older people through care homes and home care (Jensen and Kolle 2013; Burau and Dahl 2013). However, the central regulation is more relevant than in Sweden and limits the autonomy of the local governments, for instance, in the definition of eligibility rules or establishing levels of users' co-payments (Kvist 2018).

### **Continental Countries**

Continental countries have long been considered a coherent welfare regime, particularly distinguished by their Bismarckian, insurance-based structure. It is argued that this system tends to reproduce the social inequalities observed in the labour market, so that the de-stratification and de-commodification capacity are lower than in the Nordic countries. When we look at LTC, the two main countries of the cluster – France and Germany – have both long been characterized by the absence of a national policy aimed at supporting the care needs of dependent older people. In Germany, it was only in the mid-1990s (with the *Pflegegeld*), and in France, in the early 2000s (with the *Allocation Personnalisée d'Autonomie*, APA), that important national schemes were introduced in the wake of growing social pressure relating to the increasing care needs due to ageing population (Le Bihan and Martin 2013; Gerlinger 2018).

However, when we look at childcare, significant differences emerge between Francophone and German-speaking countries. In particular, France and Belgium are distinguished by a comparatively early development of early childcare and educational services (with traditionally wide access to preschool at age 2, in some regions more than others), which are part of wider, historically generous, family policies. In France, the strong public investment in the field is related to the republican commitment towards citizen formation, strengthened by early political concern about the decline in the birth-rate dating back to the late eighteenth century. A fairly developed system of regulation and support for individual-based care by child-minders contributes to overall high rates of coverage of formal services (Fagnani and Math 2012). In contrast, in Germany and Austria, care responsibilities were traditionally left to families, supported by generous monetary transfers to compensate for the (partial) inactivity of (female) adult family members. In other words, these countries demonstrate what Kazepov (2010) defines as 'active subsidiarity', and Saraceno (2016) defines as 'supported familialism'. ECEC coverage used to be comparatively low also for preschools, not only for services for younger children (aged 0–2). The reunification of the two Germanies after the fall of the Berlin Wall highlighted the gap compared to the high provision in the Eastern Länder. However, since the mid-2000s, Germany has thoroughly embraced activation and social investment as policy objectives. An encompassing strategy, characterized by major investment to expand provision, the establishment of legal entitlement for children aged 1 onwards, and reform of parental leave, has been gradually moving Germany away from the previous path (Mätzke 2018). Meanwhile, Austria still lags behind (see Figure 8.1).

Continental countries are also internally diverse as to the territorial distribution of competencies. They comprise both the paradigmatic case of centrally framed countries, such

as France, and regionally framed countries, such as Germany, Austria and Belgium. As to the MLG of ECEC, in France the preschool segment is entirely funded by the central state, which is also in charge of evaluation, and shares competencies on planning, monitoring and accreditation with local level administration. State commitment has allowed France to achieve universal provision comparatively early. For the 0–2 segment, competencies are much more shared amongst all institutional levels, including the regional level, and both municipalities and *départements* manage parallel networks of *crèches*. Yet the central state still maintains an active role in the form of nation-wide financial regulation. Whilst this does not prevent territorial differentiation in terms of coverage (number of places in both collective and individual formal care per children <3), which ranges by *département* between 10 per cent in Guyane and 93 per cent in Haute-Loire (Observatoire National de la Petite Enfance 2019), it does guarantee harmonization in the levels of fees that families pay through a national *barème*.

A split ECEC system exists also in ‘regionally framed’ Germany. For both segments, competencies on funding and accreditation are shared between the regional and local authorities, whilst the central state is limited to monitoring and dispensing extra money for expansionary plans. Territorial inequalities in ECEC coverage persist, particularly, but not only, in the cleavage between the Eastern and Western *Länder* (Mätzke 2018).

In the field of LTC, despite internal difference amongst Continental countries in the territorial distribution of competencies, strong central regulation is observed both in Germany and in France.

In Germany, the public insurance system, which is aimed at covering the care needs of dependent older people, is based on a national regulative setting. The latter clearly defines the eligibility criteria, the tools for assessing the care needs, as well as the types of support granted (Theobald and Ozanne 2015). However, the concrete implementation of this scheme is also characterized by the strong involvement of regional levels, particularly as far as the organization and management of LTC services is concerned (Gerlinger 2018). In France, the LTC system and, in particular, the APA is also based on strong central regulation coupled with the involvement of sub-national levels of government in the implementation process. However, in contrast to Germany, a crucial role is played by the intermediate scale of the *départements*, rather than the regional level. These are endowed with important responsibilities in the management of LTC services and also in their funding, providing 70 per cent of resources spent by the APA (Blanch 2018).

## **UK and the Netherlands**

The United Kingdom is the paradigmatic example in Europe of the *Anglo-Saxon model*, characterized by the strong role of the market and marginal public regulation and provision. This reflects the country’s departure from the Beveridgian universalistic tradition from the late 1970s onwards, at the verge of the emergence of new social risks. In terms of MLG of social policies, the UK is internally differentiated. In England, early ECEC needs had long been largely considered a private affair: local authorities’ provision only targeted children ‘at risk’. Since the late 1990s, the New Labour governments started investing in ECEC, guaranteeing an entitlement of a few hours a week to all children aged 4, and later 3, via direct funding to private providers. A gradual increase in coverage for the younger children was achieved through a mixed system of supply-side and (especially) demand-side funding, via tax credits and vouchers to reduce the impact of expensive fees that families pay to private

providers (Knijn and Lewis 2017); a case of ‘supported defamilialization through the market’ (Saraceno 2016). Also with regard to LTC policies, since the early 1990s, social care services in England (including those provided in domiciliary and residential settings) have been deeply reorganized, with the introduction of quasi-markets, and a consequently more important role played by private, both charitable and for-profit, providers (Glendinning 2013, 2018). Local authorities are responsible for arranging and funding such services through redistributive central grants. However, the austerity measures implemented by the central state since the Great Recession have entailed a structural cut to local authority budgets. As a consequence, the level of local LTC services has been significantly reduced, and pressure on family carers has constantly increased over the years (Glendinning 2018).

The Netherlands is a complex case, at the edge of different clusters. Close to the Continental countries in its Bismarckian structure, and to the Nordic countries for the generosity of many schemes, this country introduced significant injections of market-oriented reforms over the last decades. As for ECEC, in 2005, the first childcare act institutionalized a three-tiered system, whereby parents’ expenditure for childcare is compensated for one third by the State and one third by the employer (Knijn and Lewis 2017). Coverage has gradually increased (see Figure 8.1), predominantly part-time, matching with comparatively high rates in part-time work (European Foundation 2011).

As for LTC, the Netherlands represents one of the earliest experiences in Europe of a national compulsory insurance programme protecting dependent older people (the Exceptional Medical Expenses Act, AWBZ, *Algemene Wet Bijzondere Ziektekosten*), which was introduced as early as 1968. Over the years, this supported a growing expansion of care services (firstly residential, and then also at-home services) and thus a growing formalization of care needs (Da Roit 2013). Indeed, as Figure 8.1 shows, both LTC coverage rate and expenditure here reach the highest values of all the countries considered. However, since 2007, specific responsibilities of the AWBZ in the provision of LTC services have been decentralized towards local authorities. This process has brought about a complex multi-level policy setting, affected also by political and institutional tensions between different levels of government.

### **Southern European Countries**

Like Continental countries, Southern European countries operate upon a Bismarckian structure and are biased towards monetary transfers rather than service provision. However, here families have traditionally been apportioned major assistance responsibilities for their relatives, not least regarding care, whilst receiving inadequate public support and particularly scant family allowances. This has been described as ‘passive subsidiarity’ (Kazepov 2010) and denounced as ‘unsupported familialism’ (Saraceno 2016). In ECEC policies, a notable exception concerns the significant development of preschools in Italy and Spain, which reached almost universal coverage rates comparatively early on (León et al. 2019). In contrast, services for the younger segment (0–2 years) were still marginal at the verge of the millennium. Since then, the paths of these two countries have partly diverged, with Spanish coverage rates growing faster than the Italian ones.

In the case of LTC, over the years Italy and Spain have also shown different institutional trajectories. Indeed, in Italy, despite the increase in care needs, there has been an inertial reproduction of the residual and marginal structure of intervention traditionally characterizing this policy area (Costa 2013). Meanwhile, in Spain, an important reform process

(LAPAD) was started in 2006 at the national level, aimed at extending the development of the system of care services and its territorial coverage. However, this process seems to have been only partially achieved (see Figure 8.1), due to austerity measures and the cuts that have affected public spending since the 2008 economic recession (Rodríguez-Cabrero et al. 2018; Aguilar-Hendrickson 2020).

As to the MLG pattern, the two paradigmatic Southern European countries, Italy and Spain, are ‘regionally framed’. In the ECEC system, a pretty clear-cut division amongst the two cycles of education is observed, with a significant state commitment in the preschool segment, whilst the segment for younger children is a sub-national responsibility, regional and local in Italy, with also a state contribution in Spain. As in France, the state involvement has permitted a process of universalization of preschools, achieved already in the early 1990s in Italy (through the development of a network of national facilities parallel to the municipal ones and to a minority of non-public ones), and a few years later in Spain. On the contrary, localized provision of public or publicly subsidized services for the younger segment is highly territorially unbalanced, ranging for instance in Italy in 2018 from 2 per cent in the Calabria region to 25 per cent in Emilia-Romagna and Valle d’Aosta (ISTAT 2020). Even if the state has co-funded expansionary plans (as in 2006–2008), with the aim of also reducing the gap between centre-northern and southern regions (albeit with far less resources than those employed in Germany), the gap has in fact increased over the years (Sabatinelli 2016). Furthermore, regulation varies deeply amongst regions, and fees as well as the access criteria range wildly at the municipal scale. This appears consistent with the particular Southern European ‘regionally framed’ context, where the devolution of competencies in social policies does not come together with coordination tools or steering instruments. National minimum standards are either lacking or very loose, as are subjective rights: a legal entitlement exists in Spain at the age of 3, whilst it is simply absent in Italy.

The problematic scalar configuration of care policies in these two countries is strongly confirmed if we look at LTC policies. In Italy, the provision of both residential and home care services is traditionally residual, and strongly affected by uneven territorial reach (Ranci and Arlotti 2019). The responsibilities for the management and funding of these services are totally decentralized to the hands of regional and local levels of government, but in a context in which the role of central regulation is totally missing and its financial support marginal and even reducing over the years. In contrast to Italy, in Spain since 2006 the national LAPAD reform aimed at protecting the care needs of dependent older people as much as possible in a universal perspective (Rodríguez-Cabrero et al. 2018). However, this process has been strongly undermined, not only by budgetary constraints due to austerity measures related to the Great Recession, but also because of multi-level governance problems affecting the implementation process. Indeed, at the national level, only basic common elements for the organization of care services have been set, whilst the actual implementation has been completely left in the hands of the regions (Aguilar-Hendrickson 2020). This has strongly widened sub-national differences.

## THE IMPLICATIONS OF THE LOCALIZATION OF CARE POLICIES: OPPORTUNITIES AND CHALLENGES

Beyond national specificities, the inter-institutional distribution of competencies in ECEC and LTC policies is very complex. Such inter-scalar complexity is the result of specific historical processes, rooted in the structural characters of the national variants of care regimes, and embedded in the particular path-dependency or path-departure trajectories undertaken to tackle the challenges posed by the emergence of new social risks and by the need to enlarge service provision in conditions of ‘permanent austerity’ (Pierson 2002).

Depending on the contexts, the provision of formal care services originated mainly as a local competence, or in other cases, local responsibilities have been strengthened over time. In either case, the consequences of the localization of care policies are not straightforward.

On the one hand, the local character of care policies has been a powerful lever in realizing a widespread policy response to care needs which have been quantitatively growing throughout European countries over the last decades. In contexts characterized by an overall universalistic welfare approach and by efficient harmonization mechanisms, like the Nordic countries, this has translated into the universalization of provision. At the same time, the localization of care policies has also allowed an avoidance of national standardized solutions in territories characterized by significant degrees of variation. For instance, such variation may manifest in terms of population size and density, of socio-economic and demographic features, of morphology and – also in relation to the combined effect of these elements – differentiated degrees and qualities of social needs, including care needs. In this sense, territorial differentiation in provision would represent evidence of successful responsiveness to specific localized nuances of care needs (Trydegård and Thorslund 2010) and/or of policy traditions. In the ECEC field, this may be exemplified by the diffusion of small-scale, even itinerant services in rural or mountain areas affected by low density or depopulation processes; of services with particularly extended or flexible schedules in areas where the workforce is concentrated in industries with round-the-clock shifts or seasonal jobs; or of facilities particularly sensitive to multi-cultural approaches in cities with strong and highly diversified shares of migrant population.<sup>2</sup>

On the other hand, however, the localization of care policies and their inter-scalar dimension raise severe risks concerning the universalistic approach and the redistributive impact of welfare policies, and the multiplication and/or reinforcement of inter-institutional tensions and conflicts.

Concerning the first element, the territorial diversification of coverage rates, access criteria, co-payment levels, service approach and quality may jeopardize the principle of equality of treatment. This implies that individuals and families with similar need profiles may have access to differentiated policy responses, depending on where they live. Such inequalities may be referred to as territorial ‘Matthew effects’ (Sabatinelli 2016). However, the impacts of territorial variation strongly depend on the interplay between the configuration of national care regime and the specific inter-scalar architecture of care policies, including the degree of competence held by subnational levels and the existence and scope of national harmonization and coordination programmes.

A previously seen, the sub-national dimension is relevant in LTC policies both in Nordic and Southern European countries. Yet, the range of territorial variation and its concrete impact on the coverage of care needs deeply differ in the two contexts. This relates to the main structural features of the care regime – universal and encompassing in the Nordic countries, and

residual in the Southern ones – as well as to the different scalar framing – more structured and binding, albeit at varying intensity by country, in the Nordic countries, definitely missing in Italy, and minimal in Spain.

The second criticality concerns the political and institutional tensions emerging on the ground of inter-scalar relations. In the context of strong public expenditure containment which has characterized most European countries for decades now, the multi-level relations regarding the distribution of competencies, functions and resources for the regulation and implementation of care policies have often given rise to sharp tensions or even institutional conflicts. The decentralization of competencies to sub-national bodies, frequently justified with the objective of increasing efficacy and appropriateness of policies, has often implied an attempt to discharge onto local governments the responsibility of managing responses to needs – as the growing care needs – without providing them either with adequate transfer of funds, or with the power to autonomously levy resources to cope with them. This is a so-called ‘decentralization of penury’ (Keating 1998), triggered by blame-avoidance mechanisms that, rather than creating the conditions for the development of territorially appropriate policy responses, paved the way for retrenchment (Rauch 2008).

A case in point is the development of LTC policies in Sweden. During the early 1990s, the responsibility for services supporting older people with significant health needs was transferred from the hospital sector towards the social one, under the competence of local authorities. The attempt was to rationalize the use of hospital beds, as well as to promote a de-medicalization of care arrangements, thereby improving the quality of life of dependent older people (Meagher and Szebehely 2013). However, this process took place in the context of a reduction in public spending, which forced local authorities to concentrate care support on very dependent older people, who were transferred from the hospital system, which was at the detriment of older people with lower needs. Similarly, in the Netherlands since 2007, the decentralization of responsibilities on home-help, previously managed under the national LTC scheme, being accompanied by a cutback in the state transfers to local authorities, led to local retrenchment measures, like the reduction in the intensity of provision (number of hours), or the restriction of access only to older people without family support (Kelders and de Vaan 2018).

## CONCLUSION

In this chapter we have considered, in a European comparative perspective, the territorial architecture and implications of two main specific fields of care policies: ECEC and LTC. We have seen how, in both of these fields, care policies include the combination of several policy tools that are regulated and implemented through complex multi-scalar structures. Such structures vary strongly across countries, but also show a certain degree of coherence, which cuts across the two policy fields observed by virtue of the basic features of the care regimes. We have recalled how the localization of care policies may have contributed to widespread territorial coverage of such policies, and also to developing non-standardized policy responses, able to consider local specificities in terms of the type and intensity of care needs.

That being said, criticalities also emerge, like risks of territorial inequalities in the provision of care services and stronger and more diffused inter-scalar tensions within a context of permanent austerity. Such criticalities are observed in both policy fields and across countries, even though the combination of the features of the care regimes and of inter-scalar relations

do produce differentiated effects. Local differences in care services' regulation and supply, in fact, may cause differentiated impacts – even within retrenchment frameworks – in universalistic systems as opposed to systems with marginal overall provision.

The COVID-19 pandemic has had a significant impact on these complex configurations. It is widely acknowledged that the older share of the population has been hardest hit by the virus and its lethal consequences, and this has put heavy pressure on the management of LTC residential services. In many countries, and particularly those with a marginal residential care supply (e.g. Italy and Spain, but also England), the need to intervene in support of these systems was completely neglected for several weeks, and only came to the fore when catastrophic events in nursing homes emerged in public discussion (Declercq et al. 2020). Meanwhile, the need to ensure physical distancing exacerbated the risks of loneliness and isolation for older people, either living in care homes or in their own home. The constraints posed by physical distancing also caused the closure of centre-based day-care services and preschools in spring of 2020 (for different durations in different countries); these reopened with even more variations in duration, organizational patterns and rules in the autumn.

These impacts have heavy implications in at least three directions. First, in terms of families' (and particularly of women's) balance of care and work responsibilities. Second, in terms of quality of care for older people, and for children, in terms of exclusion from social and educational opportunities and the related educational poverty risks. Third, in terms of the economic sustainability of both publicly and privately run services. Furthermore, the impact on services' staff should not be neglected, with reference both to income loss for those who were forced to stop working, and for those who have continued to work, in terms of exposure to contagion, emotional stress and work overload.

Last but not least, the COVID-19 pandemic has also perturbed the relations amongst the various institutional levels, changing the balance between central states and the regions, with the former attempting to impose nation-wide decisions; and the latter claiming their autonomous powers in health and social policy regulation, especially in federalist and regionalist contexts. In many cases, existing inter-institutional conflict about the division of responsibilities was exacerbated, as in the case of elderly care, between the health care/hospital system and the residential, social sector (Arlotti and Ranci 2020; Del Pino et al. 2020).

It is, however, too early to assess whether the pandemic represents a critical juncture for a reform of ECEC and LTC in the different countries, or in relation to the social and economic investments that need to be made to foster a recovery, and that will call for further inter-scalar collaboration.

## NOTES

1. *Eastern European countries* do not represent a care regime. They shared the experience of several decades of planned economy. Substantial differences existed, though, among countries before the shift to socialism, which partly endured and resurged after its fall in the early 1990s. Some of these countries rather show similarities with the main care regimes (Ranci and Pavolini 2013; Javornik 2012).
2. Comparative accounts of urban care systems may be found, for ECEC, in Fraise et al. (2004) and Fraise and Escobedo (2014); for LTC, in Kazepov (2010); for both, in Kutsar and Kuronen (2015).

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## 9. Poverty and multi-layered social assistance in Europe

*Sarah Marchal and Bea Cantillon*

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### INTRODUCTION

Social assistance is par excellence a policy domain in which substantial decentralization applies. It is part of a multi-layered welfare state, in which the local, regional, national and European levels have major roles to play. Local governments usually hold important managerial and financing responsibilities. In some countries, local authorities even hold competencies that are largely within the realm of the national state in other social policy domains, such as the setting of benefit levels or defining eligibility criteria.

The main *raison d'être* of minimum income protection through social assistance is to effectuate the subjective right to adequate minimum income and to offer social aid to the most deprived. Minimum income protection as we define it in this chapter provides means-tested benefits to households whose means of existence are insufficient and who cannot rely on their own resources. It is part of the broader edifice of the welfare state, comprising social insurance, affordable services in kind, fair working conditions and minimum wages. Through local embedding and personalized care, social assistance provides means-tested income support and aid to people who, in many cases, suffer from multiple forms of deprivation.

Through a process of *de facto* decentralization, in which higher government levels have tightened access to more general social programmes, or have not stepped in as new needs arose, social assistance, as the last safety net, has increasingly become more important. Therefore, the question of what should be done in order to increase the adequacy of social assistance both at the national and local levels has grown in importance. In this chapter we consider the place of social assistance in the broader welfare state set-up, as well as specific challenges associated with benefit setting, means-testing, imposed conditions and the multi-layered nature of minimum income protection. We also discuss perspectives for the future in the aftermath of the COVID-19 pandemic.

### SOCIAL ASSISTANCE: PRINCIPLES, MODUS OPERANDI AND DRAWBACKS

Social assistance is grounded on the principles of solidarity and vertical redistribution: it serves as an ultimate safety net for individuals and families who do not have sufficient resources. It explicitly aims to support poverty alleviation, based on solidarity and need. Benefits are granted – after means-tests – only to families who are in a situation of financial poverty and who are unable to raise the necessary means of subsistence through their own efforts (labour) or by making use of (social) insurance or assets.

*Table 9.1 The poverty reducing capacity of social protection: modus operandi, poverty reduction and drawbacks*

Modus operandi	Techniques	Poverty reduction	Drawbacks
Horizontal redistribution	<ul style="list-style-type: none"> <li>• Insurance</li> <li>• Equivalence of contributions/ benefits</li> </ul>	Depends on linkage of risk (ex post) and need	Cost
Vertical redistribution	<ul style="list-style-type: none"> <li>• Assistance</li> <li>• No linkage of risk and contribution</li> </ul>	Depends on <ul style="list-style-type: none"> <li>• Design</li> <li>• Take-up</li> <li>• Generosity</li> <li>• Unemployment traps</li> </ul>	<ul style="list-style-type: none"> <li>• Unemployment traps</li> <li>• Legitimacy to higher income groups</li> <li>• Stigma</li> </ul>

*Source:* Own depiction by the authors.

The basis of social insurance is larger and stronger: it is not only grounded in the principle of solidarity, but also of reciprocity. Like social assistance, it reduces the risk of poverty through mechanisms of vertical redistribution, but also through horizontal redistribution. It is based on the prevention and repair of social risks (summarized in Table 9.1). The principal tool of social insurance is modelled after the ‘piggy bank’ principle of private insurance (Barr 2001): in return for a financial contribution to the system, the insured are entitled to income replacement when affected by a social risk that is covered by it.

These different *modi operandi* entail a diverse set of strengths and weaknesses. As horizontal redistribution focuses on redistribution over different life phases and risks, the poverty-reducing effectiveness of social insurance depends on the extent to which these risks and life phases are linked to need, and its encompassing nature makes it a costly policy domain. However, due to the underlying reciprocity and its wide coverage, the size of the budget is considered to be more legitimate than highly targeted schemes (Korpi and Palme 1998). Social assistance, as a highly targeted, solidarity-based policy scheme, is more often questioned by the middle classes, leading to less generous benefits and stricter access requirements, impacting on its poverty-reducing effectiveness. Stigma associated with lower legitimacy, discretion and intrusive means-tests, may discourage eligible persons from claiming their benefits. In addition, due to the means-tested nature of social assistance, unemployment and poverty traps may arise (Immervoll 2012; Nelson 2003). However, the targeting efficiency of social assistance is usually high (Marx et al. 2016).

Social insurance and social assistance also differ on the territorial dimension. Although social insurance systems originate from small scale and place-based initiatives of workers and employers, today, in developed welfare states they are usually organized and financed at the national level. Social assistance has developed out of local poverty relief but, in contrast to social insurance, local actors continue to play an active role. There are several reasons for that: institutionalization came later, targeted groups are typically smaller and more diversified, and beneficiaries generally face multiple problems. Meanwhile, the financing of social assistance is not linked to wages, so national regulation is less necessary to avoid spill-over effects. Therefore, in most countries social assistance has remained to a greater or lesser extent locally based (Kazepov 2010; Sabatinelli 2010). Whilst eligibility conditions and benefit levels are often centralized at the national or regional level in many countries, local municipalities remain (partially) responsible for the financing of social assistance benefits (Kazepov 2010; Leibetseder et al. 2017). It is even more common for local municipalities to remain

Table 9.2 *Multi-layered governance in European minimum income schemes, 2017*

		Level of governance responsible for delivery		
		(Almost) exclusively national	National and regional/local jointly	(Almost) exclusively regional/local
Policy decision level	(Almost) exclusively national	CY FI* HR MT	BG DE EL FR HU IE LU SK UK	BE CZ DK EE LV NL PL PT RO SI
	National and regional/local jointly			AT LT SE
	(Almost) exclusively regional/local			IT* ES*

*Notes:* \*FI: from 2017 onwards; before, more decentralized. The discretionary ‘preventive social assistance’ is still handled and decided at the local level. \*IT and \*ES: Both Italy and Spain are in the process of installing a national minimum income scheme to replace or complement the previous local and regional ones. Spain announced this policy reform as recent as spring 2020, in the wake of the COVID-19 crisis. The data for both countries in this report still refer to the old systems.

*Source:* Based on Frazer and Marlier (2016).

in charge of the actual implementation of social assistance regulations. The job of assessing the needs of beneficiary households is generally devolved to the local level, often through a detailed means-test, social contacts and a home visit (Frazer and Marlier 2016; see Table 9.2). Importantly, the implementation of national legal rules usually requires a large degree of interpretation at the local level, or even at the individual level of street level bureaucrats. For instance, eligibility criteria often stipulate a ‘willingness to work’ criteria, without clear guidance as to what this actually means. In practice, local welfare agencies and social workers have extensive discretionary competencies in implementing such vague central stipulations (De Wilde and Marchal 2019).

Vague guidelines issued at the national level are often based on the premise that local municipalities will be better able to pinpoint multiple problems and biographic risk factors that families face, and to assess both need and work willingness in terms of local provisions and labour market opportunities. In short, local implementation is expected to allow for more individually and locally tailored support. Empirical studies have indeed shown that sanction rates for infractions of the work willingness criterion in social assistance vary in line with local socio-demographic and economic opportunities (Fording et al. 2007; Soss et al. 2011).

Furthermore, decentralized implementation of social assistance is considered to increase the legitimacy of anti-poverty policies (Kazepov 2010; Soss et al. 2011). For one, local social workers may be more suited to identifying the truly needy, and thus fostering the support’s perceived legitimacy. But more importantly, anti-poverty policies can also be further adapted according to local political preferences. Sanction rates do appear to be higher in more conservative regions (Fording et al. 2007) and implementation of activation measures appears to depend upon the importance that local policy makers attach to it (May and Winter 2009).

Finally, local variation following from decentralized implementation may open up opportunities for policy innovation (Kazepov 2010). Local welfare agencies develop practices based on previous successes and failures, and the cooperation between the local administration and local authorities (Künzel 2012). To the extent that local welfare agencies and national governments monitor the variation in local practices and outcomes, local implementation can act as a laboratory for testing best practices in the fields of social work or practical administration of claims (Vandenbroucke et al. 2016).

A drawback of local implementation is that the economic and socio-political considerations that are taken into account at the local level do not necessarily lead to best practices in terms of poverty reduction. Poorer localities may lack the means to design and execute effective poverty reduction strategies. The aforementioned ‘laboratory’ benefit of decentralization only works if sufficient care is taken to both identify and disseminate best practice (Vandenbroucke et al. 2016). Some municipalities may have more financial or administrative capacity than others, which again may have an impact on the local implementation of social assistance, with perhaps very real impacts on (potential) claimants (Carpentier 2016; De Rynck 2016). Decentralization, in combination with the introduction of behavioural conditions, might increase non-take-up, and the consequence of local discretion in assessing potential claimants can raise concern regarding the guarantee of adequate minimum incomes (De Wilde 2018).

Meanwhile, social assistance caseloads are on the increase nearly everywhere in Europe. The reasons are manifold: Western societies are undergoing massive social, demographic and economic changes that have caused a rise in new social risks which are not, or insufficiently, covered by traditional social insurance or by new policies (Bonoli 2007; Cantillon and Buysse 2016). To the extent that these new social risks cause people to fall through the cracks of the welfare state, they will eventually end up in the last safety net. In addition, there are indications that policy changes in traditional social insurance schemes have led to a shift of caseloads from insurance to means-tested social assistance schemes (De Deken and Clasen 2011; Van Lancker et al. 2015). In some countries, the increased importance of more decentralized schemes (in *casu* social assistance) was a direct consequence of national governments’ offloading certain responsibilities to lower government levels. An obvious example is retrenchment in unemployment insurance, which usually directly results in an increase in social assistance caseloads (Bonoli and Champion 2014). The growing importance of social assistance vis-à-vis social insurance puts the question of the extent to which social assistance is an effective poverty-reducing tool at front and centre.

## HOW EFFECTIVE IS SOCIAL ASSISTANCE AS A POVERTY-REDUCING TOOL?

Social assistance is a weaker instrument for poverty alleviation than social insurance. There are concerns about lower benefit levels, associated stigma, discretion and non-take-up that is usually found to be higher in means-tested schemes. There is, however, no doubt that, to varying degrees, minimum income protection makes a substantial difference in the lives of those who receive the benefit. In contrast to earlier forms of poverty relief, minimum income protection in developed welfare states creates individual, subjective social rights: everyone who fulfils the legislated eligibility criteria can claim and enforce support. Hence, in principle, minimum income protection leaves no one behind. However, the eligibility criteria for social assistance include conditions that can only be assessed discretionarily. Also, asserting these rights requires the necessary knowledge and skills to get to the social agencies. Scholars have repeatedly pointed to non-take-up and highlighted the danger of such criteria for (continued) access to social assistance in eroding the rights basis of social assistance (Panican and Ulmestig 2016). We return to this issue below.

Because of the strict access conditions and the relatively low benefit levels, studies on the impact of social assistance on overall poverty rates suggest rather limited effects, although

there are big variations across countries. Avram (2016) focused on the effectiveness and efficiency of minimum income protection in eight Eastern European countries. She estimates that the rates for the reduction in poverty for these countries, resulting from minimum income protection, vary between around 5 and 20 per cent. The impact on poverty reduction, specifically amongst those who actually receive a minimum income protection benefit is higher, but still below 40 per cent in each of the countries considered. The reduction is higher when not looking at the impact on poverty rates but focusing on the poverty gap. She attributes these relatively disappointing results to low benefit levels and small programme expenditure. In addition, the social assistance programmes under consideration fail to reach the poor. Tasseva (2016) calculated the impact of means-tested benefits on poverty in Bulgaria. She found that the benefits did not substantially contribute to lower poverty outcomes. Poverty incidence decreased by a mere 4 per cent, whilst the poverty gap decreased by 13 per cent. Like Avram, she attributes these results to the low level of the benefits and the low coverage of the poor.<sup>1</sup>

Looking at all EU member states, Vandembroucke et al. (2013) found weak correlations between social assistance benefit levels (expressed as a percentage of the 60 per cent at-risk-of-poverty line) and poverty rates. The correlation grew stronger when focusing on the poverty gap, and on poverty rates at the 40 per cent threshold. Importantly, the correlation was most convincing for people living in households with low work intensity. They concluded that social assistance benefit generosity correlates only weakly with overall national poverty levels. This result was attributed to the fact that poverty outcomes are related to the functioning of the broader welfare state edifice. Yet they do derive from the relatively strong correlation for people on a larger distance from the labour market, that social assistance does have an important role to play in protecting more marginalized groups, with less self-evident access to contributory benefits.

In a more recent study, we did a similar exercise, focusing on the benefit generosity and social outcomes for the specific group of lone parents (see Cantillon et al. 2019a). We did not solely focus on the adequacy of minimum income protection for those out of work, but also included policy indicators of in-work income protection, the minimum wage, financial incentives and the additional income support targeted at working lone parent families. In Table 9.3, we present the resulting correlations we found between these policy indicators, on the one hand, and on the other hand, the share of jobless households and the poverty headcount, using the 40 per cent poverty threshold amongst lone parent families. Some reservations apply: the correlations are based on a small group of cases that can in no way be considered a representative sample of all countries. Moreover, we do not control for other country characteristics. Hence, these correlations can only serve to illustrate potential and tentative relations, and can in no way be interpreted as causal mechanisms.

We found: (1) the generosity of net social assistance for lone parent households tends to coexist with lower poverty rates among persons living in working age lone parent households; (2) similarly, the generosity of net minimum wages for full time working lone parent households tends to correlate with lower poverty rates; and (3) there appear to be no consistent correlations between the generosity of minimum income protection and employment rates among lone parents.

In general, we can conclude that social assistance has a limited impact on overall poverty figures, pointing to a structural inadequacy of social assistance. For special groups, such as lone parents with a very low income and families suffering from serious material deprivation, however, adequate social assistance schemes are clearly important. Moreover, the analyses

Table 9.3 *Exploration of the instrumental relevance of adequate minimum income protection for lone parent households, 2012*

	Employment	Poverty
	Share of people living in a jobless lone parent household, out of all people living in a lone parent household	At-risk-of-poverty rate of people living in working age lone parent households (40% AROP)
Net social assistance <sup>a</sup>	0.1347	-0.7238*
Net minimum wage <sup>b</sup>	0.4278*	-0.5729*
Minimum wage	0.3051	0.1315
Gross-to-net effort <sup>c</sup>	0.2686	-0.5735*
Financial incentive <sup>d</sup>	0.1894	0.3864

*Notes:* <sup>a</sup> Net disposable household income at social assistance for a lone parent household with 2 children; <sup>b</sup> Net disposable household income at full-time minimum wage employment for a lone parent household with 2 children. <sup>c</sup> Gross-to-net welfare effort is calculated as the difference between the minimum wage and the final disposable income. <sup>d</sup> Financial incentives to work are defined as the income difference between full-time minimum wage employment and net social assistance income. \* Specific countries FI, IT and ES.

*Source:* Adapted from Cantillon et al. (2019a).

upon which we base this conclusion all relate to the national level. In the remainder of this chapter, we describe how local variation in benefit levels and access to social assistance adds to this picture.

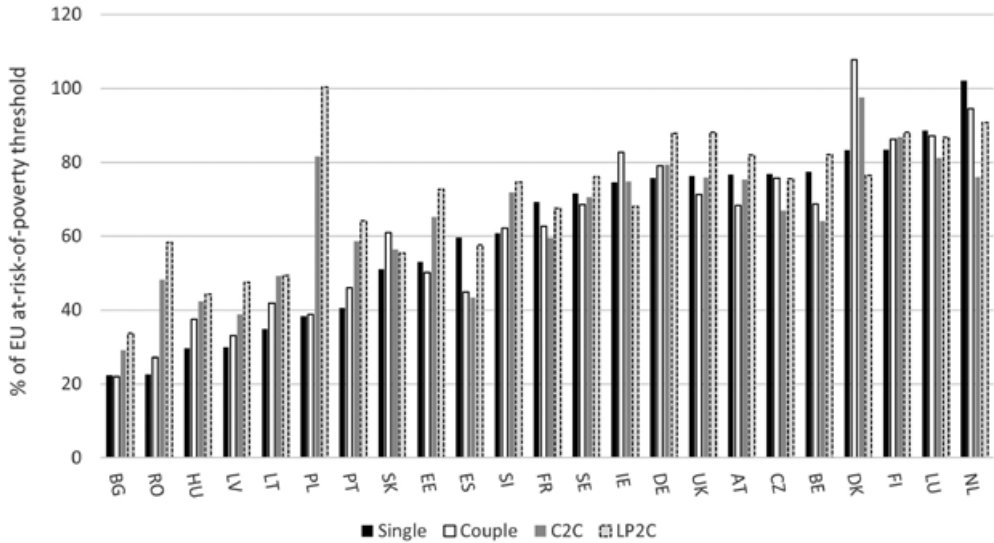
## THE STRUCTURAL INADEQUACY OF SOCIAL ASSISTANCE

A first obstacle in the way of minimum income protection's role of combating poverty are the relatively low benefit levels that are guaranteed. Previous literature has consistently found that minimum income protection benefits are lower than the EU at-risk-of-poverty threshold (Van Mechelen and Marchal 2013), limiting the scheme's scope of bringing poverty rates down.

These assessments are usually based on model family simulations that reflect the legally guaranteed incomes for a number of hypothetical households. Such minimums take account of social assistance, but also other legally guaranteed benefits social assistance beneficiaries are entitled to, such as (social supplements to) child benefits or housing allowances. In Figure 9.1 we show the minimum guaranteed income packages for a number of European countries. We simulated the minimum incomes for four hypothetical households: a single person (the black bars), a couple (the white bars) and a couple with two children aged 7 and 14 (the grey bars) and a lone parent with two children aged 7 and 14 (the dashed bars). The precise assumptions underlying these hypothetical households are discussed in depth in Marchal et al. (2018). The calculations were made with the EUROMOD microsimulation model, specifically with the aid of the hypothetical household extension (HHoT) to this model. EUROMOD includes the tax benefit rules for the EU member states, whereas HHoT enables us to calculate the impact of these tax benefit rules on the net disposable incomes of hypothetical households. In line with previous research, these calculations indicate the (very nearly) general inadequacy of minimum income benefits. Only for some family types and in a few countries do the minimum income protection packages surpass 60 per cent of the national median equivalent household income.<sup>4</sup> These model family calculations assume full take-up and include all legally guaranteed benefits for social assistance beneficiaries (i.e. not only the minimum income, but also



child benefits or housing allowances if these can be combined with social assistance). In this way, Figure 9.1 reflects a ‘best case scenario’ of the minimum income floor.



*Note:* Minimum income protection packages show the net disposable income at social assistance, including means-tested minimum income protection, other legally guaranteed benefits if applicable (e.g. housing allowances, child benefits, annual premiums) and takes account of tax treatment. Packages are calculated with EUROMOD/HHoT, as described in Marchal et al. (2018). Poverty thresholds refer to 2016 incomes, uprated to 2017 using HICP rates.

*Source:* EUROMOD/HHoT and Eurostat.

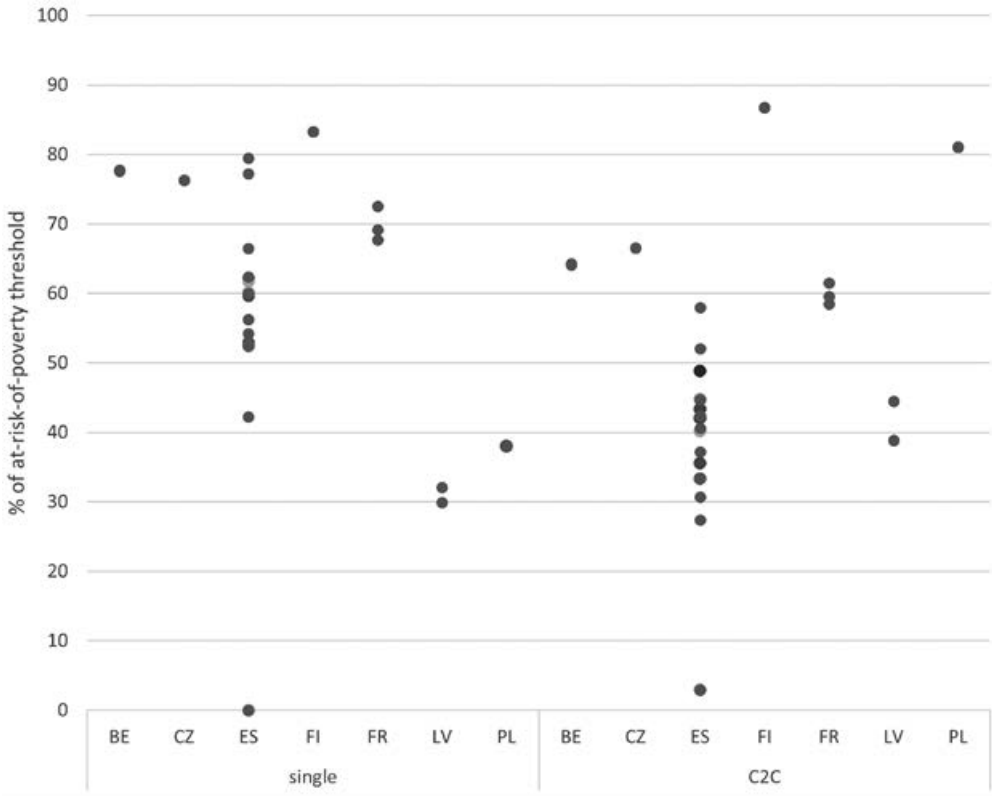
**Figure 9.1** *Minimum income protection levels as percentage of the EU at-risk-of-poverty threshold, 2017*

The benefit levels shown in Figure 9.1 only provide a very stylized indication of the minimum income protection adequacy in a country, with one indication of the legally guaranteed benefit level for each included hypothetical household in a country. Yet, Table 9.1 highlighted the large variation at the policy decision level in Austria, Lithuania, Sweden, Italy and Spain. In other countries, substantial variation is possible at the implementation level. Whilst it is also possible that at this level differences in awarded monetary support arise, this is less likely to be the case for legally guaranteed benefit levels. Variation solely at the implementation level generally relates to discretionary (i.e. non-legally guaranteed) support, additional services and activation policies (for an overview, see Marchal and Van Mechelen 2017). For instance, for Belgium, a country with a national policy decision framework but localized implementation, research has found that variation in monetary support *on top of* the legally guaranteed benefit was common, but highly discretionary and dependent on very specific situations (Van Mechelen and Bogaerts 2008). For France, Anne and L’Horty (2008) found substantial local variation in additional support on top of the centrally determined minimum income, but this mainly related to local targeted reductions in the costs of local services, and as such was not considered legally guaranteed monetary support, per se.

Outside of means-tested minimum income protection schemes, other regional variation may arise that has an impact on minimum income protection packages. Regional and municipal tax rates may differ, regional housing and heating allowances may take account of differences in housing and heating costs in certain parts of the country, or other benefits may apply. EUROMOD includes legally guaranteed regional cash benefits and taxes to some extent, and hence allows a first glance of the intranational variation in guaranteed minimum income protection packages. However, this glance is at best incomplete: only rights-based regional benefits are included, which effectively excludes an assessment of variation in Italy and Sweden, where minimum income protection policy decision variation – at least in 2017, the year to which our data refer – lies at the municipal level (we refer the reader to Arlotti and Sabatinelli 2016 for an overview of municipal variation in municipal minimum income protection in Italy). For other countries, EUROMOD does not include the full regional variation (e.g. for Austria,<sup>6</sup> Poland<sup>7</sup> and Lithuania). Regional minimum income benefits are, however, fully simulated for Spain in 2017. For a number of other member states, it is possible to take account of the impact of regional variation in taxation and housing allowances on the adequacy of minimum income protection packages. As programming policies is a labour-intensive process, this variation is generally an approximation of the actual variation in policy rules, with policies only included for ‘typical’ regions (e.g. capital region vs. average cities vs. rural region). In Figure 9.2 we show – in line with the approach taken in Figure 9.1 – the net income levels relative to the national at-risk-of-poverty threshold, but now for selected regions in each country. As we limit ourselves to the countries for which regional policies are included and to those regions and municipalities that are programmed separately in the EUROMOD microsimulation program, Figure 9.2 only provides a very partial indication of the size of intranational variation.<sup>8</sup> In addition, since we calculate the regional policy rules for the same hypothetical households, we only provide a lower bound image of intranational variation.

As expected, the intranational variation in guaranteed minimum income protection packages in Spain was substantial. The recently announced national minimum income protection scheme, implemented in the wake of the COVID-19 lockdown, and complementary to the regional schemes, should flatten this variation to some extent. In the other countries included, the (lower-bound) variation in rights-based minimum income protection packages remains fairly limited, as it lies in smaller income components, such as regional taxes or variation in the maximum allowed housing costs in the calculation of housing allowances. Especially the latter policy rule is frequently used in countries in order to allow higher housing benefits in larger cities, where rents are usually higher.<sup>9</sup> In Finland, northern regions – where cold weather necessitates higher energy demands – will usually allow for higher heating costs in the calculation of housing and heating allowances.

Because of the ‘less eligibility’ principle, the inadequacy of social assistance benefits is structural in nature (see e.g. Bonnet 2019). Cantillon et al. (2015) have highlighted the obstacles in raising these guaranteed minimum incomes. They argue that low wages relate like a ‘glass ceiling’ to minimum benefits for jobless households because they have an impact on unemployment traps of low-skilled job seekers. Policy makers’ common sense indeed dictates the importance of maintaining a reasonable wedge between minimum income benefits and low wages to provide work incentives, and because of ‘deservingness’ considerations. Either decision makers should ensure that gross wages are sufficiently high at the bottom of the distribution in order to enable adequate out-of-work benefits, and/or they should boost net take home pay for low-paying jobs, and/or they must accept relatively low work incentives



*Note:* Illustration of lower-bound intranational variation in rights-based minimum income protection packages, for those countries for which a selection of different regional policies is included in EUROMOD. Variation is due to differences in social assistance benefits, regional taxes, or housing and heating allowances. Minimum income protection packages calculated for the same hypothetical household in each region, facing the same housing costs (median housing costs in each country). C2C: couple with 2 children.  
*Source:* Own calculations based on EUROMOD/HHoT, see Marchal et al. (2018).

*Figure 9.2* *Intranational variation in minimum income protection packages, 2017*

conditional on stringent activity requirements and strong active labour market policies. These are the options from a concern with deservingness, work incentives and legitimacy. Bringing budgetary concerns into this evidently further complicates the matter. Cantillon et al. (2019b) show that the difficulty in simultaneously aspiring to adequate minimum income protection, employment growth and manageable spending levels contributes to a structural inadequacy of out-of-work minimum income protection in a context of stagnating low wages.

Collado and colleagues (2019) calculate the hypothetical cost of closing the poverty gap whilst maintaining the existing average participation incentives at the bottom of the income distribution for three countries. Results show that increasing the social floor comes at a substantial cost. In Belgium, closing the poverty gap whilst average work incentives remain unchanged at the bottom of the income distribution would cost 4.2 per cent of total incomes, 7.1 per cent in Denmark and 5.7 per cent in the UK, around two times the budget needed to just lift all disposable household incomes to the poverty threshold. The results suggest that

the inadequacy of social assistance is related to the broader architecture of social fabrics, i.e. minimum wages, wage inequality and activation policies. On a broader level, this also illustrates the complexity of countries' attempts to simultaneously achieve each element of the 'social trilemma' – reductions in wage inequality and expansions in employment with decreased social spending. These findings clearly point to the fact that one cannot achieve adequate social assistance without addressing rising income inequality, downward pressures on low wages and the issue of adequate work incentives.

Whereas local government levels may aim to address these inadequacies by non-rights-based supplements, for an effective safety net of last resort, clearly more structural support is needed.

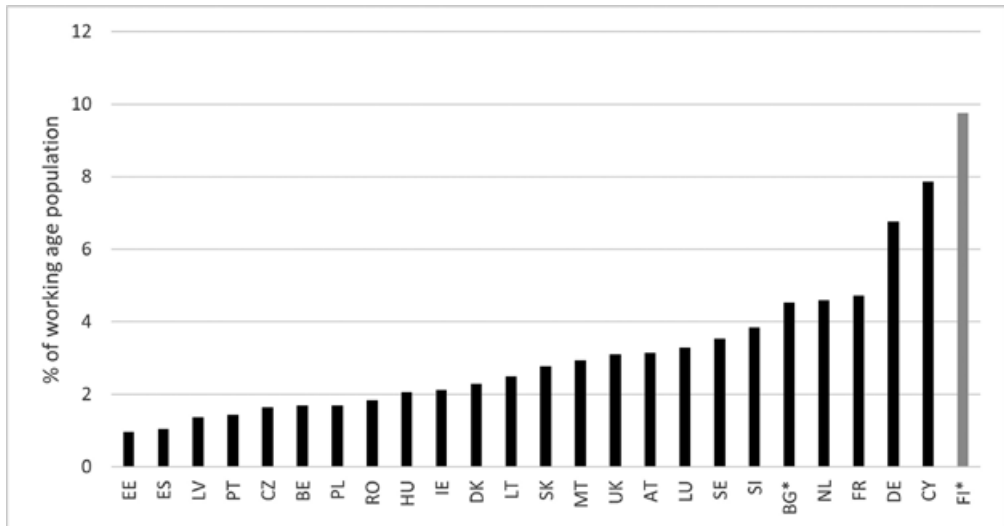
## THE LIMITED REACH OF SOCIAL ASSISTANCE AND THE PROBLEM OF NON-TAKE-UP

The limited impact of minimum income protection on poverty outcomes is not solely due to low benefit levels. Perhaps even more important is the limited reach of these schemes. Minimum income protection is essentially a residual scheme. It should only become relevant when a family has no other social rights. In well-functioning and generous welfare states, minimum income protection is supposed to be marginal. The fact that it has only a limited impact on overall poverty levels is therefore not necessarily problematic if this is coupled with substantial poverty reduction by other welfare state institutions (see also Vandembroucke et al. 2013).

Figure 9.3 shows the share of minimum income protection beneficiaries in the working age population. It is notoriously difficult to compare administrative reciprocity rates (see De Deken and Clasen 2011) due to different recipient unit concepts employed by administrations, or variation in the time periods to which recipient data refers. The Organisation for Economic Co-operation and Development's (OECD) Social Benefits Recipients database aims to publish comparable reciprocity rates, sourced by the national administrations following clear guidelines. These data confirm that in most countries, minimum income schemes are relatively marginal, with reciprocity rates around or under 3 per cent of the working age population. However, these data do not show whether recipients are the most vulnerable in each country, or whether sufficient alternative safety nets exist that justify the limited coverage of minimum income protection.

In this regard, the 2013 study by Figari et al. is extremely relevant. Using EU SILC data and taking account of – to the extent possible – formal eligibility criteria, they calculated the share of the poor that are eligible for minimum income protection. For the 14 European countries included in their analysis, they showed that a substantial share of those with incomes lower than the 40 per cent at risk of the poverty threshold were ineligible for social assistance due to categorical access conditions or overly strict means-tests.

Such calculations are challenging since many eligibility criteria leave room for interpretation. The willingness to work criterion is quite common in most EU member states. The implication is that only those willing to work (or incapable of working, for health and fairness reasons) are eligible for means-tested income support. However, whether someone is willing to work is hard to capture through objective, measurable criteria. Calculations of coverage usually consider these conditions as fulfilled, or work with proxies, whereas in reality, it is the local level or the individual case manager handling the case that assesses these criteria.



*Note:* Estimates show means-tested minimum income protection for the non-working of active age. In some countries, this includes categorical means-tested protection for the unemployed. For Germany, Finland and the United Kingdom, data show the combined rates of the general social assistance scheme and the scheme for the unemployed. For Finland, this leads to an overestimation of the number of recipients, as both schemes are not mutually exclusive (i.e. labour market subsidy beneficiaries may receive a top-up from the general social assistance scheme). Data for Bulgaria refer to 2014.

*Source:* OECD (2020).

*Figure 9.3 Social assistance beneficiaries as percentage of working age population, 2016*

Kazepov and Barberis (2013) speak in this regard of *intra legem* discretion, when practitioners need to use their professional skills to interpret a formal rule, or even *extra legem* discretion, when case managers can be more creative in the absence of clear rules. In a factorial survey experiment for Belgium, De Wilde (2018) finds that social workers at the local level usually give new claimants the benefit of the doubt when assessing willingness to work. There is far more variation between case workers when they need to decide upon the sanctioning of existing (rather than prospective) beneficiaries who have violated the willingness to work criterion. Whereas a small part of variation is explained by the local level, a large part of the variance is explained by characteristics of the social workers (especially the views the social worker holds on the welfare state) or remains unexplained (De Wilde 2018; De Wilde and Marchal 2019).

In some EU member states, the assessment of assets in determining eligibility of social assistance claimants also leaves room for discretion at the local or social worker level. Most countries have objective asset criteria, determining the maximum amount of assets of different types allowed when applying for social assistance. However, the Scandinavian countries in principle allow no assets unless selling the assets would exacerbate the disadvantaged situation of the family (e.g. in the case of housing), or leave this up to the social worker. In Estonia, the municipal level assesses whether assets should make a family ineligible. In Poland, assets are assessed only if a discrepancy exists between the material living standards of the family and its claim for help (Marchal et al. 2020). Also strict means-tests, work conditions, severe residential requirements, and stigma may limit access in a prohibitive way.

Low coverage is further exacerbated by the phenomenon of non-take-up. Amongst those entitled to minimum income support, a substantial share of them do not find their way to the local welfare office in order to file a claim. Scholars have commonly found non-take-up rates of active age social assistance benefits higher than 50 per cent in some European countries (Eurofound 2015), with substantial international variation. Self-evidently, the extent to which those eligible actually receive minimum income protection benefits should greatly impact on poverty fighting effectiveness (Vandenbroucke et al. 2013).

Means-tested programmes are typically associated with poor take-up because of the complex rules that clients have to navigate in order to file a claim. Key factors affecting take-up rates of means-tested benefits include knowledge, stigma, perceptions of eligibility or need on the client side, but also a scheme's structure and its administration (Van Mechelen and Janssens 2017). In this sense, the use of discretion that is commonly applied in the implementation of minimum income protection may be a further deterrent for eligible persons to file a claim, as they face added insecurity on the benefit and support they will ultimately receive.

Another factor that may have an impact on non-take-up relates to the local implementation of minimum income protection. As the prime gateway to minimum income protection, local welfare agencies and municipalities have a high impact on the accessibility of minimum income protection. A study in the United States found that local practices had significant and substantial impact on the local take-up of food stamps (Bartlett et al. 2004). The authors found that take-up rates were lower in municipalities where the local welfare agencies had more limited opening hours, required fingerprints in order to finalize a claim, or did not allow claimants to bring children along. In a recent study for Belgium, Janssens and Marchal (2022) analyse variation in local strategies that may limit non-take-up. They find substantial variation at the local level in terms of the accessibility of the local welfare agency (e.g. the possibility of evening appointments, and its physical accessibility), information provision by local agencies (e.g. in foreign languages), the balance of trust vs. control established at critical points in the claiming process and the locus of initiative (i.e. whether reminders to prospective claimants and outreach efforts are common). Such variation clearly shows that even in countries with a centralized decision level, the local implementation level holds substantial degrees of freedom in the actual organization and handling of minimum income protection claims. The authors found that local variation was partially explained by the share of foreigners in the municipality (in the case of foreign language information provision), but also by local political preferences and the local financial situation.

The national average reciprocity rates shown in Figure 9.3 may hence obscure quite some intranational variation. This variation is not necessarily solely tied to differences in relation to need but might additionally be traced back to differences in local practices and organization, financing or even social workers' discretion.

## THE IMPACT OF COVID-19

Since the outbreak of the COVID-19 pandemic, the demand for support for people in and on the edge of poverty increased. In many countries, welfare agencies saw an influx of new clients who became (temporarily) unemployed as a result of the lockdown and the ensuing measures to prevent the spread of the virus. Existing minimum income schemes were used as an instrument to channel support to groups that do not qualify for the main earnings-replacement

programmes, such as unemployment benefits (see POD MI 2020 for a study tracing new MIP beneficiaries in Belgium back to their prior employment statuses). Often, countries loosened the conditions for benefit receipt during the pandemic, both to deliver support more quickly and to widen the circle of potential recipients to include those with some income and/or assets. Responses from governments ranged from temporarily increasing subsidies to local welfare agencies (e.g. Belgium), increasing benefits (e.g. Italy), and to relaxing the means-test (e.g. by not applying the wealth test for the self-employed directly affected by the pandemic in the Netherlands). In Austria, a family ‘hardship fund’ was introduced. Most striking is the decision of the Spanish government to introduce a new national system on top of the existing highly decentralized social assistance scheme. The Ingreso Minimum Vital is due to improve the insufficient protection levels in poor regions (European Anti-Poverty Network 2020).

Many NGOs and civic associations have been at the forefront of initiatives supporting the most vulnerable. They provided direct support (e.g. tablets to poor children who otherwise could not access online teaching) and played a strong advocacy role. What is remarkable is the fact that many governments have taken explicit measures to support NGOs, civic associations and local welfare agencies (European Anti-Poverty Network 2020).

At a structural level, it is not impossible that COVID-19 might become a change-maker for social assistance in wealthy welfare states. As previously discussed, in developed welfare states, social assistance is caught in a social trilemma: given the wage structure, the low level of minimum wages and low employment rates amongst the low skilled, it is extremely difficult and costly to simultaneously providing adequate minimum income protection – i.e. benefit levels exceeding the European poverty line defined as 60 per cent of median equivalent household income – and financial work incentives that are considered essential in order to raise employment rates among low skilled people. The COVID-19 crisis might shift two elements of this structural trilemma because: (1) falling households’ median incomes make it easier to raise the social minimum to the poverty line; (2) governments’ efforts, which may be difficult to undo, that increased social (assistance) benefits in order help sustain domestic demand; and (3) relaxing the emphasis on work incentives because of poor employment prospects, especially for the low skilled. So conceived, the pandemic crisis might, paradoxically, have created a unique opportunity to structurally raise the bottom of the welfare state and to effectuate the right to adequate minimum income protection.

## CONCLUSION

Social assistance provides a last safety net to protect against poverty. Because it often assists individuals with multiple problems and an accumulation of biographical risk, it is an important tool for promoting social inclusion. However, the reduction of overall relative income poverty by means-tested minimum income protection is relatively limited. Pre-post analyses show social assistance benefits have a modest impact, whilst correlations between social assistance generosity and overall poverty rates are rather weak, although they grow more substantial when zooming in on specific groups. This suggests that, while important for marginalized groups and people suffering from multiple forms of deprivation, social assistance is an inherently weak policy device to combat relative income poverty.

In this chapter, we discussed the characteristics of social assistance that may explain the rather limited impact of means-tested minimum income protection on overall poverty

levels. First, minimum income protection packages are well below the EU at-risk-of-poverty threshold in most EU member states. This observation holds when we take account of intra-national variation in legally guaranteed regional income components of minimum income protection packages. Even when taking account of regional variation in legally guaranteed social assistance benefits and related income components, such as (regional) taxes, child benefits and housing allowances, minimum income protection packages generally remain below the at-risk-of-poverty threshold, and hence will likely mitigate poverty experiences, but cannot structurally eliminate these. Second, the inadequacy of benefit levels is amplified by the limited coverage of social assistance. Eligibility criteria exclude a substantial share of the low-income population, whilst discretion and non-take-up limits the effectuation of the individual subjective right to minimum income.

Highly decentralized and personalized social assistance schemes are important tools to help multi-problems families and to tackle cumulative deprivation while taking into account local opportunities and needs. However, in order to guarantee a dignified minimum income, uniform guidelines on means-tests, conditions and implementation are needed while access should be secured and guaranteed. To ensure that poor regions are able to guarantee legal minimum incomes, the responsibility for financing must also be borne, at least in part, by the governing entity that guarantees the right. Moreover, to be effective, social assistance must be articulated as part of the broader edifice of the welfare state with different, distinct and mutually complementary layers in which means-tested social assistance, social insurance, in work benefits, occupational pensions, affordable public goods and services, adequate minimum wages and fair working conditions coexist and reinforce each other.

In the past decades, through a process of de facto decentralization, in which higher government levels have tightened access to more general social programmes or have not stepped in as new needs arose, social assistance has increasingly become more important. The COVID-19 pandemic strengthened this process of the increasing importance of social assistance. Many countries used existing minimum-income schemes as a principal instrument to channel support to groups that do not qualify for the main earnings-replacement social insurance programmes and who were often also hit the hardest by the crisis. Often, countries loosened the conditions for benefit receipt or (temporarily) increased benefit levels. Most striking was the decision of the Spanish government to introduce a new national system on top of the existing, highly decentralized, social assistance scheme. At the local level, many NGOs and civic associations have been at the forefront of initiatives supporting the most vulnerable.

With the recent introductions of nationally legislated minimum income schemes in Italy, Greece, and now Spain, for the first time in European history all member states will have national minimum income guarantee schemes in place.

This is a major achievement, which is in part due to Europe's continuing efforts in this area, most recently by proclaiming the European Pillar of Social Rights (Cantillon 2019). The importance of having a minimum income guarantee has indeed been a recurrent theme at EU level. The European Council, Parliament and NGOs have all highlighted the importance of minimum income protection for people who are not in work. The right to human dignity and social assistance is enshrined in different European legal sources, inter alia, the Charter of Fundamental Social Rights and the so-called horizontal social clause 9 of the Lisbon Treaty. The Resolution of the European Parliament on the European Pillar of Social Rights highlights the importance of adequate minimum income schemes for maintaining human dignity and combating poverty and social exclusion, as well as their role as a form of social investment



in enabling people to participate in society, and to undertake training and/or look for work, and recommends, “the establishment of wage floors in the form of a national minimum wage” (European Parliament 2017). In the 2020 State of the Union Address, President Von der Leyen announced that the Commission will put forward a legal proposal to support member states to set up a framework for minimum wages. With the structural inadequacy of minimum income protection in mind, this must be considered an important step. It adds to the encouraging signs, stemming from the local, regional, national and European level, that delivering on the promise of decent minimum incomes for all is within reach.

## NOTES

1. Self-evidently, there are limits to these pre-post analyses. The EU SILC survey that is commonly used to carry out a pre-post analysis does not clearly distinguish between minimum income protection and other benefits. In addition, the counterfactual situation of no social assistance protection does not have a clear relation to reality. Likely, potential beneficiaries would modify their behaviour if there were no benefit of last resort at all.
2. Admittedly, this threshold is defined rather arbitrarily while the indicator builds on the assumption that economies of scale at the household level are proportional to the level of household income and constant across countries. A contextualization of the thresholds by means of reference budgets (Goedemé et al. 2019) suggests that in many cases the at-risk-of-poverty thresholds *underestimate* the minimum financial resources that a household requires for adequate social participation. This is especially the case in the poorest EU member states and for families with children.
3. A 2010 reform limited the large regional variation in minimum income protection levels (e.g. Fink and Grand 2009), but variation remains sizeable (see Leibetseder 2015 for more information on regional variation).
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7. In Poland, municipalities may increase the minimum income benefit beyond the part that is financed by the national state.
8. Italy and Greece are not included due to recent introduction of rights-based social assistance in these countries. Austria, another country that is notoriously decentralized, is not included as EUROMOD policies are only programmed for Vienna. A similar reasoning applies to Sweden.
9. This is the case in the Czech Republic, Germany, France and Latvia in Figure 9.2. Regional variation in the German housing allowance works through the price categories of maximum allowed rent levels, where EUROMOD assumes the median price category. Note that if we were to allow housing (and heating) costs to vary between hypothetical households in different regions, the intranational variation found would be somewhat higher. Higher housing costs may lead to loss of eligibility in the ‘cheaper’ regions, and to marginally higher housing allowances in the more expensive regions (see Marchal et al. 2018 on the impact of underlying assumptions in hypothetical household calculations on housing allowance levels).

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## 10. Institutional logics of service provision: the national and urban governance of activation policies in three European countries

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### INTRODUCTION

Labour market activation policies, aimed at those with multiple and severe barriers to employment, require inter-agency collaboration in the provision of social and labour market services. This has resulted in the increasing involvement of local organizations (Kazepov 2008), as well as national and other organizations (vertical coordination) and public, private or third sector agents in various policy areas (horizontal coordination) in policy making and implementation. This is especially the case in the field of activation policies, whose implementation contributes significantly to the effectiveness of policy delivery and the nature of welfare states (Hemerijck 2013). Activation policies seek to include unemployed and economically inactive people into employment (Heidenreich and Rice 2016). This is a major organizational challenge, especially for the local level, as the target population of these activation policies includes those with complex support needs. These often require an individualized set of services and support, especially for people with multiple barriers to employment, such as skills mismatch and knowledge obsolescence, due to industrial and technological changes, difficulties with reconciling work and family, inadequate housing, health or indebtedness problems, alcoholism or drug abuse, or lack of suitable jobs.

This is especially the case with the widening of activation target groups to previously economically inactive groups in the context of very low national unemployment rates, with German and UK unemployment being below 4 per cent in 2019. Activation requires governance structures that allow for the coordination of labour market and social services across policy fields and service providers (McQuaid and Lindsay 2005; van Berkel and Borghi 2008). This is particularly relevant at the local level (Kazepov 2010), where the coordination of activation policies effectively takes place. The COVID-19 pandemic has led to increased short-time working and unemployment rates, especially in certain industries, demographic groups (including the young) and regions (International Labour Organization 2020). As such, it is important that activation policies are individualized and localized.

The increasing role of the local level in the implementation of activation policies may lead to an increasing heterogeneity of inter-organizational patterns of collaboration, even within one country. The effectiveness of activation policies therefore depends not only on the national socio-economic-political context, but also on the different, locally specific forms of dealing with the local labour market, contexts, competencies and needs of the most disadvantaged persons. This will be crucial in the aftermath of socio-economic-health shocks, such as COVID-19, when efforts to restore local economies and labour markets are emphasized. Labour market and social integration becomes a local challenge. This raises the question of

how the variety of local ‘worlds of activation’ (Heidenreich and Aurich-Beerheide 2014) can be understood. We hypothesize that the understanding of this variety and the performance of activation policies require an analysis of the social embeddedness of inter-organizational forms of collaboration. Embeddedness refers here to the mutual “social, cultural, political, and cognitive structuration of decisions” (Beckert 2003, p. 769) of actors, organizations and inter-organizational networks by their social and institutional context.

In this chapter we analyse the institutional embeddedness of activation policies on the basis of the institutional logics approach (Thornton et al. 2012).<sup>1</sup> Our assumption is that the variety of local forms of activation can be partly explained by the local institutional context and the related institutional logics which shape the forms and dynamics of local inter-agency collaboration, i.e. the (mostly inter-organizational) collaboration between various public or private actors and organizations dealing with the above-mentioned problems of unemployed or inactive clients. A political implication of this assumption is that policy makers have to pay much more attention to the local level because it is at this level that the concrete forms of activation take place and it is where inter- and intra-regional economic differences are visible. The strength of local institutional logics may include better targeted and coordinated support of long-term unemployed and other disadvantaged groups, in particular through accessing inter-organizational networks and local contacts and resources (e.g. municipal housing, counselling on jobs, debts, training, childcare, or health issues, and targeted psychological or pedagogical support), in addition to centrally provided national public employment services. This will be particularly important given the current COVID-19 impact in many of the areas mentioned above.

The first section in this chapter sets out the policy context of increased activation policies across the European Union, and its forms of coordination governance, and outlines the institutional logics approach in the context of inter-organizational networks. Section two describes our research methods. Section three presents the empirical findings, comparing inter-agency coordination and underpinning institutional logics in nine cities across Germany, Sweden and the UK. Section four offers cross-country comparisons between the cities and a wider discussion of the role of national and local institutional logics in local coordination patterns in the delivery of activation policies. The chapter concludes by considering the scope of institutional logics for the understanding and practice of activation policies.

## THE GOVERNANCE OF ACTIVATION POLICIES AND INSTITUTIONAL LOGICS

Activation policies aim at integrating unemployed people into the labour market through various forms of compulsory job seeking, training or other work-related activities, including making labour market exit and unconditional benefit receipt more difficult (Eichhorst et al. 2008). Taking part in active labour market programmes has been accompanied by more difficult access to passive measures (including social protection and income transfers) and greater reward or sanction incentives (Bonoli 2010; Eichhorst et al. 2008). However, supportive instruments, such as employment assistance, occupation and human capital measures (Bonoli 2010; Lindsay et al. 2007), and the individualized and coordinated provision of employment and social services, have usually also been provided. This fundamentally challenges the previously centralized governance of labour market policies (Fuertes and Lindsay 2016),

which were traditionally decided at the national level with uniform implementation across the country. The tasks for local employment offices were largely limited to the implementation of conventional, centralized employment policies. In contrast, the competencies for social policies and welfare provision (including a variety of policy areas such as health or housing) are often decentralized to the municipal level. As a consequence, social welfare and labour market policies have frequently been isolated fields, with social services traditionally related to social work or income provision, but weakly connected to labour market inclusion.

Activation policies, however, require a different governance structure and close coordination with the administrative levels of related policy fields, such as labour market, health, housing, childcare, education, and of service providers from the public, private and third sectors (Heidenreich and Aurich-Beerheide 2014; Heidenreich and Rice 2016). At the local level, this coordination usually takes place as inter-agency collaboration which “occurs when people from different organizations, produce something through joint effort, resources, and decision making, and share ownership of the final product or service” (Linden 2002, p. 7). Informal and formal institutions may support collaboration between local agencies and the targeted delivery of social and labour market services through being timelier, and lowering uncertainties (e.g. by personal, direct, trust-based interactions or informal rules), or by providing ‘local collective competition goods’ (such as tangible infrastructure or intangible aspects such as trust or skills). Hence, national and local differences in institutional contexts are important to an understanding of the governance and the effectiveness of activation policies, which play a crucial role in critical situations, such as health pandemics.

A tool for analysing these institutional contexts is the institutional logics approach. It considers the societal institutional context of organizations and networks as an ‘inter-institutional system’ which “regularizes behaviour and provides opportunity for agency and change” (Thornton et al. 2012, p. 46). The institutional logics framework can be considered as an inter-institutional system made up of different institutional orders: “Each institutional order represents a governance system that provides a frame of reference that preconditions actors’ sensemaking choices” (Thornton et al. 2012, p. 54). Thornton et al. (2012, p. 73) distinguish seven institutional orders: families, communities, religion, state, markets, professions, and corporations. Each institutional order provides actors and organizations with organizing principles, motives and identity. In order to analyse the institutional embeddedness of activation policies at the local level, we concentrate on four of these institutional orders:

- **Community:** “[C]ommunities embody local understandings, norms, and rules” (Thornton et al. 2012, p. 68), and are characterized by different types of spatial, social and cultural proximity that help and facilitate mutual understanding and learning in inter-agency collaboration.
- **Professions:** are characterized by personal expertise and professional associations. Inter-organizational forms of collaboration often have to deal with heterogeneous professional backgrounds, for example between employment and social services employees. Often interest groups are underpinned by this logic. Therefore, we treat professional, employee and business associations as part of the professional logic.
- **State:** is characterized by a range of public policies, bureaucratic and administrative rules, legal competencies and resources that are essential for decentralized and networked service provision.

- **Market:** the provision of relevant employment and social services may be based on competition between self-interested actors.

The institutional logics of corporations, families and religion are excluded from our analysis because a comprehensive discussion of all seven logics for three countries, nine cases would largely exceed the scope and space of this contribution. Our hypothesis is that the inter-organizational networks providing social and employment services at the local level in German, British, and Swedish cities are embedded in inter-institutional systems that, to various degrees, differ from the logics that shape national patterns of activation policies.

This requires that we first have to determine the dominant national institutional logic of activation policies in the UK, Germany and Sweden. Based on other studies (Heidenreich et al. 2014; van Berkel et al. 2012), we expect a market-based logic in the British case, a universalistic state logic in the Swedish case, and a combination of state and professional logic in the German case. For the local level, we expect both a decisive effect of the national level, but also a degree of relative autonomy due to the crucial role of local partners, resources, and patterns of collaboration and service provision. After the description of the ‘local worlds of activation’ (Jacobsson et al. 2017) in the UK, Germany and Sweden, we will discuss three potential explanations for them.

## METHODS

This contribution is based on an analysis of local activation policies in nine British, German, and Swedish cities. These countries arguably loosely represent liberal, corporatist-statist and social democratic welfare regimes. Within each country, three local case studies were conducted as part of an EU-financed research project<sup>2</sup> involving semi-structured interviews with relevant stakeholders. A total of 166 interviews were conducted with representatives of municipalities, local and national government officials, politicians, employment agencies, private, public and third sector providers as well as employer, business and third sector associations. Participants were selected on the basis of their responsibilities in policy development and/or implementation of activation policies.

Since 2011/2012, when our interviews took place, to the COVID-19 outbreak in early 2020, the three countries under study did not significantly change their approach to activation policies. In the UK, the coalition government, under which the Conservative Party was the leading partner, was replaced in 2015 by a Conservative government, which again stayed in power after the 2019 election. In Germany, where the leading parties of the governmental coalition and even the chancellor have remained identical during this period, the activation approach for the long-term unemployed and inactive remains similar, though the general unemployment rate has strongly declined. The conditionality of activation policies in Sweden has been strengthened (Bengtsson 2014), but even in the COVID-19 crisis, the traditional role of activation policies has been maintained (Greve et al. 2021).

Within each country, three urban regions (NUTS level 3) were selected based on economic and labour market performance (Table 10.1). The regions performed better, worse, or similarly to national averages in terms of labour force participation rates, total unemployment rate and regional gross domestic product. The under-performing cities had experienced higher unemployment and declining core industrial sectors (automotive in City 1 in Sweden (Swedish cities



**Table 10.1** *Cities analysed in each country and their unemployment and long-term unemployment rates (2010)*

	Under-performing	Average-performing	Best-performing	Country
City	<b>Newcastle (25)</b>	<b>Cardiff (20)</b>	<b>Edinburgh (21)</b>	<b>United Kingdom (66)</b>
<i>Unemployment</i>	10.9	7.4	7.0	7.8
<i>Long-term unemployment</i>	35.8	32.8	26.9	32.6
City	<b>Halle (17)</b>	<b>Oldenburg (16)</b>	<b>Würzburg (28)</b>	<b>Germany (61)</b>
<i>Unemployment</i>	11.4	6.0	5.2	7.1
<i>Long-term unemployment</i>	55.3	44.6	36.0	46.9
City	<b>City 1 (18)</b>	<b>City 2 (15)</b>	<b>City 3 (11)</b>	<b>Sweden (44)</b>
<i>Unemployment</i>	9.0	10.9	6.8	8.4
<i>Long-term unemployment</i>	19.5	21.2	16.4	18.1

*Notes:* In parentheses, number of interviews. Unemployment as a percentage of the labour force. Long-term unemployment as a percentage of unemployment.

*Sources:* Fuertes and McQuaid (2013); Hollertz et al. (2013); Zimmermann and Aurich (2013).

were anonymized for confidentiality reasons), the chemical industry in Halle in Germany, and the heavy and shipbuilding industries in the UK's Newcastle).

The range of interviews secured a broad representation of views and provided comprehensive data. Interviews lasted between one and two hours, the majority were recorded (a few participants declined to be recorded), fully transcribed and thematically analysed. The focus of the interviews was on activation policies, the existence of a coordinated strategy in activation policies, policy development, and implementation. In this way, barriers and facilitators of coordination were explored, as well as the lack of coordination. The interviews considered: (1) the types of networks used to develop and implement activation policies; (2) the types of actors prominent in them; (3) the approaches taken to develop and deliver activation policies; and (4) the structures that underpinned inter-agency relations. The information presented in this chapter also comes from document analysis, which provided relevant data before and after the interviews. This research design allows comparisons of local variations within one country and between the three countries, which are characterized by clearly distinguishable national institutional contexts.

On the basis of the available literature, we first give a short overview of national patterns of activation policies and institutional logics in the UK, Germany and Sweden. Next, we describe the local context for the inter-organization coordination of social and employment services in the nine cities in our analyses. We then present comparisons within the countries and cross-country comparisons between the cities.

## THE UK: CENTRALIZED AND DEVOLVED PATTERNS OF SERVICE PROVISION

### National Context

The responsibility for the UK's labour market policies and the administration of out-of-work income benefits falls within the Department for Work and Pensions (DWP). Policies are implemented through local Jobcentre Plus (JCP) offices and external, contracted-out providers. The provision of services for the short-term unemployed is the responsibility of JCP, and

consists mainly of job-search support, some assistance for specific groups and referrals to external providers for specialist services. In the case of the long-term unemployed, and some other groups, the DWP contracts out services to private or third sector providers under the Work Programme. Of the 18 delivery organizations, 15 are from the private sector and the other 3 from the public and third sector (Fuertes and McQuaid 2016). This is a clear indicator of a *market-based institutional logic* at the national level. The clients of these organizations receive support such as job-search assistance, short vocational training, and work experience (Fuertes et al. 2014). UK employment provision tends to be mandatory and ‘work-first’ orientated. Increasingly, non-compliance by individuals can result in benefit sanctions.

The UK has three devolved administrations, namely Scotland, Wales and Northern Ireland, each with different responsibilities for a number of policy areas (such as education and skills, housing, health and social work, economic development, transport and local government). Devolved administrations are financed mainly by the UK Government through a block grant, with limited locally decided financing. Across the UK, social services are provided by local government or by third sector welfare organizations and private providers, mainly funded by the national, devolved or local governments.

### **Local Social and Employment Services Provision**

Local authorities provide many front-line services (such as social services, some economic development, housing, etc.), with Local Government Acts setting out relations between central and local government. The local provision of social and employability services varies between cities within the context of UK policies. Local authorities deliver some of these services, while others are contracted-out through grants, negotiation and competitive tendering. This is, in some ways, consistent with the ‘liberal’ country classification. The centralization of labour market policy and this marketization logic produces very similar policies in the three cities. However, local social and employment services are coordinated in different ways.

Due to the role of the third sector in the provision of social services, community-based networks are important in the three cities, which highlights the *community logic* at local level (see Table 10.2). However, in Newcastle, community-based networks seemed to have weakened since Local Strategic Partnerships were abolished throughout England in 2010; whereas, in Cardiff, and more systematically in Edinburgh, these networks have been facilitated through government initiatives that bring various stakeholders together (such as Community Planning Partnerships and ‘Joined Up For Jobs Strategy Group’ in Edinburgh, Local Service Board and ‘What Matters Partnership Strategy’ in Cardiff). Nevertheless, the role of the third sector and their networks in the three cities have receded due to decreased funding in general and specifically as a result of the Work Programme (Egdell et al. 2016).

The *professional logic* in inter-organizational collaboration in Edinburgh and Newcastle seems to be driven by the employability orientation, in part due to the local authority’s Economic Development department concentrating on employability responsibilities. In Cardiff, employability is distributed across departments, and consequently a social work focus seems more prevalent. There is no joint management of an unemployed person’s case via contracts/initiatives, which results in ad hoc collaborations based on service-users’ needs, on case-workers’ knowledge and contacts, and on local services’ availability, with the focus depending upon the organization’s goals. However, there are practical barriers to inter-agency collaboration, which revolve around organizations’ goals and contractual requirements, such

Table 10.2 *Social bases of inter-agency collaboration in the field of social services, UK*

	Newcastle	Cardiff	Edinburgh
<i>Community</i>	Limited relations (based on market forces)	Relatively loose relations (based on government initiatives)	Relatively close relations (based on traditional roles and government initiatives)
<i>Professions</i>	Dominance of work-first national employability approaches	Employability focus with a strong local social work orientation approach	Strong local employability drive
<i>State</i>	Strong national and local framework complementarity	Complementarity by default, between national and local frameworks	Challenging complementarity
<i>Market</i>	Important role of private organization in the provision of public services	Public and third sector organizations prominence in delivery	Public, private, and third sector providers have important roles in service delivery

Sources: Fuertes and McQuaid (2013); Hollertz et al. (2013); Zimmermann and Aurich (2013).

as the protection of resources or potential outcomes. As one participant put it, “if there is less money people are less likely to work cooperatively and collaborate” (Director, Third Sector Organization, Newcastle).

The JCP is controlled and shaped by a *state logic*, with a centrally established homogeneous framework of rules, which govern national services’ inter-agency coordination and performance, such as in the Work Programme. Alongside these national rules/regulations, sub-national governments create frameworks for inter-agency coordination (Neighbourhood and Community Planning Partnerships in Edinburgh, Local Service Boards in Cardiff, and Newcastle Futures in Newcastle). In the three cities, local frameworks are developed to complement the national provision; in Edinburgh, and in Cardiff to a lesser extent, inter-agency coordination between administrative frameworks has encountered challenges in the case of the Work Programme. In Edinburgh, the fear of subsidizing the Work Programme has meant that locally funded services are not freely accessible to agencies in receipt of national Work Programme funding.

In the delivery of labour market policies (such as job-searching, vocational and soft-skills training), and to a lesser extent of social services (such as mental health, disability support, family and children’s services, or housing), market-base relations and the *market logic* are prominent in the UK. Although market relations are prevalent in each city, there are slight differences in inter-agency coordination. The local authority’s Economic Development departments in Newcastle and Edinburgh are involved in employability and anti-poverty measures, which facilitates the inclusion of business organizations, such as chambers of commerce (which often promote a market logic that reflect their members’ interests). In Cardiff, the public and third sectors tend to be more prevalent in the delivery of services. In the three cities, marketization of services and New Public Management approaches were blamed for the lack of inter-agency coordination, as agencies compete for funding and for outcomes (e.g. people placed into employment). This was reflected upon by one senior local official in Newcastle as follows: “The rhetoric of partnership can be there but the way the market operates is competitive.”

Nevertheless, some argued that inter-agency coordination can be achieved through market logic in an efficient way. For example, through Edinburgh’s Hub Contract, and to a lesser

extent through Newcastle Futures, where coordination is achieved via contract-management organizations appointed by the local government.

In summary, UK centralized policy has the effect of producing similar local patterns, with market-based inter-agency coordination being prevalent. Nevertheless, slight differences can be seen between the dominance of the administrative logic in Edinburgh, the community-based logic in Cardiff, and the market-based logic dominance in Newcastle.

## GERMANY: A DIVERSIFIED AND DISCONNECTED PATTERN OF SERVICE PROVISION

### **National Context**

The focal organization in the field of German labour market policies is the Federal Unemployment Agency (FEA) – a professionalized, centrally coordinated bureaucratic organization with more than 100,000 employees and its own training and research facilities. The responsibility for activation policies aimed at unemployed people in Germany is currently distributed between the FEA and its 156 local offices responsible for benefit payments, placement and further education and training for the short-term unemployed; and 408 job centres, founded in 2005 as mostly joint organizations of the FEA and municipalities. Its employees reflect this shared responsibility as they are often social workers or placement officers. The job centres are responsible for households entitled to unemployment assistance (ALGII), i.e. for the unemployed whose families are not entitled to unemployment benefits, for employed people on very low wages, for the long-term unemployed and for other job seekers and their families.

Supporting the long-term unemployed (mostly unskilled, older people, and immigrants) via (re-)employment measures seems the major policy challenge for job centres in Germany (approximately 47 per cent of all unemployed in 2010 were long-term, in contrast to 18 per cent in Sweden and 33 per cent in the UK; cf. Table 10.1). Due to the selective access to activation measures (training, job creation and occupational integration), only one third of the long-term unemployed participate in them, with only a fifth finding a job (Bundesagentur für Arbeit 2014, pp. 16–17) reflecting the enormous difficulties of long-term unemployed in re-entering the labour market. As a result, social services have an essential role for the integration of these disadvantaged groups.

During the COVID-19 crisis, local patterns of cooperation between the agencies suffered because each agency was preoccupied with their own issues. Sometimes, employees at the job centres are inclined to see inter-organizational cooperation as an add-on that takes low priority during times of intense workload, such as the COVID-19 crisis. Also, contact with job seekers has suffered because the activation policy relies strongly on face-to-face relationships and informal links made during in-person meetings, which are, at least temporarily, no longer possible. We are yet to see how future relationship building and maintenance will develop, with greater use of online meetings.

**Table 10.3** *Social bases of inter-agency collaboration in the field of social services, Germany*

	Halle	Oldenburg	Würzburg
<i>Community</i>	Close relations (based on regional identity)	Very close (based on corporatist collaboration)	Relatively loose (based on regional and religious identity)
<i>Professions</i>	Focal role of public administration and economic considerations	Dominant role of social pedagogic orientations	Dominant role of social pedagogic orientations
<i>State</i>	Strict conformity with formal rules	Established patterns of cooperation (lower importance of formal rules)	Fear of control: strict obedience to formal rules
<i>Market</i>	Limited to education and training; less important role of external providers in project development	Limited to education and training; external providers in general linked to corporatist actors (unions, business associations, etc.) and welfare organizations	Limited to education and training; external providers in general linked to church and its welfare services

Sources: Fuertes and McQuaid (2013); Hollertz et al. (2013); Zimmermann and Aurich (2013).

### Local Social and Employment Services Provision

It is either the municipal social welfare offices (which are also stakeholders of the job centres) or third sector welfare associations based on religious, humanitarian or political convictions that provide social services in Germany. This provision varies considerably between municipalities, in contrast to employment services provision, structure, and monitoring, which is highly structured and centralized (Heidenreich et al. 2014; Künzel 2012). The region with the highest number and relative share of unemployment assistance beneficiaries in our sample, Halle, developed a comprehensive and collaborative strategy for dealing with this group. However, in Würzburg a wealthy southern region where this group is smaller, collaboration played only a minor and residual role amongst relevant actors (Zimmermann and Rice 2016).

Inter-agency collaboration in employment policies and services in Germany shows close cooperation between various social actors such trade unions, employers' associations, public employment agencies, chambers of commerce and training institutions. However, this *corporatist pattern* does not shape the provision of employment services and the patterns of social services cooperation in all regions. In Oldenburg for example, the public administration has a strong role, and unions and business associations are also dominant actors (Zimmermann and Rice 2016), whilst the local branches of the national welfare associations play an important role in the regulation and provision of social services. The situation is different in Würzburg, where a crucial role is played by the church and their welfare services, alongside services provided by the social welfare office of the municipality. In Halle, the large and highly professionalized job centre deals with the large number of unemployment assistance recipients in a standardized way. Here, recipients are in many cases better qualified and fit to take up new jobs due to the difficult local labour market situation. Social services (childcare, debt counselling, housing, etc.) are provided either by the municipal welfare office or by external providers.

The development and implementation of these policies is now considered based on *community, professions, state and market logics*. In terms of community logics, community-based networks are important in all three regions (Table 10.3). Often, the case-workers develop systematic relations with local partners, as one participant states: "I have lived here already for a very long period and have many contacts" (Director, job centre, Halle).

In the case of Würzburg, these networks are rooted in strong religious affiliations. In Oldenburg, these are based in a social-democratic political heritage, and in Halle, in post-socialist experiences. Particularly in the case of Oldenburg, but also in the other regions, the close collaboration based on the corporatist regulation of employment policies also shapes the arena of social services.

Considering *professions logics* in Oldenburg and Würzburg, the professional basis of the inter-organizational collaboration is characterized by a strong social worker orientation and social pedagogic interventions, such as finding accommodation or day-care, due to clients' difficulties to integrate into the labour market. Due to close personal networks, case managers also sometimes find jobs for disadvantaged people. In Halle, the requirements of local employers shape the professional culture. The local job centre, part of the municipal economic development department, operates according to a human resources logic due to the large numbers and high level of qualifications of many beneficiaries.

In Germany, the employment agency follows a pattern of central control, as per a *state logic*, with a homogeneous framework of rules that offers benefit payments as well as employment services. These rules were strictly respected in Halle and Würzburg, although the crucial role of corporatist actors in placement services and the municipal and third-sector provision of social services imply an important role of trade unions, business associations, welfare organizations, and local politics. Therefore, the local offer of employment and social service are the result of a multi-level system which might also be shaped by local actors and patterns of cooperation. Particularly in Oldenburg, we observed a strong impact of tripartite bargaining patterns.

The *market logic*, with market relations, plays an essential role only in the provision of training and further education services, in which providers through open competitive bidding as per EU rules are chosen. In Halle, this format of provision is accepted as a normal administrative procedure and closer links with local providers (business associations as key players) are not seen as essential for a better service quality. In Oldenburg, the provision of external services is regulated less by a market logic as local actors seem to be able to continue their traditional relations: private organizations founded by the actors of the corporatist model (business associations, trade unions, chambers of industry and commerce) and the local branches of the national welfare associations (mostly the 'Diakonie' and the CARITAS, the social service arms of the Protestant and Catholic churches) have, in general, privileged access to competitive tenders.

In short, the general German pattern clearly differs at the local level between the dominance of bureaucratic-administrative logics in Halle, the corporatist-associational logics in Oldenburg and the role of community-based, religious welfare associations in Würzburg. In Germany, the crucial role of associations reflects the principle of subsidiarity, which shapes welfare and labour market policies.

## SWEDEN: CENTRALIZED BUT DIFFERENTIATED PATTERNS OF SERVICE PROVISION

### **National Context**

Labour market policies are the responsibility of the Swedish national government. The 200 Public Employment Services (PES) offices are responsible for the implementation of national labour market policies, relying on in-house provision and private ‘complementing actors’ procured centrally by PES. The trajectories that unemployed people follow are similar throughout the country, although policies are articulated differently at regional and local levels. People register at a PES office receive unemployment insurance or unemployment benefits, but with increasing work incentives and contractualization of support (Bengtsson 2014). Those who do not qualify for unemployment benefits can apply for means-tested social assistance if no other financial means are available.

Services offered vary between those highly attached to the labour market (i.e. the short-term unemployed) and the long-term unemployed. Initially, all unemployed people receive services from the local PES office, which are gradually intensified (vocational training or education are not available to the long-term unemployed). Individuals with marginal labour market attachment are referred to municipal services. In the larger cities, there have been attempts to promote multi-level actors, through area based development programmes.

The national Swedish Social Insurance Agency, through local offices, assesses and administers social security claims and assists people on sick leave back into the labour market. The 20 Swedish counties have no role in the development and implementation of labour market policies but are important actors in relation to the rehabilitation of unemployed people and people on sick leave. The 290 Swedish municipalities administer, finance and mainly deliver social services, and therefore there is strong incentive to activate unemployed people who do not qualify for unemployment benefits or sick benefits (Hollertz et al. 2013; Jacobsson et al. 2017). Complementing the work of the PES, municipalities only offer programmes for the unemployed when the required support is not available through national agencies.

### **Local Provision of Social and Employment Services**

Due to national regulations, the organization of the work by local offices of national agencies is structured according to similar patterns in the three cities studied. Social assistance beneficiaries who are unemployed have to participate in local activation policies as a condition of receiving social assistance. In the three cities, the organizations assessing social assistance have been merged with the units responsible for implementing labour market programmes. However, the three municipalities have implemented different paths in their efforts to tackle unemployment (see Jacobsson et al. 2017).

Inter-agency coordination is expected between public actors and between employment policies and services, given Sweden’s classification as a social democratic welfare regime. However, public actors still dominate; as in other European countries, New Public Management and the marketization of public services has occurred (Jacobsson et al. 2017). Coordination between services often takes place at case-worker level, as it is an important part of their profession: “there are long traditions of coordination at caseworker level in Sweden” (Hollertz

*Table 10.4 Social bases of inter-agency collaboration in the field of social services, Sweden*

	City 1	City 2	City 3
<i>Community</i>	Relatively close but conflicting networks: based on administrative rules and other traditional structures	Relatively close but conflicting networks: based on administrative rules and other traditional structures	Close networks of public and private providers based on administrative rules and trust
<i>Professions</i>	Dominant life-first approach with clear professional boundaries	Between life- and work-first approaches. Agencies are protective of boundaries	Dominant role of work-first approaches based on standardized referrals and high inter-agency coordination
<i>State</i>	Established rules of cooperation but multiple network structures	Established rules of cooperation but multiple network structures	Rules of cooperation between agencies
<i>Market</i>	Importance of public actors in development and implementation compare to external actors	Important external providers from the third sector in implementation	Important role of external private providers in implementation

Sources: Fuertes and McQuaid (2013); Hollertz et al. (2013); Zimmermann and Aurich (2013).

et al. 2013, p. 14). Although there are similarities, inter-agency coordination and the related institutional logics differ between the three cities studied (Table 10.4).

In terms of *community logics*, community-based networks are common in Sweden, where there are long traditions of creating arenas for agencies at different administrative levels to come together and discuss “common areas of concern related to labour market and activation policies” (Hollertz et al. 2013, p. 12). Coordination Unions are where the Public Employment Service, Swedish Social Insurance Agency, the region (health care competencies) and the municipality (social services competencies) come together regularly to coordinate the work rehabilitation of disadvantaged individuals (Hollertz et al. 2013). They are a national multi-level organizational creation, where national directives and local issues meet, and should have made other ‘traditional’ coordinating structures irrelevant (which did not occur, thus creating conflicts in inter-agency coordination in particular in City 1 and City 2).

Considering *professional logics*, the professional basis of the inter-organizational collaboration varies between each city. Professional practices or principles influencing coordination can be seen in City 1 and City 2, where professional boundaries and competencies are highlighted by national agencies, making inter-agency coordination more conflicting than in City 3. In that city, there is a high level of trust between actors and an acknowledgement of the value of coordination. This trust and the lead role that the municipality has taken, have also facilitated inter-agency coordination. For example, in City 3 an unemployed individual in receipt of social assistance is referred automatically to local activation policies (called the City 3 Work Line), whilst in City 1 and City 2 that referral is based on professional judgement. There are also clear differences between the cities in terms of the orientation of activation policies. City 3’s work-first approach aims to promote “healthy and entrepreneurial residents” (Hollertz et al. 2013, p. 7) with an underlying expectation of increasing conditionality of income transfers and quick exit from unemployment to employment; whereas City 1 leans towards a life-first approach aiming to create “meaningful occupation/activation” for the unemployed, not necessarily in the regular labour market; and in City 2 the approach is somewhere in between these two (Hollertz et al. 2013, p. 6).

Using *state logics*, administrative rules and resources in the three cities have created the Coordination Unions, mentioned before, which are seen as platforms for flexible working



between agencies. In these, the co-production of usually temporal initiatives (for individuals with high levels of disadvantage) is achieved through financial pooling. However, they are used in slightly different ways, being stronger in City 3, where they form the main coordination structure, as “a flexible and generous interpretation of the law is made when defining the tasks”, with acknowledgement and trust between participating agencies and a mutual commitment to a “work strategy” (Hollertz et al. 2013, p. 11).

This is a work line. It is very much about close cooperation with other agencies ... and how we try to synchronize our activities in relation to PES, SSIA, and health care. It is all about attracting employers and to make them want to [get] employment and to make them dare to [be] employed. (Municipality, City 3)

Other mergers have also made coordination possible; for example in City 3 the economic development unit is in the department responsible for activation policies and adult learning. This is likely to influence the inter-agency coordination between private businesses and the local administration in relation to activation policies.

According to *market logics*, there are national directives on the contractualization of labour market policies for the long-term unemployed and the private sector is seen as an important partner in activation policies. Public actors are key in developing policies (administrative rules/sources), and how they are implemented, to avoid ‘crowding’ and maintain control in the construction of solutions to problems (Hollertz et al. 2013, p. 23). Nevertheless, in the three cities, the key actors in inter-agency collaboration differ significantly. In City 3 (the most buoyant economy), run by a centre-right coalition, the dominant actors are mainly private providers, whilst in City 2, the tradition is to provide activation policies through third sector organizations and networks established to do so. Meanwhile, in City 1 (the worst performing economy with most problems for job seekers) public actors are dominant. However, privatization of some policy areas, according to Hollertz et al. (2013), results in a lack of inter-agency coordination due to the lack of financial incentives, and in some cases negative incentives due to competition.

In short, notwithstanding the considerable homogeneity of the Swedish activation policies patterns where central administrative rules dominate, networks in the three municipalities differ between the dominance of community-based logic with third sector networks in City 2, bureaucratic-administrative logics in City 1, and a market-based logic in City 3.

## NATIONAL AND LOCAL LOGICS OF ACTIVATION: CROSS-COUNTRY COMPARISONS

It is useful to compare results of the analysis in terms of the need to adapt the institutional logics framework, the roles of national level governance and variations between regions even within the same national situation. A first conclusion is that although the institutional logics approach is an adequate framework for analysing the institutional contexts of activation policies, the empirical evidence above shows that for our specific field of research the general framework has to be adapted. The ‘state logic’ encompasses a political and a bureaucratic-administrative component. The latter includes the rules and regulations, the institutions and personnel involved mainly in policy implementation; it is particularly important for the provision of services since it shapes inter-agency cooperation. The professional logic encompasses both

a competence-based and a corporatist-associational logic. Due to the role of business, labour, the third sector, and welfare associations, the corporatist-associational logic is particularly important in our field. However, it might be useful to conceive the associational logic which Thornton et al. (2012) see as part of the professional logic as an independent logic because it is shaped also by industrial relations, sectoral interests, NGOs, and political and religious organizations – and not only by professional interests and strategies.

Second, national frames of governance play a decisive role for local inter-organizational coordination in the field of activation policies. In the UK, a centralized national policy with a focus on market relations has the effect of regulating practice at the local level along similar patterns. In addition, devolved policy frameworks running alongside the centralized policy frame are important in inter-agency coordination. In Germany, a centralized employment policy with a focus on the bureaucratic administration of unemployment shapes local employment and services to deliver activation policies along similar patterns. In addition, inter-organizational coordination in labour market policies is traditionally high due to corporatist bargaining patterns between employers and business associations, unions, public agencies, and chambers of industry and commerce. In the field of social policies and services, municipalities and welfare associations together with the local branch of the Federal Employment Agency, are essential. Market relations play a minor role. In Sweden, the differences between the three cities are a result of the centralized national directives and regulation and standard municipal laws and regulations in both policy areas of interest (labour market policy and social assistance), but also of normative pressure in both policy fields (Hollertz et al. 2013; Jacobsson et al. 2017). Inter-organizational coordination is mainly embedded in a state logic of bureaucratic administrative rules and resources.

Third, despite nationally homogeneous frameworks, inter-organizational coordination in the delivery of activation policy services varies amongst cities within the same country. Using institutional logics as a framework helps explain the prevalence of different types of network coordination in these cities. In the UK, there were not large differences between cities, with market governance and an emphasis on employability being prevalent as a result of outcome-based contracts requiring services to focus on participation in the labour market. In this marketized environment, inter-agency coordination is in many cases challenging. However, patterns of delivery had some specific local characteristics. In Cardiff, and to some extent in Edinburgh, the pattern is embedded in a social context where community and partnership are important, facilitated and sustained by devolved government frameworks. In Newcastle (the worst performing economy in the sample), community-based relations in inter-agency coordination are less systematic and established. In Newcastle and Edinburgh, due in part to the Economic Development departments' key role on employability strategy, business associations are a significant part of networks that have a dominant employability focus; whilst in Cardiff, with a stronger social work focus, the public and third sectors appear more prominent.

In Germany, the bureaucratic-corporatist governance of labour market policies at the national level influences all cities. However, in Würzburg, the church and its organizations and networks play an important role in the pattern of provision in relatively loose networks. In Oldenburg, all social actors, but especially the unions, are key players in stable corporatist networks of provision. Whilst in Halle (the worst performing economy), public actors, through administrative rules, have brought in business associations as key actors in close networks of provision.

*Table 10.5 Most prominent types of networks in each city, according to institutional logics*

	Community	Professions	State	Market
UK	<b>Cardiff:</b> third sector important in network of provision		<b>Edinburgh:</b> administrative rules facilitate contractual networks with business having a relatively important role	<b>Newcastle:</b> business associations important in the provision of services
Germany	<b>Würzburg:</b> the church and its welfare services play an important role in the networks of provision	<b>Oldenburg:</b> corporatist actors in particular unions are important in the network of service provision	<b>Halle:</b> Crucial role of municipal departments and administrative rules; service provision delegated to business association	
Sweden	<b>City 2:</b> The third sector has traditionally a key role in provision		<b>City 1:</b> public actors are dominant in networks of provision	<b>City 3:</b> business association as a key player in networks of provision facilitated by administrative rules

*Sources:* Fuertes and McQuaid (2013); Hollertz et al. (2013); Zimmermann and Aurich (2013).

In Sweden labour market policies are centralized. Nevertheless, networks of provision vary amongst cities. In City 3, administrative rules have brought in businesses as key actors in providing services in close public and private networks embedded in a work-first approach. In City 2, the third sector is traditionally an important actor in provision, within various loose networks based on administrative rules in some cases. Whilst in City 1, public actors are key in provision in relatively close networks and professionals display a life-first approach to services.

In summary, the four selected institutional logics (community, professions, state, and markets) are crucial influences in both the provision of collective goods and local conventions in the UK, German, and Swedish cities. Although all three countries are characterized by centralized employment policies, each city shows the prevalence, although not exclusivity, of some institutional logics over others – in other words, all cities show slightly different hybrid institutional logics. The prevalence of these different institutional logics provides a frame of reference that shapes actors' sense-making choices, even when there is a common national governance system in place. Community-based logic is more prominent in Würzburg, Cardiff, and City 2; in Edinburgh, Halle and City 1, a state logic is more apparent; market coordination is more prominent in City 3 and Newcastle; and a professional-associational logic is visible in Oldenburg (Table 10.5).

Three potential explanations for the different forms of social embeddedness and institutional orders include: past traditions and experiences of collaboration; different economic conditions and local unemployment levels and the related coordination needs; and different patterns of national decentralization and local autonomy. First, past traditions of collaboration and established relations shape current patterns. For example, in Würzburg, the church has had a prominent role in the community, whilst in Oldenburg, with its strong corporatist traditions, social actors are very important. In the Swedish City 2, Cardiff and Edinburgh past traditions are also key to explain the prominent role of the third sector in service delivery, facilitated either by actors, habit and protectionism in the first case, or by local administrative focus or frameworks of delivery in the two UK cities. Second, the current economic situation also influences the kind of service delivery. For example, the Swedish City 3 has a low unemploy-

ment rate, but a high percentage of people on social assistance (therefore reliant on municipal resources), which explains its work-first approach (in contrast to City 1). Therefore, businesses are key actors in provision, with market governance prominent in inter-organizational coordination. Finally, the degree of decentralization of policy content and resources influences inter-agency coordination. For example, in Edinburgh and Cardiff, the devolved powers in some policy areas has meant that systematic forms of inter-organizational coordination have been established (in some cases sustaining past traditions of collaboration), while at the same time there are coordination problems between devolved areas and the highly centralized UK labour market policy. Path dependencies, task environments and governance structures thus matter for the explanation of local worlds of activation.

## CONCLUSIONS

As COVID-19 has led to increased unemployment, particularly amongst certain groups and localities, it is crucial that relevant local bodies work together effectively to ensure individualized and localized support for those most affected and most disadvantaged. The local implementation of activation policies is significantly influenced by national frames of governance. Inter-organizational coordination is shaped in Germany by bureaucratic-corporatist bargaining patterns, in Sweden by bureaucratic-universalist logics, and in the UK by market-based relations. Although all three countries are characterized by centralized employment policies, local institutions significantly affect policy development and implementation on the ground. Different cities within each country have different weights of community-based professional, state and market-based logics for the inter-agency collaboration in the provision of employment and social services.

A crucial question is whether these local differences make a difference to the effectiveness of activation policies. At first, it can be mentioned that there is no universal logic for a successful local activation policy. The cities with the lowest (long-term) unemployment rates (cf. Table 10.1) rely on market-based (City 3), state-based (Edinburgh) and community-based (Würzburg) logics. The least successful ones – which have to deal with the crises of their old industrial structures – rely on state and market-based logics (City 1, Newcastle, and Halle). Whilst the latter logic corresponds to the national pattern, cities whose performance is equal to or better than the national average exploit the specific institutional resources of the region: in a state-dominated context, coordination based on markets (City 3), communities (Würzburg; City 2) or professions (Oldenburg) is predominant in cities where the share of long-term unemployed in relation to the national average is lower (Table 10.1). In a market-oriented national context, the additional usage of community-based (Cardiff) or public coordination (Edinburgh) is predominant in cities with better results in terms of employment rates. The strength of local activation policies in responding to major shocks to their economy and society, such as COVID-19, may consist in institutional logics which are complementary to the national patterns and which might open the access to additional locally situated formal and informal resources in relation to the national framework. This is a proposition that is worth exploring.

## NOTES

1. This chapter is a revised and updated version of Fuertes et al. 2021.
2. The research leading to these results received funding from the European Union's Seventh Framework Programme under grant agreement no. 266768 for the LOCALISE-project. The three national teams who conducted these case studies are listed in Heidenreich and Rice (2016, p. 14).

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# 11. The local dimension of housing policies

*Christoph Reinprecht*

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## A GLOBAL(IZED) CHALLENGE

Housing has become an important public policy issue in most parts of today's world. In many urban contexts, citizens suffer the consequences of housing shortages and a lack of affordability. Local authorities face real-estate capitalism, which has shifted investment motives increasingly toward short-term capital gains. The so called 'global urban housing affordability crisis' (Wetzstein 2017) has caused a worsening of the housing situation for urban dwellers, experienced as restrictions in access to housing, and an exacerbation of social and spatial inequality. This is especially the case for people on a low income or for those with no fixed employment, and for the majority of newcomers to the housing market, in particular those migrating to the city from rural areas or from other countries.

Housing policy relates to one of the most basic functions of cities, which is to create a living environment and home for all of its residents. As such, it is about more than the mere provision of a physical facility within a concrete urban context. It is generally accepted that a house is also a home (Mallett 2004); a home represents a site of domestic practices and a structure of social reproduction, as well as a site of subject formation, of belonging, security, and of desire. In this sense, local housing policy reflects the way in which local authorities define and address the relationship between *choice* and *need*, which is also a question of social inequality and access to participation in urban life. Housing is a constitutive pillar of local policy and it may act in different directions: as a driving factor in the production of spatial inequality or a constitutive force in local welfare, striving to make cities and human settlements "inclusive, safe, resilient and sustainable" (Sustainable Development Goal 11; United Nations 2015). A particular challenge lies in shaping the interaction between the state and the market at the local level. More concretely, the challenge extends to the relationship between the notion of housing as a basic need (or even a social right) and as a commodity. Today, there is growing concern that a lack of affordable housing amplifies impoverishment and social exclusion. This situation is most extreme in the mega agglomerations of the Global South, where there is extremely limited access to regular housing and basic infrastructure. Unequal access to housing is a key issue also in contexts of rapid and planned urbanization, such as in South-East Asia and China, or in most major cities of the Global North, where the financialization of housing has deepened the crisis of welfare regimes (Aalbers 2016).

The urban realities across the globe create conditions where the housing question becomes again, beyond technical and planning-related issues, a highly politicized task. This requires a new understanding of the role of cities and local authorities, and the system of actors shaping the responses to housing shortages and needs. In aiming to control the production and provision of secured and well-maintained housing, local housing policy becomes part of a complex multi-level system of governance.

After clarifying some conceptual terms, the first section of this chapter follows selected historical sequences in local housing policy. The second section discusses the main challenges

to urban housing affordability today and identifies some possible starting points for further research.

## ANALYTICAL FRAMEWORK

To better understand local housing policies and to explain the developments in these that we are currently seeing, it is helpful to apply an analytical framework that allows us to integrate variations across time and space. Such a framework should include the following components: key actors involved; institutionalized regulatory systems; systems of norms and values; and the everyday social practices of inhabitants. Due to long-standing, institutionalized practices, in some contexts the configuration of these components might become relatively stable. This was the case, for example, during the Golden Age of welfare across Western Europe, when social housing served as a means of integrating society. However, changes can occur – sometimes suddenly – leading to unexpected and rapid transformations, such as in contexts of economic or societal crisis, demographic change or, as seen recently, during a pandemic crisis.

The behaviour of *key actors* can be viewed along two principal axes: between market, state and society on the one hand, and between local, national and transnational levels on the other hand. Relations can be organized by hierarchical terms, or more flat, horizontal terms. In the field of housing, local governments interact with local businesses (such as architects, developers, construction companies, housing associations, etc.). However, at the same time, market players (such as developers and investors) are increasingly transnationally organized, putting the state (at all geographical levels) under pressure. Though constrained by transnational regulations, nation-states continue to play an important role in shaping urban governance. Tenants, property owners and communities are often perceived as locally anchored, although increasingly embedded in transnational ties.

An *institutionalized regulatory system* involves various housing-related codes of law, including those that relate to property and tenancy law, rent control and protection of tenants, land tenure and land-use, construction and regional and urban planning, property tax or the status of non-profit housing and the related system of subsidies. Regulatory systems are embedded within the specific traditions of public politics within a particular geographical context, and such systems concern the production, exploitation, distribution and allocation of housing. Historical context shapes, for instance, the role and function of housing in local welfare, the division of responsibilities between national, regional and local levels, or the patterns of functional (and sectoral) differentiation in public administration. Within a regulatory system, the range of instruments of local housing policies and their use tend to be relatively stable over time.

Systems of actors and regulations are, of course, interrelated. One example of how this occurs in practice is the way in which corporate landlords try to influence local housing policy rules according to their own interests. A local housing system may only be able to resist such pressure if the consensus upon which the system was built remains. Beyond a set of shared values, such a consensus is based on the accommodation or pacification of conflicting interests. Conceptualizing local housing policy as a field of struggle and competition underlines the key role of gatekeepers to housing, such as banks, landlords and real-estate agents, housing authorities, political parties, social workers and NGOs.



A *system of norms and values* refers to housing-related concepts, principles and attitudes – many of them culturally and socio-politically rooted. Examples are the distinction between the public/private, the dominance of sedentarism, the value of home ownership and of social housing, the openness or closeness or the degree of informality in the planning process, and architectural traditions (e.g., the tradition of garden cities or ‘red superblocks’; see Blau 2014). Configurations of such factors contribute to giving local contexts distinctive identities. However, norms and values might be quite controversial. In Western Europe, for example, the dominant concept of housing shared by most developers and construction industries is still based on the ideal of the nuclear family and the associated gender-specific divisions of labour in household and care work (Watson 1988). Concepts of collaborative housing or housing cooperatives challenge these legacies (Czischke et al. 2020). At the same time, informal solutions (self-construction, squatting, shanty housing) continue to dominate the housing realities of the very poor and marginalized in the Global South, but also in many cities in the North (Grashoff 2020).

Finally, the component of *everyday social practices* considers the perspectives of urban dwellers. On the one hand, urban dwellers constitute a socially constructed category. Such constructions can be seen in the way in which populations are targeted in the production of housing: ‘healthy homes, happy people’ is an emblematic slogan in municipal housing in Vienna. On the other hand, dwellers are conceptualized as creators of their home and neighbourhood and can be regarded as ‘city makers’ (Çaglar and Glick Schiller 2018). Structural and demographic changes contribute to socio-tenorial differentiation and polarization, including flexible employment and precarious work, new patterns of household composition and family life, ageing, migration and mobility. New constellations also emerge from below, for example, through changing gender-, generational-, and age-related domestic practices, but also through the active participation of individuals in the construction of the urban fabric, and particularly in neighbourhood development.

Housing research is often concerned with tracing the different ways in which housing policy and provision interact, how market failure can be softened, and how different levels of public intervention are related. Analyses tend to focus on players and stakeholders, the set of rights and rules, and the structure of political values conditioning the normative consensus. From the angle of governance theory (e.g., Pierre 1999), the *corporatist* type is traditionally predominant in countries such as Germany, Austria or the Netherlands where housing is embedded in a system of balanced power, including the interests of main corporate actors (unions, political parties, religious communities). In contrast, the *managerial* type puts the consumer’s choice at its core. Rather than pivoting on the concerted actions of stakeholders (corporatist model), competition (between housing providers, developers, housing-related services) and public–private partnership models are promoted. For *pro-growth* regimes, housing is a sphere of public–private action with the aim of enhancing economic interests. The *welfare* type, in turn, is characterized as a state-led response to processes of deindustrialization and crisis, as can be seen in the case of the Midlands in England or the Lille region in France.

Corporatism and managerialism emphasize the need for well-administered or efficient provision of housing related services, facilities and benefits. Literature on urban change and economic development focuses on the role of housing in urban restructuring. Whereas, in his reflections on cities as growth machines, Molotch (1976) discusses the power-play of groups in competing for space and other resources, Harvey’s concept of *entrepreneurialism* (1989) puts emphasis on the macroeconomic consequences of urban development. Sassen (2014)

discusses the violent and devastating effects of the global economy on local land and housing markets. A turning point is the globalization of the real-estate market (Rogers and Koh 2017), with increasing competition for real-estate investors in neoliberal regimes (Fainstein 2008; Swyngedouw et al. 2002). Theurillat et al. (2015) propose a differentiation between two types of real-estate capitalism. The ‘real’ real-estate capitalism leads to a shift from property developers to institutional investors, targeting housing as a source of long-term profit. Since then-vestial crises of 2001 and 2008, financial institutions show growing interest in the built environment. In ‘financialized’ real-estate capitalism, the portfolio manager becomes the key actor. The main contribution to housing is not the construction or renovation of buildings but the diversification of risks and speculation on securities (Aalbers 2016). By viewing housing primarily as investment, real-estate capitalism is diametrically opposed to the intrinsic goal of local housing policy, which is to create a good living environment and home for all residents.

The global dimension of contemporary real-estate capitalism challenges the Eurocentric perspective that dominates the ‘housing question’ (corresponding to the European city model). Cities in emerging economies and the Global South are facing extensive processes of demographic change (migration), environmental change (climate warming), and political change (authoritarian neoliberalism). Rapid urban growth leads to an increase in spontaneous land use and informal housing (Ley et al. 2020). Inefficient local administrations and opaque power relations raise the risk of ‘pirate governance’ (Simone 2005), whilst doors are opened to international and global players. In many urban contexts of the Global South, the local governance of housing issues is of an informal character, although forms and practices of informality vary considerably (Aramburu Guevara 2014).

## HISTORICAL ROOTS AND PATHWAYS: CONTEXTS AND DYNAMICS

It would be misleading to ignore the logic and dynamics of historical and institutional contexts which have paved the way to addressing housing as an issue of the public good and not simply a commodity. Historically and sociologically informed analyses must attempt to understand significant differences throughout history and between countries or regions, but also the direction of contemporary approaches in local housing policy. Literature points to three decisive historical elements outlined in the following sections (e.g., Lévy-Vroelant et al. 2014): the philanthropic beginnings of social housing; the power of municipal socialism; and the links to national welfare policy.

### **From Utopian Philanthropia to Municipal Socialism**

The dominant narrative cites the rise of local housing policy within the history of industrialization and the related processes of rapid (and chaotic) urbanization. It is within this historical context that housing became an issue of policy, both at the national and local levels. However, it was philanthropy and (bottom-up) cooperatives that marked the origins of social housing, rather than state or local public authorities. Examples of bourgeois philanthropism trace back to the sixteenth century, such as the residential complex Fuggerei in Augsburg, Germany. Within the context of industrialization, housing improvement represented a way of achieving total control of workers’ lives (‘from the cradle to the grave’). However, in other cases utopian

elements can also be found, such as Dale and Owen's New Lanark spinning mill, or Godin's 'Familistère' in Guise, France. The nineteenth century also saw the increasing relevance of cooperative self-help and self-managed settlements (Novy and Förster 1991).

By the end of the nineteenth century, most European countries had begun establishing legal frameworks for housing policy. Housing Acts introduced various measures for the protection of tenants, including rent control schemes, legal and institutional requirements for cooperative or public housing, new hygiene and public health standards. According to Harloe (1995), housing policy did not simply respond to the real misery of the working classes. Rather, it reflected specific ideas about the living conditions of the most disadvantaged members of society, their causes and why and in what form the state should (or should not) intervene. Municipalities were becoming key players, be it in modernizing urban infrastructure (water, sewage, gas, electricity, transport), or in the field of housing policy ('municipal socialism'). Common characteristics were an innovative architecture with collectivistic features, a strategic selection of tenants (skilled workers, artisans, and clerks; much less often the very poor), and a pedagogical approach ('better housing makes better citizens').

In Europe, the housing question is linked to the emerging *social question*. The concept and meaning of the social varies from country to country depending on the specific institutional arrangements and the actors involved. For instance, it manifested as the *labour* question in Germany, the *poverty* problem in England, the *solidarity* issue in France, and the *equality* problem in Scandinavia. The political, legal and financial context of cities are decisive in the direction that local housing policy takes. In the aftermath of the First World War, legislative changes in many countries enabled them to channel public money towards the construction of housing that operates not for profit and provides security of tenure for residents. Two types are prevailing: public housing and non-profit rental housing. Social housing becomes key to welfare, and also a means of social and political control. However, the evolution of the European model of social housing was not linear. The institutional arrangements at the national and local levels remained potentially powerful throughout its historical development (*path dependency*), to the extent that the question has been raised as to whether we can even speak of a European model at all (Houard 2011). Eventually, the world economic crisis of 1929 and the Second World War put an end to municipal socialism, finally heralding a new chapter in 1945; such events mark the beginnings of what has been coined the 'Golden Age' of welfare.

### **The Golden Age of Welfare: Mainstreaming of Social Rights and Mass Housing**

The relationship between housing and welfare is complex. According to the literature, housing sometimes represents a wobbly pillar (Malpass 2008), whilst at other times it can be seen the cornerstone of welfare regimes (Kemeny 2001). In general, it can be said that housing construction is more prominent on the political agenda in economically difficult times, whereas states tend to withdraw in times of economic prosperity (Matznetter and Mundt 2012). This was the case after the Second World War, in the Golden Age of welfare capitalism (1945–1975), where local housing policy increasingly became framed by national welfare regimes. Four characteristics are significant, as will be outlined below.

First, after the Second World War, addressing the housing issues was regarded as a constitutive element of economic reconstruction. Although municipalities remained important actors, policy came to be determined largely through national law, nation-wide systems of subsidies,

as well as national institutions and stakeholders (e.g., governments, ministries, banks, construction companies, etc.).

Second, a managed housing market emerged which became decisive for exercising social citizenship (Marshall 1950). Through the lens of Marshall's theory, the classification of housing as a social good is linked to the fact that civil, political and social rights came to be awarded, not on the basis of class or need, but on citizenship. Therefore, in conceptual terms, the idea of state intervention is interlinked with principles of redistribution and equal opportunity, characterized through aspirations of upward mobility amongst the working classes, and status consolidation amongst the middle classes.

Third, local housing policy did not so much address the poorest members of society, but rather was directed towards *citizen workers*. More specifically, members of the working class and lower middle classes, in particular key workers such as teachers, policemen, nurses, civil servants, and their families. The criteria for eligibility corresponded to the definition of targeted citizen workers (stability of employment, income and family). Hence, housing became a means of classifying 'the people' and of regulating daily life.

Fourth, post-war local housing policy was stamped by functionalist and modernist concepts. Mass housing was the dominant style of construction (i.e. of standardized and uniform design and based on new construction technologies). Largely speaking, it is a global success story with important variations (see Urban 2012). In the US, for instance, housing projects (as in Chicago) were soon to be labelled 'ghettos' (despite some well-functioning examples, see Dagen Bloom 2008), whereas mass housing in the former Soviet Union corresponded with the state-centred, collectivist ideology. In South America and (South-East) Asia, modernist housing addressed the needs of the middle classes (as in South Korea), and sometimes also the upper social classes (as in Iran), or offered diversified segments for the poorer and wealthier classes (as in India and China). In Singapore and Hong Kong, public housing authorities developed high-rise housing for low-income households throughout the 1950s and 1960s. Despite neoliberal privatization policies, public housing remains an important instrument of regulation to this day (Doling and Roland 2014).

In the Golden Age of welfare state expansion, mass housing became part of a state-controlled techno-structure, aiming to provide housing that was not fully subject to market laws. The status of social (subsidized) housing depended largely on national traditions. For instance, the dominance of the renting system in Germany and Austria in contrast to more firmly anchored private ownership in France and the UK; the existence of a system such as brick-and-mortar versus subjective subsidies; the role and power of actors (e.g., private landlords, housing associations and co-operatives, municipalities); the institutionalization of power-relations (corporatism, social partnership, etc.). Alain Murie's positive view in reference to the growth of social housing in the UK could equally apply elsewhere:

This managed market provided more and better housing, was more stable and provided more shelter from market rents than in previous periods or in other countries with less state intervention. ... It was not possible to read income or occupation from tenure or neighbourhood. (Murie 2012, p. 481)

### **Deliberating the Status of Social Housing: The Convergence-Divergence Debate**

In the European context, academic debate on the status and development of social housing and its relation to welfare is shaped by different approaches. Some operate with a typology of

housing tenures; others focus on the compensatory function of social housing in view of market failure; others still analyse the contribution of housing production to processes of socio-spatial segregation and discrimination. Convergence theory (Harloe 1995) argues, according to its underlying political-economic approach, that periods of crisis provoke similar effects in different countries (such as residualization of social housing). In contrast, in divergence theory (Kemeny 1992, 1995; Kemeny and Lowe 1998), which is based on policy constructivism, the categorical differences between corporatist and non-corporatist countries are emphasized. In corporatist countries, institutions are seen to balance the interests between capital, labour and the state, allowing for the creation of a unitary rental system which also functions as an alternative to home ownership. Whereas in non-corporatist countries, home ownership is the norm, and non-profit housing is exclusively for the poor. In both cases, the regime is based on a normative consensus concerning the interplay of state and market.

Attempts have also been made to apply Esping-Andersen's welfare-regime approach to housing (Matznetter 2002). Related to the criteria of market-dependency, decommodification could be defined as the extent to which households can afford housing independently of their earned income. A social democratic housing regime would involve important production subsidies (brick and mortar), need-based housing allocations, and strong regulation of the market. Whereas liberal housing regimes give priority to the market (allocation, limited subsidies, low regulation), and the social or public sector have a residual function. Given the increasingly globalized dimension of housing issues (Stephens 2016), but also the far reaching social and economic changes within the last decades, the question arises as to the appropriateness of these theoretical assumptions developed in the 1980s and 1990s.

### **Neoliberal Turn and the Global Housing Affordability Crisis**

The post-war concept of inclusive, socially well-balanced housing shattered at the end of the 1970s in the context of economic crisis, and an ideological shift widely labelled as the neoliberal turn. This shift went hand in hand with a retrenchment of state intervention in housing and the growing dominance of market actors and principles. A particular aspect refers to decentralization, and consequent challenges in multi-level governance.

The neoliberal turn in housing policy was impacted by the end of Fordism. Deindustrialization called into question the balance of power between labour and capital. Right-wing governments capitalized on the fragmentation of the working class, whilst the 'new spirit of capitalism' (Boltanski and Chiapello 2007 [1999]) penetrated all fields of politics, including housing. In a nutshell, the story is about a shift from collective solutions to more individualized and private answers (and the perception of social housing as residual), from housing as a public responsibility to a function of the market.

Socio-cultural changes within the electorate helped to establish the new paradigm. The post-war 'collective elevator effect', where the working classes began climbing up to middle-class positions (Beck 1992 [1986]), caused a differentiation in values and preferences, including in relation to housing. The ideology of home ownership meets the aspirations of those in the ascending working class aiming to secure a newly achieved social status and to burst traditional class boundaries (Boughton 2018).

Housing policy in the 'new welfare state' (Groves et al. 2016) favoured the privatization of the public or social housing stock, with a shift from tenancy to home ownership. Consequently, international real-estate industries and investors enjoyed increased influence. Public-private

partnerships were encouraged, whereas brick and mortar subsidies were reduced in favour of financial assistance for low-income households to cover housing expenses. However, the tempo, form and impact of these changes varied (see Scanlon et al. 2014; Houard 2011). In the UK and the Netherlands, the management of public (council) housing was outsourced to social landlords (housing associations); in Germany, huge areas of municipal housing were sold to private investors (often using their pension funds); and in Sweden, which for a long time had represented the incarnation of the social democratic welfare model, public rental housing was converted into market-based (cooperative) housing. In other examples, change was slower, such as in France, where the national government implemented a ‘right to housing’ scheme in 2008 (DALO, Droit au logement opposable) and the state retained a key role in social housing; and in Austria, where the important stock of municipal housing in Vienna resisted privatization and brick and mortar subsidies prevailed.

Particularly striking was the changing understanding of housing as a social right. As Borevi and Bengtsson (2015, p. 2601) state, “With markets being the main distributive mechanism, the right to housing cannot reasonably be interpreted as a general obligation for the state to provide every citizen with some specific housing standard, as with other welfare state goods.” From such a perspective, housing no longer constitutes a positive right (in the sense of Marshall 1950) but is no more than a ‘programmatically right’; in other words, the state should only intervene in case of market failure.

Such a narrative runs contrary to the ideology behind the Golden Age of welfare capitalism, with its integrative (and generalized) function of social protection – including within the field of housing. In the post-welfare context, the key concept is ‘enabling’; that is, facilitating individuals in being capable of living independently from social transfers and assistance. Workers and employees formerly entitled to social housing must now prove their need for such assistance. Home ownership is designed as a resource for securing life projects, such as in relation to old age, in terms of financial independence and care. By contrast, the ‘social’ designates all activities that concern the ‘vulnerable’, including the very poor, immigrants, disabled, fragile elderly, single-parent households, the unemployed and refugees. As a new category of social action, the ‘vulnerable’ becomes a guiding principle also in local housing policy (Lévy-Vroelant 2010).

### **Decentralization and Its Consequences for Multi-Level Governance**

Decentralization represents more than a simple consequence of a nation-state’s (relative) withdrawal from housing policy. Rather, it reflects the ongoing “(re-)positioning of housing in globalizing urban political economies” (Wetzstein 2017, p. 3163). Cities serve as operative centres within contemporary finance-real estate capitalism, whilst constituting the main territory in opposing the social consequences of unequal socio-economic development.

Since the early days of the modern housing question, competencies for housing policy have oscillated between the local and national levels. In most cases, housing policy has been shaped by (national) legal and organizational conditions (such as tax and fiscal policy, housing subsidies and law of tenancy) but is interpreted and adapted against the background of local experiences and balances of power. In operational terms, local housing policy pursues a number of conflicting objectives, including poverty reduction, diversity and cohesion management, and urban regeneration. Poverty reduction encompasses the provision of social assistance and housing benefits, or access to housing for vulnerable groups such as the homeless, elderly

people in need of care, asylum seekers and single parents. Diversity and cohesion management refers to the social fabric of neighbourhoods, applying concepts of social inclusion, integration and social mixing. Urban regeneration embeds housing issues in programmes of economic restructuring, including urban upgrading and gentrification, where households with higher incomes and higher levels of education replace poorer and less educated ones.

As operative centres of contemporary finance real-estate capitalism, cities attract financialized rental investments but also company headquarters with the promise of tax incentives and improvement in quality of living; human capital through the expansion of the knowledge economy; and wealthy tourists through the valorization of cultural heritage. The often-described consequences are rising housing costs, the shift of poorer population groups and key workers to more stigmatized segments of the housing market, and the emergence of grey housing markets, enabling marginalized groups to continue to live in the city. For most urban researchers, social housing may constitute an effective means of controlling and moderating capitalism (see Fernandez and Aalbers 2016). However, with very few exceptions, cities have withdrawn from the production of (public, municipal) housing. Prevailing market principles delegitimize a more active role of cities in (social) housing provision.

Decentralization impacts the relationship between local and national levels, whilst also redefining the role of transnational political and economic players. But there are also new alliances and conflict lines. Whilst nation-states remain relevant in defining the legal framework in housing, cities and regions are taking an active role in other fields, e.g., in integration and diversity policy (Scholten and Pennix 2016). Transnational actors, like the European Commission or UN Habitat, and transnational networks (e.g., of cities or of migrants' households) support the cities' agency. The outsourcing of council housing in the UK reflects a different experience: local autonomy goes along with increased control of social landlords by the central government (Fitzpatrick and Watts 2017). In other contexts, state-led housing policy is still dominant, such as in China where since the 1990s, policy change has led to a privatization of state enterprise housing, the development of property rights within the framework of state ownership of land, and the development of a mortgage market (Stephens 2010). The result is a three-tiered system: expensive open market segment, ownership with controlled prices, social housing for the poorest not including migrant workers who live in construction-site accommodation, etc. Social housing is developed through public-private partnerships including municipalities and international investors. A close alliance between globalizing housing investments and national governments can be found in South American cities and in Turkey, where giant housing settlements are developed in far urban peripheries, without sufficient transport infrastructure (Paquette 2013). In cities with weak public power, as in many sub-Saharan countries, forms of hybrid informality become established. Among the actors involved are global players (such as the Chinese construction industry), or 'strong weak' local actors (Reinprecht 2002), such as small socio-economic companies, but also emigrants, for whom cities are areas of return and reinvestment. Other contexts represent a complex nested constellation. This is, for instance, the case with the Favela-Bairro programme in Brazil, engaging national, local and international funds, mobilizing inhabitants from different communities, but also local gatekeepers, and state regulated apparatus, including police and military forces.

## SELECTED SPHERES OF ACTION FOR (AND RESEARCH OF) LOCAL HOUSING POLICIES

Amongst the various tasks for housing policy, three spheres of particular relevance to the local level are addressed in the following discussion: provision, maintenance and allocation of housing; the social agenda of housing; and housing in the context of urban renewal and urban planning.

### **Provision, Maintenance and Allocation of Housing**

Beyond a simplistic, dichotomous understanding of regulated vs. free-housing markets, the literature indicates a complex system of interdependencies between territorial structure, welfare and labour relations, and housing policy strategies (Lawson 2006). However, there are some general trends: in cities with a more important stock of social and/or public housing, local authorities have a means at hand to balance market dominance and control the development of housing – from planning and production to allocation based on social or economic criteria. Cities engaged in social housing policy will also try to monitor quality standards. Relevant criteria concern architecture, cost-efficiency, environmental compliance (ecological standards in construction and renovation), neighbourhood and social cohesion, and participation (involvement of populations in planning and realization of housing projects).

The system of non-profit housing can be differentiated and evaluated in view of housing tenure, the systems of providers (from non-profit or limited-profit to profit-oriented enterprises), the beneficiaries (the targeted populations), and funding arrangements. From the perspective of local authorities, housing policy forms an interface between national and local welfare (through housing allowances, social aid, social infrastructure, etc.). The aims are to strengthen social cohesion through housing and to give assistance to vulnerable people. The effects of these local policies – e.g., regarding the conceptualization of housing as *bien commun* and commons; the boundaries of housing and welfare; or concerning the economic function of non-profit housing as facilitator of modern housing consumption (see Kwak 2015, p. 175) – are a key topic of research and public debate.

Housing research distinguishes four segments: private ownership, private renting, social renting and emergency sector. It might be useful to examine the intersections of these segments: for example, concerning the de facto social role of the (private) housing market, such as with regard to the existence of entry level rental homes or public subsidies for affordable ownership, or the trampoline function of social housing in empowering people to enter the ‘regular’ housing market.

Social housing often lives up to the stereotype of long-term impoverishment and physical decay. Poor maintenance and blocked social advancement, accompanied by physical and social upgrading processes in the surrounding neighbourhoods can provoke feelings of de-legitimization, isolation and marginalization. Together with investments in transport, public infrastructure, social and cultural facilities, and tenant selection, maintenance is regarded as essential to the functioning of social housing. Whereas property management is often outsourced to semi-public or private agencies, maintenance can be financially challenging and a potential source of conflicting interests between dwellers, landlords and the municipality.

A key challenge for local authorities is the allocation process for social housing and/or housing benefits. Cooperation with housing associations is of strategic importance. The



specification of criteria for access depends on the welfare model and additional country- and city-specific contexts. Eligibility criteria often include income, employment and family status (single mothers, economically weak young families), or a dilapidated housing situation. In some contexts professional, political, religious or ethnic affiliation or residential status are of relevance. Beyond administrative and technical considerations (e.g., the organization of waiting lists; point systems to guarantee objective allocation; poverty tests and monitoring), eligibility and access criteria constitute a subject of political debate: most importantly between target group-specific and more generalist approaches.

Informality and affordability are concepts of striking relevance within this context. Informality refers not only to the phenomena of second housing markets (from informal to socially invisible forms of accommodation, from subletting, bed lodging to self-construction and squatting), but also to the role of social capital in the context of 'regular' provision. The concept of affordability responds to the increasing barriers in accessing housing. However, the concept remains rather vague. It refers to an economic criterion (share of housing costs in household income); non-monetary needs and desires, including the quality of residential environmental and urban space are not considered.

### **The Social Agenda of Housing: Reorganizing the Boundaries between the Social and Housing**

Historically, in the context of municipal welfare, the mission of local housing policy has been to deliver dwellings for working-class families and to eliminate shanty housing. After the Second World War, during the Golden Age of the welfare state, the focus of housing policy shifted to 'housing for all'. Meanwhile, housing for the (very) poor was not primarily addressed. Housing the (very) poor is organized in three ways: disadvantaged and cheap segments of the private rental market, collective shelters, and informal solutions. In today's context of the deconstruction of industrial labour, post-welfare and chronic housing shortages in megacities all over the world, all three types of 'housing the poor' reappear on the agenda of local policy.

Local housing policy is inherently interconnected with social policy related issues. Different definitions of housing (between social good and commodity) coincide with different definitions of housing needs depending on poverty concepts (see Paugam 2005). If housing is primarily defined as a commodity, then the social agenda of housing places emphasis upon attempts at poverty prevention. If the regulated housing market with its non-profit segments comes under pressure, the notion of poverty becomes crucial. Poverty can be seen as resulting from structural problems in the labour market, or with regard to individuals' capacity to organize their own life. Concepts of social exclusion reflect the relevance of structural barriers in labour market participation. Unstable and insecure labour conditions, together with increasing household debt, rising rents and price levels in housing, and a fragmentation of social protection, increase the risk of precarious housing and homelessness. In the neoliberal paradigm, public interventions are orientated around individuals' responsibility for finding solutions.

The challenge in housing the (very) poor is that it blurs the boundaries between housing and social policy sectors. On the one hand, supply on the housing market is insufficient, with the private and the social renting sector depending on meeting certain entrance criteria that are unachievable for the (very) poor (e.g., fixed work-contract, stable income, residency status). On the other hand, the *welfarization* of housing obliges local authorities to develop financial

and organizational schemes both for social aid (housing allowances) and emergency relief in access to housing. The term ‘very social housing’ (Lévy-Vroelant and Reinprecht 2014) refers to a segment that occupies an intermediate area between social action (promoting integration, working against poverty, provision of care) and housing (from construction to management), regulated by social administration (access via social service prescription or negotiation, dispositive of control), and bringing together public, private and third-sector actors (welfare organizations). The landscape of intervention and social inclusion programmes is increasingly differentiated and professionalized. The scope ranges from emergency shelters (e.g., for homeless) to transitory housing (e.g., for refugees) or organized accommodation for people in need of care (e.g., the elderly or disabled) embedded in regular housing estates.

In a context of weakened labour market participation, the relevance of housing as a means and a marker of integration increases. The availability of housing is seen as a prerequisite for any kind of social participation. This is also reflected by schemes such as ‘Housing First’. At the same time, the very social sector continues to have a negative image that stigmatizes those who live in it. Its relatively fragile status is also reflected by the fact that the standard of quality and security of tenure (temporary contracts) are often lower, and that dwellings are often located in disadvantaged areas.

### **Local Housing Policy and Urban Renewal**

The social consequences of the spatial concentration of so-called disadvantaged populations and its effects on local opportunity structures have been the subject of numerous research projects (Musterd 2020). The literature has addressed the role and function of housing production and related planning processes in affecting socio-spatial inequality and segregation (Arbaci 2007). There is also substantial evidence concerning the overlap between poverty and social exclusion, with spatial exclusion (Murie and Musterd 2004).

Housing is an integral part of urban regeneration programmes – historically in connection with slum clearance, today in the context of ‘integrated urban development’. Worldwide, local authorities agree to the demolition of mass housing estates, aiming to improve living situations, whilst many inhabitants resist, conscious that such operations are linked to resettlement. The negative consequences of forced relocation (e.g., the disorganization of local bonds and destruction of local community life) are widely discussed in the UK, US and French literature (Young and Willmott 1957; Gans 1962; Topalov 2003). More recently, research on ‘integrated urban development’ has focused on practices of cooperative networking of public and private actors in the context of inner-city regeneration. Its aim is to develop socially (or income) mixed neighbourhoods, i.e. with socially stable populations, and/or to upgrade housing standards and infrastructures. The tension between upgrading and gentrification is not only a Euro-American topic (Lees et al. 2016). In the Global South, the demolition of shanty towns is also following the well-known pattern of slum cleansing and reconstruction for new populations (see also Chapter 25 by Marques and Arretche in this volume).

Within the context of environmental crisis and climate change, urban regeneration projects may trigger goal conflicts between environmental and social protection. Ecological improvements and retrofits such as thermal insulation are criticized for counteracting social goals as they increase the housing costs of low-income households (Smets and Van Lindert 2016). The concept of sustainable housing is criticized for being used as a backdoor to ‘green gentrification’ (Anguelovski et al. 2018). Ecological upgrading and amenities improvement (‘urban

gardening’) increase property values and attract wealthier residents to previously poor neighbourhoods. The role of social movements and bottom-up initiatives is of particular interest here, e.g., grassroots, cooperative or guerrilla gardening movements (Ioannou et al. 2016; see also Chapter 13 by Musterd in this volume).

Urban renewal can easily come into conflict with local integration and diversity policy. Especially for migrants without full access to the job market, including asylum seekers and family members without work permits, etc., housing plays a crucial role as prerequisite for participation in society, a resource for well-being, social relations, and feelings of belonging. Ethnic communities play a key role in providing housing opportunities to newcomers. At the same time, framing cities as ‘diverse’ or ‘cosmopolitan’ can put ethnic neighbourhoods under pressure, where immigration heritage serves as ambience for the middle classes. Gentrified former immigrant areas constitute a main area for the commercialization of private homes for tourism (Kadi et al. 2019).

Cities differ in their discursive-political framing of migration related socio-spatial inequalities. For instance, it makes a difference if the issue is defined as an ethnic or social question (Ireland 2008): using exclusion and inclusion as key categories directs the attention to the phenomenon of the ‘urban ghetto’ as a negative foil for the ‘integrated’ and ‘socially mixed’ city. Housing insecurity is a marker of marginality (Wacquant 1996). The higher and more formal the barriers local administrations define with regard to the access to housing, the more relevant the existence of grey zones (Yiftachel 2009) and shadow places (e.g., for undocumented immigrants, rejected asylum seekers and casual seasonal workers).

Critical analyses of local housing markets are associated with analyses of land politics or address the effects of social mixing (more precisely on the promotion of mixed-income neighbourhoods), revealing different motives and benefits. Social mixing may enhance “social control and help leverage neighbourhood political and economic gains. However, some of those advantages could presumably be achieved for low-income households through well-managed housing, careful tenant-selection and good design – without income mixing” (Vale 2015, p. 152). This is particularly relevant with regard to the long-term consequences of mixing strategies on gentrification, but also demystification of social housing failures.

## CONCLUSION

With regard to housing policy, cities are in both a strong and weak position. Their position is weak due to their dependence on federal government and because they are under pressure to tackle the social consequences of poverty and marginality. However, they are also strong in the sense that they are ‘sites of refuge and resistance’ (Meyer 2017) regarding their ‘relative autonomy’, and thus looking for innovative solutions and new alliances. Local housing policy engages different types of cooperation as well as conflict, and involves a diversity of public and private stakeholders and actors, last but not least the populations concerned.

Going beyond a technocratic understanding of housing issues, it is of particular value to learn about the inhabitants’ horizon of experience, their interests, strategies and desires. It was Henri Lefebvre who reminded us that the *right to housing* is part of the *right to the city*: “Right to freedom, to individualization in socialization, to habitat and to inhabit. The right to the oeuvre, to participation and appropriation (clearly distinct from the right to property), are implied in the right to the city” (Lefebvre 1996, p. 173).

## Addendum: The COVID-19 Crisis and Its Effects on Housing

From the beginning, housing policies have been interwoven with concepts of public hygiene and health. The recent pandemic intensifies existing inequalities: there is an increasing gap between people with stable, fixed jobs, strengthened in their housing market position, and people with a low or precarious income who are further marginalized. The gap is also increasing between tenants with short-term and indefinite leases. Research also indicates that the pandemic has enforced discrimination on the housing market for ethnic minorities (Verhaeghe and Ghekiere 2021). This is in line with research showing that the pandemic has intensified negative stereotyping of ethnic minorities (Noel 2020).

Empirical data indicate an overlapping of housing situation, residential segregation and risk of disease. Overcrowded housing is – beside income poverty, unemployment and multimorbidity – regarded as the main cause for over-proportional death rates in low-income neighbourhoods. Racism and distrust hamper access to healthcare (Klugman and Moore 2020).

The pandemic is also changing the value and dynamics of home life during isolation. The fact that people have been condemned to remain ‘at home’, and many are also required to work from home and/or carry out home-schooling, raises the question of its meaning and how it is organized in social (household composition), material (household facilities) and cultural terms (distribution of responsibilities, conceptions of a good life). Initial research results indicate considerable stress from quarantine, particularly amongst parents with children, younger people living alone, women and people with lower educational status (Kowal et al. 2020). Moreover, there is more violence, and gender inequalities in paid and unpaid work (Arntz et al. 2020). Given the severe inequalities in the field of housing that the pandemic has made visible throughout the world, there are good reasons to agree with the sentiment that nothing could be worse than a return to normality.

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## 12. Migration policies at the local level: constraints and windows of opportunities in a contentious field

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### INTRODUCTION: MIGRATION, LOCAL DESTINATIONS AND MIGRATION POLICYMAKING

With the complexification of migration flows and settlements (Taşan-Kok et al. 2017), the local dimension of migration governance becomes an increasingly interesting issue – for various reasons. First, urban contexts, especially neighbourhoods with higher shares of migrants, constitute fertile ground for migrant political agency (Nicholls et al. 2016), serving as battlegrounds for the acquisition of social rights (Ambrosini 2021). Second, the local dimension of policies assumes relevance in understanding international mobility. Indeed, whilst state regulation and international relations matter in framing migration opportunities and constraints, there is also a trans- and subnational dimension, made of networks involving different actors (e.g., migrants, NGOs, civil society actors, etc.).

The underestimation of such issues in migration studies comes from *methodological nationalism* – the intellectual orientation that uses the nation-state as the one and only unit of analysis for understanding social processes (Wimmer and Glick Schiller 2002). For a long time, this approach was characterized by limited attention to intranational variation in migration processes and policies, and this bias is still affecting migration research and policy frames. However, there is a growing body of literature that is shifting the focus from unidirectional flows at the national level, to migration systems and micro-macro links between local and global dimensions. One example can be found in transnational studies, which focus on the fluid and informal relationships that occur across boundaries below the formal relationships amongst states (Faist 2010).

Third, when focusing on the micro-level of migrants' and receiving societies' experiences, migrating ultimately means leaving one locality and moving into another, specific locality (Bonisch-Brednich and Trundle 2010). In this respect, a metropolitan bias can often be found in the literature. Urban gateways have historically attracted a large share of migrants. For instance, in the US between the 1960s and the 1990s, a handful of metropolitan areas at the top of the urban hierarchy accounted for a major share of total migration and new inflows (Waldinger 1989; Massey 2008). Nonetheless, evidence from the last 30 years has shown (re-) emerging trends outside of such gateways. Thenceforth, migration towards the lower tiers of the urban hierarchies has been growing (Singer et al. 2008). Besides the much-explored US case, the pluralization of settlement patterns seems to be common elsewhere (Barberis and Pavolini 2015). In most countries across the Global North, migrants are still more concentrated in densely populated areas compared to natives, but resettlements, secondary migration flows (i.e. outbound from hubs), and new networked migration from abroad are now also commonly



directed towards other destinations. Diversity of flows and their localization deserves more attention – even more so after the COVID-19 pandemic, given the association between viral outbreak and mobility. The accessibility and desirability of different destinations may be affected by perceptions of risk, and this may be evident in patterns of mobility and settlement.

Finally, localization patterns are interwoven with migration policies in multiple terms. On the one hand, policies may contribute to shaping settlement patterns. Some examples of the kinds of policies that may have such an impact include national refugee distribution policies, neighbourhood policies affecting the availability, accessibility and cost of public services, or housing and private infrastructure. Policies may concur in pushing or pulling migrants towards or away from some localities – as can be seen in the immigration reforms in the USA of 1986, 1990 and 1996, which increased both the legalization and spatially concentrated law enforcement, favouring migrants' dispersal (Massey 2008). Policies may affect localized policing, security and profitability, making localities more or less advantageous for migrant settlement (Carter et al. 2008; Akbari 2013), as we will more clearly see later in this chapter by focusing on the rescaling of migration policy. On the other hand, settlement patterns do enter in the localized policymaking process selectively, as a 'pressure' on policymakers. Territorial stigmatization and public discourses on thresholds of acceptability about minorities and their concentration do affect the policy agenda (Light 2006).

In this chapter, we start by discussing the various types of local destinations for migrant settlement. Following this, we discuss changes and factors in localization patterns, their consequences on multilevel governance of migration, and approaches to analysing it. The discussion is then devoted to framing the complexification of localized migration policy, analysing policy rescaling and the role of localities. After that, we explore how localities play a role in top-down and bottom-up migration policymaking, and we then move on to instantiate the room for manoeuvre that local actors have. Finally, the conclusion presents possible pathways toward an effective local governance of migration.

## TYPES OF LOCAL DESTINATION

Based on the existing literature (Singer et al. 2008; Barberis and Pavolini 2015), we can identify at least six different types of destination. These entail various approaches to migration and the associated challenges from both the perspectives of migrants and the hosting society. Each of these are detailed below.

*Metropolitan gateways* are usually large cities, such as London or New York, which act as migration hubs. These are endowed with migration/arrival infrastructures, which are “parts of the urban fabric within which newcomers become entangled on arrival, and where their future local or translocal social mobilities are produced” (Meeus et al. 2019, p. 1). This issue has been explored in classic Chicagoan literature: according to Burgess (1928, p. 106), hub cities have “zones of transition”, a “port of first entry for incoming racial and immigrant groups”, i.e. neighbourhoods devoted to the first reception and sorting of newcomers. Usually these are close to transportation hubs, and are characterized by cheap housing, (informal) labour opportunities, limited policing, and kinship social networks (Schillebeeckx et al. 2019).

Often the role of migration hubs is charged with positive tones (Saunders 2011) – even though they may lead to ambivalent outcomes: (a) migratory networks may support first needs and safe social participation (e.g., shelter, job-seeking) – with all the risks of bounded

solidarity; (b) public policies may be more equipped to deal with newcomers and the general societal attitude may be more tolerant toward diversity – but also raise barriers when the numbers of migrants in the local population are seen as becoming too high; (c) facilitating institutions (e.g., NGOs) may cater for basic needs and swift mobility processes – but they may be equipped with insufficient resources. Recently, the close living quarters in these contexts have proved to be conducive of the COVID-19 pandemic (Nazroo and Bécarea 2020), whilst localized migration infrastructure became advantageous in countering the outbreak, e.g., in providing targeted information.

*Suburbanization* for migrants means staying within the proximity of migration hubs whilst getting away from the classical arrival neighbourhoods. These are usually located in US inner cities or in European (semi)peripheral neighbourhoods. These have been described as: ‘edge gateways’, ‘suburban ghettos’ and ‘ethnoburbs’ (Singer et al. 2008; Li 2009).

Suburbanization processes seem particularly related to class issues. On the one hand, suburbs attract upper mobile minorities, resettling outside of the dilapidated concentration areas inhabited by the masses. On the other hand, poor suburbanization is related to deflection processes outside crowded, policed or gentrifying inner-city areas (Howell and Timberlake 2014). Though this sounds like a US issue, similar trends can be found elsewhere in the Global North. In Europe, urban sprawl, the growth of low-income peripheries, and a shortage of housing in concentration areas may create conditions for the dispersal of immigrant settlement within and around gateway cities (Arbaci and Malheiros 2010).

In policy terms, incorporation in suburban destinations can be affected by the institutional infrastructure, as suburbs may be devoid of effective governance structures, whilst also lacking in tolerance towards diversity.

*New metropolitan gateways* are second-tier urban areas that have either never received significant migration flows or have stopped receiving them for a long while (Singer et al. 2008). They usually become destinations as they change position in urban hierarchies.

In policy terms, these destinations usually have somewhat welcoming agendas. Those with a thriving economy require a labour force in different segments; those downscaling and shrinking require new populations to cater for new opportunities. Whilst the latter condition sounds counterintuitive, the literature indicates that downscaling cities may indeed attract new immigrants (Glick Schiller and Çağlar 2011). Lower living costs and (cheap) labour opportunities in these contexts may open up chances for the settlement of migrants.

*Small and medium-sized towns* are increasingly studied destinations in the US, Canada and Australia, and equally in Europe (Hugo and Morén-Alegret 2008). From the mid-2000s, the literature has indicated that small towns are becoming increasingly attractive to international migrants, due to either a spillover from gateways or specific pull factors.

Some small and medium-sized towns become regional hubs within national and international value chains, opening windows of opportunity for migrants’ socio-economic participation. This can result from successful new industrialization and service economies (e.g., in the agri-food sector, see Donato et al. 2007) or from downscaling processes (Miraftab 2016) in the US and elsewhere. For example, in Italian industrial districts, changes in the fashion industry opened up opportunities for Chinese migrants (Ceccagno 2018).

In policy terms, orientations are more mixed. Welcoming measures in depopulating areas or emerging labour chains go hand in hand with exclusionary policies, tied with a sense of loss of perceived historical homogeneity and of being left behind by ‘those in power’. Such a narrative has possibly been reinforced during the pandemic, where areas identified as origins of

COVID-19 clusters have often been located in migration hotspots with labour-intensive supply chains (e.g., food processing, logistics hubs).

*Rural areas* in the Global North have attracted a labour force – particularly a migrant one – for almost two centuries (Corrado et al. 2016). Migration toward marginalized areas – for example, mountain areas like depopulating Alpine villages (Perlik et al. 2019) – may be a revitalization factor, often actively promoted by local and national policymakers. Nevertheless, there is evidence of re-emerging, severely exploited migration, even segregated within rural ghettos, like shantytowns of migrant farm labourers in the US, Spain and Italy (Corrado et al. 2016). In policy terms, we can see processes similar to those mentioned in relation to small towns, exacerbated by more frantic and plural mobility processes (including circular and seasonal migration).

*Encampments*, more or less institutionalized, can be considered an additional ‘destination’, whose provisional nature as places of transit is often not so short-term. Here, as in the case of the Jungle in Calais, or Moria in Lesbos, exclusion is radical and policing persistent (even reinforced during the pandemic) – with enduring consequences on migrants’ life courses (Agier 2018).

## RESCALING MIGRATION AND POLICYMAKING

### **Socio-Economic Causes and Consequences of Localization Patterns**

Settlement patterns and migration choices have long been central in the economics of migration. As early as the latter part of the nineteenth century, Ravenstein’s Laws of Migration tried to explain who moved, why and where, starting a valuable research stream on push and pull factors (Dorigo and Tobler 1983; King 2012). In the twentieth century, research on economic and socio-demographic determinants of migration tried to explain mobility and localization, mainly focusing on three localization factors (especially in the last 30 years) (Goerman 2006). These are: (1) (changing) economic conditions, and associated job opportunities; (2) (changes in) national and local regulation; (3) networked migrations, which reinforce flows towards specific destinations. However, consistent with the methodological nationalism bias mentioned above, early literature had limited interest in localities, as such. The change in migration processes after the 1970s, with more de-standardized social characteristics, origins and destinations (Vertovec 2007), resulted in increasing attention on other-than-state players. Moreover, in a turn in migration studies, the focus has shifted from places and push/pull factors to interconnections (Sassen 1988) and mobilities (Sheller and Urry 2006). The concept of *rescaling* (Brenner 2004) underlines how the territorial redistribution of power and economic processes is a continuing interplay between social and economic forces and related instituted processes. So, a strand of migration literature connects migrants’ settlement to urban restructuring within neoliberal globalization, trying to keep economic, institutional and network processes together. Migrants are constrained by urban positionality and rescaling, whilst also contributing to such processes. As Glick Schiller and Çağlar (2011) put it, settlement processes do not have a single, linear causal direction, since migration is a constitutive part of the structuring and restructuring of local societies and economies in global capitalism.

### Shying Away from National Models of Integration?

On an analytical level, models of immigrant integration were drawn according to (national) regulations and state- and nation-making processes. For most of the twentieth century, methodological nationalism also dominated this kind of analysis: state-level labour, welfare and immigration regulation converged into national models of incorporation (Castles and Miller 1993).

From the late 1970s, the nation-based migration policy modelling game was challenged by different factors: super- and subnational arenas started to play new roles, whilst most European countries launched stop policies towards migration; the globalization of value chains and the role of local clusters in uneven developments steered migration towards varied destinations; revolutions in transport and communication changed mobilities in ways that were increasingly difficult for states to control. Parallel and related, the de-standardization of flows challenged consolidated state framing of migration issues (Vertovec 2007).

These processes were mirrored in the ways migration policy was studied and classified. Without downplaying its relevance, the sole focus on the national level was criticized as undertheorizing and generalizing relatively short-lived state structures hollowed out via international convergence and subnational fragmentation (Joppke 2007a). As for the latter, plural local models were drafted in the literature. Alexander (2003) and Penninx et al. (2004) started problematizing the homogeneity of incorporation at the subnational level, including local variables and introducing the idea that urban migration policymaking may be inconsistent with national orientations.

Later, research focused on the multilevel governance of migration (Zincone and Caponio 2006), highlighting the importance of space and place, and the complexity of multilevel negotiations. Local windows of opportunity and constraints were scrutinized (Ambrosini and Boccagni 2015).

If part of this reconceptualization meant putting neglected processes on the map, a strand of literature notes that the local dimension of migration policymaking is also resulting from new processes – e.g., the devolution of migration policy to local authorities due to “the need to respond to locally specific challenges in regulating migration and, under the auspices of a neo-liberal reorganization of public policy”, and “the general downloading of responsibility to lower levels of governance” (Schmidtke 2014, p. 93). Devolving responsibility for contested policy issues is a viable strategy in the politics of rescaling (see also Chapter 16 by Bonoli and Trein in this volume), which may well be relevant also for migration policy – even though scholars have highlighted the risks for rights and equality in the transformation of citizenship (Joppke 2007b).

Citizenship rights have been accessed in fragmented ways by migrants, with supranational and subnational openings and closures and complex stratifications (Faist 2019). Concepts like *urban citizenship* (Varsanyi 2006), which focuses on the spatialized and localized dimension of participation, and *denizenship* (Hammar 1990), which identifies resident non-citizen statuses, both hint at a localized guarantee of rights. However, it also entails discretionary outcomes: the duration, generalization and upscaling of localized achievements can be feeble (Hintjens and Kurian 2019).

## FIELDS OF LOCAL MIGRATION POLICYMAKING

### **Localized Incorporation: Processes and Policies**

Migration processes entail a kind of vulnerability that is often as transient as it is multifaceted. It touches upon a number of welfare areas such as the labour market, housing, social assistance, education, and health. These policy areas may be regulated via various, multilevel governance configurations: vertically, in terms of the institutional levels in charge; and horizontally, in terms of the actors involved. Therefore, institutional coordination is a common concern in policymaking, which becomes particularly problematic in governing immigrant welfare. Rescaling processes, fragmentation, insular sectoral decision-making and rigid targeting may all accumulate, causing access problems for migrants. These came to the fore throughout the recent COVID-19 pandemic, as a series of health, labour and housing conditions – combined with challenges in access to health and welfare – caused minorities and migrants to be more harshly affected than most by the outbreak (Greenaway et al. 2020; Cross and Gonzalez Benson 2021).

Not by chance, the multilevel governance of migration policymaking seems very articulate in many countries in the Global North (Zincone and Caponio 2006). National strategies provide general policy orientations, but these can rarely be attuned to peculiar, localized migration configurations. Such multilevel governance arrangements come with ambivalences. Localized immigration policymaking means that a global social fact is managed on a small scale. Whilst the local level may be well positioned to deal with specific configurations of migration processes, governing macro-economic and socio-demographic determinants of migration is outside the reach of most agents, thus policy planning becomes problematic. This complex governance configuration affects the construction of migratory otherness, which takes place through narratives coming from specific configurations of power relations amongst different actors and levels. At the local level, this entails forms of discrimination with stratified sets of entitlement and access chances, due to coexisting institutional orders and discretionary implementation processes.

### **Implicit and Explicit Rescaling**

A pivotal dimension of migration policymaking is its rescaling; the devolution and redistribution of responsibilities to lower tiers (vertical subsidiarization) and amongst different non-governmental actors (horizontal subsidiarization) is key (Kazepov 2010) – and takes place both explicitly and implicitly: explicitly, by devolving jurisdiction to local authorities, and implicitly, by decentralizing related measures (e.g., welfare domains usually accessed by migrant populations, like social assistance and education) or leaving local authorities to cope with migration in isolation. Also, rescaled measures can be shaped as local law enforcement or as a shilly-shally chess game amongst actors at different levels of responsibility (Light 2006; Varsanyi 2010). From a political point of view, it may be problematic to make migrants an explicit policy target. On the one hand, targeting may be associated with ‘separate welfare’. It may be discriminatory and exclusionary, and thus, for example, refugee reception becomes a battleground between exclusionary and inclusive stances (Ambrosini 2021). This approach may risk hindering incorporation, favouring socio-economic separateness, as purported in the debate on the retreat from multiculturalism (Joppke 2004). On the other hand, targeting may

be politically unsustainable, as local constituencies may consider resources for non-citizens as something ‘taken away’ from natives. Migrants are an easy scapegoat – as reaffirmed recently in the social and institutional treatment of mobile persons during the pandemic. Thus, local policymakers often do not explicitly target migrants, preferring to focus on welfare areas and/or neighbourhoods where migrants may be overrepresented (Raco et al. 2014).

Such an implicit and fragmented localization of migration policy may have different outcomes. For example, ‘non-policy’ becomes a viable political choice as migration is a sensitive cleavage, hard to touch in times of nativism (Garcés-Mascareñas and Penninx 2016); the super-diversification of migration produces differential localized incorporation processes. As a consequence, attuning between problems, needs and policy solutions takes place differently and (micro-)locally according to different ‘spatial sensibilities’ (Dikec 2001). Finally, in the frame of neoliberal policymaking, decentralization may be seen as a way of cutting costs. This may be directly, by situating earmarked expenditure closer to places where immigration-related vulnerabilities arise or recurring to austerity measures, or indirectly, by boosting quasi-market solutions in migration policymaking. One example of this is the case of third sector actors entrusted with social services to be provided to specific targets of the population (Barberis et al. 2019).

All these processes contribute to the localized production of policy outcomes, as policies intersect with geographically variable social and institutional landscapes. Evidently, intra-national fragmentation of migration policy outcomes increases, with a pluralization of symbolic barriers and cleavages amongst social groups and neighbourhoods, and amongst cities and regions (Varsanyi 2010; Caponio and Borkert 2010).

Many of these processes are general trends in policymaking and are not specific to migration. Some solutions have distinct impacts in migration policy – in particular, when coupled with policy-specific features, such as a high level of political conflict matched with a low level of structuration. There is evidence that limited institutionalization and fluctuating support by national constituencies may amplify the use of quasi-market tools in the area of migration policy. Competitive calls for funding, and the need to frame services as ever-innovating projects to attract them, result in a wider variability and instability of measures in this policy area. The particular complexity of migration issues (e.g., multiscalarity, plurality of welfare areas involved) may well contribute to blurred outcomes at the local level: “Cities may have fewer resources for dealing with new vulnerabilities, as they are neither protected enough by old welfare arrangements nor have enough voice in local political arenas” (Barberis et al. 2019, p. 969).

## DIMENSIONS OF THE MULTILEVEL GOVERNANCE OF MIGRATION

This articulation of migration policymaking creates more room to manoeuvre both at the local level and in multilevel conflictual bargaining – as was apparent in the recent migration crises. Just focusing on what is going on in Europe, localized migration processes and policies are influenced by decisions taken at the supranational level (e.g., the EU) and in intergovernmental relations (e.g., with Turkey and Libya), by national efforts to gain momentum with populist and revanchist stances (such as Brexit, and anti-immigrant positions in Italy, Hungary, and the

like), and “the increasing prominence of subnational authorities in the decision-making and implementation process of EU politics” (Panizzon and van Riemsdijk 2019, p. 2).

In the discussion that follows, we will account for some configurations of local authorities’ roles in the multilevel governance of migration. In particular, we explore top-down migration policymaking and its effects on localities, as well as bottom-up grassroots mobilizations. The mid-level dimension of local institutions’ agency in multilevel governance structures is discussed in the final section.

### **National Policymaking and Localities: Impositions and Negotiations**

Multilevel governance of migration cannot take the place of state regulation. At the national level, a range of civic stratification conditions are set – where civic stratification implies the existence of different degrees of formal and informal acknowledgement of one’s own status, with hybrid forms of quasi-citizenships having an impact on local incorporation (Morris 2003).

Recent examples include asylum policy, the regulation of undocumented status, and the differential travel policy applied to varied migrant groups during the COVID-19 pandemic. Such conditions are usually governed via amalgamations of international and national norms. Nevertheless, they can be bent locally, through both anti- and pro-immigration stances (Ambrosini 2021), carried out through both legal and informal discretionary actions. For instance, the way that laws are enforced against undocumented migrants can be highly variable at the local level – from active non-cooperation with national authorities, to turning a blind eye, to adding local policing measures to the national ones. The same applies to asylum policy, as cities supporting ‘refugee welcome’ activism and those contesting refugee reception facilities show (Bazurli 2019). Besides the many different reasons behind local choices (related to political stances, community fears, NIMBY strategies, media representations, and instrumental use of protests to voice other local problems), there is room for manoeuvre, even in the face of policy usually governed at upper levels of decision making.

This is evident in the example of refugees’ and asylum seekers’ distributive policies. These are aimed at fair territorial redistribution of reception ‘burdens’ and ‘resources’ – usually balancing equitable allocation and some sort of selectivity. For instance, reception centres may be allocated in areas considered marginal and voiceless (whose constituency is considered expendable), or economically and demographically suffering – in need of a new workforce or public investment in general (Larsen 2011; Bloch and Schuster 2005). The plain implementation of quantitative indicators is rarely the case, since collaboration from local authorities is needed, who are providers of services and mediators in the case of conflict. The very same allocation system may stimulate territorial differentiation, as allocation may be subject to competitive calls, with variable chances to apply and succeed.

### **Civil Society, Grassroots Activism and Migration Policies**

As migration policymaking and implementation scales down to the municipal level in most of the Global North, different actors contribute to local policy agendas. Amongst others, NGOs and civil society have primary importance in defining and enacting welcoming place-based narrations (see also Chapter 5 by Oosterlynck and Saruis and Chapter 6 by Cano-Hila et al. in this volume). They can be a local asset in managing migration issues, for example, in increasing awareness and acknowledgement of multiple voices within local society.

Civil society actors may benefit from having closer proximity to migrants and minorities compared to public actors. Hence, they may be better able to intercept minority and immigrant needs and to act locally. Although their targets and initiatives may be on a smaller scale, their activism can be positive at the societal level, as the vulnerability they cope with can have detrimental effects for society. An example of this can be seen in the recent COVID-19 lockdown in Italy, where a number of local and national NGOs translated key information for migrants – something public authorities had not even considered, to the point that they eventually just used and circulated NGO-produced leaflets.

Of course, the micro dimension and the limited scope of action in local civil society have negative sides, too. First, the uncoordinated proliferation of their interventions may contribute to fragmenting policy targeting and outcomes, resulting in uneven access for different subgroups. Second, since their action has minimal support from the public sector (especially in Mediterranean countries) and is funded through short-term and often sporadic campaigns, even successful initiatives cannot be taken forward for longer periods, limiting their potential (Barberis et al. 2019). Civil society also pressures (local) policymakers, via advocacy and migrant activism as much as anti-immigration mobilizations. While some campaigns are national in scope, they are often kicked off by localized mobilizations, contributing to the visibility of minorities (Nicholls 2011).

As Leontidou (2010) points out, in the last decades grassroots activism has changed significantly. Urban movements offer the opportunity for displaced populations to imagine and define alternative forms of city-living, creating their own ‘counterpublic’ (Fraser 1990). Nevertheless, twenty-first-century movements have become increasingly cosmopolitan, including actors like migrants and their associations and innovative forms of urban activism.

As hostility towards migrants has been on the rise in the Global North, migrants’ access to basic social rights has become jeopardized, in some cases with radical exclusion from most of the social benefits guaranteed to citizens (Cappiali 2016). This situation is even harsher for undocumented migrants, who are excluded from most social rights and subject to higher levels of hostility and discrimination in public discourses. Against this background, migrants’ associations mobilize and contribute to new immigrant identities and forms of resistance (Anderson 2010). Localities increasingly develop into arenas for claiming, as well as becoming a breeding ground for immigrant and minority social movements (Smith and Guarnizo 2009). Local social movements for and of migrants did not stop even during the pandemic, with successful initiatives to support vulnerable minority groups (Wood 2020).

Nicholls (2008) underlines how the very nature of the urban context is supportive of social movements, due to its density, diversity and loose ties. Nevertheless, small towns and rural areas can also provide space for cosmopolitan mobilizations (Cid Aguayo 2008) – as Latinos’ movements promoting voter registration campaigns in the US show (Benjamin-Alvarado et al. 2009). The development and actions of such movements are related to the localized structure of power relations in civil society and political authorities. In this respect, two factors influence social movements’ opportunity structure: the local political tradition, and support networks for vulnerable actors (Nicholls et al. 2016).

First, a traditionally progressive political context is more favourable to the development and success of social movements, as public support is usually higher. Second, networking between diverse actors is crucial, and this is particularly true for immigrant movements, as the support of stronger actors provides access to core bargaining arenas. Where these conditions are met, urban hubs for activists and social movements develop. And when such hubs are



connected by ‘brokers’, their scope and effectiveness is scaled up to wider arenas. Nicholls et al. (2016) point out how non-centralized grassroots movements can be effective in voicing and influencing migration policymaking at both the local and national levels. Proximity and actual engagement, even in small-scale issues, may play a central role in determining the results of mobilizations, and in defining the political weight of minorities.

## MUNICIPAL ACTION: INCLUSIVE AND EXCLUSIONARY PRACTICES

As we have seen, the local dimension has a relevant role in shaping incorporation and social cohesion, as well as in feeding exclusion and vulnerability. Pro- or anti-immigration policy at the local level may be led by a range of actors, both institutional or otherwise and may use different tools to challenge national regulatory frames. We discuss a few examples here.

### Local Ordinances

Municipal action on migration issues does not stem from national policies alone. National and international arenas of migration governance are a reference point for local policymaking, but local players may be at the vanguard of both exclusionary and inclusive initiatives (Ambrosini 2014; Varsanyi 2010). Discourses and practices of both pro- and anti-immigration local stakeholders show that they are in the position to crack given structures of opportunity and policy frames. They can stretch their jurisdiction on migration issues in contested ways.

On the pro-immigrant side, there are local stakeholders and coalitions – including local elites, civil society organizations and unions – supporting migration and integration. In some cases, they explicitly challenge national restrictive measures, as in the case of US sanctuary cities not cooperating with federal law enforcement on migration (Ridgley 2008). Comparable practices can be found in other countries, and whilst specific features may differ, local activism against state control is a case in point (Bauder and Gonzalez 2018).

Defiant actions often seem to be an initiative taken by larger and more powerful local authorities. Metropolitan areas in the US are over-represented amongst institutions not requiring IDs to access services, or creating their own IDs to grant territory-based rights. Nevertheless, it is worth noting that small, disempowered towns may also crack the system.

For instance, Riace is a small town (2,300 inhabitants) in Southern Italy that became an internationally recognized symbol of ‘refugee welcome’ campaigns. Such a small locality has been in the spotlight of the world media due to the way in which it has stretched the national institutional reception system to boost community development. Since 2004, Riace has welcomed over 6,000 migrants and refugees in independent houses located all over the town – implementing a model of scattered reception. This model is politically and judicially controversial (torn down via criminal investigations and politically charged governmental inspections – though a judgement of acquittal was the ultimate conclusion for Riace’s mayor after a trial that lasted for more than three years), and probably not sustainable in the long run, being dependent on external funding. Nevertheless, it is a landmark case of scaling-up opportunities, even in disadvantaged contexts (Driel and Verkuyten 2020).

On the anti-immigration side, local exclusionary ordinances have been studied extensively throughout the last decade (Ambrosini 2013). In the US, the case of Hazleton (PA), where an

ordinance against undocumented immigration defined restrictive conditions for landlords and employers, has been the forerunner of an array of municipal exclusionary measures, which transcended the usual responsibilities of local authorities in migration control (Varsanyi 2010). Whilst these measures do not actually affect the stock of migrants in a locality, they contribute to creating a hostile climate and redefine marginality and localized boundaries of inclusion.

Such measures may be merely symbolic and bashed in courts, but – as Ambrosini (2013) notes – they can be politically successful even when ineffective. Anti-immigrant leaders can proclaim their commitment for the ‘native’ community and blame external actors for any failures. All in all, such measures can propagate and legitimize institutional infringements and the segmentation of rights.

### **Inter-City Networks and Migration**

Another way in which localities play a role in the multilevel governance of migration policy-making is via (transnational) networks amongst cities, aimed at structuring communities of practice to share ideas, policy orientations and guidelines beyond national-framed discourses.

At the European level, such networks are fairly widespread, advocating for a city voice on migration and refugee policy (Caponio 2019), and even deemed partly responsible for making migration a priority on the EU agenda (Favell 1998). To list only a few, *Eurocities* supported *IntegratingCities*, and *Solidarity Cities Network* aimed to boost local implementation of the EU Common Basic Principles for Immigrant Integration and advocate for local authorities’ role in the integration of refugees; the Council of Europe supports the *Intercultural Cities Programme* and *Cities for Local Integration Policies for Migrants* (CLIP), which aims to boost cooperation in the fields of diversity management and local immigrant policy; and UNESCO launched *European Coalition of Cities against Racism* to share practices against discrimination. These networks share a common funding scheme based on supranational organizations and membership fees, and the production of soft governance tools (comparative reports and assessments, good practices, etc.).

Similar initiatives also take place at the intranational level, inside and outside Europe: *Welcoming Cities*, an Australian intermunicipal network, and *Welcoming America*, a US NGO whose members are also local authorities, both aim to provide standards and accreditations for policies targeting minorities at the local level. Both are part of a global network, *Welcoming International*, and they are mostly supported by foundations and members. In cases where funds come from national authorities, like the *Local Immigration Partnership Councils Initiative* in the US, *Welcoming Communities* in New Zealand, and the *Local Immigration Partnership Councils* in Canada, the aim is mainly to boost inter-institutional coordination.

The capacity of such networks to steer national policy may be limited, but they may be fruitful anyway. They legitimize local action in migration policy by showcasing good practice and giving international acknowledgement, provide resources to lobby towards national authorities, and support the reframing of local identities, providing inclusive narratives (Dekker et al. 2015; Oomen 2019).

### **Bypassing the State? The Case of European Competitive Calls for Funds**

The city networks above suggest another way in which local authorities can leapfrog national frames, i.e. accessing funds from supranational and international organizations. We focus here

on the exemplary case of the EU. For instance, amongst the networks above, the Integrating Cities programme was complemented by a number of EU projects, like INTI-CITIES on ‘Benchmarking Integration Governance in European Cities’ or MIXITIES on ‘Making Integration work in Europe’s Cities’, aiming to boost mutual learning among European cities on integration processes.

The European soft governance in this field has been conveyed via a number of funds, as much as via policy documents and databases, such as the local good practices listed on the European website on Integration, or the recommendations from the Partnership of the Urban Agenda for the EU on the inclusion of migrants and refugees (Van Wolleggem 2018).

The EU manages dedicated funds (such as the Asylum, Migration, and Integration Fund) that can be accessed by local authorities, as much as general funds for urban and regional policy that also target migration (Wolffhardt et al. 2019). For instance, the URBACT exchange and learning programme has a focus on inclusion; and the UIA (Urban Innovative Actions) initiative had a strand on the integration of migrants and refugees in two calls out of five. These funds not only provide resources for localized migration measures, but also specific approaches to migration – i.e. participatory tools. The very idea of an explicit focus on migration may be path-breaking in national contexts where ‘non-policy’ and neo-assimilationist frames are common.

## FIRST REFLECTIONS ON THE COVID-19 PANDEMIC AND MIGRATION

In the last months, the COVID-19 pandemic has resulted in a universal interruption to the daily habits and routines of individuals as well as institutions. The most vulnerable sections of the population are more likely to be those paying the highest cost for these disruptions and, amongst them, immigrants in the Global North are surely overrepresented.

The (mainly grey) literature promptly produced in the last few months gives us a critical picture about their condition, in several respects. First, the pandemic has impacted on departures and movement, significantly limiting the ‘regular’ ones, thus fuelling undocumented movement – with all the negative consequences that this entails (Borderline Sicilia 2021). Focusing on the Italian case as an example – a key area in the Mediterranean route for refugee and undocumented migration – after an early decrease of arrivals (-80 per cent), inflows returned to usual trends. Therefore, the pandemic does not seem to have slowed down such movement, but has increased localized concerns and stigmatization related to COVID-19 fears. Second, immigrant workers are amongst those who have suffered most through the health and economic consequences of the pandemic. If, on the one hand, they are overrepresented amongst under-guaranteed workers who are liable to being fired first or not confirmed in the event of economic restrictions, on the other hand they are usually employed in those essential services that must continue functioning, even in an emergency situation, and which endanger the health and life of workers (EU 2021; Dessi 2020). The situation is no better for those who are still within the first reception system (or who have been expelled from it), as it is deemed inadequate to manage the present health emergency, with overcrowded facilities and a lack of safety (Zanardo 2021).

Also the political use of migrants as scapegoats in politics and media has remained unchallenged, contributing to an exacerbation of discriminating and boundary-making processes, as

exclusionary policy practices (where the newest battleground may be the access of migrants to COVID-19 vaccines).

However, once again it is at the local level that most of the pragmatic problems came to light, as well as positive experiences of participation and inclusion. As first hints from a consultancy project we conducted in the Marche region (Italy) underlined, migrants' problems in accessing social and health services (especially newcomers, those not proficient in Italian and/or with limited ICT resources) have been exacerbated during the emergency period. Social distancing jeopardized the effectiveness of welfare services. At the same time, advocacy and minority activists have called attention to migrants' exclusion and enacted solidarity measures – for migrants and for other vulnerable groups (like the elderly).

## CONCLUSION

In the last decades, migration has assumed an increasingly diversified character, due to a series of intertwining factors. Economic globalization, ICTs and increased mobility (at least for some categories of people) are just some of the factors that have contributed to the explosion of coexisting symbolic realms that are challenging the meaning of geographical location, boundaries, and belonging.

On the one hand, such processes have expanded transnational ties, blurred borders and jurisdictions. On the other hand, the local embeddedness of socio-economic conditions has resulted in a challenging kaleidoscope of configurations, where the local becomes a key playground for defining and accessing rights. Therefore, the character and scope of local migration policymaking, grassroots activism and civil society have changed a lot.

We have shown the wide (and contested) room for manoeuvre that local actors can adopt in migration policymaking – beyond, and even against, state action. Immigration policy is increasingly multiscalar, with the policy agendas of local and national actors becoming increasingly divergent. Local agendas are generally more pragmatic in assessing and promoting the role of diversity in their communities (Raco et al. 2014).

As some scholars have underlined (Ram et al. 2013), national institutions are often unaware of diversifying processes occurring at the micro-level, resulting in ineffective interventions. Some local actors seem more successful in taking into account migration-related diversification. However, as underlined by a large study on European cities (Divercities) (Taşan-Kok et al. 2017), local migration policymaking also has its drawbacks. To promote effective local migration policymaking, a number of conditions must also occur.

First, policymaking should be embedded within a favourable cultural and institutional context. In this respect, a pluralist approach to incorporation seems more effective in fostering proactive participation and social cohesion than integrationist and/or assimilationist approaches. Second, local migration policymaking is positively affected by coordinated collaboration between public institutions and civic actors – to both limit fragmentation and leave sufficient room for grassroots action. Regulation should enable governments to support innovative projects dealing with emerging targets. For example, interdepartmental and inter-sectional policy platforms, where various actors have the chance to be acknowledged and to cooperate, may be a useful policy tool. Moreover, local measures targeting minorities should rely on plural funding sources, rather than being dependent on a public support that fluctuates according to changes in policy agendas.

Outcomes and effectiveness cannot be taken for granted: positive and negative consequences are both possible. Amongst the latter, the risk of fragmented, precarious rights – without the possibility of being scaled up to national, international and transnational arenas – is probably most worrying, especially when associated with the expansion of local policing that further jeopardizes rights. The aftermath of COVID-19 outbreak seems to reinforce such criticalities, as vulnerable conditions of migrants and neighbourhoods with higher shares of minority residents seem to increase.

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# 13. Segregation, neighbourhood effects and social mix policies

*Sako Musterd*

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## INTRODUCTION

The concept of segregation has most frequently been applied in connection to geographical space: the uneven spatial distribution of population categories. Segregation has been discussed since the start of human ecology as a discipline. Initially, segregation was seen as a ‘natural process’ (Park et al. 1975 [1925]), but over the past fifty years, scholars of urban studies pointed at the potential negative effects of segregation. They worried about social exclusion and unequal opportunities related to a household’s residential position in urban space (Harvey 1973; Pahl 1975; Fainstein et al. 1992). They criticized the drivers of spatial inequality, and the development of dual, divided, or unequal cities. Part of the critical literature has focused on the role of the welfare regime in producing or mitigating segregation and urban divisions (e.g. Forrest and Murie 1988; Musterd and Ostendorf 1998; Kazepov 2005).

This literature was paralleled by studies of potential effects of spatial inequality upon an individual’s life chances: neighbourhood effects (Rosenbaum 1995; Sampson 2012). Neighbourhood composition or neighbourhood structure and, in particular, strong concentrations of poor households were expected to negatively affect individuals living there. The mechanisms behind these processes were identified as dominance of negative role models, weak social networks and stigmatization (Galster 2012). These insights triggered social mix policies (Musterd and Ostendorf 2012), which have been on the agendas of a wide range of national and local governments in European countries, such as Sweden (Andersson et al. 2010), the Netherlands (Kleinhans 2004), the UK (Goodchild and Cole 2001) and France (Bacqué et al. 2011) – but also elsewhere – in Canada (August 2008), the USA (Joseph 2006), and Australia (Arthurson 2012). Yet, experiences and attitudes towards social mix policies and ideologies are not the same everywhere. Why would that be the case? Is there a relationship to the welfare regime type? Does the level of social (spatial) inequality play a role in explaining different views and ideologies? Is there empirical support for specific positions one can take in the social spatial mix debate? This chapter aims to provide some answers to such questions, based on a selection of the literature on segregation, neighbourhood effects and social mix policies.

A variety of actors with different objectives in relation to urban social development are in support of social mix policies, precisely because they aim to reduce segregation and avoid neighbourhoods that are socially homogeneous. In doing so, policy makers specifically target the lower end of the socio-economic ladder. Concentrations of poor households are frequently addressed as being problematic; concentrations of the affluent generally are not (e.g. Uitermark 2003; Joseph 2006; DeFilippis 2013). Social mix policies are frequently legitimized by suggesting that they would enhance individuals’ prospects, or create ‘better’, more inclusive, lives for residents. Other actors, however, have presented radically different views on

social mix policies and their implications. They argue that such policies predominantly assist the transformation of urban areas, offering opportunities for (state-led) gentrification or other forms of profitable urban development (Bridge et al. 2012). Arthurson et al. (2015, p. 491) presented these contrasting views as “two sides of the same ‘social mix policy’ coin: social inclusion and reductions of concentrations of disadvantage on one side; state-led gentrification on the other”. Because social mix policy may just be state-led gentrification, many critical scholars oppose such policies (Lees 2008).

We observe that there is a clear difference in views and attitudes towards social mix policies between Anglo-Saxon contexts and selected Continental European contexts (including the Nordic countries). We therefore highlight the different views and responses that have been developed in these two types of institutional contexts. One should nevertheless bear in mind that there is also much variation within each of the context types; moreover, within a specific context, different stakeholders may embrace different views.

In the next section of this chapter, attention will first be directed to the concept of social mix. This is followed by a discussion of the most prominent examples of ideological, political and entrepreneurial motives for social mixing policies in the two aforementioned context types. Following this, critiques on social mix policies will be addressed, and then possible alternative interventions in social space will be presented. In the discussion and conclusion section, key outcomes will be highlighted as well as avenues for further research. As an ‘*encore*’, we also briefly relate our findings to the 2020 COVID-19 pandemic.

## SOCIAL MIX, A WOBBLY CONCEPT

In a study on the relationship between housing mix, social mix and social opportunity, Musterd and Andersson (2005, p. 762) defined social mix as a “mix of households according to their socioeconomic position”. This is a common definition, yet several authors refer to social mix in a wider context, and include difference in terms of place of origin, ethnicity, socio-professional position, or in terms of demographic position, such as the stage in the life course (e.g. Bolt et al. 2010; Górczyńska 2017). By widening the scope, further policies also enter the arena, such as migrant integration policies.

Social mix as an urban ideal can be traced back to nineteenth-century Britain (Sarkissian 1976). Socially mixed communities were seen as ‘harmonious’. This was presented by socially engaged planners as the ideal for the development of the ‘good’ society. Much later, particularly in the era after the Second World War, social mix became a keyword in the reconstruction of many cities elsewhere too. Initially, for the rapidly developing universal social-democratic welfare regimes the balanced – mixed – community was a leading principle for urban recovery (Goodchild and Cole 2001). The meanings of ‘balance’ and ‘harmony’ were connected to the concept of social mix until the mid-1970s. Social motives were driving policies aimed at avoiding too large concentrations of poverty, which were seen as potentially harmful. Over the past fifty years, ‘social mixing’ has been embraced by actors from a wider political spectrum, including liberal conservative politicians, and has been applied to address a broader range of urban social issues, as will be shown below. Nevertheless, social mix policies were, by the wider public, often seen as contributing to better living conditions. That legitimisation enabled urban intervention through restructuring, revitalization, regeneration and gentrification in countries like the Netherlands (Kleinmans 2004), Finland (Dhalmann and

Vilkama 2009), Denmark (Alves 2019), France (Blanc 2010), Sweden (Andersson et al. 2010) and Italy (Belotti 2017). Although some of these policies were at least partly initiated to create inclusionary societies, the metaphoric character of the concept – ‘making cities better or more socially inclusive through social mixing’ – in fact also offered ample opportunities for actors with other motives, such as developers and other entrepreneurs. By implication, the connection with social policy and the association with the need to transform cities and neighbourhoods in social, cultural and physical terms offered opportunities to restructure and intervene without generating too much protest.

As will be set out in the next sections, some proponents of social mix policies followed social-democratic views on society and invested in social cohesion; others followed more neoliberal views on society, in which choice, consumer demand and cultural preferences were celebrated, and entrepreneurs could make money in the real estate market. Meanwhile, other actors emphasized the role of capital, class interests, and structures of production and supply; they referred to processes of globalization and economic restructuring to understand social and social spatial processes, and increasingly they started to criticize social mix policies for urban transformation purposes.

In all these approaches and debates on social mix, the concept had different meanings for different actors. Worse still, social mix has rarely been precisely defined. Not only is social mix used to refer to quite different socio-economic compositions of a neighbourhood, it is also applied to refer to mixing population categories in general. As mentioned, the concept may refer to social dimensions as well as to cultural and lifestyle differences often connected to places of origin. Even when it is clear that a specific kind of mix is being referred to, it often remains unclear what the mix is actually meant to be. For example: if a neighbourhood is inhabited by 40 per cent poor, 40 per cent middle-income, and 20 per cent affluent households, it may appear to be mixed, but alternatively it could actually be one of the poorest neighbourhoods in the city, and be perceived as such.

Research claims that negative neighbourhood effects occur when a neighbourhood is stigmatized, for instance through the prevalence of people with a lower position in society, as touched upon in the introduction of this chapter. In such communities, there may be insufficient nodes within networks to assist other members of that network in finding employment or making other progress in life. However, neighbourhood effects only occur when certain thresholds have been passed. Extensive research in Swedish cities has shown that negative neighbourhood effects were limited if less than 40 per cent of the neighbourhood population was labelled as poor; from 40 per cent poor onwards, however, individuals living there were significantly less likely to get out of poverty or out of unemployment (Galster et al. 2015). For many politicians this triggered a call for intervention.

High levels of poverty in a neighbourhood may be addressed directly at an individual level; efforts can be made to help poor individuals in realizing social mobility. Social spatial engineering at the neighbourhood level is another geographical-based option; this stems from the idea that intervention is especially needed in some areas because there are ‘neighbourhood effects’. The aim then is to change the composition of the population within a neighbourhood. However, when this mixing route is followed, policy makers should be cautious not to create extra problems. If ‘the poor’ are specifically targeted in social mix policies, with the solution to the neighbourhood ‘problem’ being a reduction in the share of the poor and an increase in the share of the middle class, then politicians implicitly label the poor as the problem. In

fact, such social mix policies ignore the interests of the poor, who may well be displaced and possibly go on to experience more, rather than less, poverty.

Social mixing is a ‘wobbly’ concept. It can be readily applied in various political arenas and has been used to improve residential conditions for the poor, but also as part of entrepreneurial strategies to ‘restructure’, ‘revitalize’ and ‘regenerate’ urban neighbourhoods without guaranteeing a specific minimum level of social mix or without caring for the most vulnerable residents. The concept of social mixing may be used with the objective of desegregation (Kleinhans 2004; Alves 2019), but sometimes it also functions in urban redevelopment, gentrification and social upgrading in specific neighbourhoods, often without an eye for the interests of the poor (Lees 2008; Bridge et al. 2012; Arthurson et al. 2015). Social mix policies therefore require analysis in which the benefits of the policy, and especially the questions about ‘benefits for whom’, must be critically addressed.

## POLICIES IN VARIOUS CONTEXTS

Social mix policies are applied in a wide variety of state contexts. Interestingly, states differ from one another with regard to their views on urban development, as well as on their societal objectives in general, and their social mix policies in particular. Here, we will show such differences by comparing selected Anglo-Saxon and Continental (West and North) European contexts.

In Anglo-Saxon contexts, such as the US, UK and Australia, liberal conservative welfare regimes are predominant. Individual choice and offering equal opportunities, as well as the commodification of markets, have a higher weight in such contexts compared to a range of (West and North) Continental European contexts. This resonates in higher levels of social inequality in (neo)liberal societies, which over time, is reflected in higher levels of segregation (Musterd and Ostendorf 1998; Bischoff and Reardon 2014; Marcinczak et al. 2016). In several Continental European contexts, there are welfare regimes with a relatively strong social-democratic or corporatist history (Esping-Andersen 1990), which still characterizes their profile, even though these contexts are rapidly moving to neoliberal types as well (Musterd 2020). In these state contexts, decommodification still receives attention, as expressed in relatively strong regulation of several markets, and in the fact that the state pays more attention to collective effects of individual behaviour. This resonates in lower levels of social inequality, which is reflected in lower levels of segregation.

In both types of contexts, urban interventions have been employed with the aim of changing the population composition in specific areas, and both refer to social mixing, yet may have different objectives and motives. The context also differs in terms of levels of social inequality, and although their stated aim in favouring social mixing is to reduce segregation or concentrated poverty, the eventual outcome objectives may be very different.

Social inequality in (urban) societies is often measured through Gini coefficients. Higher values express greater social inequality. Gini coefficients in the US, UK and Australia are clearly much higher than in the selected West and North European countries. Table 13.1 shows the figures of other states that have also applied social mix policies.

Nowadays in Anglo-Saxon contexts, market forces direct most of the social (and spatial) processes (Esping-Andersen 1990). Nevertheless, concentrations of socially vulnerable people are receiving attention within these settings. This is usually organized through one

*Table 13.1 Gini coefficients (disposable income, post-taxes and transfers) for selected countries*

Context type	Country	Gini coefficient	Year
Anglo-Saxon	US	0.397	2016
Anglo-Saxon	UK	0.351	2016
Anglo-Saxon	Australia	0.337	2014
Continental European	Netherlands	0.285	2016
Continental European	Germany	0.293	2015
Continental European	France	0.295	2015
Continental European	Sweden	0.282	2016
Continental European	Belgium	0.268	2015
Continental European	Finland	0.259	2016

Source: OECD.Stat (<https://stats.oecd.org/>); select Income Distribution Database by country – Inequality.

of two ways: by addressing individuals or addressing neighbourhoods. The first way, targeting individuals who may be harmed by the social composition or level of poverty in the neighbourhoods they live in, aims to enhance their social, economic and cultural participation in society. This should be based on research into the individual social and economic opportunities, attitudes, positions, and behaviour in connection to potential neighbourhood effects. Such research has long been criticized for being based on assumptions that could not be properly evaluated because of lack of adequate longitudinal data, and because of wicked methodological problems related to selection bias and potential non-linear relations between neighbourhood characteristics and individual outcomes (see Weinberg et al. 2004; Galster and Sharkey 2017; Musterd et al. 2019). Yet, over the past few years, robust and comprehensive studies are showing that the social composition of neighbourhoods can have significant effects on social outcomes for individuals (Hedman and Galster 2013; Galster et al. 2015). When such effects are manifest or plausible, authorities in liberal societies feel compelled to intervene, because they are supposed to offer equal opportunities to all. Individuals are addressed, and are expected to ‘take’ the opportunities that are offered, for example, by moving to neighbourhoods with a higher share of middle-class households, the pre-eminent role models.

Interventions are generally organized through programmes. The most well-known in the US are the *Gautreaux* programme (Rosenbaum et al. 2002; Rosenbaum 1995) and the *Moving-to-Opportunity* (MTO) programme (Ludwig et al. 2008). These offer residential mobility options to individual households who find themselves in areas of concentrated poverty.

The second way is through targeting neighbourhoods. In the US, the HOPE VI programme is the most well-known representative of this mode. Hope VI cases are typically neighbourhoods of concentrated poverty, with a one-sided population, characterized by an extremely low social status. The HOPE VI programmes are characterized by extensive demolition of public housing, replacing it with mixed-income housing (Curley and Kleinhans 2010; Goetz 2010). Individuals would be expected to benefit from being “freed of the negative area effects associated with high levels of income and racial segregation” (Goetz 2010, p. 137). However, whether the programme really contributes to a ‘better’ life for individuals remains to be seen. Goetz actually found that “evidence points to the fact that forced displacement caused by such neighbourhood intervention interrupts social support networks that are important to very low-income families” (2010, p. 152). The restructured neighbourhoods were expected to offer

improvement, but as Goetz (2010) and Curley and Kleinhans (2010) have described, the HOPE VI programmes in the US resulted in the displacement of the poor to other neighbourhoods, while the demolished sections of the neighbourhood were filled up by more expensive rental or owner occupied housing. Goetz (2010, p. 153) observed that the programmes typically “activated nascent land markets or swept away the last remaining obstacles to gentrification”, and thus served market-led redevelopment processes. The whole process generally resulted in a net loss of social housing units, and thus a loss of affordable housing. In a HOPE VI resident tracking study, Popkin et al. (2004, p. 407) reported that about 40 per cent of the tenants who were forced to relocate “have ended up in other, distressed high-poverty neighbourhoods”.

In the UK (*New Deal for Communities*) and in Australia similar programmes have been developed (Kleinhans 2004; Arthurson 2005; Lawless et al. 2010). In these programmes, neighbourhoods with high levels of poverty were targeted and efforts were made to create more ‘income mix’, ‘social diversity’ and ‘social balance’. Again, these resulted in the displacement of the poor and a reduction of affordable social housing (Lupton and Tunstall 2008). The aim, it was said, was to deconcentrate low-income neighbourhoods, and they went about that by building more expensive housing, and attracting higher-income households; tenure diversification was thus used as an instrument to create social mix, but the housing prospects of the expelled poor were hardly addressed in the restructuring plans (Joseph et al. 2007; August 2008; Lees 2008; Arthurson 2012).

In the selected Continental European contexts, attention initially focused more on the neighbourhood collective than on the individual. Social mixing of urban neighbourhoods and active desegregation policies have been key objectives of the interventions (Bolt et al. 2010; Blanc 2010). Socially mixed or ethnically mixed neighbourhoods were seen to support social inclusion, generating social capital, assisting integration and stimulating social mobility. In contrast, high levels of spatial segregation of different population categories were seen to cause negative collective outcomes, triggering processes of estrangement and social exclusion. The responses include area-based desegregation interventions, which applied similar strategies as described with the HOPE VI programmes, often through demolition and redevelopment. However, the national or local governments tended to be generally more social-driven in the European realm (Musterd and Ostendorf 1998; Arbaci 2007; Maloutas and Fujita 2012). Whereas in several Anglo-Saxon countries, state-led social mix policies were quickly seen as in support of market-driven gentrification processes (Lees 2008), in West and North Continental European countries, such interpretations only came into vogue later, mainly from the 1990s onwards. Andersson et al. (2010) described the role of the Swedish state (and later the local governments) in their fight against segregation and how they tried to create social mix in urban neighbourhoods. In the Netherlands, Musterd and Ostendorf (2008) gave an overview of urban policies that have been applied from the 1960s onwards and found that in the 1970s social justice motives were feeding neighbourhood renewal plans; this was followed by a phase (during the first half of the 1980s) in which efficiency and economic development dominated urban renewal plans, but after that a new phase of social justice driven policies began (1985–2010, with a short interruption between 2004 and 2007). These policies aimed at social cohesion, social mixing, improving participation and preventing the development of parallel societies. As in Sweden, many of the programmes also directly targeted residents who were in need of support, frequently through employment and language programmes for immigrants, and improving school performance. Yet, at the same time, specific neighbourhoods were also targeted through area-based policies. These policies also received much

critique, but not because they were regarded as hidden gentrification and social upgrading policies. Rather, there were empirical arguments for the critique. Specifically, the selection of a limited number of neighbourhoods was addressed (Van Gent et al. 2009). Such a selection might have been legitimate if the neighbourhoods had stood out relative to others that had not been selected, but that was not the case. Many non-selected neighbourhoods appeared to have similar characteristics as the selected ones. Van Gent et al. (2009) showed that only a very small share of the targeted poor population of the entire country was living in the selected ‘poverty neighbourhoods’ – in the Netherlands only some 8 per cent (where only 5 per cent of the population of the entire country was living). In Sweden, fewer than 5 per cent of the poor population were reached through similar types of intervention (Andersson and Musterd 2005). In the Netherlands, these observations resulted in questions in parliament. Ironically, this coincided with the start of a neoliberal era from 2010 onwards, in which special attention for social urban programmes virtually disappeared (Musterd and Ostendorf 2021).

Urban policy in several European countries was thus characterized by area-based interventions aimed at social mixing. Alongside the policies already mentioned, these included the *Social Impulse Fund* in Flanders, Belgium, the *Contrats de Ville* in France, and the *Soziale Stadt* policy in Germany. In these contexts, social balance in neighbourhoods was often addressed through social policies with tenure-specific interventions. This was perhaps most evident in France. Bacqué et al. (2011) described social mix policies in Paris, from the 1980s onwards and underlined the social motives. Nevertheless, they also conclude that “the most vulnerable people are actually losers in the social change” (Bacqué et al. 2011, p. 271). They add that, “The rhetoric of social mix tends to make the middle classes the reference point for the ‘social bond’, imposing their cultural and social norms within a logic of ‘integration’ where the working classes remain confined in a situation of domination.” Finland has been confronted with social and ethnic inequality rather late, and although such inequalities were initially fairly moderate from an international perspective, the response was strong. Dhalmann and Vilkkama (2009) argue that this was a preventive response out of fear of losing the balanced society that they had. The Social City policy in Germany also addressed the most vulnerable neighbourhoods, and prioritized social policies, but not generally social mixing per se. Although a huge number of cities participated in the programme, the overall budget was rather limited. Nevertheless, through combining these moderate means with other budgets, it offered opportunities for a range of social policies (see Chapter 21 by Güntner in this volume).

Just like Swedish and Dutch policies, several other Continental European policies were grounded in social-democratic, or at least relatively egalitarian regimes. At the start of the programmes especially there seemed to have been a genuine belief that the interventions would help the lower social classes and would facilitate migrant integration. Concepts such as ‘solidarity’ were celebrated, while there was also a strong fear of the development of ‘parallel societies’ with people that would live their own lives and make their own rules. Vogelaar (2007), a former Dutch Minister of Housing, reported such aims to parliament. The fear of parallel societies is also prominent in the recent Danish ‘anti-ghetto’ policy (see EU Flash Report 004, 2019). Bringing everyone together in one system was an explicit objective, even though in practice such policies have actually *stimulated* the development of parallel societies (see Musterd 2020). In recent years, fears connected to the loss of social order or national identity also plays a role in social mix and integration debates (Uitermark 2003; Phillips 2010).

## CRITICAL COMMENTS ON SOCIAL MIX POLICIES

The most energetic, early, and extreme critiques on social mix policies seem to have come from scholars who operate in Anglo-Saxon contexts (Bridges et al. 2012; Lees 2008), where neoliberalism was embraced early and intensely. Social mix policies are frequently rejected altogether by such scholars because they tend to be implemented in pursuit of upgrading and gentrification, in support of urban development and restructuring, and private sector capital gains (Lees 2008; Slater 2009). An interesting observation comes from Arthurson et al. (2015), with regard to Australia, a country which used to pay more attention to social policy, yet has rapidly moved into neoliberalism over the past decades. In reference to the latest financial and housing crisis, they comment:

there was a gradual move away from perceiving social mix as a policy tool for encouraging social inclusion between public housing tenants and private residents towards a different form of social mix and inclusion. The new form of social mix is perceived as a means to harness market capital and attract higher income residents to the inner city. (Arthurson et al. 2015, p. 503)

This seems to have become the dominant view on social mixing, even in several Continental European countries where neoliberalism has increasingly gained territory (Uitermark 2003; Bacqué et al. 2011; Arbaci and Rae 2013; Hochstenbach 2017; Van Gent et al. 2018). All of this does not imply that market-driven urban policy was not criticized before. Rex and Moore (1967), and Forrest and Murie (1988), for example, were early to clarify that in European contexts issues around welfare and not-for-profit housing were much higher on the agenda than they were in North America. Musterd (1996) related social spatial processes to more structural factors and raised the question of whether reducing income inequality would not be a more effective intervention strategy than the national social spatial engineering strategy of socially mixed housing to improve individuals' socio-economic opportunities. In a similar vein, some 17 years later, DeFilippis (2013, p. 70) criticized the social mix policies because they were used as "spatial fixes for sociopolitical economic problems". He argued that there is now considerable consensus that labour and welfare policies, rather than social mix policies, should guarantee that people are not poor anymore. Nevertheless, the critique on social mix policies seems to have been more moderate in Continental European contexts that were, and often are, characterized by more social and redistributing welfare regimes (Musterd 2020). This has its logic in lower levels of social inequality, smaller concentrations of poverty, and lower levels of segregation.

Yet, there were also *other* critiques of Continental European scholars on state-induced social (and tenure) mix policies. These critiques were based on empirical evaluations of such policies. Lelévrier (2013), for example, observed that the French social mix policy did not significantly improve the lives of the poor, especially when tenure mix was implemented at the level of a building block. Again, others confronted the policies with the opinions of different categories of the population who were targeted by the policies. In a study on residents' views on social mixing, Musterd (2008) observed that people with strong social networks were more positive on social mixing if they lived in socially mixed situations themselves, but not if they lived in homogeneous environments. Those who had negative opinions about their neighbours were more negative about social mixing in general, but they were even more negative if they lived in mixed situations, and especially if they were owner-occupiers. Blokland and van Eijk (2010) studied life in a mixed inner-city neighbourhood in Rotterdam. Interaction between



newcomers and those who had settled before was limited. Each had rather homogeneous networks; also among those who chose the neighbourhoods because of its diversity. Andreotti et al. (2013) found that middle-class households are selective as to with whom they want to interact. Schuermans et al. (2014, p. 478) even demonstrated that “few middle class whites actually want to live in a mixed neighbourhood”; and that “those living in diversity do not necessarily take up the roles they are expected to take up by the advocates of social mix policies”.

Overall, social mix policies have been firmly criticized. The call for more direct intervention by a strong welfare regime may be legitimate. In this context, it is important to acknowledge that in several Continental European countries, social (spatial) inequality is still relatively low, although increasing. Many welfare regimes appear to continue to pay much attention to redistribution, solidarity, and relative equality, combined with equal access to social security, housing, health care and education. These forms of egalitarianism may still provide a basis for mitigating the negative effects of globalization and economic transformation, and may support decommodification and inclusion (Musterd 2016). These differences are still there and may be used to formulate an alternative to social mix policies, with a Continental European signature.

## ALTERNATIVE APPROACHES: HOMOGENEOUS NEIGHBOURHOODS IN HETEROGENEOUS DISTRICTS?

Bacqué et al. (2011, p. 271) observed in their Paris study that:

The social dynamics created [by the social mix policy] ... include a strong dimension of conflict between the ‘old’ and the ‘new’, connected as much with living alongside people one has not chosen, with feelings of downward social mobility and with forms of social and racial rejection, as with the opposition between different social norms. So, for the working classes, the eagerly awaited social cohesion and the school effects of the spatial proximity of the middle classes have not materialized. In fact, at various scales, these social mix policies seem to create as many problems as they solve.

Walks (2015, p. 3), in an extensive discussion of Arthurson’s work on social mix policy, observed that:

the assumptions that home-owners and social housing tenants will socialize together; that physical proximity will automatically produce respect, understanding, and community cohesion; that the kids of home-owners will attend and in turn enhance local public schools; or that having higher-income home owning households living nearby will somehow raise the living standards of the poor or act as ‘role models’, are all found wanting. Instead, in some places community conflict increased, there remained limited social interaction between different classes, and many wealthier kids went to private schools, post redevelopment.

If these observations and findings (and those of other scholars who address difficulties connected to the geography of encounters, such as Gill Valentine 2008) are combined with the critical comments and observations addressed above, it seems logical to start thinking of new approaches in urban social policy, which more cautiously respond to a variety of critical issues that have been raised. Such new approaches can be ‘radical’, but also ‘critical realist’, starting with the broader dynamics currently experienced. Typically, in individualized and increasingly neoliberal societies, individuals tend to behave in such a way that a certain social homogeneity of environment will result (McPherson et al. 2001). This can be illustrated in the

residential sphere, but also in the area of school choice, or in other spheres (Sampson 2012; Van Gent et al. 2019; Boterman 2012). The above-mentioned literature shows that where individuals experience some freedom in their behaviour, they are likely to search for environments that mirror their own position and – if possible – their preferences. Socio-economically strong households will often try to find a dwelling and place to live that fits their social status. Preferences for residential or educational environments are not just associated with homogeneity in terms of socio-economic characteristics, but also with demographic and social cultural values and attributes (Musterd et al. 2016). Wessel and Nordvik (2019) recently studied these processes in Oslo, Norway, and found that the neighbourhood composition in terms of the presence of non-Western migrants positively relates to ‘white flight’, mobility of so-called native Norwegians, away from migrant concentrations. These processes are in fact facilitated by (neo)liberal governments, that actively stimulate homeownership and private markets. Limited choice of the less well-off implies that they are left behind, relying on the most affordable neighbourhoods. This will result in higher levels of segregation, which in turn may create problems. Most governments will be aware that causes of segregation are mainly structural: globalization, economic restructuring and social inequality; but few governments will develop a drive to fight against these structural factors. Some may try to reduce inequality through individual rent subsidies, high-level minimum wages, and generous unemployment and disability benefits, etc. (Esping-Andersen 1990). But even that seems to be difficult in this era.

A sub-optimal type of intervention that reduces the negative effects of the developing socio-economic spatial differences might then be to ‘go with the flow’ and apply more moderate forms of intervention. This might imply acceptance of relatively homogeneous neighbourhoods, but at a relatively small scale. When more of these homogeneous neighbourhoods are later developed, they could be arranged in such a way that together they would form heterogeneous districts; in these districts people might still be able to socialize, assisted by the shared use of a wide array of private and public services, such as schools, shops, sports facilities, libraries, public space, health services, etc. This idea, amongst others, was already mentioned half a century ago by Grünfeld (1970). More recently, Damhuis et al. (2019) further developed this idea and combined it with an alternative view of inclusive neighbourhood policy. The alternative view leaves the rather static and average ‘socially mixed’ neighbourhood concept behind. It introduces an approach in which individual choice, the dynamics one experiences throughout the life course, and a more relaxed attitude towards some homogeneity, are the key elements. The alternative is based on the idea that households are – to some extent – ‘allowed’ to articulate their own relative choices, whilst ‘fitting’ their neighbourhood to their ambitions and to what they can afford. This must be seen as part of a dynamic process. Households will usually move to another residential milieu when they enter a new stage in life, both demographically and socio-economically; they seem to use the neighbourhood ‘as a coat’. The coat will fit for a while but may later be changed in favour of another when conditions change. Ideally, the urban region offers the entire set of neighbourhoods that are required: the ‘wardrobe of neighbourhoods’ (Damhuis et al. 2019). This alternative may reduce conflicts between different residents, avoid destruction of existing social networks, increase social cohesion, and reduce the atmosphere of superiority and inferiority of people with different socio-economic positions within a neighbourhood. Local and national governments might simultaneously make efforts to avoid homogeneous spaces becoming too large or too weak.

Some forms of social spatial engineering might be required to create the situation referred to above: 'relatively homogeneous neighbourhoods in relatively heterogeneous urban districts'.

## CONCLUSION

In this chapter, social mix policies have been addressed, including a discussion of how they relate to segregation and neighbourhood change. Such policies may have been ignited by local or national governments, depending on the level of centralization of political power and on the prevailing tax systems in different countries. It was beyond the scope of this chapter to also discuss the impacts of these system differences, but decentralized systems are likely to create more varied objectives and results. Irrespective of the different systems, ideological views on social mixing play a role in what the social outcomes will be. They will most certainly be affected by the socio-political context in which they are embedded.

Critique on social mix policies relates to the various welfare regime models, but in more recent years seems to have become more hegemonic. Two types of critiques take centre stage. The first is based on empirical analysis of the outcomes of social mix policies, and frequently presents dissatisfied messages. The second seems to be the dominant critique, which is that social mix policies mainly must be recognized as neoliberal efforts to facilitate market processes, and that they should not be labelled as social policies anymore. A growing number of governments have adopted neoliberal principles, and stimulated recommodification, deregulation, and the fine-tuning of regulation in favour of market processes (Mishra 1999; Block 2019). Many scholars referred to in this chapter argue that neoliberal welfare regimes replaced other welfare regimes and subsequently fuelled social mix policy models, which prioritize private entrepreneurial objectives. Although there still are different approaches in Anglo-Saxon and Continental European contexts, due to specific histories and path dependence, the differences seem to be declining. Welfare states are not disappearing, but increasingly actively supporting a smooth functioning of market processes. These processes may eventually assist gentrification processes, produce higher levels of social inequality and increase segregation.

That analysis also calls for alternative models on how to respond to urban social spatial structures that are regarded as unequal or as offering unequal opportunities for urban households. In this chapter, some initial ideas regarding such an alternative approach have been presented. These ideas include efforts to respond to the critique, but also aim to take account of structural forces that come with current governance. This entails efforts to establish urban social structures, which can be summarized as: relatively homogeneous small neighbourhoods embedded in relatively heterogeneous urban districts. This would facilitate individual preferences within certain boundaries, but avoid negative effects of large-scale concentrations of less privileged households, and take account of the fact that households have different needs in different stages of their lives. This does not imply a *laissez faire* attitude of governments. When households are being 'trapped' in their neighbourhood, active intervention is required; and when segregation becomes manifest at a large scale, and isolation from other parts of the urban social arena becomes a real threat, again intervention is required. This implies that either local or state level welfare regimes should maintain their power to intervene.

## ENCORE

From March 2020, COVID-19 has added a new dimension to debates on local social spaces. These spaces – neighbourhoods – are fundamentally characterized by their residents and the social interactions between members of a network in and outside of their neighbourhood. These interactions also constitute an essential element of the social distancing policies most governments have applied during the pandemic. The network interactions are not the only factors impacting on the pandemic, but they are regarded as very important. Public and private places of encounters – cafés, restaurants, discos, nightclubs, market places, parks, and theatres, as well as super-spreading events such as festivals, sports games, and concerts – are among the other key factors. Kuebart and Stabler (2020) argue that the interconnectedness of territories, spaces, places and in particular personal networks is key to understanding the pandemic. Hamidi et al. (2020) support the importance of well-connected larger metropolitan areas and strong networks. Surprisingly, the impact of population density itself appeared not to add significantly to the level of risk (also supported by the NYU Furman Center 2020). Hamidi et al. suggested that social distance guidelines and superior urban health care systems may explain the limited effects of density.

Connecting these observations with the issue of social homogeneity and social mixing, we hypothesize that social distancing in socially homogeneous neighbourhoods will be more challenging than in heterogeneous neighbourhoods. When homogeneous neighbourhoods are also characterized by an overrepresentation of lower educated residents or people suffering from diabetes, asthma or obesity, the risk of becoming a victim of COVID-19 will further increase (as was also found in a survey of the Furman Center). Socially heterogeneous neighbourhoods would, however, not be the solution; individuals would have to travel to other places to encounter their network members; this may trigger more exposure to non-network members as well.

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## 14. Local segregation patterns and multilevel education policies

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### INTRODUCTION

Educational systems can be key institutions for social mobility. At the same time, based on their structure, curricula and selection mechanisms, they can also be a key factor in social reproduction (Bourdieu and Passeron 1990; Ball 2003) in quite intricate and context-dependent ways. Inequalities across social class, ethnicity and gender are therefore strongly influenced by educational policies.

School segregation – the unequal distribution of children of different social and ethnic backgrounds across schools – is one of the more important manifestations of educational inequality. Although being characteristic of, and a problem of, the entire educational system, school segregation always appears in specific spatial and local institutional contexts and is predominantly an urban phenomenon (Boterman et al. 2019; Butler and Hamnett 2007). One area of research has analysed the relationship between residential and school segregation, illustrating how residential patterns are central for understanding school segregation, particularly in primary education (Butler and Hamnett 2007). Meanwhile, other studies have mainly focused on the role of parents' choice strategies in school segregation and educational inequality (Boterman et al. 2019; Wilson and Bridge 2019). Although there is a substantial body of literature that integrates institutional perspectives with the choice behaviour of parents and resulting social and spatial inequalities, less attention has been paid to the interrelationships between, on the one hand, institutional contexts and the role of their regulations and policies, and on the other, the spatial context in which parents select schools. However, since policies provide the institutional context parents operate within, they thus set the framework of rules and sanctions enabling certain practices and hindering others. They have a significant effect on parents' school choices, and subsequently, on school segregation (Raveaud and Van Zanten 2007).

Across the globe, there has been a trend towards the decentralization of management and administration in education associated with the introduction of quasi-markets, higher levels of competition, school choice, and evaluation and performance indicators (Klitgaard 2007; Makris 2018). The aim of the decentralization of responsibilities is to make educational systems more efficient, anticipating that “the redistribution of power to a school level will stimulate educational innovations designed to meet the needs of pupils, parents, and employers” (West et al. 2010, p. 452). In combination with free parental school choice, allowing schools to display more competencies and autonomy is mainly assumed to induce competition between schools, and subsequently, expected to result in quality improvements in education (Forsey et al. 2008). Both the decentralization and marketization of educational systems are part of a broader performance-oriented, neoliberal shift in education that can be discerned across most national contexts (Ball 2003; Makris 2018). It has already been suggested that



this introduction of market mechanisms in education has exacerbated inequalities within and between schools (Ball 2003; Hursh 2005; Makris 2018). However, decentralization does not necessarily equate to neoliberalization, as evidenced by the historically decentralized systems of social democratic Norway and Sweden.

Explaining the institutional patterns and causes of segregation in different spatial contexts is an analytical endeavour that should consider multiple layers: educational and spatial policies, the power of and the room to manoeuvre at each level, and the ways in which the different levels are interwoven. Policies aimed at combatting segregation and educational inequalities originate from and affect several institutional levels, whereas the level of attention and the understanding of how to deal with these inequalities are not necessarily consistent. Moreover, besides the different competencies at various administrative levels impacting upon local segregation patterns, the gap between official policy and policy-in-action should be considered (Ramos Lobato 2017; Van Zanten 2005). This depends on interests, knowledge, autonomy, and the subsequent interpretation of regulations by local educational authorities and schools. Studying the interplay between educational policies and dynamics at different institutional levels and how these are embedded within particular spatial patterns is therefore a prerequisite to understanding how segregation manifests itself in a specific local context, how it is reproduced and how it can be mitigated.

In this chapter, we aim to cast light on the relationship between local education policies and school segregation patterns from an international perspective. Therefore, we first present an overview of the explanations of school segregation and how they are related to variations in educational policies and territorial structures. We have focused on three main dimensions and their relationship in shaping school segregation patterns at the local level as follows: (1) the (local) institutional context; (2) the spatial context; and (3) parents' school choice practices. To explain the interrelationship between these, we discuss two recent policy interventions, both of which pay attention to the significance of parents' school choices for school segregation: one by controlling, and the other by expanding parental choice. In the first example, Mülheim an der Ruhr, North Rhine-Westphalia (NRW), Germany, increased parental choice was introduced within a context in which geography previously played a pivotal role. In the second example, Amsterdam, the Netherlands, parental choice was free but is now tied more closely to place of residence. By drawing on these and other international examples, our aim was to uncover the (institutional) mechanisms behind school segregation and to shed light on both the opportunities of, and limits to, school policy interventions.

## THE LANDSCAPES OF SCHOOL SEGREGATION: INSTITUTIONAL AND TERRITORIAL EXPLANATIONS

School segregation emerges from the complex interplay between demographics, geography and institutional contexts, which come together in what has been referred to as educational landscapes (Boterman et al. 2019). The patterns and trends of segregation, as well as the policies combating them, are thus strongly differentiated between different educational landscapes. Nevertheless, we can discern several dimensions that play a central role in shaping school segregation patterns at the local level. These are all closely interlinked. First, educational landscapes are institutional contexts which are a complex and multi-layered amalgam of national, regional and local education policies and regulations that guide and structure schools'

admission policies and strategies, parents' school choice practices and educational outcomes. Second, these dimensions have territorial aspects relating to the size and distribution of different social and ethnic groups in urban space, but also to the location of different schools. Both institutional and territorial dimensions of school segregation are strongly interrelated and therefore often difficult to separate. Third, school segregation patterns at the local level are formed by how parents navigate these educational landscapes differently. Parents' choices and the underlying norms and values are based on wider relationships of class and race, and these are strongly embedded in the territorial and institutional context in which parents operate; ultimately, these all contribute to specific patterns of segregation.

Using these three dimensions as the key analytical perspectives of this chapter, the following section makes this interrelationship more explicit. Whilst predominantly focusing on the institutional dimensions of school segregation, we then discuss how geography is intertwined with the territorial dimension and how parents interact with this.

### **Institutional Dimensions of School Segregation: Multilevel Governance**

Amongst the key institutional aspects particularly affecting levels and patterns of school segregation are allocation regulations and the degree of parental choice (catchment areas versus choice-based systems), school autonomy with regard to the admission process, as well as funding schemes, and school differentiation (e.g. public versus private, religious denominational schools, or schools with a specific pedagogical focus) (Boterman et al. 2019; Wilson and Bridge 2019).

Although school segregation always manifests itself at the local level, the institutional context in which it unfolds is shaped by policies and governance at different administrative levels: national, regional, local and school. Thus, understanding the way in which educational inequalities manifest themselves in segregation requires a multilevel approach. Much of the literature discusses educational contexts from the perspective of the national state and tends to compare the performance and equity of national educational systems (OECD 2012a; Van de Werfhorst and Mijs 2010). This is related to the fact that typically, general policies, such as pupil selection and tracking, are decided at the national or federal level. However, as illustrated in Table 14.1, most countries are highly variegated in terms of how the competencies, policies and their effects are organized across different levels.

The Netherlands, England and Estonia stand out as countries in which schools are highly autonomous; however, at the other extreme, Greece, Luxembourg and Norway allow schools to have little autonomy, but differ in terms of the level of government that makes most of the decisions. In some countries, such as Norway and the USA, municipalities are the key level of decision-making, whereas in Luxembourg, Mexico and Portugal, education policy is centralized at the national level. As a result of its federal structure and the strong tradition of regional government, Germany has a fairly diffuse distribution of power between the various levels. However, at the federal level the legislative purview in the field of education is within the sixteen federal states (*Bundesländer*).

When studying local patterns of school segregation, the distribution of competencies is highly relevant because: (1) the laws and regulations that govern the funding and the conditions for founding, closure, and operating of schools largely shape the specific educational landscapes at the local level; and (2) the distribution of competencies determines the legal scope (local) governments have to counteract and/or mitigate segregation. Consequently,

Table 14.1 *Share of decisions taken in educational policy in OECD countries at different government levels*

	Central	State	Provincial/ regional	Sub-regional	Local	School	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	n	51	a	a	a	49	100
Austria	33	22	n	a	14	31	100
Belgium (Fl.)	n	29	n	a	n	71	100
Belgium (Fr.)	n	72	n	a	n	28	100
Canada	n	31	a	a	49	19	100
Chile	13	n	n	a	41	46	100
Czech Republic	1	a	3	n	28	68	100
Denmark	22	a	n	a	34	44	100
England	n	a	a	a	19	81	100
Estonia	4	a	a	n	20	76	100
Finland <sup>1</sup>	n	a	n	n	100	x(5)	100
France	32	a	16	20	n	32	100
Germany	n	36	13	8	21	23	100
Greece	78	a	12	a	5	5	100
Hungary	10	a	a	n	23	67	100
Iceland	3	a	a	a	36	62	100
Ireland	50	a	a	a	n	50	100
Israel	50	a	5	a	13	32	100
Italy	38	a	19	a	4	38	100
Japan	13	a	31	a	35	21	100
Korea	25	a	32	a	4	39	100
Luxembourg	87	a	a	a	a	13	100
Mexico	41	43	a	n	a	17	100
Netherlands	14	n	n	n	n	86	100
New Zealand	m	m	m	m	m	m	m
Norway	21	a	a	a	65	15	100
Poland	26	a	n	n	26	47	100
Portugal	78	a	n	a	n	22	100
Scotland	15	a	a	a	37	48	100
Slovak Republic	33	a	n	a	7	59	100
Slovenia	38	a	n	n	10	52	100
Spain	16	43	16	a	n	25	100
Sweden	18	a	a	a	35	47	100
Switzerland	n	63	a	a	12	25	100
Turkey	61	a	20	a	a	19	100
United States	n	25	a	a	53	22	100
OECD average <sup>1</sup>	24	12	5	1	17	41	100
EU21 average <sup>1</sup>	27	9	4	1	13	46	100
Argentina	m	m	m	m	m	m	m
Brazil	m	m	m	m	m	m	m
China	m	m	m	m	m	m	m
India	m	m	m	m	m	m	m
Indonesia	10	a	n	33	a	57	100
Russian Federation	m	m	m	m	m	m	m
Saudi Arabia	m	m	m	m	m	m	m
South Africa	m	m	m	m	m	m	m
G20 average	m	m	m	m	m	m	m

*Notes:*

a Data is not applicable because the category does not apply.

m Data is not available

n Magintude is either negligible or zero

<sup>1</sup> Finland is not included in the averages*Source:* OECD (2012b).

educational inequality can be produced and hence should be addressed in quite heterogeneous ways and on distinct territorial levels. Thus, whilst the decision-making power at the local level seems to be most relevant for explaining segregation patterns, and certainly for counter-acting them, a multilevel approach is needed to understand local segregation patterns.

In more centralized systems, schools have little autonomy, and the central state has a strong influence. Nevertheless, regional and municipal differences are substantial. For instance, in France, segregation is strongly influenced by national policies aimed at creating an equitable unitary system. However, these national policies play out differently in different places. The *carte scolaire* – the regulations that tie schools into their spatial context to ensure that educational facilities fit with local demands or families – is one of the key elements of national school policies aimed at regulating the intake of schools, but also to ensure social diversity (Felouzis et al. 2018). In contexts like the US and in the Nordic countries, in which municipalities are autonomous in terms of how school funding and allocation mechanisms are organized, this higher autonomy creates more variation in the institutional dimensions that may lead to different levels of segregation in cities within the same country.

Within educational systems where schools are highly autonomous, such as in England and the Netherlands, local school assignment and enrolment policies are sometimes centralized for the whole city. However, in many instances, they are left to the discretion of the school. The degree to which schools can set the rules and/or have the liberty to interpret those rules can significantly affect school segregation. In addition to the principal's promotional role in advertising or canvassing (Ramos Lobato 2017), higher levels of school autonomy with regard to the admission process elevate the importance of the interaction between parents and the school and are often biased for and against specific types of parents. The surveillance of schools and the increasing competition for resources can create a system in which schools and principals are discouraged even from reducing inequalities, and thus play an additional role in reinforcing school segregation (Hursh 2005; Jennings 2010; Ramos Lobato 2017; Van Zanten 2005). The autonomy of schools to make official rules and to apply these and other unwritten rules is therefore another key factor in explaining uneven school outcomes.

The significance of school autonomy in explaining segregation depends on the relationships between schools and other governance levels. In the context of the Netherlands, for instance, schools primarily deal with the national ministry. Most decisions regarding the curriculum, freedom of school choice, the founding of new schools, allocation of resources, and quality control are organized at the national level. Several institutions, such as the Inspectorate of Education – which oversees the quality of schools and the closure of those that fail to meet minimum standards – are independent of the ministry to various degrees. However, in terms of the implementation of these policies, school boards have a high degree of autonomy. As a result of this autonomy, institutionally grown educational landscapes across the country are highly diverse and are characterized by high levels of segregation (Boterman 2018).

Within systems where competencies are more-or-less equally divided across different levels, variations in institutional arrangements are even greater. In Germany, where the legislative purview in the field of education lies with the sixteen *Bundesländer*, their educational systems differ in many respects, including with regard to the duration of primary schooling or the types of secondary school (West et al. 2010). However, the distribution of competencies and the density of regulations are comparatively strong and complex: whilst the *Bundesländer* set the general educational framework, the regional educational authorities are responsible for the schools' administration, the teacher training seminars and the supervision of the local

educational authorities (Sparka 2007; MSB NRW 2005). The local educational authorities are ‘solely’ in charge of the administration of specific school types, such as primary schools or special needs schools, while the municipalities have minimal input in educational policy (except for ‘external matters’, such as school development planning (OECD 2014; Sparka 2007; MSB NRW 2005; West et al. 2010)). With regard to the autonomy of individual schools, Germany ranks amongst the countries in which the schools themselves have very little control over their educational policy and administration (OECD 2012b). However, in recent years, principals have benefited from increased autonomy on school budgets, staffing decisions and programmes (OECD 2014).

Aside from the distribution of responsibilities, the differentiation of the school landscape is another factor in explaining school segregation patterns at the local level. In many contexts, a public school system exists next to or is integrated within a wide variety of faith-based or otherwise denominational schools. For instance, in Scotland, Germany and the Netherlands, for historical reasons several schools specifically provide education to various religious groups, notably Catholics, Protestants and Jews. In NRW, Germany, for instance, children with the same faith have a priority claim for admission to denominational primary schools,<sup>1</sup> based on the NRW constitution (Landtag NRW 2016). Thus, this has always offered a loophole for parents to circumvent disadvantaged, less reputable catchment area schools and contributed to primary school segregation (Riedel et al. 2010). In recent years, Islamic and Hindu schools were also founded in educational contexts such as Flanders and the Netherlands (Merry and Driessen 2005). Moreover, some state-funded and private schools additionally offer education based on different pedagogical traditions, such as Waldorf/Steiner, or language (such as French schools or English-instruction international schools).

### **Territorial Dimensions of School Segregation**

Research across many countries has illustrated how residential patterns are central to understanding school segregation. Where children live largely determines where they attend school. This is especially true within educational contexts where a near monopoly of public schools is combined with school catchment areas, or where there is one public school in a district and few, if any, alternatives. For example, in Helsinki (Bernelius and Vaattovaara 2016), the majority of the pupils attend a school in their residential neighbourhood. In this case, school segregation is almost a neat reflection of residential patterns. Interestingly, even at the other end of the spectrum, in contexts where parents enjoy a strong degree of choice and are able to choose a school outside of their residential neighbourhood, such as in Dutch cities, most pupils nevertheless attend a nearby school. This implies that whilst school admission policies mediate the relationship between residential location and school segregation, in all contexts, geography matters.

Residential and school segregation are tightly interlinked in a ‘geography of education’ (Burgess et al. 2005; Butler and Hamnett 2007). As demonstrated in this literature, the close relationship between neighbourhood and school implies that the residential mobility of young family households is also often informed by school choice considerations (Bernelius and Vilkkama 2019; Hamnett and Butler 2013). However, parents’ school choice strategies (which are dealt with in more detail in the next subsection) are not only highly dependent on the education system and its (local) admission criteria, but also on residential structures, local housing systems, and of course, parents’ resources (Boterman et al. 2019; Maloutas and

Ramos Lobato 2015). Moving to specific neighbourhoods to be close to the ‘right’ schools – often driven by class- and racially-based considerations of avoidance and peer-group seeking (Boterman 2013; Boterman et al. 2019) – is a common phenomenon in many places. However, it is particularly true within education systems where catchment areas are the principal way to ensure access to the ‘right’ school (Bernelius and Vilkama 2019; Reay et al. 2011). As the case of London illustrates, even in contexts without official catchment areas, one’s distance from school can become the major access criterion (Butler and Hamnett 2011). This is based upon a combination of existing school performance rankings and the insufficient supply of places at popular schools. As a result, apartments close to popular schools have become highly valued in London since they guarantee privileged access. In the context of more geographically dispersed disadvantage, the ‘distance to school’ criterion can thus “be seen as means of cementing middle-class social closure around the education market” (Butler and Hamnett 2011, p. 46).

While high levels of residential segregation are usually accompanied by segregated schools, low levels of residential segregation do not necessarily result in mixed schools. In this case, since ensuring access to the right schools is not necessarily linked to residential mobility, the level of school segregation is often higher than that of residential segregation (Boterman et al. 2019; Burgess et al. 2005; Karsten et al. 2006; Schindler Rangvid 2007; Wilson and Bridge 2019). In cities with low levels of residential segregation and mobility, such as Athens, Greece, complete educational insulation with ‘people like us’ is barely possible. Depending on their resources, parents thus pursue stratified education tactics: while upper middle-class parents living in mixed neighbourhoods often send their children to large, elite private schools located in the bourgeois residential areas of the city, middle or lower middle-class parents may try to colonize a local public school (Maloutas and Ramos Lobato 2015). The underlying common reason is that these parents try to avoid the school their children are normally assigned to within the public education system.

The question arises as to why parents put all this effort into the choice of and access to the ‘right’ schools – a question that will be dealt with in the next subsection.

### **Parental Choice**

A third dimension that has been suggested in school segregation is the degree to which parents can and do make choices, including opting-out of their neighbourhood schools. In many educational contexts, the circuit of private education (Ball et al. 1995; Ball 2003) is a growing alternative for families who can afford it. Private schools are a common feature of highly marketized school systems, such as the US, but are also significant in European cities such as Paris, Milan, and Barcelona (for an overview, see Boterman et al. 2019). Even within public systems in social democratic welfare states, such as in Denmark, the number of private schools has increased by 50 per cent since 2000 (Skovgaard Nielsen and Andersen 2019). Interestingly, the expansion of private schools typically occurs in the larger cities, pointing to a specific interaction of local conditions and educational governance. The expansion of private education in these contexts has an evident effect on social segregation in schools, especially along the lines of class. Apart from private education, the expansion of choice-based education provision has also increased the alternatives within publicly funded schools. Publicly funded schools with specific pedagogical profiles and founding charters have mushroomed in a wide range of national and local contexts. Although the effects are not identical, the expansion of

choice has increased the sorting and segregation of pupils (Renzulli and Evans 2005; Wilson and Bridge 2019) between, but also within, districts.

Both the decentralization of competencies and the degree of differentiation of the local school landscape – and thus the options between which parents can select – is closely associated with more parental choice and subsequently with greater segregation, both along ethnic and social class lines (Boterman 2018). Several studies have demonstrated that highly-educated parents use their social and cultural capital to gain access to desired schools (Boterman 2013; Ramos Lobato and Groos 2019; Reay et al. 2011; van Zanten 2005). More generally, longstanding research argues that the entire educational system favours the interests of the middle classes (Bourdieu and Passeron 1990; Ball 2003; Reay et al. 2011). School segregation is therefore not only an outcome of unequal opportunities throughout the entire school selection, assignment and enrolment process, it also contributes to reproducing and consolidating existing socio-economic inequalities.

## DESEGREGATION POLICIES AT THE LOCAL LEVEL

Most policies that aim to achieve desegregation (or integration, as it is also referred to) come from the United States. When public schools were prohibited from selecting pupils according to racial categories, quite successful desegregation policies were enacted at different levels of government (Frankenberg et al. 2019). However, whilst desegregation policies were abandoned in later decades at the federal level, local efforts to actively desegregate schools continued in many places. Perhaps the best-known example of this is the so-called ‘bussing’, which worked by driving disadvantaged children to ‘white’ schools outside their neighbourhoods, enabling them to ‘escape’ from their poor and segregated neighbourhood schools. However, since white privileged parents reacted by increasingly avoiding these schools and enrolling their children in private ones, the programme had minimal success in increasing social and racial mixing at public schools (Renzulli and Evans 2005). In response to the rise in private education, voucher programmes were introduced to give disadvantaged children access to private schools, with mixed results (Klitgaard 2008).

School segregation has also become a contested issue within European cities, and in recent decades there have been attempts to desegregate schools in several countries, including Sweden, Denmark and the Netherlands (Bakker et al. 2011). Bussing was similarly attempted in some European countries, such as Germany. However, due to the high financial costs, but especially because the attempt worked only in one direction, the programme was abandoned quite quickly (Baur 2012). Transferring children with a migrant background to ‘white’ schools whilst trying to impose the same policy on children without migration backgrounds was politically unenforceable.

Another attempt to overcome the barriers that residential segregation may present is the introduction of more parental choice. However, as demonstrated by research in several countries, it appears that this attempt only exacerbated levels of school segregation because of the uneven and socially selective exercise of choice by different groups of parents (Oberti and Savina 2019; Wilson and Bridge 2019).

In contrast, a third line of desegregation policies goes in the opposite direction. So-called charter schools – schools with a special profile, such as magnet schools – were introduced with the aim of attracting families with a higher social status to public schools in disadvantaged

Table 14.2 Desegregation policies

Type of intervention	Intended mechanism
'Bussing'	Decrease influence neighbourhood
Expanding choice	Decrease influence neighbourhood
Controlled choice policies	Reducing school autonomy/increase influence neighbourhood
Centralising admission policies	Reducing school autonomy
Tenure mixing	Change neighbourhood populations

Source: Author's own elaboration.

neighbourhoods (Goldring 2009). However, this strategy has also been highly criticized for leading to unexpected 'skimming effects'. Since an increasing proportion of privileged parents started to enrol their children in charter schools, they simultaneously withdrew their children from other schools – in which the proportion of disadvantaged children rose accordingly. At the same time, the magnet schools' increasing attractiveness amongst more privileged families living outside the neighbourhood lowered the chances of disadvantaged children living nearby to be accepted (Goldring 2009). Similar effects can also be observed outside the US, for instance in Germany, or even in the more egalitarian Finland, where magnet schools, or schools with special classes, aggravate segregation between or even within schools (Kosunen 2014; Nast 2020).

A final type of desegregation policy – mainly conducted in several US cities, such as Boston and Seattle – entailed experiments with 'controlled choice'. School boards agreed on an integrated system in which parents could express a choice, but several criteria guided the intake of pupils, according to a carefully crafted allocation mechanism. These took account of socio-economic status, and before 2011, racial composition (Frankenberg 2017). Controlled choice experiments based on socio-economic benchmarks have also been conducted in the Netherlands (Paulle et al. 2016). Interestingly, these desegregation initiatives in the Dutch context of free school choice were aimed at tightening the relationship between residential neighbourhood and school, as was the case with the French *carte scolaire* (Felouzis et al. 2018).

In conclusion, the types and effectiveness of desegregation policies are context specific. Table 14.2 summarizes the interventions through which segregation has been and is addressed, and the mechanisms through which they are intended to work. In countries with very rigid public systems, many policies seek to relax the connection between residential and school segregation through bussing, vouchers or simply expanding choice to counteract segregation. In choice-based systems, bringing in more control is supposed to work against segregation. Thus, to understand how social policies can effectively reduce segregation, one must analyse the idiosyncrasies of the specific local educational landscape. To this end, we now briefly present two 'opposing' policy interventions that significantly changed school choice and, subsequently, the segregation dynamics within two educational landscapes.

### Expanding Choice: Mülheim, North Rhine-Westphalia, Germany

One type of policy intervention associated with changing dynamics of segregation is offered by the case of Mülheim an der Ruhr, in North Rhine-Westphalia (NRW), Germany. In the state of NRW, where access to primary schools had previously been organized through primary school catchment areas, free primary school choice was implemented in 2008. The reform



was not targeted at school segregation, but rather part of a paradigm and performance-oriented shift in NRW education policy towards an educational market with a stronger focus on quality assessment and competition (Ramos Lobato and Groos 2019). Although there had always been room for (illegal) choice, this reform was clearly advertised as a tool to enable *all* parents to apply for a primary school suiting their individual preferences (MSW NRW 2005).

Nevertheless, there still is a legal claim for a place in the nearest primary school (MSB NRW 2005). Consequently, spatial proximity still plays a role in parents' school choices. This is particularly true for less affluent parents since travel expenses are only reimbursed for travel to the nearest primary school (MSW NRW 2005). The new legislation is thus likely to be an option particularly for those parents equipped with higher levels of economic, social and cultural capital to increase their chances of entry to their preferred primary school. Moreover, official admission criteria are missing and the final decision on the admission of pupils is up to the school principals (MSB NRW 2005). Thus, although not intentionally implemented as such, the new legislation tremendously extends principals' leeway for admitting pupils.

### **Controlling Choice: Amsterdam, the Netherlands**

Another example of a policy intervention changing the dynamics of choice can be seen through recent developments in Amsterdam, the Netherlands. In Amsterdam, the boards of primary schools in the city collectively agreed to reform their admission policies through a centralized enrolment system. The aim of the new admission policy was to make the process more transparent and predictable for parents and schools, and to strengthen the relationship between neighbourhoods and schools (BBO 2018). While the new policy was based on several pilot studies aimed at desegregation (Paulle et al. 2016), this was not mentioned as an official aim. Nevertheless, the goal of creating a closer relationship between school and neighbourhood does impact upon the patterns of school segregation.

Based on the postal code of the home address of children, eight schools have been designated as 'priority schools'. After parents' ranked preferences have been submitted, children are allocated to schools according to simple algorithms: first, younger siblings of pupils at a school are guaranteed a spot; second, children who attended a pre-school connected to the primary school and live in the priority area are prioritized; third, children whose parents work at the school on a permanent contract are prioritized; fourth, children for whom the desired school is within the priority area will be prioritized. Admission is conducted through three rounds, first, all priority children are admitted to the school of their highest ranking, second, all non-prioritized children are admitted to their highest-ranking school, and third, all children from outside Amsterdam are admitted to their highest-ranking school.

### **Effects on Segregation**

Both policy interventions could be expected to affect segregation. Whilst expanding school choice is sometimes proposed as a means of reducing school segregation in rigid and highly segregated residential contexts, it usually exacerbates it (Wilson and Bridge 2019).

In the Mülheim, NRW case, where catchment areas were abolished, parents' choice patterns indeed changed significantly after the introduction of free primary school choice. Whilst 10 per cent of first-grade schoolchildren in Mülheim were sent to a primary school outside of their catchment area before the reform, this proportion tripled to almost 31 per cent in 2016/2017

(Ramos Lobato and Groos 2019). However, the increased choice is socially selective, depending both on the parents' educational attainment and on the schools' social and ethnic composition. While almost half of the parents making use of free choice were well-educated, lower educated parents were more inclined to select the nearest primary school, independent of its composition. The more highly educated parents usually avoided those schools with a higher proportion of families dependent on social security benefits and with a migration background. The effects also have a clear geography: whilst the more reputable primary schools (located in the city's most privileged neighbourhoods) were hardly affected by changing choice patterns, the effects of free choice were comparatively strong for schools that already had a more disadvantaged composition (located in the mixed inner-city neighbourhoods) (Ramos Lobato and Groos 2019).

Conversely, in Amsterdam, controlling choice might be expected to result in a reduction in segregation. The new admission policy introduced a stronger role for geography in school choice and hence constrained some of the freedom of school choice. However, evaluations of the first three years of this policy showed that most children were admitted to one of their three desired schools, so little impact on school segregation can be attributed to changing choice. An analysis conducted for the municipality (Cohen et al. 2018) yet demonstrates that children who started school under the new policy are less segregated than older cohorts. These findings suggest that the new admission policies may have a modest desegregating effect but that other mechanisms may also play a role. The reduction of school autonomy and a more transparent procedure may be responsible for a slightly lower segregation.

Both examples illustrate that by (re)creating the institutional context of rules and incentives, education policies affect both parents' and institutional actors' opportunities to develop practices and strategies. Whilst the introduction of free parental choice in NRW sparked a surge of choice for schools outside the former catchment area and consequently led to an increase in school segregation, the modification of parents' choice opportunities in Amsterdam by coupling them to place of residence seems to have slightly mitigated levels of school segregation.

## CONCLUSION

This chapter presented discussion about the relationship between local education policies and school segregation patterns from an international perspective. Segregation in schools is the result of the intricate and complex interplay of policies at different levels of governance, and the specific demography and geography of a local (urban) context, coming together in educational landscapes (Boterman et al. 2019). School segregation always manifests at the local level, but the patterns and trends of segregation result from a complex system of mechanisms playing out at (inter)national, regional and local levels. On one hand, the ways in which policies shape the educational landscape are crucial for understanding which choices parents make and how this produces uneven outcomes (Ball 2003; Butler and Hamnett 2007). At the same time, the literature on school segregation has revealed that local patterns of school segregation are highly contingent on residential patterns of segregation (Burgess et al. 2005; Frankenberg et al. 2019). Residential and school choice are so tightly interwoven that calibrating one mechanism automatically changes the relationships within the entire system. This interconnectiveness of different levels of governance and the range of factors associated with residential patterns and choice behaviour of parents also complicate potentially successful interventions.

The two quite opposite policy interventions illustrate that parental choice has a crucial impact on school segregation. However, the relationship between education policies and local segregation patterns is more complex than findings of ‘more choice leading to higher, and less choice to lower segregation levels’ suggest. It is highly dependent on other aspects both within and outside of the education system. School choice is not only a result of having the legal opportunity to choose, but it is equally dependent on the size of the set of choices embedded in the variation in the supply of schools. The mechanisms contributing to uneven distribution of pupils in schools are a result of a complex interplay between the urban context, the institutional landscape, and parental choices.

The argument in this chapter is that the effects of policy interventions within school choice dynamics can have unintended consequences for residential choice and segregation. The literature on social mixing at the neighbourhood level (see Chapter 13 by Musterd in this volume) has many parallels with the debate on school segregation. Social mixing in schools might counteract the negative effects of higher concentrations of socially disadvantaged children; in fact, social mixing within schools might be even more important than within the broader levels, since school effects are generally stronger than neighbourhood effects (Sykes and Musterd 2011). However, as we have argued, the residential and school domains are intertwined in various and complicated ways. For instance, spatially constraining choice could reduce school segregation, but might lead to an increase in residential segregation, causing families to strategically choose their residential neighbourhood for access to particular schools. Correspondingly, under certain circumstances, expanding school choice may help social mixing policies in the residential domain, and thus change residential patterns as well. Yet, introducing school choice in parallel with high levels of school autonomy has effects that are different than when that choice is coupled to a more centralized admissions policy. Our analysis suggests that in dealing with educational inequalities (of which school segregation is a key manifestation and often also a cause), it is important to simultaneously deal with residential segregation. Promoters of social mix policies at the neighbourhood level should be equally aware of the consequences in school choice practices. As we have argued, given the complexity and multiple layers of mechanisms involved in segregation, an integrated analysis of the causes and solutions is required – taking account of factors both at the vertical (across different institutional levels) and horizontal (between mechanisms at the urban level) levels. Only when such a cross-sectoral perspective is assumed will successful governance of school segregation be achieved.

Finally, the dynamic of educational inequality and school segregation might be exacerbated by the current COVID-19 pandemic. The ramifications of school closures and cancellation of exams for heightening educational inequalities are already apparent in several educational contexts (Bol 2020; Jæger and Blaabæk 2020). In addition, schools appear to be unequally equipped to support students in home learning and delivering digital teaching (Bayrakdar and Guveli 2020). This may exacerbate existing tendencies of affluent parents in opting out of publicly (less well-funded) schools, reinforcing existing school segregation.

What is more, there are signs that the pandemic will have negative repercussions on cities and for the demographic growth of urban areas more generally (Florida et al. 2020). A new surge in suburbanization or even de-urbanization is likely to have effects on patterns of residential segregation in metropolitan areas. Although this is speculative, some of the specific dynamics of school choice and mixing associated with the economic and demographic growth of cities and the rise of middle-class families in recent decades might consequently be partly

undone. If affluent households increasingly reconsider their urban locations, this will have effects on the dynamics of school choice and segregation in cities (and elsewhere too). At this point, it is still too early to draw any definite conclusions. However, even now it is clear that the COVID-19 pandemic negatively affects those children and communities that were already less favourably positioned in the first place.

## NOTE

1. NRW and Lower Saxony are the only states in Germany in which denomination primary schools still exist, which partly leads to a certain level of competition between them and the municipal primary schools.

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# PART III

## THE INSTRUMENTS OF LOCAL SOCIAL POLICIES

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## 15. Local governance and street-level bureaucracy: the ground floor of social policy

*Peter Hupe and Trui Steen*

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### INTRODUCTION

The twentieth-century welfare state expanded the range of public tasks over which governments want to take a major responsibility.<sup>1</sup> In education, health, social care, housing, environmental protection, and similar fields, this has led to the phenomenon of a range of so-called ‘street-level bureaucrats’ who fulfil public tasks in direct contact with citizens (Lipsky 2010 [1980]). Teachers, social workers, housing officers and environmental inspectors may be less visible as state agents, compared to soldiers or police officers, in the sense that they may not be wearing a uniform. However, as with nurses and doctors in a general hospital, all are publicly employed citizens who, as representatives of the state, interact with fellow citizens whilst having a particular occupation – thus having the triple identity central in Hupe’s (2019a) definition of street-level bureaucrats.

These public officials represent ‘the face of the state’, embodying the state’s physical appearance. They do so in their encounters with citizens, expressing the state’s territorial presence. Such encounters often take place in physical form: in the classroom, hospital, or community centre, but also literally in the streets – for instance, when a police officer issues a fine to a driver exceeding the speed limit. Hence, the locations in which state and citizens meet are territorially defined. Even if – like during the COVID-19 pandemic – requests for, and delivery of, public services often take place online, specific administrative jurisdictions play a role.

This makes one curious to get familiar with what happens at the street level of the state. Moreover, in contemporary political discourse, the locus of local government is often claimed to be best equipped to deal with social problems. Proximity to citizens is seen as being closer than for national government, thus enhancing their involvement. An idea connected to this is that decentralizing the responsibility for policies of the welfare state to the local layer facilitates the implementation of these policies at the street level.

Two underlying claims can be observed here. One is a claim of better performance, in the sense of more effective and efficient social policies. The other is a claim of more democracy, in terms of enhanced citizen involvement.<sup>2</sup> To understand how these two claims play out in the practice of local governance, it is crucial that local governments, street-level bureaucrats and citizen-clients are understood in their co-production roles vis-à-vis each other and in their relations with national policymakers.

In this chapter, the central question is: does localization, conceived as shifting the political-administrative responsibility for policies to the locus of local governments, lead to better performance and more democracy; and what role does co-production play here? This question is addressed at the theoretical level and illustrated in reference to the case of decen-



tralization of social policy in the Netherlands. The focus is on the micro level of what happens in and around street-level bureaucracies within the context of local governance.

In the next section, localization is explored as an observable trend in contemporary governance, whilst its main characteristics in terms of democracy and performance are highlighted. Following which, knowledge and insights gained in implementation and street-level bureaucracy research are outlined. Next, the findings on local governance and street-level bureaucracy are brought together. In this chapter, the localization of the Dutch welfare state is used as an illustration and object of analysis to study how localization works out in street-level practice.

## LOCALIZATION AS GOVERNANCE TREND

### **Local Government Challenges and Reforms**

During the last decade, the adoption of austerity measures has led to pressures for reform at all layers of government (Randma-Liiv and Kickert 2017), yet especially for the local layer (Bouckaert and Kuhlmann 2016). Growing demands have urged local governments to take up their role as pivotal actors in community building by regaining citizens' trust and helping to sustain the quality of life. This development contrasts with the erosion of local government authority and capacity witnessed during previous decades, characterized by seeking "private market solutions to the provision of public goods" (Warner 2014, p. 145). Wollmann and Marcou (2010) identify externalization of local services to private and non-profit actors, yet also detect the 're-municipalization' of such previously externalized functions. Next to these dynamics, tasks and competencies are reorganized between layers of government in a multi-level context (cf. Kuhlmann and Wayenberg 2016).

Warner (2014) expects a rebuilding of the capacity of local governments, enabling them to take up various societal challenges. One way in which local government capacity-building is already taking place is through territorial re-scaling. Amalgamation reforms and inter-municipal cooperation have been set up with the aim of establishing economies of scale and professionalization (Broekema et al. 2016). Hence, expertise may be gained to handle complex new (decentralized) tasks and improve the quality of service-delivery.

### **Localization as Meta-Policy**

In this chapter we are particularly interested in whether localization makes a difference for what happens in and around street-level bureaucracy. In fact, localization, like regionalization, is a form of decentralization. With deregulation, privatization and similar phenomena, it shares the characteristics of a meta-policy: a generic, umbrella policy behind domain-specific policies concerning the institutional design of the settings within which the latter are pursued (Hupe 1990).

Perhaps even more than public policies, meta-policies reflect the ideological consensus of the moment. Particularly in a globalized world, 'the local' carries widely positive connotations. It stands for community, neighbourhood, and knowing each other. In a similar vein, 'decentralization' holds a general attraction. Deborah Stone (2012) formulates the traits of this political ideal as summarized in Table 15.1.

Table 15.1 *Changing the locus of decision-making: arguments for decentralization*


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1.	Gives authority to local officials who have better knowledge of their communities.
2.	Suitable for smaller programmes that affect only the small unit and don't require greater resources or coordination beyond the small units.
3.	Allows smaller units to experiment with policy ideas and develop knowledge about what works.
4.	Allows for diversity of solutions to meet differing local needs and political preferences, thereby enhancing citizens' liberty.
5.	Gives communities more autonomy, thereby enhancing citizens' liberty.

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Source: Stone (2012, p. 368).

At the same time, we are talking here about political *desiderata*, not about evidence and proof; about the realm of politics, not about academic debate. As Stone points out, there are also actors making a political case for the opposite ideal: a centralized approach to societal problems. See Table 15.2 for such arguments.

Table 15.2 *Changing the locus of decision-making: arguments for centralization*


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1.	Gives authority to national officials, who have broader views of common problems among smaller units.
2.	Allows for large public projects that serve multiple communities and that require large-scale planning and resources.
3.	Allows for standardization of 'best practices' in all jurisdictions and applications of technical and scientific expertise available outside smaller units.
4.	Suitable for issues involving state or national legal rights that should be the same across all subunits, thereby promoting equality.
5.	Allows central officials to redistribute power and resources among smaller jurisdictions, thereby promoting equality.

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Source: Stone (2012, p. 368).

In what in fact is a political discourse – whether it is named as such or not – both ways of reasoning are being employed. They concern claims being used to persuade actors in a debate of a political rather than scientific character. At stake is a struggle over the reallocation of powers, whilst the decisions concerned have to be legitimized.

### **Policy as Co-Production**

The strengthening of local government capacity, with an eye for enhancing performance, goes hand in hand with an increased focus on citizen involvement. Reforms might be considered more relevant within local government structures that are growing in size because, “in larger units the need to grant more participatory rights and direct involvement in local politics to the residents is likely to be regarded as more urgent” (Bouckaert and Kuhlmann 2016, p. 10). Additionally, re-scaling via inter-local cooperations makes democratic legitimization an issue since, in contrast to local governments, these operations are not democratically legitimized through direct elections (Broekema et al. 2016). Increased levels of participation of citizens not only refer to explicit involvement in processes of deliberative democracy, but also to ‘co-production’, conceived as the involvement of citizens in the actual provision of public services, as co-actors alongside street-level bureaucrats.

Acknowledging the limits to efficiency gains, local governments increasingly design innovative processes of public service delivery in which regular service producers and citizens ‘co-produce’ services in diverse policy fields, including amongst others health, social care, education and social housing. Both within academia and in practice, an optimism prevails as co-production is expected to reduce the costs of public service delivery, allowing services to be tailored to personal needs and empowering (vulnerable) citizens. More recently, however, these claims have been contested (e.g. Williams et al. 2016; Steen et al. 2018). The question is whether calling upon the responsibilities of citizens may imply “turning the provision of personal social services and of help for the needy over and back to the individual and the family; in the broader sense, to the ‘societal’ or ‘civil society’ sphere” (Wollmann 2016, p. 198). Then it would mean a cover for minimizing governmental responsibilities in the context of scarcity of public financial resources, especially in social and health care services (Steen et al. 2018).

In other words, whilst the notion of ‘co-production’ as a form of enhanced citizen involvement in the provision of services sounds attractive, its real effects raise empirical questions. The rhetoric of bringing political-administrative decision-making closer to citizens (localization) and enabling them to participate (co-production) is a politically attractive combination. However, the way in which reality and rhetoric relate to each other remains to be seen. Dark aspects, such as rejection of responsibility, failing accountability, rising transaction costs, reinforced inequalities, and risk of public value co-destruction have already been observed (Williams et al. 2016; Steen et al. 2018).

Theoretically, both citizens and street-level bureaucrats can be deemed ‘policy co-makers’. The policy process can be seen as a co-production chain, which Stone (2012) refers to as an assembly line. Then as the ‘product’, a public policy is the result of action and interaction of a multiplicity of actors. Street-level bureaucrats, as well as citizens, are active in the final stages of the assembly process. How relevant their contributions will be in relation to those of other actors in the chain remains empirically open. In any case, in given power configurations, they both play policy co-making roles, coproducing public policy.

We expect the performance- and democracy-enhancing effects of localization to be mediated by co-production, across a number of variants. Previously, one of the present authors has addressed the ‘politics of implementation’ as being characterized by political, organizational and individual co-production (Hupe 1993). Building upon that argument here, we distinguish between political, bureaucratic and citizen co-production. At its core, this refers to the political-administrative acknowledgement of the actual role that local governments, street-level bureaucrats and citizen-clients play, respectively, in the policy process, as policy co-makers in their own right. Our argument is that localization serves performance and democracy best when political-administrative attention is given to the contributions these categories of actors make in the co-production of policy process results. This then suggests an alternative to merely assuming the realization of those results by implication alone – the standard view of implementation.

The varying effects of localization in terms of performance and democracy can be assessed by reviewing whether participants in each of the aforementioned categories feel that they are taken seriously in these roles. The degree to which bureaucratic co-production, as well as citizen co-production, in the practice of local governance have been acknowledged by policymakers higher up in the chain, will vary and so will its impact on the policy process. The extent to which *political co-production* can be identified is empirically open; that is, the extent to which national governments take decentralized authorities – here local governments – seri-

ously as policy co-makers. If policymakers in national government do so, they would refrain from initiating tendencies of (re-)centralization.

## STREET-LEVEL IMPLEMENTATION

First, in this section, the meaning of policy is addressed. Given the often ambiguous and conflicting character of policy objectives as written down in formal policy documents, do policy actors ‘lower down’ in the system of public administration know what exactly needs to be implemented? Second, implementation management can be deemed important. To what extent and in what ways is guidance to the street level given *from the top*? Third, the impact of policy on street-level implementation is the focus of attention. Given the strategic attribution of resources, what are the effects of public policies on the street level where they are implemented?

### Policy as Directive Message

The policy goals have been formulated. The decisions have been made. *And the rest is a matter of implementation* (Hupe and Hill 2016). This view on implementation, or something to this effect, can be heard in the meeting rooms of national governments. Such a view, widespread as it is, suggests that policy objectives are clear; that implementation is a matter of simply following instructions and that any concerns are a technical matter. Underlying this view is the assumption of *implied realization*: input is supposed to lead more or less ‘automatically’ to a desired outcome (for an elaboration of the policy/implementation nexus, see Hupe and Hill 2016).

However normatively attractive this view may be, its explanatory power is limited. Instead, a more empirically induced description suggests that a public policy seldom concerns a clear ‘*implemendum*’. What needs to be implemented may be ambiguous. Often the objectives in any formal policy document are vague and conflicting, the result of negotiation and compromise rather than of systematic thought. Next, implementation activities themselves take place in surroundings characterized by *policy politics* (Brodkin 1990). Moreover, at the street level there is always – almost by definition – more than one policy to be implemented. Furthermore, apart from the formal rules formulated in laws, policies and management statutes, there are the norms of one’s profession next to expectations from society (Hupe and Hill 2007), and in some instances, market incentives are to be reckoned with as well (Thomann et al. 2018). At the street level, interpretation of the meaning of public policies and a deliberate weighing of relevant considerations are more characteristic of what actually happens there, rather than merely following prescribed rules laid down in a policy document, as if they were technical instructions. Policy direction matters, but the policy messages are multiple. This being so, also when supervision is less present, street-level bureaucrats usually know how to act appropriately in a given situation, whilst using their discretion.

### Implementation Management

Street-level bureaucracy implies dealing with ‘dilemmas of the individual’, as indicated in the subtitle of Lipsky’s (2010 [1980]) classic in public administration. Individuals who take up

specific professional role identities are provided with guidelines for how to deal with dilemma situations (Schott et al. 2018). They may participate in teams and be involved in networks (Loyens 2019), whilst they are, to a greater or lesser extent, guided by their contacts with clients or other actors outside of the organization (van Kleef et al. 2019). Practising forms of ‘horizontal’ or ‘diagonal’ accountability, street-level bureaucrats may, to a varying extent, encounter ways of dealing with dilemmas. In this manner, a lack of ‘vertical’ control may be compensated.

In some occupations, agencies and institutional contexts, street-level bureaucrats experience stronger management than in others. According to Taylor and Kelly (2006, p. 633), New Public Management-like reforms have forced “street-level professionals to surrender a degree of autonomy to governing bodies and inspectorates, which also hold their managers to account”.

Often, street-level bureaucrats, such as teachers in a classroom or police officers on patrol, experience little direct supervision. The extent to which, and how, guidance is given *from the top* to the street level is an important empirical question. The same also goes for the directions in which street-level bureaucrats practise accountability. ‘Action prescriptions’ come from various directions (Hupe 2010, p. 127; see also Hupe and Hill 2007). The essence of accountability is giving and asking considerations for one’s actions. For street-level bureaucrats, the need to practise accountability within a *variety* of forums (specified below) rather than only the one of formal hierarchy, is a normal situation (Hupe and Hill 2007). However, modes of dealing with this plurality of demands may vary. Street-level bureaucrats may welcome such a situation because it enlarges their autonomy, or they may perceive it negatively, as a lack of support for them in their tough jobs (Hargrove and Glidewell 1990).

### **Impact on Street-Level Implementation**

‘Action prescriptions’ to be addressed at the street level of government come in many forms: as formal rules, occupational norms, expectations from society and sometimes also market incentives (Hupe and Hill 2007; Hupe 2010; Thomann et al. 2018). These action prescriptions may stem from the state, one’s profession, society and the market – or a combination of these. In laws and public policies, formal rules often contain delineated limits within which discretionary rule application has to take place. Teachers, police officers and other public officials working on the ‘ground floor of government’ are supposed to apply all these rules in an adequate way (Hupe 2019b). The plurality of action prescriptions to be followed at the bottom stands in sharp contrast to the singular view of the maker of one particular public policy or other set of rules at the top of the system of public administration.

To a large extent, therefore, it is up to individual street-level bureaucrats to decide how to use the discretions (plural) granted to them in the various sets of rules they are supposed to apply. As individuals they may allow themselves personal preferences as far as the substance of a particular public policy is concerned (see the literature on policy alienation; for example, Tummers 2013). Most of the time, the requisites of public office will prevail, with a professional habitus aimed at an equal treatment of equal cases. Nevertheless it is clear that public policies do vary on all sorts of dimensions and that this may have consequences for the ways street-level bureaucrats implement those policies.

An important dimension of such variety concerns the attribution of resources. Some public policies will provide more money to be spent on their objectives than others. Through the

concept of a ‘public service gap’, Hupe and Buffat (2014) have identified the relevance of the relationship between what is asked of, and what is provided to, street-level bureaucrats. Is a public policy seen as constraining or as enabling? Rather than putting their substantive view on the content of a policy upfront, street-level bureaucrats tend to approach a policy in terms of whether the policy limits or enhances street-level discretion. Likewise, street-level bureaucrats’ work environments, including their perceived work autonomy, can be expected to impact upon their attitude towards collaboration with citizens (van Eijk et al. 2019). And even then, the reactions from individual street-level bureaucrats may vary. Some will like ultimate goal clarity, which invites a ‘going-by-the-book’ style of interaction with citizen-clients. Others will cherish their room for manoeuvre, enjoying their autonomy. The latter may welcome a policy more when it enhances their capacity for discretion.

Citizen co-production challenges traditional relations between street-level bureaucrats as regular public service providers and citizen-users (Moynihan and Thomas 2013), with implications for professional competencies and autonomy (Brandsen and Honingh 2013). Such competencies entail the need to develop enabling skills, to be knowledgeable of citizens’ motivations to co-produce and to orchestrate the collaboration and ensure that potentially diverging interests are coordinated (Steen and Tuurnas 2018).

## LOCALIZATION AS STREET-LEVEL PRACTICE: THE DUTCH SOCIAL SUPPORT ACT

In the Netherlands, a series of decentralizations (plural) have increased the number of explicit municipal tasks over the past decades, including major public tasks in what is called the ‘social domain’. This shift in responsibility in the system of intergovernmental relations towards the local layer has been so massive that Brederwold et al. (2018) speak of the ‘relocation of the welfare state’. In a context of financial pressure, an important question is, to what extent does such decentralization of national policy capacity go hand-in-hand with a reallocation of a corresponding share of financial resources?

We do not claim that the Dutch case is a ‘model’ of how localization will play out in general; within different contexts other effects may be implied. However, we do see the case of the Social Support Act 2015 (Wmo – *Wet Maatschappelijke ondersteuning*) as an apt illustration of a full process of localization and – for better or for worse – of the kinds of effects it may have, particularly as observed at the street level. This law, introduced in a first version in 2007, is part of a conglomerate of reforms in long-term care in the Netherlands.

In order to understand how localization works on the ground floor of social policy, we apply our theoretical lens in a concise analysis of the Dutch Social Support Act 2015 as street-level practice. The shift of policy responsibility from national to local governments entails a different set of arrangements and relations between care professionals, informal care providers and citizen-clients. The overall objective is to enhance the self-help of citizens in need of support (Kromhout et al. 2018). The so called ‘kitchen table conversations’ have become the symbol of these reforms. Through conversations at home with individual citizens, care professionals make an on-the-spot assessment of what kind of professional care may be needed in each case, and specify what citizen-clients can arrange for themselves via informal help within their private network.

Questions guiding this analysis concern the political, bureaucratic and citizen co-production of this Act. In addressing each of these, we draw from the extensive evaluation reports of the policy implementation concerned (cf. Feijten et al. 2017; Kromhout et al. 2018, 2020; van der Ham et al. 2018).

### **Political Co-Production**

Political co-production implies that political co-stakeholders are taken seriously as equal partners. This form of co-production then refers to the degree to which local governments are given and take up the capacity to develop and decide upon social support policies, as a political prerogative decentralized from the national to the local layer. Since the Social Support Act provides a general framework, national government expects local governments to develop their own policies fitting the local context and citizens' needs. Yet, in practice, local government actors perceive that the Social Support Act itself, as well as frictions with other national laws, allow only limited operational capacity and discretionary power (van der Ham 2018a, pp. 44–45). Additionally, decentralization forces municipalities to prioritize the formation of their own local social policy. That priority limits the extent to which concrete results are monitored and feedback is gained (Schyns 2018, p. 100).

### **Bureaucratic Co-Production**

Bureaucratic co-production concerns both implementation management, at the level of local political-administrative officials, and street-level implementation, at the level of street-level bureaucrats. The Social Support Act evaluation reports show that local governments struggle to formulate and decide upon the new tasks required of them in a local social policy (*political co-production*). Decentralization in a broad range of areas implies a huge organizational task for local governments, and they must overcome the administrative burdens to focus on ensuring continuity in service delivery within the daily practice of street-level implementation (*bureaucratic co-production*). Only after the first few years of the Social Support Act did local authorities have the capacity to focus on to policy renewal and quality improvement, and for defining a vision and setting specific priorities (van der Ham 2018a, p. 52).

The Social Support Act can be considered a typical example of a broader trend in Western countries in which local government's role shifts from being a direct service deliverer to being a facilitator of social support (Reijnders et al. 2018). Such changes imply a change in the role and responsibilities of citizen-clients, with them assuming a co-productive role with an emphasis on self-reliance and participation, customization of support through reliance on informal support networks and 'light' professional support as back-up. This also reshapes the role of professional service providers at the street level. It is claimed, for example, that more generalist social workers are needed since these can act as brokers and mediators, guiding persons in need of support and facilitating interactions with specialized services (Reijnders et al. 2018; see also Raeymaeckers 2016).

Whilst there is a wide degree of variation in the policies, regulations and systems of accountability across local areas, institutional suppliers of care are broadly negative in their view of increased 'red tape' (van der Ham 2018a, p. 46). However, policy advisers at Town Hall assess the collaboration with care professionals more positively than the coordination on

policy level. Within the municipality, ‘policy’ and ‘implementation’ get closer to each other (van der Ham 2018a, p. 45; van der Ham 2018b, pp. 173–174).

Whether individual care professionals consider themselves to be taken seriously varies (see Brederwold et al. 2018). So called ‘Social Support Act-consultants’ and other professionals now not only have to decide what kind of formal care needs to be provided, but also what informal support is possible in the specific situation of the client. In particular, they assess how the social network of the individual client can be used. The support of volunteers and community initiatives towards enhancing care and well-being needs greater attention of professionals as well (Schyns 2018, p. 95). It is clear that dealing with a client’s relatives, friends and neighbours as informal carers requires the care professionals to develop new expertise (van den Berg 2018, pp. 142–143). Also the deployment of citizen initiatives changes the work of professionals turning them into intermediaries and coaches (van den Berg 2018, pp. 163, 167). Most professionals appreciate their substantial discretion. At the same time they see also risks of differences in *modus operandi* within one municipality (van der Ham et al., 2018, p. 77).

### **Citizen Co-Production**

Citizen co-production directs our attention to the more active role afforded to citizen-clients in the Social Support Act’s implementation, as well as to the increased reliance on informal care providers – including family, friends and volunteers.

Central in the Social Support Act is the self-reliance of persons with a disability, or a chronic physical or psychosocial problem. Citizen-clients in need of social support are urged to decrease their use of publicly funded services and to seek alternative forms of support within their personal network. In practice, professionals and client-representatives experience a discrepancy between the increased self-esteem of citizen-clients on the one hand, and on the other, limitations in the applicability of the concept of ‘self-reliance’ for specific groups of vulnerable persons. Such groups include, for example, persons with dementia or an addiction (Schyns 2018, p. 90). Also, feelings of increased dependence on charity can be observed (van den Berg 2018, p. 141). Citizen-clients value their ability to ‘keep up’ and cherish the extent to which they are able to limit their dependence on others (Schyns 2018, p. 89). Related to this, arranging informal help is impeded by citizen-clients’ ‘demand shyness’ (Linders 2010). Especially the desire to maintain one’s (feeling of) interdependence seems a critical barrier to help-seeking behaviour (see also Reijnders et al. 2018).

At the same time, an over-demand on informal care givers is identified. Despite local government and care professionals being well aware of the vulnerability of informal care providers, a substantial number of informal care providers felt neither heard nor in control (Feijten et al. 2017). Providing so-called ‘light’ forms of professional support is simultaneously stimulated yet hindered due to a lack of availability of fitting support (Mensink and van der Ham 2018, p. 120; van der Ham et al. 2018, p. 9). The latter is of importance, as citizens feel that both informal and formal care is needed, and thus informal care should not be a substitute for formal care (van den Berg 2018, p. 141). It is feared that citizen-clients resist the reform embodied in the Act when they perceive it as an austerity policy put into practice because of considerations of cost-efficiency rather than an improvement in service provision (van der Ham 2018, p. 44).

Not only are local governments expected to stimulate self-reliance, but they are also required to enhance citizens’ participation. Local governments encourage neighbourhood



activities, promote voluntary work, and support informal care providers and citizen initiatives. Although to a lesser extent, they also organize a so-called ‘right to challenge’, through which (organized) citizens can show an interest in running services of the local authority (Schyns 2018, pp. 95–96). Overall, however, community participation amongst citizen-clients remains limited (Schyns 2018, p. 96).

## FINDINGS

*Political co-production* was observed. Several years after the introduction of the Act, all local governments have formulated their own local social policy. The legislator gave them a central role and an explicit task, and local governments have taken up both this new task and role. They see themselves confronted with a particular assignment, which comes down to “stimulating informal care, merging informal help and formal volunteering into a broader category of unpaid work” (Dekker 2018, p. 83). The overall impression is that local governments see possibilities to adjust policy to the local context. Simultaneously, policymakers in national government gradually seem to have adjusted to their new, less directive roles. This being so, *top-down* steering via resources remains an important meta-instrument.

Although local governments give some form of policy direction, local political attention to the management of daily implementation seems to remain limited – similar to the implementation of most public policies, one could add. *Bureaucratic co-production* is at stake, as far as the discretion experienced by care professionals is concerned. That discretion is substantial and makes these professionals feel that they have been taken seriously to some extent – although their perceptions vary. Policy impact on street-level implementation can be observed, whilst there is variation in modes of dealing with policy implementation.

*Citizen co-production* or client involvement is apparent. The Social Support Act has led to a ‘full coverage’; all Dutch citizens in need of care encounter aspects of the Act in one way or another. This does not mean that the results of the ‘kitchen table conversations’ always imply that clients get what they prefer. Here, too, the stance of the care professionals concerned, and their assessment of the situation are important.

These findings allow the conclusion that performance has been enhanced in terms of effectiveness if the latter is conceived as the full coverage mentioned. Performance in terms of outcomes, like social justice, is a different matter. The content of the Act, as well as its implementation practice, can (still) hit people who are the most vulnerable (for example, those that lack a network providing informal support) – that the policy now has become localized does not change this fact. And how about efficiency? A general overview of costs is lacking, but the first data indicate that the costs of the collaboration of care professionals and agencies in so called ‘district teams’, are higher rather than lower than before.

Democracy in this case is enhanced, although in a particular direction: as clients, individual citizens have some say in the care they receive. At the kitchen table perhaps even *too much* ‘citizen involvement’ is expected. Individual clients do not always have the social network deemed necessary for participation in society. And then, again, the kind of care provision that will be granted still depends on the professional’s assessment.

The outbreak of the COVID-19 pandemic in 2020 showed both the strengths and weaknesses of the citizen co-production model. The pandemic led to even further demand for public services and demonstrated national as well as local governments’ dependence on

citizen involvement in co-producing public health and social policies. What was perceived as a crisis called for shared responsibility and self-reliance of citizens. Also, substantial use was made of help that had been spontaneously offered, such as assistance from citizens who provided services to neighbours who were obliged to stay indoors. These voluntary contributions from citizens allowed governments, in turn, to target professional support at vulnerable citizens (Steen and Brandsen 2020; IFV 2018). An assessment of the impact of COVID-19 on the implementation of the Social Support Act 2015, however, shows that restrictions in visiting rights increased the responsibilities of informal care providers. The latter could be the sole social contact of inhabitants in care facilities, whilst informal care providers who helped persons staying at home were impacted by the scaling down of professional day care (SCP 2020). This further increased pressure on informal care providers who already faced over-demand before the COVID-19 pandemic. Moreover, these challenges are likely to persist beyond the pandemic, when the long-term impact of this crisis, including both concerns for the well-being of different communities and dealing with increased public debts, will need to be addressed. This leads Steen and Brandsen (2020) to assume that co-production between governments and (organized) citizens will be all the more important in the coming years.

## CONCLUSION: LOCAL AS IDEAL?

Does localization, conceived as shifting the political-administrative responsibility for policies to the locus of local governments, lead to better performance and more democracy; and what role does co-production play here? We focused on the co-production roles of local governments (*political co-production*), street-level professionals (*bureaucratic co-production*) and citizen-clients (*citizen co-production*), whilst looking at the case of the ‘relocation’ of Dutch social care. Our conclusion is that the advantages of localization in terms of enhancing performance and democracy as generally assumed, can be deemed as rather exaggerated. At least, the empirical effects vary in a context-bound manner.

Purcell (2006, p. 1921) observes the “tendency to assume that the local scale is preferable to other scales”. *The local* is equated with *the good*. Purcell argues that we should avoid this *local trap*, stressing that scales do not have pre-given characteristics and, therefore, any scale can result in any outcome. Purcell’s argument converges with Stone (2012), highlighting that a political discourse about desired institutional design is at stake here, rather than the intrinsic values of a certain scale. Our analysis corroborates this argument. Localization does not a priori entail greater political or managerial attention to the work of street-level bureaucrats. Rather, it risks increasing the pressures put on professionals at the street level since they may then be bound by a ‘double mandate’. First, street-level bureaucrats are expected to realize public policies; and second, they are now expected, or even more so, to do this when those policies stem from local governments. The delegated mandate does not provide the additional skills needed to live up to these enlarged expectations. As government is ‘passing the buck’ downwards, *the local* experiences the risk of becoming overburdened.

“And the rest is a matter of implementation.” Such a view may be attributed to political authorities and policymakers at the national layers of government. This may be the case even at the local government level too, where the realization of (local) policy objectives may be assumed rather than actively guided. Like policymakers in general, local authorities may be less interested in the throughput-side than in the outcome-side of the policy process they have

initiated. The assumption at the *local top* may be equal to that of the national layer: what happens *at the bottom* is considered merely instrumental to the realization of desired results. The latter are supposed to be read off from the policy on paper.

Our argument is that localization serves performance and democracy best when the realization of policy is not merely assumed. Rather, outcomes may be better when political-administrative attention is given to the contributions that local governments, street-level bureaucrats and citizen-clients make in the actual co-production of policy process results. This argument has been illustrated through the case of the Social Support Act 2015 which gives a central role to Dutch local governments. The concerns of public service professionals, informal care providers and citizen-clients illuminate the challenges of policy implementation at the street level. The assessment of citizen co-production issues, for example, corroborates concerns put forward in the literature on potential pitfalls of such co-production. These include issues of inclusion and access to services or professional service delivery being substituted rather than supplemented by co-produced services (cf. Steen et al. 2018). Merely localizing policies thus does not in itself imply that such pitfalls have been overcome. Scale is not all-determining – however attractive *local* may sound.

## NOTES

1. The idea behind the argument unfolded in this chapter was first introduced by Peter Hupe at the farewell seminar of Rob Gilsing held on 25 August 2009, at the Netherlands Institute for Social Research (Sociaal en Cultureel Planbureau – SCP). That contribution was published in a volume edited for the occasion (Hupe 2009). Now, several years later, it became possible to elaborate the theoretical argument tentatively put forward then and to do so jointly with Trui Steen who is an expert on local governance and co-production. The Handbook editors' invitation enabled us to use the empirical evidence on the practice of the Dutch Social Support Act that the Netherlands Institute for Social Research has put on the table since the law was introduced in 2007. Paul Dekker, Mirjam de Klerk and Mariska Kromhout from that Institute are acknowledged for their valuable literature suggestions. They, as well as Michael Hill, are thanked for their comments on an earlier version of this chapter.
2. This view of democracy, in which 'depoliticized active citizenship' is central (Dekker 2018), is a contemporary, not to say fashionable, view. As Dekker observes (p. 79): "Active citizenship is perhaps the core identity of voluntary civic involvement these days but emptied of its political and critical content. The ideal is self-reliant participation, not policy-influencing participation."

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## 16. National-regional-local shifting games in multi-tiered welfare states

*Giuliano Bonoli and Philipp Trein*

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### INTRODUCTION

To deal with policy problems, decision-makers must operate within a multilevel context, including regional and local levels of government, and the national public, as well as private actors (Tortola 2017; Trein et al. 2019). In such a context, cooperation and coordination across all levels of government are important for effective policymaking (Adam et al. 2019). Nevertheless, jurisdictions have incentives to behave opportunistically (Braun and Trein 2014) in order to exploit the collective action dilemma, for example, in competing for fiscal advantage (Rodden and Eskeland 2003; Rodden 2006; Gilardi and Wasserfallen 2019).

In multi-tiered welfare states (i.e. welfare states where the responsibility for various social programmes is shared across levels of government), urban social policy takes place at the lower levels – mostly within the municipalities and regions. However, decisions at this level are not taken in a vacuum. On the contrary, municipal and regional social policies are embedded within a wider range of rules and expectations that depend on higher levels of government. This results in a complex web of opportunities, constraints and incentives for those who steer policy at different levels of government. In this chapter, we discuss one of the most intractable problems generated by a multi-tiered structure within which urban social policies are embedded: cost shifting, which we outline in more detail below, occurs across programmes and levels of government. We examine this by focusing on a policy that is typically delegated to the municipal/regional level: social assistance. We are particularly interested in how the position of social assistance in multi-tiered welfare states impacts on policy decisions taken within the field of social assistance itself.

Over the last two to three decades, most Organisation for Economic Co-operation and Development (OECD) countries have witnessed an increase in their social assistance caseload (Clasen and Clegg 2011). This is due to a range of developments, including a profound transformation within the realm of work that leaves increasingly large numbers of low skilled individuals out of jobs or in very precarious employment (DiPrete 2005), an increase in the incidence of new social risks, such as lone parenthood (Bonoli 2005), and increasing migration flows (OECD 2008).

Social assistance is generally a responsibility of subnational units (Kazepov and Barberis 2013). This is the case in federal – but also in some unitary – countries. Historically, social assistance was based on traditional forms of social support to help poor individuals within local communities (e.g. parishes and municipalities). In many cases, such support predated the development of nation-states. As a result, even in unitary countries like Sweden, social assistance tends to be run at the municipal level (more on this below). Of course, we will see that this is the case also in most federal countries, like Switzerland, Germany and Austria. Interestingly, social assistance has also been developed at the subnational (regional) level in

countries that have experienced devolution in more recent years, such as Spain, or until 2019, Italy (Natili 2018).

When confronted with a rise in their caseload, subnational units in a multi-tiered welfare state have a range of options. First, and perhaps most obviously, they can adopt policies that promote the return to work. However, this option has limited potential. Often rises in caseload are due to recession and/or structural economic change, for which little can be done at the local level. Second, subnational units responsible for social assistance can push for the national government to take over this function. Most other welfare programmes, such as unemployment or disability insurance, are currently run by central governments in virtually all OECD countries, including in highly decentralized federal states like Switzerland or the US. Why not transfer social assistance to the national level as well? Nationally unified social assistance systems would also make sense in terms of promoting labour mobility, avoiding welfare tourism, a race to the bottom in welfare standards and increasing equity. In sum, the case in favour of centralization seems rather strong.

Yet the constituent units of a multi-tiered welfare state may still have powerful reasons to oppose a transfer of responsibility for social assistance to national government. We claim that subunits in multi-tiered polities need to justify their existence and that they need to show their citizens that they matter in their lives. This is done by running policies at the subunit level that differ from those available in other parts of the country. In the absence of this capacity, subunits risk losing relevance in the eyes of citizens and in the political system as a whole.

All this means that, confronted with a sharp rise in social assistance caseload, the relevant subunits face a dilemma. On the one hand, they are likely to prefer to retain policy competence, but this will entail a constant struggle to balance their budgets. On the other hand, they could let go of social assistance, thus solving their budgetary problems. However, in so doing, they then face a serious risk in terms of remaining relevant as a level of government. In short, in the context discussed here, subunits face a predicament between losing relevance or possible bankruptcy.

Empirical research has shown that a practice known as ‘cost shifting’ is an effective way to deal with this dilemma (Øverbye et al. 2010; Bonoli and Trein 2016; Hassel and Schiller 2010a). This is the process whereby subunits shift costs upwards to the national level without letting go of the policy. How this may be done depends on the structure of individual welfare states and programmes. However, in most cases, the shift is performed by providing social assistance clients with temporary jobs that allow them to build an entitlement to national unemployment insurance. Alternatively, subunits can help social assistance clients with health problems in filing an application for a national incapacity of disability benefit programme, again transferring the financial burden to central government. Regardless of the method used, the effect of these interventions is a transfer of costs from the subunits to the national level.

Cost shifting can also occur in the opposite direction. The central government can decide to strengthen entitlement criteria to national programmes, reduce the value of benefits, or simply refrain from developing national solutions to the problem of long-term unemployment. In all such circumstances, the net result is most likely a transfer of costs from national government to the subnational units responsible for social assistance. We can thus distinguish between ‘upward cost shifting’, which takes place from the subnational units to the central government, and ‘downward cost shifting’, which takes the same route in the opposite direction. Upward cost shifting generally takes place within existing rules, whereas downward cost shifting is the result of changes in legislation (Bonoli and Trein 2016). The notion of cost shifting can be



likened to the image of a ‘revolving door’, which emphasizes how clients can be moved across different programmes (Hassel and Schiller 2010a; Eichhorst et al. 2011, p. 287).

In this chapter we present and discuss a model that aims to account for the way in which subnational units responsible for social assistance respond to large rises in caseload. By ‘large’, we mean a rise that has a substantial impact on the unit public finances and is potentially threatening its ability to avoid bankruptcy. The model is then illustrated with four empirical cases studies of responses to a sharp rise in social assistance caseload in four multi-tiered welfare states: Germany, Switzerland, Sweden and Spain. Our model hypothesizes that the response of the subnational units will depend on two dimensions: aspiration for relevance and the determination to retain fiscal autonomy. These two dimensions and how they are likely to impact on the units’ response are discussed next.

## ASPIRATIONS FOR RELEVANCE<sup>1</sup>

Multi-tiered welfare states, such as the ones we are examining in this chapter, exist in very different historical and institutional contexts. These contexts shape what we call ‘aspirations for relevance’, which can be defined as the importance that being regarded as politically relevant and independent has for a given subnational unit. We expect the aspiration for relevance to be shaped by history and, more specifically, by institutional and ethno-national variables.

Historically, some of these multi-tiered polities are the result of the aggregation of formerly independent states. By pooling sovereignty and retaining identity, they could secure a common good, such as increasing collective security or a common market. These nations, like the US, are described as ‘coming together federations’ (Stepan 1999). Examples of coming together federations examined in this chapter are Switzerland and Germany. In these countries, subnational governments (local and regional) have retained a significant level of sovereignty, i.e. real powers to decide and to act on public policy (Biela et al. 2012). Alternatively, multi-tiered polities also exist in unitary countries which have experienced devolution (Hooghe et al. 2016). These cases are referred to as ‘holding together federations’ and include countries like Spain and Italy. Importantly for our argument, however, the powers to decide and to act on policies – and therefore the autonomy of subnational (local and regional) governments – are weaker than in coming together federations (Lijphart 1985, pp. 4–5; Biela et al. 2012). In addition to the type of multi-tiered polity, we believe that ethno-national factors also play a role regarding the aspiration for relevance of a subnational unit (Béland and Lecours 2005a, 2005b, p. 606; Erk and Anderson 2009). In this respect, we can distinguish between uninational and plurinational states. Uninational states are those in which ethno-territorial diversity is barely thematized in public policy, such as Germany or Sweden. In contrast, plurinational countries are those which are composed of different ethnic and or linguistic groups and where such ethno-linguistic cleavages overlap with the institutional subdivisions in place. In our sample, Switzerland and Spain can be considered as plurinational federations. We expect plurinational countries to have stronger aspiration for relevance, as in this case territorial divisions are more than simple administrative categories but reflect cultural identities.

In our model, we expect aspiration for relevance to be strongest in holding together federations and in plurinational countries. In this case, relevance is a must, since the units’ existence enjoys only limited constitutional protection. In addition, the fact that subnational divisions reflect cleavages in identity arguably constitutes an additional factor pushing constituent units

to choose relevance when taking important policy decisions. Policies that emphasize difference are likely to be vote winners in such contexts. In our four-country sample, Spain is the case that most closely reflects this configuration of variables.

At the opposite extreme, one finds coming together federations without significant ethnic and/or linguistic cleavages. In this case, being seen as relevant may be less relevant, given that the existence of the constituent units is strongly entrenched in history and in the constitution. In addition, the absence of ethno-linguistic cleavages reduces the appeal that policies emphasizing difference may have for vote seeking politicians. In our sample, Germany represents this end of the spectrum. The other two countries examined in this chapter, Switzerland and Sweden, are located somewhere between the two extremes of the aspiration for relevance dimension. Switzerland is a coming together federation, where the existence of the constituent units is strongly entrenched in institutions and in the national identity. As a result, there is no need for them to show relevance. However, Switzerland is a plurinational country, with strong ethno-linguistic cleavages that mostly overlap with institutional divisions. This creates some incentive for politicians to show difference. Finally, Sweden is the only non-federal country in our sample. However, its welfare state is clearly multi-tiered, with social assistance being run at the municipal level. In Sweden, we can expect that the aspiration for relevance of subnational governments is moderate. This is mainly because municipalities do not enjoy the same sovereignty as subnational governments and, therefore, politicians have fewer incentives and possibilities to retain policies at the municipal level (Hueglin and Fenna 2015).

## FISCAL AUTONOMY<sup>2</sup>

The literature on fiscal federalism (Von Hagen et al. 2000; Rodden and Eskeland 2003; Rodden 2006; Braun and Trein 2014; Foremny 2014; Ladner et al. 2015; Trein and Braun 2016) has recognized the existence of potential coordination problems amongst different jurisdictions due to the distribution of taxation and spending competencies. Economists and political scientists have argued that the larger the share of subnational government revenue that stems from their own taxes, the more responsibly they tend to act in relation to their own debt. If revenues must be created and accounted for within member states of a federation or its municipalities, politicians at lower levels of government anticipate electoral costs of large consolidation programmes and avoid extensive fiscal profligacy due to the risk of being held accountable in future elections (Oates 1972, 1985; Buchanan and Wagner 1977; Rodden 2006). On the other hand, where revenues of subgovernments come mainly from transfers, or if central government is involved in setting the tax base and rates at the subnational and the municipal level, these governments are less likely to behave in a fiscally responsible way because they can easily shift the blame for over-borrowing over to the national government. What is more, they can expect bailout measures (Von Hagen et al. 2000). Empirical analyses have confirmed this argument repeatedly (Von Hagen et al. 2000; Rodden and Eskeland 2003; Rodden 2006; Braun and Trein 2014; Foremny 2014; Trein and Braun 2016).

Furthermore, we argue that the degree of subnational government's fiscal autonomy impacts on the extent to which there is policy shifting and cost shifting regarding the social assistance caseload. In countries with a clearly separated attribution of fiscal responsibility, where subnational governments mostly rely on their own taxes and cannot expect to be bailed out by the federal government, incentives for cost shifting are high. As municipalities and states cannot

shift the responsibility for their own budgets to the central government, they will try to shift cost factors, such as clients in social assistance programmes, to programmes that are financed by another level of government. Similarly, it is possible that the national government tries to shift welfare clients to other levels of government in order to get them off its balance sheet. On the other hand, in countries where accountability for subnational budgets is shared between the central government and subnational units, actors have fewer incentives for cost shifting of clients in welfare programmes that belong to other levels of government, because subnational governments expect bailout by the national government in case of overspending. For subnational governments, it might even be attractive to have more clients on social assistance or other welfare programmes in order to attract more grants from the federal government. Of course, the central government is more fiscally powerful than subordinate levels of government and therefore they will by nature have to take on the role of ‘payer of the last resort’, for example in cases where municipalities cannot carry anymore the burden of costs for social assistance. However, the more financially independent subnational governments are, the less immediate the need for such an action, including possible bailout measures that the federal government would need to pay for and explain to the electorate (Bonoli and Trein 2016).

In Germany, subnational governments directly control only a very limited amount of fiscal resources, even though they manage a large share of the national debt and run into continuous deficits. By contrast, in Sweden, municipalities have a large share of their own taxes and face continuing deficits and debts. The situation is similar in Switzerland, where subgovernments retain high tax autonomy. What is more, they have to manage a rather large part of the national debt. Finally, in Italy, regional and local governments have minimal control over taxes and debt is managed mostly at the national level (cf. for tax autonomy of subnational governments: Blöchliger and Nettley 2015).

## EXPECTED RESPONSES

As argued in the introduction, constituent units have a limited number of options when confronted with a major rise in their social assistance caseload. Assuming that the activation option, i.e. promoting return to the labour market, cannot deliver budgetary results on the scale needed to restore budget balance, they are effectively left with two options. Subunits can either try to transfer the policy to the national government (policy shifting), or keep the policy but shift the cost to national programmes (cost shifting). Table 16.1 summarizes our expectations on the basis of the model that we have developed in this chapter. In Germany there is little reason for constituent units, which are guaranteed their existence by the constitution, to stick to a costly policy. Moreover, given the lack of significant ethno-territorial cleavages, this is unlikely to reward politicians at the polls. The fact that fiscal autonomy is limited means that there is less of an incentive to shift costs. By contrast, in Spain, where there tends to be a strong, historical aspiration for relevance, subnational governments are highly unlikely to let go of policy. As a result, cost shifting will, in all probability, be the preferred option. However, low fiscal autonomy means that cost shifting will probably be limited. We expect Swedish municipalities to have moderate aspiration for relevance. This, together with high fiscal autonomy, should generate incentives to transfer policy to the national level. This should be more limited than in Germany, however, because the autonomy of Swedish municipalities is not guaranteed as strongly as for the German *Länder* (regional governments of Germany)

Table 16.1 Expected responses

Aspiration for relevance	Low fiscal autonomy	High fiscal autonomy
Moderate	Germany – policy shifting	Sweden – limited policy shifting
High	Spain – limited cost shifting	Switzerland – high cost shifting

Source: Authors' own elaboration.

and because municipalities do not have the same level of sovereignty as 'member states' in federal countries. Finally, in Switzerland, the combination of a strong aspiration for relevance, together with high fiscal autonomy, rules out the option of policy shifting, which makes cost shifting the only available option to restore budget balance.

## COMPARATIVE CASE STUDIES

To illustrate our argument, we present four case studies that examine policy shifting and cost shifting in the four countries. The case studies draw on the analysis of policy documents and evaluations as well as on secondary literature. In the case studies, we present major reforms of social assistance and other social policies, such as unemployment insurances, that had consequences for subnational governments.

### Germany<sup>3</sup>

The multi-tiered structure of the German welfare state is a consequence of German federalism. Germany is an example of a federal country where the aspiration for relevance of subnational governments (*Länder*) is limited because the constitution grants them a strong role and protects the administrative autonomy of the municipalities. The autonomy of the *Länder*, and in particular the municipalities, extends to the sphere of policy implementation (Rudzio 2011). Subnational governments have few of their own taxes where they have high discretion over tax base and rate (Blöchliger and Nettley 2015). Between 1961 and 2004, the *Länder* and the municipalities determined payments and conditions of implementation federal law regulating social assistance in accordance with federal law (SGB I, SGB X) (Schmidt 2010, pp. 730–731).

Our research shows that in Germany, the response to rising social assistance caseload was – above all – a major policy shift. According to the German post-Second World War social policy system, claimants received at first regular unemployment benefits (*Arbeitslosengeld*), then supplementary unemployment benefits from the federal scheme (*Arbeitslosenhilfe*), and after that they were passed on to municipal social assistance. During the 1990s, the national government conducted reforms of the national unemployment scheme, which augmented cost pressure on municipal social assistance. In 1993, the national government reduced benefits of the national unemployment insurance (Steffen 2015, p. 15) and decreased full eligibility for insurance benefits to one year. These reforms shifted costs to municipal governments (downward cost shifting) because claimants eventually had to turn to municipally financed social assistance. Furthermore, cuts in the federal expenditure on unemployment benefit increased the number of double claimants, i.e. individuals who receive social assistance benefits because payments from other social policy programs were insufficient (Hassel and Schiller 2010b, p. 108). Eventually, municipalities' expenses increased as they had to financially support

nationally administered welfare-to-work programmes for social assistance recipients (Hassel and Schiller 2010b, pp. 103–105).

To react to these cost pressures, municipalities developed strategies to reduce the number of social assistance claimants on their balance sheets. Some cities, for example Düsseldorf, Frankfurt, Leipzig or Lübeck, created public job companies (*Beschäftigungsgesellschaften*). These enterprises offered every social assistance recipient a one-year contract for a job that was subject to social insurance contributions. After one year, recipients were again eligible for federal unemployment benefits. In this way, municipalities shifted costs from social assistance to the nationally financed unemployment insurance (Hassel and Schiller 2010a, p. 174). Municipalities reduced, or even withdrew, their social assistance benefits, in cases where social assistance recipients declined to take a job that was offered to them (Feist and Schöb 1999). Estimates suggest that, in 2002, approximately 220,000 such jobs existed where the purpose was to place municipal social assistance recipients back in national schemes (Hassel and Schiller 2010a, p. 70). Interestingly, the *Länder* and the EU financed 50 per cent of these public job companies. During the 1990s, upper levels of government reduced their payments to public job companies and therefore limited the possibility of upward cost shifting by the municipalities (Hassel and Schiller 2010a, p. 174).

The federal government also took measures to relieve municipal finances. For instance, it cut cash payments to asylum seekers (1993) and established a national long-term care insurance (1995) (Treutner 1998, p. 193). Nevertheless, these measures were insufficient to relieve municipal finances. To reduce high unemployment rates and to relieve the budgets of the municipalities, the federal government undertook other reforms. Initially it aimed to improve interagency collaboration, which it did by means of a large-scale pilot project on interagency collaboration known as the MoZArT (*Modellvorhaben zur Verbesserung der Zusammenarbeit von Arbeitsämtern und Trägern der Sozialhilfe*). The pilot lasted from 2001 and 2003 and entailed 30 local projects based on collaboration between municipalities and the federal employment agency (Champion 2013, p. 141; Hassel and Schiller 2010a, p. 192).

Nevertheless, in 2004 a major reform followed, which shifted competencies in social assistance to the national level. It was a package of measures, colloquially known as Hartz IV – named after the head of the reform commission, Peter Hartz. It entailed four laws and was passed in the German parliament between 2002 and 2004 (Knuth 2006, p. 160). Essentially, the reform contained a limitation on unemployment benefits and merged it with social assistance. After the reform, supplementary unemployment benefits (*Arbeitslosenhilfe*) and social assistance were merged; regulation and financing were transferred to the federal level with municipalities only remaining in charge of implementation (Schmidt 2010, pp. 730–731). Finances of municipal governments were relieved as the federal government took over the costs for the vast majority of social assistance recipients under the umbrella of the new ALG II (*Arbeitslosengeld II*, i.e., ‘Hartz IV’) scheme, except for parts of the accommodation costs and some ambulatory social services (Hassel and Schiller 2010b, p. 112).

The municipalities did not object to this reform and the shift of policy competencies. Nevertheless, they retained autonomy regarding the implementation of the reform. Some cities (about 100, known as *Optionskommunen*) preferred to implement social assistance policies as independently as possible from the federal government. After some conflicts with the federal government, they were allowed to establish their own *Job Centre model* as an alternative to the joint municipal–federal employment agency model (Bandau and Dümig 2015; Jantz et al. 2015).

## **Sweden**

Sweden is different from the other three countries in that it is not a (quasi)federation but a unitary state. This implies that there are no sovereign territorial governments and the legislative competencies are entirely at the national level. The 290 municipalities, however, have a high degree of discretion regarding the implementation of public policies (Gustafsson 1999). Nevertheless, the constitution allows the national parliament to define and restrict municipal authority (Bergmark and Minas 2007). Municipalities have to run a balanced budget and deficits are allowed only in exceptional circumstances (Svensk författningssamling 1991). Cities have to undertake a series of measures, such as investment and hiring stops before the federal government can step in (Dahlberg and Rattsö 2010, pp. 34–39). Municipal governments are in charge of implementing social assistance, but they have to do this against the backdrop of rather tight budgetary rules.

Our results suggest that there is some, but not much, policy shifting regarding social assistance in Sweden. Most importantly, the competencies for providing active labour market policies shifted gradually to the municipal levels of government during the 1990s (Bergmark et al. 2017, p. 551). Similar to other countries, in the early 1990s, the Swedish government aimed to increase the pressure on social assistance recipients to participate in the labour market through activation measures. Once the national government decided, in 1994, that every individual under 25 should receive a placement offer from labour market programmes, the pressure on municipalities to act increased. In 1995, municipalities received the responsibility for those under 20 who were unemployed, and in 1998, for 20- to 24-year-olds. In addition, the 1998 revision of the Social Service Act allowed municipalities to render participation in activation programs mandatory for 20- to 24-year-olds and punish non-participation with benefit cuts. Therefore, municipalities' autonomy and discretion in policy implementation increased during the 1990s (Minas et al. 2012, pp. 290–291; Minas et al. 2014, p. 12).

Nevertheless, at the same time, the national government introduced standards that required municipalities to harmonize their practices in the governance of social assistance and labour market activation policies. This measure restricted the autonomy of municipal governments regarding the implementation of social assistance policies, parallel to increasing their competencies (Minas et al. 2014, pp. 12–13). In addition, it reduced the potential for municipalities to shift the cost of social assistance back to the central government and therefore to use the money elsewhere. Nevertheless, municipal governments gained and retained autonomy regarding the implementation of the social assistance and active labour market policies within the nationally set standards. For instance, they could decide to what extent they sanctioned non-participation in activation measures. Furthermore, Swedish municipalities had the option to choose their preferred organizational model, for example, they could decide whether they wanted to implement social assistance policies through the municipal services, by integrated municipal labour and social assistance units, and/or in cooperation with regional associations (Minas et al. 2014, pp. 12–13; Bergmark et al. 2017, p. 551).

After 2005, there was some shifting of policy competencies back to the national level because evaluation reports demonstrated that the participation of young people in municipal social assistance programmes had negative effects on their chances of obtaining a job. In 2007, the youth programmes of the municipal governments were terminated and transferred back to the national Public Employment Service (PES). As a consequence, the possibilities for the municipalities to organize activation measures for the young were limited. In 2010,

the national government also transferred the responsibility for the coordination of immigrant integration measures from the municipalities to the PES. In addition, another indication for the shifting of competencies towards higher levels of government is the merger of the National Labour Market Board and the labour market boards at the county level, in 2008, which resulted in a loss of competencies regarding policy implementation for lower levels of government (Minas 2012, pp. 204–205).

## **Spain<sup>4</sup>**

Spain is a historically strongly, centralized country that has turned to devolution in recent years. The trend towards decentralization started with the transition to democracy in the 1970s and continued. It also shifted to accommodate the plurinational character of the Spanish state. Today, Spain is made up of 17 autonomous communities (ACs) and is a clear case of a ‘holding together federation’ in a strong plurinational context. ACs have gained increasing responsibility over the years and are now in charge of important services like health care. During the 1990s, all ACs introduced a minimum income scheme without having been forced by national law to do so (Moreno 2001). With regard to fiscal policy, Spanish ACs enjoy one of the highest levels of autonomy among OECD countries, with regard to both revenues and expenditures (Blöchliger and King 2006). However, their fiscal autonomy is limited by a range of constraints in the national law, such as the inability to run deficits (Blöchliger and King 2006, p. 28).

Spain was amongst the countries that were hit hardest by the post-2008 crisis. Employment losses were substantial. In the aftermath of the crisis, the caseload of social assistance recipients increased rapidly. Nationally, the proportion of households receiving social assistance rose from 0.7 per cent to around 1.5 per cent, with important variations across ACs (Cabrero et al. 2015). The ACs’ budgets suffered enormously from the crisis, and social budgets were cut significantly as part of the austerity package adopted in response to the crisis (Del Pino and Pavolini 2015).

One response to the crisis was the emergence of proposals to ‘nationalize’ social assistance. This proposal came from the trade unions and was backed by a number of NGOs, such as the influential Caritas. Some political parties had this objective in their programme in the 2016 election, but the proposal was not implemented (Natili 2019, p. 125). The ACs did not back these plans. Instead, they engaged in various forms of cost shifting. For example, the subsidiary quality of regional minimum income programmes was strengthened. This means that, in order to prove eligibility, claimants must demonstrate that no other source of transfer income (e.g. national) is available to them. In addition, benefit levels have been set to exclude claimants who are entitled national labour market programmes (such as the plan PREPARA). Finally, there is also evidence that some ACs reacted to the rise in their caseload by providing temporary employment to clients, so as to give them entitlement to national unemployment insurance (Natili 2019; Bonoli et al. 2018).

Overall the Spanish story is one of the ACs being severely hit by an external shock that could have questioned their involvement in a suddenly expensive policy. However, rather than trying to pull out of it, their response has been to try to contain expenditure by shifting costs as much as possible to the national level. As implied by our model, faced with the trade-off between healthy budgets and political relevance, the Spanish regions tried to pursue both objectives by using upward cost shifting.

## Switzerland

Switzerland is a typical case of a federation where subnational governments strive for relevance and have high fiscal autonomy. Its member states, the cantons, were sovereign states, with their own institutions, currencies and armies (Kriesi and Trechsel 2008, p. 11). The cantons have played and continue to play an important role in shaping people's identities, as well as the linguistic divides (Switzerland has four national languages: German, French, Italian, and Rhaeto-Romance). About 80 per cent of the Swiss find that the municipal and the cantonal level matter most to their daily lives (Denters et al. 2014) and Switzerland ranks highest among 39 European countries according to the local autonomy index, an index that considers political discretion and financial autonomy of the local level (Ladner et al. 2015, p. 69).

In today's Switzerland, the cantons retain almost exclusive competencies in many important policy areas, such as education, family policy, and social assistance. The cantons and the municipalities also enjoy a high degree of fiscal autonomy. They can set tax rates autonomously and must balance their budget without federal help. There is no rescue mechanism within the law for a bankrupt canton and, historically, there has never been a bailout. Fiscal autonomy is, as a result, very high.

Social assistance became a political issue in the early 1990s. Following the 1991–1993 recession, caseloads (and spending) increased sharply. Between 1990 and 2000, the number of clients doubled (Champion 2011). As a result, since the early 2010s, the problem of cost containment in social assistance is high on the agenda within the cantons and, increasingly, also at the federal level.

Like the German *Länder*, the Swiss cantons considered the federal government responsible for at least part of the rise in caseloads. In fact, reforms adopted in the main federal programmes (unemployment and invalidity insurance) have restricted access to both schemes, with the result that a number of would-be clients of these two programmes are now forced to rely on cantonal social assistance. This practice of downward cost shifting is, to an extent, documented in longitudinal and caseload studies (Fluder et al. 2009; Salzgeber 2012, p. 64).

The cantons complained about the impact of cuts in federal programmes on their finances, but at the same time they too have played the cost shifting game (Bonoli and Trein 2016). There are several examples of cost shifting practices. One of them is the provision of contribution-paying jobs to social assistance clients for a limited period, so that they are then eligible again for another period of federal unemployment insurance (Conseil Fédéral 2008, p. 7046). This option has in principle been outlawed since 2009. In other instances, social assistance offices are known to support their clients' efforts to obtain a federal invalidity pension (Bonoli and Trein 2016, pp. 610–612). These cost shifting practices were widespread during the 1990s and 2000s, but were seldom done in an open and transparent way.

In parallel, there have been calls for stronger federal involvement in social assistance policy, not so much from the cantons but more from social assistance administrators. The federal government has responded to such calls in a report published in 2015. The report argued that social assistance is a central pillar of the country's social security system, and that more uniformity is needed. However, it also argued that it is up to the cantons to find ways to better coordinate their systems and not up to the federal government to legislate in this field. The position of the federal government was also based on the consultation of the cantons who, through their peak organization, opposed the transfer of the competence for social assistance to the federal level arguing on the basis of the subsidiarity principle (Conseil Fédéral 2015, p. 57).



Overall, the impression one gets when studying the Swiss case is that cantons are not trying to transfer social assistance to the federal level. However, faced with rising caseloads, they would like the federal government to play a bigger role in limiting the costs of social assistance, essentially by facilitating access to federal schemes. The former, of course, is difficult to obtain, and that is arguably why in the past the cantons have tried, through various channels, to contain their costs by shifting clients back to federal programmes. Swiss cantons remain attached to social assistance and clearly oppose a federalization of the scheme (Conseil Fédéral 2015, p. 57). Their approach to solving the dilemma is to contain costs including by trying to push clients onto federal programmes.

## CONCLUSION

This chapter discussed the shifting games in multi-tiered welfare states, which is part of multi-level governance between the national, regional, and local levels of government (e.g. Maggetti and Trein 2019). In other words, we assessed how the interaction between different layers of government have affected the pressures to act and the policy decisions of municipal governments in the field of social assistance. We started from the insight that municipal governments do not operate independently, but depend highly upon the actions of higher levels of government when governing social assistance. Taking a comparative perspective, we argued that the way in which shifting games unfold varies between countries and the quality of the relations between the different tiers of government. We contend that, when forced to act because of an increase in social assistance caseloads, the combination of two explanatory factors is relevant to the reaction of subnational units: fiscal autonomy, notably tax autonomy of subnational governments, and their aspirations for relevance, which denotes the extent to which subnational levels of government want citizens to see them as autonomous of the national government and in charge of important policies.

We selected four countries that vary along these two dimensions: Germany, Sweden, Switzerland, and Spain; which allowed us to formulate different theoretical expectations for each of them. Germany combines a moderate aspiration for relevance, through subnational governments with low fiscal autonomy. Therefore, we expect policy shifting between levels of government, since subnational governments do not rely upon keeping the policy to demonstrate relevance. In addition, they have no incentive to shift the cost since their fiscal autonomy is limited and they can expect bailouts from higher levels of government if they run out of money. Sweden combines moderate aspiration for relevance with high fiscal autonomy. Thus, we expect limited policy shifting. In Spain, subnational governments have a high aspiration for relevance but low fiscal autonomy. Therefore, we expect no policy shifting and only limited cost shifting. Finally, Switzerland combines high aspiration for relevance, through subnational governments with a high degree of fiscal autonomy. Against this background, we expected to find no policy shifting in Switzerland, but significant cost shifting activities.

The results of our analysis confirmed these expectations to some extent. In Germany, municipal and *Länder* governments did not object to a major policy shift in social assistance. In 2004, a major reform merged unemployment policy and social assistance and took policy competencies away from municipal governments. Nevertheless, municipalities retained autonomy concerning the implementation of the new social assistance benefits. In Sweden, there is indeed some evidence for limited policy shifting. During the 1990s, municipal gov-

ernments received more and more competencies in the implementation of social assistance policy, especially competencies that allowed them to combine social assistance benefits with labour market activation measures for young people. Nevertheless, after 2005, they lost these competencies again because the federal government considered the measures of municipal governments unsuccessful. Concerning the Spanish case, we find some evidence for cost shifting. Despite the severe budgetary cuts in the wake of the 2007–2008 financial and economic crisis, the ACs refused to nationalize social assistance. Rather, they engaged in cost shifting measures, for example claimants needed to demonstrate that they are not eligible for national level benefits. In Switzerland, there is also evidence for cost shifting. During the 1990s and 2000s, the cantons and municipalities devised different strategies to shift cost of social assistance back to federal programmes. For example, they hired claimants on contribution paying jobs that meant they were then entitled to federal unemployment benefits, and in other cases assisted them in obtaining federal invalidity insurance benefits. Overall, our results suggest that subnational governments' aspiration for relevance and their fiscal autonomy explain whether they engage in cost- and/or policy shifting.

The theoretical lessons from this chapter need to be qualified and we need to consider their limitations. First, we should note that cost shifting occurs in different contexts. For example, in Germany during the 1990s, there is also evidence of cost shifting, which eventually resulted in a large-scale reform of national policy, which is different than what we expected theoretically. The comparison of Spain and Switzerland suggests that cost shifting appears, regardless of subnational governments' financial autonomy, and depends mostly on aspirations for relevance. In the post-2008 period, Spanish ACs engaged in considerable cost shifting activities, which are difficult to distinguish from the Swiss case because they are not easily quantified. On the other hand, the Spanish ACs received new taxation competencies after the financial and economic crisis, which increased their incentives to maintain balanced budgets.

Second, there are other explanatory dimensions that are important. One is the presence of a federal political system, in which subnational territorial governments are important political actors. If this is not the case, such as in Sweden, the potential for cost shifting is limited because the national government, which controls most social policy programmes, can constrain municipalities easily. In federal countries, this is different. Here, municipalities can team up with the subnational governments in devising strategies that shift costs to the federal level, especially if the territorial governments are financially powerful. It is more difficult for the federal government to restrict the room to manoeuvre for municipal governments as the subnational governments are responsible for regulating municipalities and the federal government cannot easily override these competencies.

Finally, another explanatory dimension is the difference between policy formulation and policy implementation competencies. In Germany, municipal governments did not object to the centralization of social assistance regulation and benefit definition, but they wanted to maintain their competencies regarding the implementation of these policies. In the so-called *Optionskommunen*, municipalities implemented the provision of unemployment policies independently of the federal agency. Practitioners and scholars who engage with shifting games in multi-tiered welfare states should also consider these caveats when working with our theoretical propositions.

### **Postscript: Shifting Games and Policy Responses to the COVID-19 Crisis**

The theoretical argument that we presented in this chapter could also be used to explain how multi-tiered structure polities responded to the COVID-19 crisis. Our argument implies that in settings with high fiscal autonomy and high aspiration for relevance we should find cost shifting, whereas in constellations with low fiscal autonomy and low aspiration of relevance, there should be policy shifting. At the time of writing (December 2020), it is obviously too early to draw firm conclusions about how these two factors impacted on shifting games during the policy response to the crisis. Nevertheless, we can draw the following, preliminary, conclusions. First, at the onset of the crisis when very little was known about the pandemic, national governments took the lead. This was the case in Switzerland, where the federal government used the Federal Law on Epidemics to unilaterally impose a policy solution on the entire country (Sager and Mavrot 2020). In Germany, where the formal responsibility for public health protection is with the *Länder* and municipalities, the federal government orchestrated a coordinated response. Only few *Länder* and municipalities objected to a coordinated national solution (Büthe et al. 2020).

During the second wave of the pandemic, we have observed an increased politicization of the policy responses to the pandemic. In Switzerland, the federal government returned the responsibility for responding to the crisis to the cantons after the first wave. Once the caseload started to increase again in the autumn of 2020, the federal government only imposed some national measures once the hospital system was close to its limits. Cost shifting played a role in this political logic because if the federal government imposes measures on the cantons and municipalities unilaterally, it is very likely that it will have to pay the cost (Binswanger 2020; Schäfer 2020). In Germany, the *Länder* and the federal government coordinated the response to the second wave of the pandemic. In November 2020, the federal parliament revised the national law on infections. This reform did not shift policy responsibility towards the federal government. Only in a later modification the federal parliament created the legal basis for unified national health protection measures.

Overall, we see some parallels between the effects we discussed in the main body of this chapter and the response to the pandemic. For instance, in both cases, joint decisions on where to locate responsibility depended also upon considerations of relevance and cost. Nevertheless, a full assessment should be carried out through future research. Such work should also include further case studies and take into account the lessons that governments draw from the crisis.

### NOTES

1. This section draws on Bonoli et al. (2018).
2. This section is based on Bonoli and Trein (2016).
3. This section draws on Bonoli and Trein (2016) and Bonoli et al. (2018).
4. This section draws on previous collaborative work done with Marcello Natili and published as Bonoli et al. (2018).

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## 17. Social work and community work

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### INTRODUCTION

Social work and community work were born and raised in the city.<sup>1</sup> To summarize the long-standing history of the two professions, at the end of the nineteenth century and the beginning of the twentieth century, social problems, such as housing shortages, poverty, health problems or the neglect and exploitation of children, became particularly apparent in cities. Although these problems could also be found in rural areas, cities became a hotspot of controversy about the social divide in society. Therefore, the history of social and community work developed alongside the process of urbanization.

The connection between the dual processes of urbanization and pauperization was a basic assumption of several social movements of the nineteenth century. For instance, Friedrich Engels of the socialist movement, denounced the living conditions of the working-class population in cities as follows:

If the population of great cities is too dense in general, it is they [the working class] in particular who are packed into the least space. As though the vitiated atmosphere of the streets were not enough, they are penned, in dozens, into single rooms, so that the air which they breathe at night is enough in itself to stifle them. They are given damp dwellings, cellar dens that are not waterproof from below, or garrets that leak from above. Their houses are so built that the clammy air cannot escape. (Engels 1887, p. 65)

Against the background of ongoing industrialization and urbanization, the increasing division of society was similarly problematized and harshly criticized by a broad range of actors. Communists and socialists (such as Marx, Engels, Proudhon and Bakunin) were critical of these social developments, but so too were Christian social reformers, bourgeois women and conservatives (Rodgers 1998). Such activists sought to rectify what has collectively come to be termed ‘the social question’, which refers to all the social issues that describe “the paradox of increasing poverty in an increasingly productive and prosperous economy” (Baum 2012, p. 574).

It is within this context that the foundations of social work and community work were laid, and these can be seen as a reaction towards these social problems and which represent part of a broad array of social professions that developed during this time of tremendous social change. The professionalization of social work and community work took shape only once the first schools in these fields had been established in Europe and the USA, during the early 1900s (Kendall 2000). The terms ‘social work’, ‘community work’ and ‘community organization’ gained acceptance from 1910 onwards, first in the USA (Köngeter and Reutlinger 2014; Leiby 1984). The International Federation of Social Workers defines social work as:

a practice-based profession and an academic discipline that promotes social change and development, social cohesion, and the empowerment and liberation of people. Principles of social justice, human rights, collective responsibility and respect for diversities are central to social work. (IFSW 2020)

This definition is based on a differentiation of strands in social work, which crystallized in the 1930s, when four sections were defined by the National Conferences of Social Work: social case work, social group work, community organization, and social action. These four strands mirror the definition of social work that remains relevant to this day, revealing the spectrum of aims and activities within social work. These range from *macropractices*, which aim to change society, organizations, communities, etc. to *micropractices*, which include smaller scale activities, such as working with individuals, groups and families, empowering them to deal with their specific life situation.

However, differentiating between the strands in social work as such has been controversial since many see the different levels as interrelated. For instance, micropractices are often connected to decisions made on a meso- or macrolevel. Community work, in particular, advocates concepts that emphasize the interdependence of these strands. Hardcastle et al. (2004, p. 3) argue, for example, that “community practice is the core of social work and necessary for all social workers, whether generalists, specialists, therapists, or activists”. Since social work often takes a socio-ecological perspective, which considers the person in their environment, communities are essential for all social work activities. Community organizing aims more specifically to empower communities as a whole, which includes strengthening participation in policy-making, advocating for the needs of community members in social planning, and improving and creating social services that are oriented towards the demands of the people. In the following sections, we discuss the importance of social work and community work for urban policies. We do this against the background of a theory of social spaces, which understands social spaces as the outcome of a continuous practice of space-making by actors (Kessl and Reutlinger 2013). In the context of such a theoretical stance, we suggest a new perspective on social work and community work that focuses less on interventions, and more on the everyday practices of actors and their engagement in coming to terms with the challenges and hardships imposed upon them by society. Moreover, through our approach we aim at bridging the ever-widening gap between social work and community work, emphasizing the interrelatedness of the two professions.

In this chapter we first trace the meaning of social spaces for social and community work from a historical perspective – using the USA as an exemplary case that has influenced many other countries. Following which, we provide an overview of the most relevant theories of social spaces for social work and community work. Next, we discuss three major issues that have shaped social work and community in urban spaces over the last few decades: agency, participation and care. Here, we make use of practice examples and developments, particularly from work relating to children and youth. We also show how social work and community work in urban spaces have shifted, particularly in the context of the COVID-19 pandemic. Finally, in light of our theoretical framing, we offer an outline for the future of social work and community work, taking into account the development of social policies against a globalized world.



## HISTORICAL BACKGROUND

As intimated above, discourses regarding the negative impact of urbanization on society date back to the end of the nineteenth century. The ‘street’ was problematized as a wild, unregulated space which threatened the younger generation and, as a consequence, society as a whole (Lindner 2006; Waugh 1888). At the same time, controversies arose regarding how best to control public spaces and the population through laws, social planning, social work and community work. Life on streets was seen as unhealthy and uncivilized, diseases were said to spread due to dirty and unhygienic surroundings, and bourgeois values threatened by vices such as gambling, alcohol and prostitution. This was the starting point for the social criticism of the slum (Philpott 1978; Ross 2007) in nineteenth-century London. The rapid urbanization and its social consequences sparked a wealth of writings in the emerging social sciences, as well as in literature, e.g. in the well-known novels of Charles Dickens (1853) and Henry Mayhew (1851).

These popular depictions were paralleled by the beginnings of a philanthropic ‘conquest’ of these slums and their inhabitants – a development which is well described for England (Ross 2007). At this time, the social professions were not yet established. Instead, social movements, such as the women’s movements, focused on changing the fabric of society. Such movements were pivotal in the early formation of social work and community work, as well as for other social professions. The founding of the Charity Organization Societies (COS), a social reform movement starting in the late 1860s and a forerunner of modern social work, brought a more systematic approach to welfare work in the cities, and advanced aspirations to establish a scientific basis for this work (Leiby 1984).

Next to the COS, the so-called settlement movement was another social reform movement that condemned the devastating consequences of industrial capitalism, a movement which had its origin in England, but was influential in most North American and European countries (Gal et al. 2020). The idea of the settlement movement was to ‘settle’ bourgeois and well-educated people in neighbourhoods where labourers and the poor lived. This was not merely charity, but also a means of understanding life within these neighbourhoods and learning from the people living there in order to prompt social reform. These settlements are considered one of the most important roots of community work (Specht and Courtney 1995; Trattner 1989). Both COS and settlements were important in developing new forms of social services, but they also played a role in turning Britain (and other countries) into what has been described as a ‘surveillance society’ (Croll 1999), whereby those in power seek to control those groups of society that are suspicious to the eye of the bourgeois class.

Social reformers across various countries of the West jointly discussed the growth of urban agglomerations which were seen as a threat to society. Therefore, public urban spaces were also the location where social questions were raised, social inequalities problematized, and social reforms propagated (see also Chapter 13 by Musterd in this volume). This idea of the ‘street’ as a threat to society is another important factor that gave rise to social work and community work. From the 1920s onwards, we can observe an ongoing professionalization of social work and community work, first in the Western parts of the world, and after the Second World War, also throughout the rest of the world. In the USA, the developments of social work and community work are characterized by an increasing distance between the two strands. Social work was strongly influenced by the relatively individualistic fields of psychiatry and psychoanalysis in the 1920s (Specht and Courtney 1995). With this focus on the individual,

parts of social work oriented themselves towards the medical model, with psychology and psychoanalysis the leading disciplines. This led to a focus on micropractices of changing the individual rather than on societal change for the well-being of disadvantaged groups.

At the same time, community work (then named ‘community organizing’) was established as a separate pillar, taking a different path by emphasizing the importance of social welfare and social policy. The publication of the Lane Report in 1939 summarized developments in this field and became a landmark in the definition of community organization in the USA (Lane 1939). Furthermore, new models of community organizing emerged which aimed at empowering the population of marginalized districts in the political arena. Saul Alinsky (1946), for example, no longer relied on the power of social reforms, but developed new tactics for engaging with marginalized people in political conflict. After a period of consolidation, community organization became even more important in the 1960s and 1970s, for instance, through the war on poverty which was launched by US President Lyndon B. Johnson in 1964.<sup>2</sup> The developments of these times strengthened the focus on community work (DeFilippis 2012).

The 1970s can be seen as the heyday of community work, which went hand in hand with the pervasive idea of public spaces being pivotal loci for democratic action and for the lives of different groups in societies. However, from the 1980s onwards, privatization, control and surveillance of public spaces all became the more dominant concern. Social conflict on streets was seen as something that had to be avoided. “The police expropriate public space in favour of abstract orderliness: only an empty street is a good street” (Lessing 1986, p. 60). Social work and community work in public spaces are involved in these ongoing and changing conflictive dynamics regarding urban spaces. They are challenged with the issue of how best to position themselves to deal with the conflicting mandates of social control on the one hand and the empowerment of marginalized members of communities as well as furthering social change on the other hand.

## THEORIES AND CONCEPTS OF (URBAN) SOCIAL SPACES IN SOCIAL WORK AND COMMUNITY WORK

Theories about urban spaces in social work and community work initially developed from a broader understanding of ‘the street’ and ‘the city’ as a place in which fundamental social questions, such as the social divide, generational relations and racism could be addressed. Accordingly, social work and community work are focused not only on social control, but also on gaining a broader understanding of cities as locations where social processes and dynamics unfold, of how actors are located within cities, and also of how social problems are rooted in social structures and developments (Reutlinger 2007; see also Chapter 12 by Barberis and Angelucci, and Chapter 13 by Musterd, in this volume).

For a theory of space within social work and community work, it is necessary to take account of the interconnecting developments of urbanization and their relationship to social work and community work (Reutlinger 2017). The present social work theory of social space builds upon the ideas of French theorists, such as Michel Foucault and Henri Lefebvre, using terms such as ‘spatialization’ or ‘spatial practice’ (see Löw 2013; Werlen 1993). ‘Place’ is understood as the localization of social action in a certain geographical space and is defined as an act of positioning something or someone. In other words, “‘place’ is best conceptualized by means of the idea of locale, which refers to the physical settings of social activity as situated

geographically” (Giddens 1990, p. 18). These locales can be analysed in terms of their emergence, their conflicts and dynamics, and how individuals and communities make meaning of them.

In light of the above definitions of space and place, it is questionable as to whether social work and community work should assume that the city is *one* social space. Instead, it seems more promising to build on from the French-speaking discourse of *espace social* (‘social space’). To this end, we can rely on the sociological studies of Maurice Halbwachs (1938) and Paul-Henry Chombart de Lauwe (1952), who analysed the manifold layers of spaces in a city and distinguished geographical space from economic, demographic, cultural, juridical, and religious spaces. *Espace social* is then the overarching term that connects all these spaces without neglecting their complexity. Henri Lefebvre’s theory of social space, of which he describes three conceptual levels, may lend support. He sees it as a social construction, consisting of:

1. a spatial practice, i.e. the production and reproduction of space, particularly by activities of perception and interpretation (Lefebvre 1991 [1974], p. 33),
2. representations of space, i.e. the space as it is created cognitively (by architects and social planners) (Lefebvre 1991 [1974], pp. 38f.), and
3. the representational space with its complex symbolizations (Lefebvre 1991 [1974], p. 39).

For social work and community work, these theoretical underpinnings are important in that they change the way the city is conceptualized and how they impact upon the role of social work and community work. It becomes clear that disadvantaged urban neighbourhoods, or even whole cities, cannot be understood as separate units or containers; instead, they are a continuous fabric of social practices (see Kessl and Reutlinger 2007, p. 19). Geographic boundaries are not (any longer) coextensive with social boundaries (cf. Albrow 1997; Ahrens 2001).

In recent decades, politicians and administrations have often assigned social work and community work the task of tackling and containing social problems in administratively determined spaces. However, this territorialization of social problems systematically fails since it neglects the new social geographies of the twenty-first-century. The reification of geographical containers is a side effect of the crisis of welfare societies, which no longer tackle the social problems where they are produced, but where the most visible outcomes can be seen and controlled. City quarters and neighbourhoods become the garbage can of social crises (Sennett 2000). In order to avoid becoming – to use Sennett’s metaphor – the refuse collectors for such city containers, social work and community work should focus on the subjects and their way of creating social spaces within and beyond the containers in order to open up new ways of dealing and coping with twenty-first-century social problems.

Social work and community work in urban spaces take service users’ subjective perceptions and actions as their starting point. As shown by studies on youth subcultures undertaken by the Centre for Contemporary Cultural Studies (CCCS, University of Birmingham), the appropriation of urban spaces was a major means of coping with the social and urban conditions in the years after the Second World War and until the 1980s (Hall and Jefferson 2003; Willis 1979). Youth cultures and social conflicts could be observed amongst the young people of the hippie movement, rockers, skinheads and punks. Such groups used the public space in a game of visibility, creating outfits and challenging behaviour that provoked other social groups and displayed their protest against society. Social work and community work have two mandates which may lead to tensions. On the one hand they have to problematize such behaviour (as

often demanded by the public or public administration). On the other they perceive and analyse the streets and public spaces as a means of enabling their clients to express themselves, appropriate their material surroundings, express their protest, and make the social conflicts visible which are otherwise repressed. Many of the concepts developed in the 1980s incorporated these insights, such as the concept of mobile youth work, aimed at enabling a broad variety of approaches to life, “alternatively to the socially dominant patterns with their repressive or marginalizing/stigmatizing character” (Specht 1987, p. 20).

However, these kinds of progressive approaches have been put under pressure recently. Since the 1980s, an increase in regulatory interventions like the establishment of prevention and order units in police and social work, but also CCTV, community policing etc. (‘the preventive turn’, see Crawford and Evans 2017) have been identified, which neglect the important aspect of appropriation (see Diebäcker 2014). The sole focus on more effective interventions to clear public spaces of actors who use these spaces in ways that are not appreciated by powerful groups of society meant that social conflicts became invisibilized and (young) people have subsequently been deprived of the chance to find a place in a conflictual society. Furthermore, social work and community work face the challenge of identifying the invisible (or invisibilized) clients in the complex social spaces of urban agglomerations. Young people’s disruptive behaviour is no longer seen as an individual strategy for coping with social conflicts, but as a symbol of the decay of social control.

## RECURRING ISSUES RELATING TO THE SPATIAL DIMENSION OF SOCIAL WORK AND COMMUNITY WORK

Social work and community work are engaged in these spatial regimes within their specific professional approaches. Although both social work and community work have developed a broad range of theories and concepts, we can identify three recurring issues within these fields relating to urban spaces and urban policies. *Agency*, *participation* and *care* are general objectives guiding social and community worker in their engagement in urban policy processes.

### Agency and Urban Spaces

Within social and community work practice, there is hardly any focus on social inequalities in cities as a whole. Instead, models of urban segregation and polarization are used to analyse the social divide within cities and to target specific districts and neighbourhoods (cf. Hamnett 2001; Nightingale 2012). The construction of such boundaries within cities governs the social programmes of social work and community work practice. Urban development is concerned with those districts considered to be problematic, but neither the interconnectedness of different social spaces nor the agency of the people who live and work in cities are properly considered. This is particularly evident in those programmes and initiatives promoting urban renewal (for example the German ‘Soziale Stadt’, the French ‘politique de la ville’ or the Swiss ‘projets urbains’) (see also Chapter 21 by Güntner in this volume). Such programmes aim to overcome social segregation in cities (Becker and Löhr 2000, p. 22) by integrating different city administration and social services departments and focusing on city districts where marginalized groups are overrepresented (see Walther and Güntner 2005). The key idea is to strengthen

social cohesion by activating social capital among the residents of these areas. Social work and community work are the social professions that come into play at this point. They are supposed to work with marginalized groups, give the residents a voice in these programmes and activate their underused capacities (Diebäcker 2014).

However, if social work and community work are to build on the insights from the theories of social spaces described above, they must first recognize and problematize the shortcomings of such programmes. The main flaw in this type of approach lies in the confusion between cause and effect. Segregation is the effect of processes of marginalization. Interventions that try to tackle only segregation will always fail to deal with the processes that create the forms of marginalization that can be observed in cities. Social work or community work that supports such programmes should be criticized, as it plays a role in perpetuating the social divide in cities (Kessl and Reutlinger 2013).

An appropriate approach to segregation within cities must first examine the activities of those who are affected by processes of exclusion and marginalization. Their tactics, rituals, disruptive behaviour, and so on, should be decoded as ways of appropriating the built environment of the city in order to cope with their challenging social situation. In so doing, it will be possible to analyse those activities by which the individual adapts to the social and material environment. To be effective, social work and community work must focus on appropriation (Deinet and Reutlinger 2004), which connects the internalization of specific social and historical human experiences with activities that explore and transform the environment (cf. Kaptelinin 1996). People become capable of acting if they are able to create meaning by exploring and appropriating the (social) world. In social work and community work, but also in other social professions, these processes of appropriation are nowadays seen as a starting point for professional action in these fields (Deinet et al. 2018; Engeström and Sannino 2018; Hüllemann et al. 2019).

If the roles of social work and community work are to be conceptualized from this point of view, a deeper understanding of the subjective meaning making of individuals and groups is crucial. Although social workers and community workers are often part of institutions which are required to control public spaces, it is their professional duty to interpret these activities and gain a better and deeper understanding of how these individuals relate to the world, which values they espouse, who is important to them, and much more. Processes of appropriation are not only individual processes; they are very specifically embedded in social contexts. Therefore, an analytical understanding of appropriation yields insights into individual life-worlds, but also into social conditions and how they shape the individuals' specific life-worlds. The professional challenge is to enable a form of appropriation which is meaningful for service users on the one hand, and acceptable for the public and for politics on the other hand. In light of the radical transformation contemporary societies are undergoing, it is not the visibility of inappropriate behaviour that is particularly challenging for social work and community work, but its invisibility (cf. Reutlinger 2003). This demands new approaches to dealing with the hidden burden of social marginalization.

The COVID-19 pandemic has changed the perception of, and interventions in, public and private spaces in profound ways. Public spaces have come to be regulated in unprecedented ways; for instance, during lockdowns, playgrounds have been closed in many countries, public spaces have come under surveillance due to new mask and physical distancing regulations, the freedom to meet and engage with others in urban areas has become restricted, and, in general,

people have been asked to stay at home. The public space has been turned into an endangered space.

However, these restrictions have impacted upon different groups of society in different ways. Service users of social work and community work have been particularly affected, since public spaces and social services offer access to facilities and options that they often cannot otherwise afford. During lockdowns, children living in densely populated areas have lacked opportunities to play outside; youth have missed the possibility of meeting without adult supervision; homeless people in shelters have become more exposed than most to the risk of infection; and communities lost their ability to meet and to interact as a group. Furthermore, supportive measures that would usually be available to vulnerable members of the community have been adversely impacted. Social services have had to cancel large parts of their programmes, both indoors and outdoors. Digital communication and applications on smartphones and computers aimed at substituting such services, but often failed as important parts of social work and community work depend on caring practices which include the whole person (Aluffi Pentini and Lorenz 2020).

Meanwhile, the discourse on private spaces has also changed during the pandemic. The lack of options to meet others outside of one's household, to go to school, to meet in a café or in a pub, to gather in parks or to go shopping have come hand in hand with a new discourse on the threat of domestic violence, on the deprived living conditions of communities in urban agglomerations, and on the psychological and social challenges of being cut off from face-to-face interaction with others outside of one's household.

Whilst some of these issues are certainly not new, the pandemic put another complexion on them. Empirical research shows that the pandemic caused a rise in depression systems amongst the already vulnerable population (Ettman et al. 2020). There have been more reports on domestic violence during the lockdown, particularly among those communities that face economic challenges, housing problems, lack of childcare and other social services (Evans et al. 2020). Amongst the most discussed issues is the increasing social inequality in education due the closure of schools which often also affects the nutrition of children living in poverty struck families (Van Lancker 2020).

These two spheres where change has occurred (i.e. public and private) reveal that the agency of people and communities, particularly of those who are most marginalized or affected by poverty, is dependent on the interconnection of public spaces with its social infrastructure, and the private space which provides only limited resources for coping with their challenges in life.

### **Participation and Urban Spaces**

Fundamental to the role of social work and community work professionals is the duty to promote the agency of its service users or, more broadly, of members of its communities. In this sense, participation is the most crucial process, whereby service users are able to influence governance in favour of the needs and demands of their community. This may occur through formal processes, such as the creation of committees, but additionally, also an important starting point in the process are the everyday processes by which people appropriate urban spaces. Participation practices differ amongst various groups in the community: e.g. young people "do participate, but in different styles and spaces not all of which, however, are recognized by other societal actors as participation" (Pohl et al. 2019, p. 2). It is thus crucial to ask: *where* do these different groups participate and how are these spaces perceived by other groups of

the community? If such processes of participation are to be analysed and promoted, the built environment must be taken into account, as well as its social relationship with the public (Andersson et al. 2019; Piro et al. 2019).

As noted above, social work and community work are often constrained by the governing strategies of the city administration and other state-run institutions at the local, regional or national level. However, these administrative boundaries often are not coterminous with social spaces, which are constituted in terms of the relationships between geographical configurations and social activities (see also Soja 2008, p. 252), including, for instance, spaces of interaction for children and young people, migrant communities, homeless people, and so on (Batsleer et al. 2019). The administrative realm is therefore often irrelevant to such groups who do not relate to concepts designed to offer them options to participate within these boundaries. As such, many processes of participation fail to address the diversity of needs and demands of the groups within a community by constraining themselves to certain sections of the population and political procedures and, in so doing, disregard the factual practices of these groups' participation and engagement (cf. Kniffki and Reutlinger 2013).

In light of such considerations, it is essential that social work and community work reflect on the power and dominance relationships in the production of social spaces. On the one hand, it is important to ask which groups and activities gain recognition and which are marginalized or excluded. Hidden structures of involvement or exclusion are of central significance for individuals and groups within communities. The question of public visibility and invisibility can be used to probe more deeply into mechanisms of belonging and exclusion (cf. Reutlinger 2013). From the point of view of social work and community work, this is particularly important: this field is all about generating enabling social spaces and contexts of recognition that are open to otherwise marginalized stances and activities (cf. Reutlinger 2003). With respect to youth culture, for example, contexts of recognition are especially important: places which are seen as 'cool' and offer the chance to adopt different practices and styles of participation are important (Callu 2005; Harris and Wyn 2009; Skelton and Valentine 1998). By contrast, formalized spaces imply social control, stigmatization and marginalization, which some then try to escape by adopting alternative youth culture styles (see Gallant and Friche 2010).

During the pandemic many communities, organizations, associations and lobby groups raised concerns about the lack of political participation of many segments of the community with respect to the interventions intended to prevent the spread of COVID-19 for the protection of vulnerable groups. This discussion revealed, in a nutshell, which actors have the resources, and are able, to engage in public discourses; notably, many groups of service users of social work and community work are not amongst them. This is the case both for the professionals in these helping professions who are often applauded, but rarely listened to, and especially for the service users themselves who are suffering more than most from lockdowns. Although we know that participation is an important protective measure to cope with disasters, many groups, but especially children (Larkins 2020), do not have the opportunity to participate in the decision-making process.

As discussed above, participatory inequalities have been greatly increased by the pandemic. With the interruption to the social infrastructure designed to facilitate the participation of marginalized groups, this further limited the opportunities for marginalized groups to bring forward their perspectives, needs, and suggestions. As it was no longer possible to meet people face-to-face, digital applications (such as video-conferencing systems, social media apps, participatory apps, etc.) became the main means of reaching service users. However, in

light of the digital divide that crosscuts the globe (Chen and Wellman 2004), this has meant that inequalities in participation have become amplified. This is particularly problematic in the fight against the pandemic that asks for an active, transparent and participatory approach of all members in a nation-state.

### **Care and Urban Spaces**

The history of social work and community work shows that care for vulnerable members of the community, including babies, children, young people, disabled or homeless individuals and elderly people, were amongst the first services organized by social activists and reformers. New agencies were established, and laws and policies were institutionalized – first at the local level, but later also at the national level. One of the most decisive developments was the establishment of nation-states as welfare states, which made care and welfare services a right for many social groups.<sup>3</sup> Historically, cities were as important in promoting social reform and social welfare as nation-states, although they have become increasingly invisible as welfare actors since the mid-twentieth century (Gräser 2009). However, the perspective on care and welfare services has changed in recent decades due to crises of welfare states. It has become increasingly apparent that care policies and practices have to be seen as the result of the interconnection of many actors: the welfare state, markets, family and communities, including cities. Against this background, cities' contribution to care is again gaining importance:

It is at the local level that social problems are felt and where frontline staff have direct experience of these problems and the communities affected. It is also at the local level that we see innovation, experimentation and piloting of solutions that are difficult to achieve at other levels of government. (Jeffrey 2017, p. 7)

Similarly to the nineteenth century, urban areas are again the main locations where we can observe social transformation. Urban life is influenced by interconnectedness with its surroundings, but also with other urban, global centres. Migration and transnational interconnections are especially crucial in urban centres: big cities are attractive spaces for expatriate managers, as well as for migrant carers, for tourists as well as for artists, for academics and young professionals. We can no longer assume that residents' places of living and their social networks overlap within the organization of care in urban contexts. Instead, we can observe a decoupling of the relationships between the city, nation-state, and care. New research in the global and transnational economy of care has revealed that social work and community work requires a broader understanding of care (Powell 2007). Neighbourly practices of care within communities are interconnected with social services run by cities, provinces or federal states, with NGOs or for-profit-service providers, with migrant carers, with relatives from abroad, with churches and their communities and many more. New communication technologies and affordable and efficient public transport facilitate translocal, and even transnational, provision of care.

The COVID-19 pandemic has changed social life and society in a dramatic manner, but most importantly it has altered the meaning and practice of care. Certain occupations have suddenly come to be perceived as systemically important for the functioning of society, notably care workers in hospitals and elderly care, and so on. Their social standing has gone from 'zero to hero' (Hennekam et al. 2020), which must be seen against the context of their former invisibility and low occupational status before the pandemic. However, the celebration of the



care sector, mostly borne by women, simultaneously invisibilizes the care burden carried out at home and in the neighbourhood during the pandemic (which is also primarily carried out by women) (Power 2020). By this, we can identify a clearly gendered impact of the pandemic on the family and care in the community.

This example again shows the importance of thinking about private and public spaces as communication tubes. Social work and community work are part of the boundary management in the in-between space of the private and public sphere. As caring and helping professions, they can build on the potential of civic engagement amongst community members. Such potential has probably been underestimated throughout recent decades; however, in light of the high level of activity during the first wave of the pandemic there is new optimism. Nevertheless, the pandemic also revealed that effective and sustainable solutions for a caring society need to see informal and formal care as interwoven tasks. Social work and community work have to take the informal and often invisible part of the care work into account as social inequalities that often go unnoticed are reproduced in this sector.

## CONCLUSION

These global and transnational transformations in care affect not only the practices and institutions of social work and community work, but also social policies in urban centres. Global social policy analyses, such as those undertaken by renowned experts, such as Bob Deacon, Nicola Yeates and others, have shown that there is a contested terrain of emerging global governance which also affects urban agglomerations. Cities observe each other's social service policies, exchanging and transferring them from one place to another (Peck and Theodore, 2010).

The circulation of theories, models, ideas and ideals has had a tremendous impact on social welfare knowledge and on social policy formulation, as shown both in historical studies (Chambon et al. 2015; Rodgers 1998) and in contemporary research on social policy (Mahon and McBride 2009; Peck and Theodore 2010). It is important for those involved in social work and community work to understand how this knowledge is translated into new contexts. For instance, this can be achieved by asking questions regarding the specific interests of actors and the power structures influencing the process, and exploring what the ideas and the visions are for the social context targeted by the models, theories and ideas. Social work and community work are often excluded from the constructions of models decided upon within translocal networks of policy-makers. They are then confronted with new programmes that they are expected to deliver. However, social work and community work professionals, with their deep understanding of local practices regarding clients' activities and the appropriation of urban spaces, could make an important contribution to the adaptation and proper translation of such models. This, however, requires something that is not yet fully developed in social work and community work: the ability to act within the political arena as professionals who could provide important insights into the potential effects of policy-making.

Social work and community work have a two-fold task in the complex world of urban social policies. First, to make both the local and the translocal outcomes of the so-called social question visible. In contrast to the appalling conditions within some urban districts in cities of the nineteenth century, the social problems of cities in the twenty-first-century are relatively invisible and are much more complex and challenging. Many social problems, such as poverty,

violence and chronic illnesses, affect the whole city, as opposed to only certain socially disadvantaged districts. It is more important than ever to realize that human tragedies can play out behind the curtains of all city districts, and that such experiences are not limited to and contained within deprived neighbourhoods.

However, new developments in urban areas call for new methods, approaches and theories for analysing, visibilizing and problematizing new social questions. The COVID-19 pandemic has revealed and reinforced some of these new social questions, such as the digital divide and the gendered nature of informal care work, which need to be taken up by social work and community work professionals in their work within urban spaces. Moreover, it is their professional obligation to empower clients and communities to cope with these new social inequalities, which cut across the different scales of the social fabric, from the local to the global and back. Social work and community work have a broad array of methods and concepts to support agency and create spaces for participation, which can inform social policies and make social work and community work a strong actor within and across urban centres.

## NOTES

1. We found during our writing that Charlotte Williams (2016) has created this beautiful metaphor of the city as the parent of social work, in terms of it being a new profession. This edited volume gives in-depth insights into the topic we discuss here in this chapter.
2. The war on poverty is the often-used term for the legislation designed to tackle high levels of poverty and expanding government's role in welfare under the Lyndon B. Johnson government in the USA.
3. Since that time, the question of eligibility and the distinction between the deserving and undeserving poor has been discussed broadly. The welfare state is in large parts centred around being a legal resident. This excludes all those who fail to achieve this status and are therefore excluded from almost all social and health services.

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## 18. New public management-inspired public sector reforms and evaluation: long-term care provisions in European countries

*Hellmut Wollmann*

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### INTRODUCTION

Since the 1980s, public-sector modernization has been guided and propelled by neo-liberal policy postulates and New Public Management (NPM) maxims, as well as by evaluative assessment of the conduct of public functions. The question as to whether, when and how the sector and its evaluation have been influenced by NPM and underlying neo-liberal policy concepts and measures is explored in this chapter. Specifically, this issue is addressed in relation to the provision of personal social services, in particular elder care/long-term care, in European countries. Furthermore, a territorial approach is adopted to examine subnational variations in service provision within each welfare model.

Neo-liberal policy and related NPM maxims have aimed at limiting the role of the public sector, rejecting the predominant primacy of the public sector and its ‘Weberian’ administrative format in fulfilling public functions. Meanwhile, the management of public functions has been ‘outsourced’ through market-mechanisms to non-public, preferably private-sector organizations and actors (see Pollitt and Bouckaert 2017, pp. 5ff.; Kuhlmann and Wollmann 2019, pp. 52ff.). Emerging under Margaret Thatcher’s Conservative government in the UK during the 1980s, and having subsequently spread throughout European countries, neo-liberal policy and NPM postulates have gained further traction through the marketization drive pushed by the European Union’s single market strategy. At the same time, the application of evaluation instruments advanced by NPM, through its underlying management cycle and its concept of intertwining goal setting, implementation, and results, has made evaluation mandatory (see Wollmann 2003, 2007, pp. 396ff.).

Amongst the broad range of public and social services provision that have been impacted by neo-liberal policy and NPM (Wollmann et al. 2016), as mentioned above, this chapter will focus on elder care/long-term care (LTC) (see Bönker et al. 2010, 2016). With an eye on the general theme of this volume, the personal social service sector (notably LTC), seems warranted as an appropriate – if not preferential – candidate for cross-county analysis on a number of scores. For one, the provision of personal social services, including LTC, is at the very core and heart of social policy. Moreover, these services have been, and are being, rendered primarily at the local level, by actors comprising public/municipal, non-public, not-for-profit, voluntary, as well as private commercial ones (see Wollmann and Bönker 2018; Kopric et al. 2018).

This sector is also especially pertinent against the backdrop of the COVID-19 pandemic, which has wreaked havoc worldwide and has taken a deadly toll, particularly on LTC residents (see United Nations 2020). A subsequent section addresses questions and implications that

have arisen as to how the pandemic has exposed deficiencies across many countries in relation to elder care/LTC provision, and how this is linked to the theme pursued in this chapter.

From a methodological perspective, the chapter draws on the data and findings of available literature, including the author's own pertinent work and publications. A final caveat must be made: vis-à-vis the complexity of the addressed developments and the envisaged coverage of five countries the chapter can hardly avoid settling for some 'broad brush' argumentation. The chapter will proceed in four sections. First, country accounts are presented on the provision of personal social services, in particular of LTC in the wake of neo-liberal policy and NPM maxims. Next, related evaluation approaches within each of the countries are discussed. Subsequently, implications of the COVID-19 pandemic are addressed. Finally, some conclusions are formulated.

### **Cross-Country Analysis: Selection of Countries and Time Frame**

The chapter undertakes a cross-country analysis, comparing the UK, Sweden, France, Germany and Italy. This country selection was guided by the different welfare state regimes to which each of the countries can be assigned.

In describing the various approaches, Esping-Andersen's (1990) classification is perhaps the most well-known. First, there is the 'liberal welfare state model', in which the provision of care is essentially left to the private sector and to the market, whilst public support is restrained and means-tested. Second, there is the 'conservative corporatist welfare state model', which hinges on the family as having primary care responsibility and envisages that the state will intervene only when the capacity of family care is exhausted. Third, there is the 'social democratic welfare state model', inspired by the principle of 'universalistic' social rights and equality of the persons in need of care. According to this model, society largely refrains from resorting to the family as caregiver.

Another analytically useful model, put forward by Williams (2012), leans on the distinction as to whether personal services are essentially rendered by formal (public sector) organizations or by informal (family, etc.) providers. Therefore, two types can be identified. On the one hand, there is the Southern European 'familialist care' model, with high levels of informal unpaid care provided by the family and minimal public care provision. On the other hand, there is the 'public services model' of Nordic countries, with an egalitarian care regime and high levels of formal public care services (see King-Dejardin 2017).

In the country selection of this chapter, Sweden stands for the 'social democratic welfare state model' (as well as the 'public service model'); the UK for the 'liberal welfare state model' (from the 1980s onwards, having been strongly 'public service-based' between 1948 and 1979); France, Germany and Italy represent the 'conservative welfare state model', with Germany having a strong corporatist leaning, and Italy having a pronounced 'familialist' accentuation.

In this chapter, a developmental ('over time') approach is pursued, whereby each country account begins with an outline of the historical origins and developmental lines of service provision in that country. This approach helps to identify the starting conditions from which the respective NPM-inspired trajectories have taken off. Furthermore, a territorial approach is adopted to examine the subnational variations in the service provision within each welfare model.

## **Definitional and Analytical Frame (and ‘Glossary’)**

In focusing on social service provision, in particular elder care, it may be helpful to put forward a definitional and analytical frame. This might also serve as a glossary, which may be particularly useful in this context, since the respective terms and categories vary considerably amongst the countries discussed.

As for the location of care provision, a distinction is made between residential care, provided in care/nursing homes, and home (or domiciliary) care, which is rendered at home. Regarding the institutional contexts of care provision, such services can be ‘in-house’, that is, directly be carried out by personnel of the respective public authority, or externally through alternative facilities, which may variably entail public/municipal, non-for-profit, or private/commercial/for profit facilities. Regarding the status of care providers, a distinction is made between formal caregivers, acting within and for formal organizations, and informal caregivers, particularly family members, peers (such as friends and neighbours) and other (privately hired) helpers. The latter include migrant care workers, frequently engaged as ‘live-in’ helpers (in providing around-the-clock care and living with the cared-for person), often occupying a precarious, unregulated status. Moreover, a distinction is made between care given in-kind, denoting material assistance, such as hands-on help, support in daily life etc., and benefits in cash (cash for care), financially enabling the care recipient to procure and pay for care and support.

To identify the factors that account for and explain the observed institutional developments, our discussion draws on variants of the institutionalist debate (see Peters 2011; Wollmann 2016a, pp. 6ff.; Kuhlmann and Wollmann 2019, pp. 58ff.). The historical variant is employed, as it accentuates the influence of (often path-dependent) institutional, political, and cultural traditions (see Pierson 2000). This approach highlights the origins of conditions from which an observed institutional context has developed, from holding on to a path-dependent defined trajectory, until perhaps deviating or even breaking from the staked out path. Second, the actor-centred (or rational choice) variant (Scharpf 1997) comes into play, which emphasizes the influence of actors or actor coalitions, and their ‘will and skill’ in decision-making. Moreover, the discursive variant (Schmidt 2008) highlights the salience of discourses (such as political, ideological, etc.) and movements (such as the neo-liberal policy and NPM-inspired modernization). Furthermore, the impact of financial, socio-economic and political circumstances, events and crises need to be taken into account, such as the Wall Street crash in September 2008 or the recent onslaught of the COVID-19 pandemic.

## **PROVISION OF PERSONAL SOCIAL SERVICES IN THE WAKE OF NEO-LIBERAL POLICY AND NPM POSTULATES**

### **United Kingdom**

Dating back to the Elizabethan Poor Laws, the local level Boards of Guardians (which were independent organizations outside of local government, financed through local taxes) were legislated to be in charge of providing elementary care for needy, disabled etc., persons (see Hill 2003, p. 14). Alongside which, not-for-profit charities continued to be important care providers. In 1948, the incoming Labour government passed the National Assistance Act, which



assigned comprehensive responsibilities to local authorities (county councils and borough councils) in social services, particularly residential and domiciliary LTC. Not-for-profit organizations lost their traditionally strong role in service delivery, and the market share of private for-profit providers was minimal. As a result, LTC provision emerged as “the largest of the activities of local authority social services departments” (Hill 2000, p. 317), thus turning them into, as it was put (Norton 1994, p. 378), virtual ‘municipal empires’. Along with the massive nationalization of the energy and water sectors and the creation of the National Health Service (NHS), the UK came to epitomize the public sector-centred provision of public and social services.

After 1979, under the leadership of Margaret Thatcher, the incoming Conservative Party inaugurated and pushed a neo-liberal policy-inspired political agenda, in which the privatization of the public utilities (energy and water) and the marketization of the provision of social services took centre stage (Hill 2000; Wilson and Game 2011, pp. 368ff.). However, the (public, free-of-charge, general taxation-funded) National Health Service (NHS) was conspicuously left unchanged. The 1988 Local Government Act extended compulsory competitive tendering (CCT) to outsourcing a wide range of local authority services, previously supplied primarily in-house by local government personnel. For instance, in the field of LTC, the lion’s share of the expanding market of residential (nursing) homes and of the provision of home (domiciliary) care was secured by private, for-profit organizations. Access to publicly funded care is means-tested as well as needs-tested, whilst the provision of LTC largely falls under the responsibility of families; in other words, it is provided through (informal) unpaid care (see King-Dejardin 2017, p. 84).

Another crucial shift in the provision of LTC was introduced by the 1990 National Health Service and Community Act, which moved elder care away from provision in (public, not-for-profit or private) nursing homes to home-based care (also referred to as ‘community care’). The concept of, and demand for, replacing ‘institutionalized’ (as it were, ‘secluded’) care provision with properly attended care ‘at home’ have been advocated in reform debates since the 1960s. In 1990, the legislation promoting community care further stimulated private sector and family involvement.

In still another innovative and consequential policy move, in which the UK was once again a European frontrunner, the ‘cash for care’ payment was introduced in 2000 for persons aged 65 and over in need of care. It was premised on the neo-liberal policy concept of giving care-recipients ‘freedom of choice’ in determining the type of care most suitable to their needs (King-Dejardin 2017, p. 84). Options include ‘buying’ assistance from home-care-providing organizations (particularly private, for-profit ones), as well as from ‘informal carers’, primarily family members and peers remunerated for their work (see Zigante 2018, p. 30).

## Sweden

In the early nineteenth century and beyond, elementary social services were rendered, in the then predominantly rural Sweden, by the local parishes of the Protestant (state) church. Later, the municipalities that were formally created in 1832 increasingly took over local service provision. The provision of social services by the local authorities remains a key feature of the modern Swedish welfare state which, under social democratic leadership, have evolved since the 1930s. Under the ‘Social Services Act’ (*Socialtjänstlag*), the comprehensive responsibility of the municipalities was laid down for providing (and largely financing) elder care (*äldreom-*

sorg) to all persons needing care, regardless of their financial ability (see Montin et al. 2016, p. 99). This ‘universalistic’ outreach of service provision has made Sweden the prototype of the ‘social democratic welfare regime’ (Esping-Andersen 1990, p. 28). About 85 per cent of the costs of the provision of LTC are financed from local municipal taxes; the remainder are funded through user fees, which are capped and based on income (Montin et al. 2016).

The NPM-guided modernization debate made a comparatively late entrance in Sweden, in the late 1980s and early 1990s, under the pressure of a budgetary crisis. Hence, the NPM-typical concepts of marketization, outsourcing and purchaser/provider split in service provision found increasing attention amongst local authorities. Some municipalities, particularly those ruled by conservative majorities, have been disposed to outsource the provision of social services, including elder care, to external (private, commercial or non-for profit) providers. Yet, in line with the public-based service tradition, most elder care continues to be rendered by the local authorities directly (in-house) or by municipally owned companies. By 2014, approximately 25 per cent of domiciliary care and 21 per cent of residential care were rendered by non-public (not-for-profit or for-profit) providers (Montin et al. 2016, p. 100).

In the 2005 Assistance Benefit Act, Sweden too embarked upon a ‘cash for care’ strategy, providing allowances to persons in need of extensive care to employ person assistance, including family members that can get full payment for any help they provide as assistants. Recent legislation (2009) specifies the support of family carers as an obligation of the municipalities (see Triantafyllou et al. 2010, pp. 42ff.). Thus, informal caregivers (nesting in the family) have made their entrance into Sweden’s traditionally strong formal provision structure (‘in house’ provision, municipal providers). Consequently, Sweden’s welfare system has been somewhat ‘re-familiarized’ (Zigante 2018, p. 35).

## France

In France, the historical institutional setting for the provision of social services has experienced a remarkable sequence of changes. Following the Revolution of 1789, the municipalities (communes) – which were post-revolutionary creations – were assigned responsibility for providing social assistance, including LTC, through local ‘welfare units’ (*bureaux de bien-faisance*). This municipal task ‘path-dependently’ stayed in place until the Second World War, during which care provision came to be seen as primarily the responsibility of families. After 1945, as part of the (Gaullist) policy to profoundly modernize post-war France, the provision of LTC (*aide aux vieillards*) was declared a responsibility of the State and was to be carried out by the subnational state offices at the *département* level (Borgetto and Lafore 2004, p. 111).

In 1982, as a component of France’s secular decentralization, social policy functions – including the provision of social services (*aide sociale légale*) – were made a prime competence and task of the *départements* at the regional self-government level (*collectivités territoriales*). These services, including LTC, were initially provided either directly (‘in house’, *en régie*) by departmental personnel or through local level *Centres Communaux d’Action Sociale* (CCAS).

Subsequently, the *départements*, in line with neo-liberal policy concepts, proceeded to increasingly contract out (‘outsource’) the provision of LTC to outside residential homes (*maisons de retraites*, *Ehpad: Etablissements d’hébergement pour personnes âgées dépendantes*) (Borgetto and Lafore 2004, pp. 137ff.), which are operated by public/municipal, not-for-profit as well as private/commercial organizations. In the meantime, about half of

the Ehpads are run by private commercial providers and domiciliary care is also increasingly rendered by non-public (often commercial) facilities (see Archambault 1996, p. 196; see also Triantafyllou et al. 2010, p. 40).

In July 2001, a care allowance was introduced (*Allocation Personnalisée d'Autonomie*, AP). Allocated on a means-tested and needs-tested formula, this was meant to support persons aged over 60 who have lost their physical and/or psychological autonomy and need external help to manage everyday life. These cash allowances have come to be increasingly used by older people to hire and pay home helpers for domestic work and personal assistance.

To some extent, domestic work, hitherto done through a 'grey market', largely by migrant workers, has thus been somewhat regulated and legalized (see Triantafyllou et al. 2010, p. 40).

## Germany

Germany ranks prominently as a 'conservative welfare state regime' (Esping-Andersen 1990), historically marked by elder care being largely provided by the families themselves as well as by not-for-profit (charitable) organizations. The latter's traditionally privileged position was grounded in the subsidiarity principle (*Subsidiaritätsprinzip*). With conceptual roots in the 'Social Doctrine' (*Soziallehre*) of the Catholic Church, the view was that public (municipal) support should take place only if non-profit organizations (complementing family support) failed to render adequate services (see Bönker et al. 2010, p. 103). The privileged role of the non-public, not-for-profit 'welfare' organizations (*Wohlfahrtsverbände*) was legally recognized by federal legislation in 1961.

In 1994, the LTC Insurance Act was added to Germany's social security system to ensure that everyone is prepared for the eventuality of LTC, whether due to accident, illness or old age. It is financed by an insurance system, funded through wage and retirement income, as well as employer contributions. The 1994 legislation has turned the traditional 'conservative welfare state' model into a kind of 'mixed model' (King-Dejardin 2017, p. 94). It aims, on the one hand, at (albeit conditional) 'universalistic' coverage whilst, on the other hand, it is simultaneously inspired by neo-liberal policy maxims.

This neo-liberal slant is evident through two issues. First, the prevalent privilege of the non-public, not-for-profit 'welfare organizations' (*Wohlfahrtsverbände*) has been terminated by opening the elder care market to all providers. As a result, the market share of private commercial service providers in residential as well as domiciliary care has risen dramatically (see Bönker et al. 2016, p. 77). Second, the 1994 legislation introduced a long-term cash for care allowance (*Pflegegeld*), which enables those in need of care to stay in familiar surroundings for as long as possible and to remunerate family members or other 'informal' caregivers. Consequently, some 70 per cent of the *Pflegegeld* recipients use it for care arrangements in their own homes (Lutz and Palenga-Möllnbeck 2011), partly by drawing on formal home (domiciliary) care-providing facilities, but more often by relying on the informal assistance from family members and other informal helpers, amongst whom live-in caregivers (who, attending the cared-for person round-the-clock, stay and sleep in that home) loom large.

As the spending of cash for care (*Pflegegeld*) is not subject to regulated control, it has led many households to turn to live-in, migrant caregivers in private homes (King-Dejardin 2017, p. 95). Home-based care workers are most often women from Eastern and Central European countries. The opening of the German labour market to new EU Member States in 2011 has made cross-border movement easier. It is estimated that, in the late 2010s, about 115,000

women workers from Eastern Europe worked in the German care sector as ‘commuter migrants’, regularly returning to their home countries. Some of this work may be undeclared, so no taxes or social insurance contributions are paid (King-Dejardin 2017, p. 95). It has been critically remarked that the German care system “tacitly depends on [the] informal work of migrants”, and that the government does not seek punishment for people employing undocumented migrant caregivers (Lutz and Palenga-Möllnbeck 2011).

## **Italy**

Italy ranks amongst the ‘conservative welfare state regimes’ (Esping-Andersen 1990), with a strong ‘familialist care’ accent (Williams 2012). Traditionally, the care provision is primarily seen as the domain of families and peers. Meanwhile, charitable not-for-profit organizations, rooted in the principle of subsidiarity and often affiliated with the Catholic Church, played an important complementary role (Bönker et al. 2010, p. 104). The role of municipalities in the delivery of services was ‘minimal’ (Citroni et al. 2016, p. 111).

In 1948, the Italian Constitution assigned responsibility for social assistance and social care to local and regional authorities, which resulted in uneven financial capacity and provision of care services across the country (see van Hooren 2011, p. 44). The situation changed to some degree in the late 1970s, when the newly established regions were given the power to legislate on social policy and social assistance and to delegate responsibility and financial resources to the municipalities, thus enhancing their role and share in service provision (see van Hooren 2011, p. 44). In the absence of a national regulatory framework, throughout the 1980s, each region interpreted the task of regulating local level service provision according to its history, and strategic relationship with local stakeholders. The result was a scattered and fragmented institutional setting, largely dependent on the respective territorial legacies and characterized by huge territorial disparities (between southern, central, and northern regions) in service provision (Citroni et al. 2016, p. 111).

Major constitutional and legal reforms ensued in the wake of a deep crisis, impacting Italy’s entire political system during the 1990s. This gave rise to national legislation, which significantly affected local level service provision and paved the way for the introduction of NPM concepts (Lippi 2003, p. 159). Amongst the latter marketization, contracting out and competitive tendering to non-public, mainly not-for-profit organizations and actors loomed large (see Citroni et al. 2016, pp. 105, 111ff.). From 2000 to 2009, national intervention in all sectors of social policy was subject to strengthening the ‘welfare mix’ approach, where public and private service providers, as well as families and associations, were expected to interact in the delivery of care services, whilst simultaneously resorting to ‘means tested’ schemes. Between 2008 and 2011 – in pursuit of its fiscal austerity policy – the central government dramatically cut state transfers to local governments for social policies, obliging them to rely mostly on their own (dwindling) resources. Hence, the economic downturn and the budgetary crisis have arguably been a stronger driver of marketization and privatization of social services than NPM. Consequently, in the field of residential elderly and disabled care, the share of private commercial providers has risen sharply (for figures, see Citroni et al. 2016, p. 113).

Following the 1980 legislation, public support of LTC has been importantly complemented with a cash for care allowance (*indennità di accompagnamento*) scheme. It is granted – on a means-tested and needs-tested formula – to older persons in need of care services, which can be purchased directly from the market or they can employ care workers as they choose.

The scheme is not regulated and largely uncontrolled as to how the contributions are spent by recipients. The number of beneficiaries has increased continuously (for figures, see van Hooren 2011, p. 45).

Frequently, the cash for care allowance has been used to engage migrant care helpers, whose number has grown dramatically (for figures, see King-Dejardin 2017, p. 65). In providing around-the-clock care, they are often ‘live-ins’ who work and live with the cared-for persons. Insofar as many of them have an unregulated status, they form a kind of ‘grey market’ of care provision (see Citroni et al. 2016, p. 114).

## EVALUATION OF PERSONAL SOCIAL SERVICE PROVISION IN THE CONTEXT OF NPM-INSPIRED PUBLIC SECTOR REFORMS

This section addresses the question as to whether the rise of NPM, due to its intrinsic evaluative logic, has also propelled the evaluation of the delivery of personal social services.

### **United Kingdom**

In the UK, since the early 1980s, the privatization of local services was undertaken by establishing a top-down performance management regime. The latter can be “considered prototypical of a variant of performance management that is central state-directed, mandatory, installed nation-wide, and subject to sanctions” (Kuhlmann and Wollmann 2019, p. 278).

Confronted with widespread criticism, particularly from local authorities, the Conservative Liberal coalition government in 2011 abandoned the 20-year-old strategy of centralist performance management. In the same year, the Audit Commission was dissolved that had been set up under the Local Government Act of 1982 to appoint auditors to all local authorities in England and Wales. In line with its ‘new localism’ policy, the government replaced the compulsory *Comprehensive Area Assessment (CAA)* with the *Sector-led Improvement (SLI)* scheme (Laffin 2016, p. 58). SLI is a voluntary programme of peer review conducted by local officials. It is based on the principle that local authorities should be responsible for their own performance and improvement and hence for monitoring and assessing it. The Local Government Association (LGA) resumes an outstanding eminent role in the new (horizontal and voluntary) SLI scheme, being in charge of overseeing the performance of the sector and of identifying performance challenges and opportunities (Laffin 2016, p. 58).

Besides the decentralized SLI networks, a (central) Care Quality Commission was established in 2009 which, in replacing Commission for Social Care Inspection, was put in charge of inspecting residential care homes.

### **Sweden**

Historically rooted in an evaluation tradition and a freedom of information culture, forms of performance management and self-evaluation have long been practised by Sweden’s local authorities. This has certainly been the case since the 1960s and 1970s, when Sweden was one of the first European countries to adopt ‘rationalist planning’ and the ensuing managerialist concepts. Hence, concepts like ‘management by objectives’ and ‘steering by results’ (*malstyrelse*) were applied in Sweden’s municipal administration and its service delivery practice

before NPM made its entry in the early 1990s (Kuhlmann and Wollmann 2019, pp. 282 ff.; Montin 2016, p. 95).

In 1987, the Swedish Association of Local Authorities (*Svenska Kommunförbundet*), in cooperation with the Statistical State Office (*Statistiska Centralbyrån*), initiated a major project that aimed at building a database. Premised on a broad set of indicators, this provided information on the costs of a wide range of locally operated services, including elderly and disabled care in all Swedish municipalities. As the indicator-based data have been regularly updated since 1987, they allow for a valuable intermunicipal comparison over time of the costs and performance of each of the Swedish municipalities (Kuhlmann and Wollmann 2019, p. 283).

In the late 1990s, some municipalities formed a ‘comparing quality network’ that later became a national project, including almost 200 municipalities working together in 30 different local networks (Montin et al. 2016, p. 102). Based on the experience of this horizontal networking, in 2009 the Swedish Association of Local Authorities and Regions (SALAR) developed a strategy for ‘open comparisons’ (*Öppna jämförelser*). Based on the voluntary participation of the local authorities, this covers all fields of social care, including elder care. About 80 per cent of the Swedish municipalities participate in the social services network. Consequently, its underlying 40 performance indicators have practically become a national standard for elder care service quality (Montin et al. 2016, p. 102). In its voluntary, ‘bottom-up’, horizontal, intermunicipal comparative and open-access form, the benchmarking strategies mirror typical features of Sweden’s political culture.

However, somewhat contrasting with (and complementing) this essentially decentralized ‘bottom-up’ approach to local level performance measurement, Sweden has developed institutions that are prone to exercise some ‘top-down’ supervision. This seems to be particularly strong in the field of local level elder care that is at the heart of Sweden’s welfare state (see Montin et al. 2016, p. 101). Thus, a great number of public agencies and quasi-public organizations are involved in the scrutiny of elder care performance. In general, supervision consists of various forms of inspections to ensure compliance with the law. Recently, supervision has been given a wider definition, which means that the integrated health and social care (IHSC) system also bases its performance assessment of local social services on national indicators of quality, statistics and measures (Montin et al. 2016, p. 102). It is worth highlighting that in Sweden, as suggested by the recently enhanced scrutinizing mandate of IHSC, the ‘top-down’ supervision of local level social service provision has been tightened and somewhat centralized in the very period when, in the UK, the ‘centralist’ Audit Commission was abolished and the performance scrutiny of local level providers has been decentralized and attenuated (Montin et al. 2016, p. 106).

## **Germany**

Since 1999, evaluations regularly compiled by the German Federal Statistical Office (*Statistisches Bundesamt*) have been expanded to include data on long-term care (*Pflegestatistik*). This is to monitor and evaluate the implementation of the 1994 federal legislation that opened the elder care market to all providers. Data on the use and type of providers of domiciliary and residential services are available for the national/federal, the individual Länder, as well as the county (Kreise) levels. These lend themselves to comparisons over time (since 1999), across

Länder and counties (see e.g. Bönker et al. 2016, table 6.1). However, they do not address the quality of services (Wollmann and Bönker 2018, p. 69).

In 2009, a country-wide performance assessment scheme was undertaken (*Pflegenoten*), hinging on care ‘grades’ (slightly reminiscent of school grades) (see Wollmann and Bönker 2018, pp. 70ff.). In view of mounting criticism about its conclusiveness and validity, in 2019 the ‘Plegenoten’ approach was replaced with a new system. This is based on a combination of internal indicator-based quality monitoring, carried out twice a year by the care-providing facilities, and external indicator-based quality checks, periodically carried out by staff of the medical service of the health insurance funds (*Medizinischer Dienst der Krankenversicherung*).

The instruments of benchmarking-type performance comparison have been introduced into administrative modernization since the 1990s, when NPM made its entrance into Germany. This was a modified version which, under the label ‘New Steering Model’ (NSM), accentuated its managerialist stance (Kuhlmann and Wollmann 2019, pp. 234ff.). The logic of combining ‘self-evaluation’ with cross-municipal performance comparison underlies the formation of intermunicipal benchmarking networks (*Vergleichsringe*, ‘comparison circles’). Since the 1990s, some 150 of such benchmarking networks emerged on a voluntary basis, focusing on different functions and services, including social services (see Wollmann and Bönker 2018, p. 72).

In Germany, the expansion of local level benchmarking networks essentially occurred, as in Sweden, through a process of intermunicipal, horizontal, voluntary, ‘bottom-up’ development. However, unlike Sweden and its characteristic ‘freedom of information’ culture, the information and assessments obtained in Germany through benchmarking have remained mostly inaccessible beyond the local authority concerned.

## France

In France, mechanisms to check administrative performance (*contrôle de gestion*) were introduced, particularly in big cities, in the first wave of decentralization in the 1980s, without explicit reference to and link with NPM maxims. Interestingly, they were not imposed or prompted by central government (see Kuhlmann 2008, pp. 201ff.; 2010, p. 6). Crucial elements of administrative reforms were the ‘performance tables’ (*tableaux de bord*), which measure and monitor selected performance indicators of various administrative services. Throughout the 1990s, performance measurement (*contrôle de gestion*) and quality assessments (*démarches de qualité*) continued to gain importance in local service delivery. Moreover, French local governments have increasingly used self-evaluation tools in social service delivery. However, systematic intermunicipal comparisons through benchmarking networks have not yet been undertaken (see Kuhlmann and Wollmann 2019, pp. 287ff.).

## Italy

As discussed above, Italy’s political system was beset by a profound crisis during the late 1990s and early 2000s. The country’s administration underwent significant reforms that were inspired and explicitly committed to NPM maxims (Lippi 2003, pp. 143ff.; Kuhlmann and Wollmann 2019, pp. 280ff.). In 1995, the so-called ‘management plan’ (*piano esecutivo di gestione*) was introduced to promote the diffusion of new controlling practices (*controllo di gestione*) in setting local managers with targets, programme performance objectives and

defining indicators of efficiency. In the meantime, most municipalities have introduced management control systems. The performance indicators defined and applied have varied widely and are different for each sector of welfare provision (residential care homes, other social services, etc.). Hence, performance management still “is often somewhat improvised, without systematic and uniform implementation” (Lippi 2003, p. 158).

## IMPACT OF COVID-19 ON LTC AND IMPLICATIONS FOR NEO-LIBERAL POLICY AND NPM

The COVID-19 pandemic, raging globally since the beginning of 2020, has had disastrous consequences, primarily for older people – especially those receiving LTC in residential homes or home care. At the same time, the personnel engaged in residential homes and home care have also been severely affected. According to available data on 26 countries, by September 2020, residential home residents have accounted for an average of 47 per cent of the total of recorded coronavirus deaths (see Comas-Herrera et al. 2020, p. 22; Rothgang et al. 2020; IPP Universität Bremen 2020a, 2020b on Germany). During the pandemic, deficiencies and shortcomings have been laid bare in the technical equipment (e.g. personal protective equipment, PPE, testing, tracing etc.) of many residential homes. Moreover, the glaring understaffing of care and medical personnel has patently come to light.

Evaluative monitoring and assessments have been embarked upon by multiple international and national agencies and institutions to take account of these shortcomings and prepare counter measures. For example, the United Nations published a data-based ‘Policy Brief’ on “the impact of COVID-19 on older persons” (see United Nations 2020). The International Long-Term Care Network, a consortium of academics and policymakers, undertook a data-collection, comprising 26 countries, on the “mortality associated with COVID-19 in care homes” (see Comas-Herrera et al. 2020). In Germany, university-based evaluative studies focused on “care homes and COVID-19” (Rothgang et al. 2020; IPP Universität Bremen 2020b) and “home care during the Corona-pandemic” (IPP Universität Bremen 2020a).

In the public debate about how and why these infrastructural and personnel deficiencies have occurred in the LTC facilities, it has been pointed out that, to a significant degree, they result from neo-liberal policy and NPM-inspired retrenchment to which the care provision sector has been exposed. In a similar vein, critical reference has been made to the neo-liberal policy-promoted marketization and privatization drive that ushered in the expansion of private care providers, whose entrepreneurial logic is directed at containing the operational and personnel costs.

## CONCLUSIONS

This chapter has been guided by the question as to whether, how and why the provision of elder care/LTC has unfolded in the wake of neo-liberal policy and NPM postulates. Our analysis of five European countries (UK, Germany, Sweden, France and Italy) has identified macro trends, whilst also showing variations in the respective countries’ starting conditions, shifting political constellations and other country-specific givens. First, in a convergent development,



all five countries have abandoned the primacy of public/municipal sector-centred provision of social services and care and embraced outsourcing and market-like strategies.

Second, since the 1990s, another common trend has been the belief that persons in need of care, essentially LTC, are better off when receiving home care rendered by family members, peers (e.g. friends and neighbours), informal caregivers or by domiciliary care providers.

Third, since the 2000s, in another common trend, cash for care/care allowance schemes have been introduced. Such cash allowances aim at enabling the persons in need of care to make their own decisions as to which kind of care, and which care provider, to choose. Whilst inspired by the neo-liberal mantra of the 'freedom of consumer/client choice', cash for care schemes also reflect reformist ideas of empowering people to make their own decisions. In the meantime, cash allowances have entailed the further expansion of informal caregivers (see Zigante 2018, p. 7).

To sum up, notwithstanding cross-country variations, the five European countries discussed in this chapter show a significant degree of convergence in service provision, as illustrated by the LTC case. With regard to the drivers that have influenced this development, the cross-country account points at a mix of factors, amongst which neo-liberal policy and NPM maxims have loomed large, whilst other reform discourses have also come to bear.

Concerning the position and function of local government in the provision of personal social services, including LTC, it should be recalled that, for most of the countries discussed in this chapter, the provision of personal social services was historically a key responsibility and task of local government. This was epitomized by the UK where, prior to 1979, local authorities held a quasi-monopoly in the provision of personal social services, including LTC. Similarly, in Sweden, the provision of personal social services by local government, be it in-house or through municipal companies, was part and parcel of Sweden's (essentially local) welfare state. In Germany, the non-public, not-for-profit organizations which traditionally possessed of a quasi-monopoly of the personal social services were, through cooperative ties, closely linked to local authorities, which gave them a quasi-municipal status. In sum, until the 1980s, local authorities were involved directly in the operation of the services (through the 'in-house' model or through municipal companies), or indirectly through local cooperative ties and networks.

In the decades that have followed since the rise of neo-liberal policies and NPM, the involvement of local government in the provision of personal social services, particularly of LTC, has undergone profound changes. In line with the neo-liberal call for making the public sector leaner, local authorities have significantly withdrawn from direct social service provision and have outsourced and marketized service provision, primarily to private sector providers. Thus, local governments' direct link with service provision has been severed and replaced with a commissioning (purchaser-provider) relation; consequently, social service provision has been de-localized (Evers and Sachße 2003; see also Wollmann 2016b, p. 318).

Further, care-providing organizations and companies have commonly adopted an entrepreneurial logic, comprising a cost containment orientation. This also applies to the still remaining municipal care-providing facilities which, in the face of market competition, have moved to adopt an entrepreneurial stance. In a similar vein, the not-for-profit organizations, traditionally guided by charitable, rather than profit-seeking motives, turned entrepreneurial. Finally, this entrepreneurial logic was at the core of private sector commercial/for-profit organizations, which increasingly dominated the market of residential homes as well as domiciliary care-providing facilities. Hence, the entrepreneurial logic and its innate cost-containing

rationale have increasingly come to impinge on the provision of personal social services, in particular of LTC, not only by private sector commercial, but also by public/municipal and non-for-profit providers. This resulted, most noticeably, in all but chronic and systemic deficiencies in lacking technical equipment and understaffing among caring and medical personnel.

The often-gaping deficiencies in technical equipment and personnel have been glaringly laid bare by the onslaught of the COVID-19 pandemic, as the LTC sector has proven woefully unprepared to react effectively and in due time. Whilst the unprecedented thrust and dimension of the pandemic were beyond any outside possibility of sufficient preparedness, there can be no doubt that the fatal toll that the pandemic has taken on the residents and on the personnel of the LTC facilities is, to a significant degree, due to the technical and personnel deficiencies the care sector has ‘inherited’ from its cost-containment-driven past. The latter also prevented, not least, the formation of any (technical or personnel) ‘slack’ in resources, which could have been mobilized fast in the case of emergency.

In looking ahead, it seems advisable for local government to resume its historically rooted involvement in the sector of LTC. This should and could be done by enhancing its operative presence in this field by establishing new municipal residential homes and domiciliary care-providing facilities. This would fall in line with the ‘re-municipalization’ moves observable also in other fields of public and social services provision, such as, depending on country-specific givens, water and energy (see Wollmann 2016b). Moreover, and perhaps even more important, the trend of ‘de-localizing’ (Evers and Sachße 2003) care provision should and could be reverted, and its re-localization should be embarked upon by making LTC a prime concern again amongst the genuine local self-government tasks in the best interest of the local community. Such re-localized poise and influence of local government in and on the local care market might rectify the entrepreneurial logic that has detrimentally impinged on care provision.

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## 19. Public participation and social policies in contemporary cities

*Roberta Cucca*

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### INTRODUCTION

Since the 1990s, the urban agenda of many local governments worldwide has been characterized by efforts to strengthen democratic legitimacy through programmes and tools aimed at involving civil society in the decision-making process. Ideally, this involvement would be present at all stages: agenda setting, knowledge and data production, policy evaluation, and policy decision-making. Increasing the involvement of civil society in policy-making was supposed to both enhance democracy and improve the quality of local policies. Participatory arrangements have been considered as tools potentially advancing three important values of democratic governance (Fung 2015): (1) *Legitimacy*, by ‘injecting’ forms of direct participation into the policy-making process; (2) *Effectiveness*, by drawing on more information and the distinctive capabilities and resources of citizens and groups of citizens in the design and implementation of measures and policies; (3) *Justice*, by shifting the balance of influence away from the dominant elite and redistributing influence. The call for participation has been seen across various fields (environmental policies, arts and culture, media, health and medicine, etc.) and implemented at different territorial and governance levels – from supra-national to neighbourhood levels.

According to WHO (2020), countries with a history of inclusive health governance appear to have benefited from those systems in the early stages of the coronavirus pandemic. Successful COVID-19 responses have been ascribed partly to a reservoir of trust in the public health system and in authorities and to effective communication strategies and social support mechanisms that ensured compliance (WHO 2020). These have been linked to previous practices of stakeholder participation and health democracy and to unified, robust public health systems. As the strains of the pandemic increase, trust is wearing thin in most countries, and decision-making systems must urgently be revitalized and made to be more inclusive (WHO 2020).

Historically, participatory arrangements have been particularly promoted and highly visible in urban social policy. This seems to be mainly due to the strong and well-organized characteristics of civil society organizations, acting as bottom-up drivers of participation (see Chapter 6 by Cano-Hila et al. in this volume). It could also be attributed to the relative ease of involving citizens in decision-making processes at the local level within urban settings. As argued by Zientara et al. (2020), distance seems to act as a motivator and/or a constraint to civic engagement. When a facility is located far away from a person’s abode or workplace and hence has only an indirect (i.e., lesser) impact on their everyday life, they might not be particularly likely to get engaged in its construction and functioning. Conversely, when it lies nearby and hence has a direct (i.e., bigger) impact on their experience of local space, they might have a greater

incentive to invest their time and to participate. This justifies, in large part, the relevance of participation in urban governance arrangements.

The widespread demand for greater institutional effectiveness and inclusiveness has led to an exponential increase of initiatives broadly defined as ‘participatory’ throughout the world. Such involvement variably takes the form of participation in town hall meetings, deliberative polls, participatory budgeting, e-petitioning, citizen assemblies, and popular referenda (Ganuza and Baiocchi 2012). The principle of participation has finally been included in the New Urban Agenda, the document released at the United Nations Habitat III Conference in 2016, consolidating a participatory imperative for cities over the coming years. However, the definition of public participation that characterizes this ‘participatory turn’ has been rather vague, and the implementation of these arrangements has revealed significant trade-offs and tensions among the dimensions of democratic governance identified by Fung (2015).

The aim of this chapter is to introduce readers to both definitions of these tools in urban social policy-making, as well as their pros and cons. In the first part of the chapter (‘Participation: Why?’), we investigate the reasons for the participatory turn in local policy-making. We will show several instances of involvement and expectations, in terms of outcomes, coming from movements, civil society groups and institutions operating at different territorial levels. In the next section (‘Participation: Involving Whom?’), we describe these processes by distinguishing (both theoretically and empirically) between arrangements involving lay citizens and representatives of civil society groups. The literature on participation in local policy-making is extended and variegated. Most of it has been elaborated in the field of urban governance studies, with investigations into different forms of partnerships where local governments share power with the private sector, civil society or both. The literature has clearly highlighted that the analysis of involved actors is crucial to understanding the potential effects of these processes, including their typology, political leaning and identity, as well as the different levels of engagement and power. However, whilst this has been a clear concern in the theoretical and empirical investigations on urban governance, the criteria for participant selection in local decision-making processes have often remained unclear. Finally, in the last section we describe the main opportunities and pitfalls associated with these strategies, as well as the pros and cons of implementing participatory arrangements in urban social policy-making. Additionally, we propose some concluding remarks, including suggestions for further theoretical and empirical investigation.

## **PARTICIPATION: WHY?**

The concept of participation has long been associated with the struggle for citizenship rights and the voice of social movements and civil society groups (see Chapter 6 by Cano-Hila et al. in this volume). Such groups have pushed for more direct involvement of citizens in the decision-making mechanisms concerning redistribution and welfare at different territorial levels. In fact, the roots of the participatory turn date back to the 1960s, a period that triggered huge academic interest in the issue due to student protests and important social movements. Such events motivated scholars to seek alternative models of political participation, capable of involving deprived communities and other minority groups in the institutional political system (Pateman 1970). Within this approach, citizen participation was seen not so much as a means to an end, but as part of that end. It was considered as a way of empowering individuals, as

well as of creating a society in which citizens could develop to their full potential (Held and Koenig-Archibugi 2004).

However, during the 1980s, 'participation' became part of mainstream practices (White 1996), promoted by non-governmental organizations (NGOs) and international agencies. It came to be seen as a way for the views and input of citizens to influence the otherwise institutional and bureaucratic processes of decision-making. The goal was to make legislators and civil servants more accountable for their decisions and, at the same time, motivate people through the participatory phase (Fung et al. 2003). This was prompted by a relevant shift in the logic embedded in the governance systems of many institutions: from the classic perspective of government as a traditional bureaucracy (Weber 1978), where its role was centred on legality and the separation between a representative political system and the civil service, to the attention towards the potentials of the 'societal self-organization' (Van der Steen et al. 2016). According to this perspective, actors produce public value and citizens can make substantial contributions independently, as well as through self-organized networks and cooperatives. The key point of this logic in the governance system is that the dynamics producing public value start within society itself and that government responds to those dynamics. For example, it does so by doing nothing, letting go, blocking, facilitating, negotiating, mediating between interests, and attempting to 'organize' more self-organization (Van der Steen et al. 2016).

Participatory tools have also been understood as instruments for increasing input and output legitimacy in decision-making concerning social policies. According to Scharpf (1999), democratic legitimacy is a two-dimensional concept, which refers to both the inputs as well as the outputs of a political system. On the input side, democratic legitimacy requires mechanisms or procedures to link political decisions with citizens' preferences. On the other hand, Scharpf argues, democracy would be an 'empty ritual' if the democratic procedure was not able to produce effective outcomes. That is, "achieving the goals that citizens collectively care about" (Scharpf 1999, p.19). Participation can indeed be helpful in terms of improving the collection of information regarding the local context, increasing the quality of public decisions and the legitimacy of local government, and empowering local actors, both lay citizens and local organizations.

These arguments in favour of participation have led to a participatory turn in many policy areas and territorial contexts. The European Union, the UN and the World Bank have all played a wide, regulative role in creating opportunities for new governance arrangements at the local level, involving cooperation between market and civil society actors and developing coordination between multiple policy-making scales (Pinson and Le Galès 2005; Kazepov 2010). Programmes of local development often incorporated environmental NGOs or third-sector organizations in order to respond to institutionally dictated funding needed for social participation and in order to acquire legitimacy. In the EU for example, this effort has been massive. Several overlapping programmes in different policy sectors have been implemented by involving representative of organized groups in the decision-making process, and sometimes even in the delivery of the services. They have often pursued the ambiguous goal of 'social cohesion' (Eizaguirre et al. 2012). Urban, Interreg III, Leader Plus, Equal, Interact and Urbact are all urban, regional and territorial policies referring to forms of governance which are usually explicitly related to the local context, to the territorial *milieu* and to its networks of actors (Pinson and Le Galès 2005).

However, boundaries of the participatory turn are not easily defined. Amongst the best-known practices of citizen participation in the field of urban social policies, we find

examples such as national programmes implementing area-based policies (see the example of *Soziale Stadt* described by Güntner in Chapter 21 in this volume), participatory budgeting (PB), citizen councils, public consultations, neighbourhood councils, participatory planning, etc. The varying nature of this scenario makes it difficult for scholars and practitioners to establish a detailed and historically informed understanding of the processes, definitions and effects of the participatory turn. In order to deal with this complexity, one possible solution is to define a classification of the arenas according to the different actors (citizens, or representatives of groups or interests) taking part in the process.

## PARTICIPATION: INVOLVING WHOM?

The issue of who is involved in these arenas is crucial, since actors are always characterized according to different levels of power and knowledge. Unequal power can cause less powerful groups to feel stigmatized by their identity, hinder the ability to mobilize consensus, and contribute to a lack of commitment to the process (Ansell and Gash 2008).

Addressing such power imbalances is therefore crucial to developing a good basis for participation, and this can be achieved primarily through the involvement of actors characterized by similar levels of power. In the next section we distinguish theoretical strategies (ideal forms of participation) and some concrete experiences of participation (examples of the forms defined theoretically) primarily oriented to: (1) involvement of lay citizens (participatory democracy), by describing the case of participatory budgeting in South America; (2) involvement of members of specific interest groups (neo-corporativism and associative democracy), by describing the case of area plans for local welfare in Italy.

### Involving Lay Citizens

As far as the approaches oriented to the involvement of ordinary citizens in the decision-making process are concerned, the most relevant one is the so-called ‘participatory democracy’ model (Pateman 1970). Indeed, participatory democracy is often used as a catchall, referring to the majority of approaches that, in different ways since the 1960s, have been bringing non-elected citizens together in the decision-making process. The traditional mechanisms of representative government are supposed to be linked to direct democratic procedures, where non-elected inhabitants have *de facto* decision-making powers, although *de jure* the final political decision remains in the hands of elected representatives (Bacqué et al. 2005). Within this approach, policy-making takes place through continuous interaction between citizens and the state (Held and Koenig-Archibugi 2004). Whereas participation in the 1960s was mainly supported by social movements, contemporary support for participation also comes from governments, official bodies, and NGOs (Leubolt et al. 2008).

One of the most popular tools of citizen engagement in local social policy-making is *participatory budgeting* (PB). PB made its way onto the international agenda in 1996, when it was identified as one of the ‘best practices’ of urban management in the world at the United Nations Habitat II Conference. PB has since undergone dramatic growth, totalling nearly 2,800 cases to date (Sintomer et al. 2008).

PB was born in 1989 as a local experiment in Porto Alegre, in the south of Brazil (Novy and Leubolt 2005). The social context was marked by public protest from social movements,



who sought greater openness and civic engagement, particularly in municipal spending. In its original configuration, PB was a one-year cycle, separated into sub-phases, where citizens could vote in national assemblies and elect members into various councils. This mechanism also involved voting on public policy goals to be enforced in the districts and the town as a whole, and citizens' involvement in the public spending allocation process occurred in close partnership with the municipality. Following a collation of political demands, people and representatives of PB should follow the policy implementation process.

Since the earliest days, Latin American cities have embraced PB; for instance, a national law was enacted in Peru which made PB mandatory (McNulty 2012). PB also reached the European municipalities of Spain, France, Italy and Portugal (Sintomer et al. 2008). Africa later followed the same path and is now one of the fastest growing regions of PB initiatives. More recently, PB also landed in the United States and Asia. Various processes have led to the dissemination of PB, such as the involvement of international governmental and NGOs, as well as transnational networks. PB is now present throughout the world, in the form of emulations and hybrid formats from the original Porto Alegre model, with adaptations being made according to local contexts (Porto de Oliveira 2019).

One of the early arguments for PB in Brazil was that it would foster social justice, particularly for the poorest members of the community. This was based on the premise that these populations in particular could be actively engaged in public spending allocations, policies and policy priorities, and moved from the centre of the city to the periphery (see also Chapter 25 by Marques and Arretche in this volume). This change of priorities, which benefited those most in need, created a redistribution effect. Whilst at the heart of the first PBs lay a desire to empower people, today different concepts of democracy are evident in every experience. In numerous European experiences, where governments have used PB as a tool to get closer to their people (Sintomer et al. 2008), PB has taken the form of selective listening, where the government has maintained the right to make decisions.

PB has been defended as a tool for fighting corruption and fostering accountability in public activities, since the participation of people in public expenditure was supposed to provide a social control mechanism. Today PB represents a range of different political projects, ranging from a means to promote social justice, to an instrument of social control. Taking into account eight cases of PB in Brazil, Wampler (2015) showed that it is most likely to deepen democracy when policy and civil society interests converge on expanding social and political rights to the poorest citizens. As Avritzer (2002) has pointed out, PB is simultaneously a very powerful and fragile device, as it depends on the political will to open up to a dialogue on equal terms with inhabitants and is susceptible to being kept under control by a 'supported' partial opening.

Over time, the form of participation that was originally proposed has changed. Heavily influenced by the participatory democracy model, many arenas have since gradually opened to representatives of organized groups. Through evaluating the mechanism of top-down implementation of PB in Peru, McNulty (2012) concluded that the country had been successful in involving a large number of civil society organizations in over 2,000 local processes. Sintomer et al. (2008) examined PB in relation to Europe, concluding that across the multiple cities studied, there had been a partial phase of regional convergence. Meanwhile, there were varying rates of democratic engagement, ranging from participatory democracy to neo-corporatism, and so presenting different opportunities and consequences.

## The Involvement of Representatives of Groups

Shifting to approaches directed at the involvement of group representatives rather than individuals, we consider the different implications of the theoretical approaches proposed by neo-corporativism (Schmitter 2007) and associative democracy (Hirst 2000; Cohen and Rogers 1992). The main difference relates to the level of representativeness of the organized groups involved in the decision-making process (see Table 19.1).

The distinctive trait of the neo-corporatist model is that (local) government plays a strong role by surrounding itself with representatives of organized interests (e.g., trade unions and employers' associations), establishing a broad means of consultation with 'those who matter' (Schmitter 2007). The aim is to achieve a social compromise through the mediation of interests, values, and demand for recognition by the various factions in society. It is highly formalized, has real decision-making authority and confers decision-making powers to social partners. The institutionalized process of negotiations between representatives of key sectors is referred to as intermediation or maintenance of (social) stability in the economic and welfare system (Schmitter 2007). The local welfare systems of cities in Northern and Continental Europe, such as Stockholm, Copenhagen, Oslo and Vienna, are still characterized by this corporatist model.

A different approach is proposed by Hirst (2000) in his theory of associative democracy. According to this theory, democratic renewal is achieved by enhancing the role of voluntary and democratically self-governing associations in both welfare and economic governance. Associationism is seen as engendering solidarity and trust, striking a balance between cooperation and competition (Cohen and Rogers 1992). Within this framework, democratic renewal through associationism takes place through the reform of the welfare state. Hirst is particularly critical of the provision of welfare by large-scale hierarchical bureaucracies – or worse, by quasi-public agencies or business corporations. He argues that such forms of provision have led to a low level of accountability to citizens, and for this reason he argues for an alternative pattern for the governance of welfare – namely, welfare provision by a plurality of self-governing associations. According to Hirst (2000), a plurality of associations would accommodate the plural communities (with different values and demands) that we find in contemporary societies, providing members with both the power of *voice* and, significantly, *exit* (Hirschman 1970).

Analysing the differences between the approaches of neo-corporativism and associative democracy, we can distinguish between an 'acting for' and a 'standing for' dimension of representativeness (Pitkin 1972). 'Acting for' refers to how the representative is authorized (*ex ante*) to act on behalf of and is accountable (*ex post*) to the represented (Pitkin 1972, p. 11). The 'standing for' dimension of representation relates to composition rather than to action, and functions as a map, or as an accurate representation of a variety of interests in society (Pitkin 1972).

*Area plans* in Italy are an important example of the participatory mechanism involving mostly members of organized groups (Bifulco and Centemeri 2007). Since 2001, various levels of public authority have been involved in the design and management of the social services system in Italy, primarily regional and local ones. Engaging local third-sector organizations in these plans is mandatory by law, and indeed, most cases include third-sector groups, such as social cooperatives or voluntary and religious associations, as well as trade unions,

Table 19.1 *Typologies of participation*

	Neo-corporativism	Associative democracy	Participatory democracy
Participants	Organized interest (unions, employers' organizations); public institutions	Associations and NGOs; organized interests, public institutions	Potentially the whole community
Governing logic	Brokering or mediating amongst competing interests	Inclusionary negotiation	Inclusive negotiation Discursive argumentation
Arenas (examples)	Formal negotiations on the systems of local welfare provision	Social cohesion programmes; Participatory planning of local welfare provision	Participatory Budgeting Area-based policies

*Source:* Author's own elaboration.

foundations and private companies, although in some cases there has also been participation of lay citizens.

Area plans aim to 'favour the establishment of local intervention programmes focused on complementary and versatile services and events, to promote local cooperation and self-help tools' (Art. 19; law 328/2000). The key objective is to promote the development of inclusive forums for the integrated and participatory design of social policies, which would be better equipped to respond to the particular social needs of the territorial region. In some cases, area plans have served as a tool of innovation by developing new management systems (planning offices); redefining professional skills and roles; setting up new programmes (e.g., information services) and redesigning existing programmes (especially home care services). In these contexts, area plans have been characterized by a strong administrative ability to build an organizational infrastructure promoting more effective participation of third-sector organizations, making the latter less fragmentary and inefficient (Polizzi 2018).

However, several criticisms arise from the literature. Despite the intentions proclaimed within the texts of the plans, the type of participation effectively promoted by these documents seems reserved to certain organizations of civil society – well-structured interest groups – rather than to the general citizenry. According to some authors (Colombo and Gargiulo 2016), the plans therefore show an evident discrepancy between the purposes declared within them and the means deployed to realize those purposes. First, in some cases the planning processes have left space for opportunism, particularly when resources were distributed with no clear incentives for cooperation. In these instances, governance has mainly fostered the development of closed networks, and participation has given rise to forms of internal organization through the third sector, so that the interests of social collaboration can be best expressed as a structure of service-providing enterprises, becoming the catalyst for a process of the privatization of social policies (Colombo and Gargiulo 2016). Generally, the Italian third sector suffers uncertainty with respect to its role (Villa 2011), which turns into actual ambiguity in the case of local social planning. In this regard, actors in the third sector play an advocacy role, on the one hand; whilst, on the other hand, they are material suppliers of services, finding themselves (at least potentially) in the position of a conflict of interest. Furthermore, the specific organizations that participate in decision-making do not have a mandate from the third sector as a whole. The aforementioned studies stress that only large, well-structured and socially capitalized companies (as opposed to all non-profit organizations) are included in the planning procedures.

The potentials and limitations of these experiences highlight the relevance of the local context in defining the implications of the involvement of representatives of groups and interest in the decision-making process concerning the design and implementation of local social policies.

## PROS AND CONS OF PARTICIPATION IN URBAN POLICY-MAKING

Participatory arrangements have been considered tools for potentially advancing the effectiveness, legitimacy and social justice in local policies for welfare (Fung 2015). The scientific literature has, however, highlighted both potentials and pitfalls in the use of these policy tools. The most radical criticisms come from scholars who see institutional participation as mostly oriented to enhancing the effectiveness and legitimation of top-down policy-making, rather than as actions to empower the most marginal groups (Novy et al. 2012).

We have already discussed how the concept of participation has had long associations with social movements, and with the struggle for citizenship rights and voice (Pateman 1970). However, during the 1980s, ‘participation’ became part of mainstream practices promoted by NGOs and international agencies, not least by the World Bank in 1996. Due to its political ambivalence, institutional processes of participation have been used both to enable lay citizens to improve their political agency, and as a means of maintaining relations of rule with the effect of containing political opposition (Young 2000).

This has been due, on the one hand, to the large variety of forms of participation activated, for instance, in terms of geographical scale, time frame of selection, method by which public input is gathered, and the extent to which this input may be binding for policy decisions. However, on the other hand, it is also due to a lack of transparency in the procedures (Smismans 2008). As already introduced by Arnstein (1969), institutional participation can end up being a process of the manipulation of public opinion, as well as a tool for promoting strong protagonism of local actors in the decision-making and implementation of projects. According to some scholars, however, the balance has been mainly in favour of manipulation (Swyngedouw 2005). This radical critique of the promotion of participation in decision-making deals with both the process itself and the outcomes in terms of social justice. According to such critics, any inequalities, exclusion and conflict tend to be hidden. Moreover, when local authorities have promoted civic participation and public–private partnerships, they have often offloaded public responsibilities, cutting expenditure and legitimating the hegemonic status quo (Brenner and Theodore 2002).

Another criticism relates to the fact that, when it comes to discussing issues relating to poverty and exclusion, the most disadvantaged members of society have, in many cases, been least involved in the dialogue with policy-makers. The risk is that those who consulted are mainly the more active and informed citizens, who tend to be more educated, leaving out those at the margins due to lack of cultural capital and skills (Chadwick 2009). Such exclusion of marginal individuals thus further consolidates inequalities amongst citizens (Coleman and Firmstone 2014; Dahlgren 2015).

In large part the results have been modest both in terms of legitimacy and effectiveness, with weak and ‘Janus faced’ effects in terms of social justice (Swyngedouw 2005). Many experiences have showcased an increasing proximity, both in geographical terms and in rela-

tion to communication practices, between citizens, public administration and local authorities, implying a low degree of politicization and a low level of mobilization – particularly of the working class (Novy et al. 2012). Often based on ‘selective listening’ and grounded in informal rules, civil society is left with only marginal autonomy and dealing just with ‘small things’ that seem far away from the competitive party system. If the main strength is improving communication between citizens and policy-makers, the weaknesses lie in the essentially arbitrary way in which policy-makers accept proposals (cherry-picking) in line with their own plans. Pre-existing inequality of resources and status and omnipresent power relations have biased public discourse and produced unequal influence in deliberation (Brenner and Theodore 2002; Stoker 2004).

Additionally, it has been observed that there is often a lack of explicit commitment from the proposing institutions in taking into account the results of consultation in the definition of public policies. In some cases, scholars claim a sort of ‘pseudo-participation’, aimed at disciplining civic energy within the constraining techno-political sphere of managed cyberspace. This is an aspect that can reinforce citizens’ distrust toward the credibility of institutions and the value and meaning of civic participation (Coleman et al. 2008).

Conversely, other investigations have highlighted positive outcomes in terms of legitimacy and effectiveness of policies fostered through participation (Goldfrank 2012). Participation is here supposed to have produced a consensus about goals. Additionally, citizen involvement in governance has improved government effectiveness and accountability for producing results. Participants, especially those with local experiential information, have contributed to monitoring the implementation of consensual goals, deepening participatory democracy and making it more efficient. Additionally, although most evidence suggests that disadvantaged communities remain on the margins of partnerships and new participatory opportunities, they still allow ‘active subjects’ to influence these new arenas. And the contestation of power — the ever-present possibility of resistance — is potentially empowering (Morison 2000; Taylor 2007).

## CONCLUSION

It is difficult to offer an overall picture of the ‘participatory turn’ at the local level. Empirical research has shown the high heterogeneity of experiences and the impacts of these actions have largely differed according to the variety of contexts in which they were implemented (Silver et al. 2010). Experiences have registered the most positive results in contexts already characterized by strong networks amongst civil society actors and a political culture already oriented to inclusive decision-making processes. According to Silver et al. (2010), the common tendency to argue that participation either takes the form of neoliberal governance, or an empowering, inclusionary, progressive form, should be more nuanced to deal with context specificities, highlighting diversity of intention, practice, and outcomes that lie behind the application of ‘the same’ concepts. Indeed, empirical research shows a variety of participation practices that differ with regard to key actors, aims, spaces and rules. This variety highlights the interdependence of several factors: the political-institutional architecture and welfare models, political leadership, the rules of participation, and the social basis of the participation (Steffek et al. 2008).

Additionally, there are several local-level variables that can influence the applicability of the different models in a specific context, such as size, heterogeneity (or diversity) and level of prosperity of the local government (Jelizaveta and Ringa 2013). First, the size of the population can be expected to affect the ‘participation’ element in the process design, especially in the form and scope of participation, but also the method for selecting participants. Large cities may opt for multi-layered forms of participation, with citizen delegates involved in the process. Another variant for a large city could be a targeted selection of organized citizen representatives. Smaller cities might choose to engage in participation via self-selection and open meetings at the town level. Moreover, the size of the population might also influence the formality of the participatory process at the local level. In smaller cities, for instance, consensus-based and informal processes might be more feasible.

Second, heterogeneity (or diversity) of the population in each local context is another important variable in today’s plural societies (see Chapter 12 by Barberis and Angelucci in this volume). Presumably, the heterogeneity of the population in a municipality can have an impact on both participation and deliberation variables in the participatory process design. For example, methods for selecting participants may also have to be adjusted according to the make-up of the population so that representativeness can be guaranteed.

Finally, the level of prosperity of the local context is likely to influence the feasibility of different participatory models (Stevens et al. 1999). For local governments wanting to implement good participatory methods in local administration, it is not sufficient to state an intention of achieving participation or to include such intentions in official documents. Participatory measures must be followed up with competent and concrete measures. If local governments are to succeed in achieving participation, administrators need to realize the usefulness of participatory measures. This will increase their motivation to accommodate for participatory measures in competent ways – something that demands both an investment of time and resources.

After two decades characterized by a strong ‘participative turn’ (Cucca and Kazepov 2016), a new emphasis on the concept of social innovation is in part replacing the traditional focus on participatory democracy. As described by Oosterlynck and Saruis (in Chapter 5 in this volume), social innovations are supposed to rely on new forms of interaction between the state, private for profit and not-for-profit firms and civil society and on the adoption of a participatory governance style by the institutions. They are described as:

[an] important new field [...] It is about tapping into the ingenuity of charities, associations and social entrepreneurs to find new ways of meeting social needs that are not adequately met by the market or the public sector [...] tackling societal challenges, [and] empower[ing] people and creat[ing] new social relationships and models of collaboration. (European Commission 2010, p. 21)

In this framework, participation seems to shift from a form of ‘decision-making by talking’, towards a form of ‘decision-making by doing’. However, the results of this new shift in terms of empowerment and participation still need to be evaluated in more detail.

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## 20. Territorial effects of EU policies: which social outcomes at the local level?

*Iván Tosics and Laura Colini*

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### INTRODUCTION

The overwhelming majority of EU policies are ‘shared policies’, meaning that they are implemented by the member states (MSs) within the framework of long-term, strategic agreements. Consequently, very few EU policies have direct local impacts because they are rearranged in relation to national policies. This is the case with territorial policies but even more so with social policies, for which the EU has a somewhat restricted scope of influence, operating with weak regulations, cooperation mechanisms and limited financial schemes.

Hence, the social outcomes of EU policies are not usually evident at the local level. There are at least three reasons why they impact EU territories unevenly: first, the idea of territoriality is not prominent in EU social policies; second, funding sources for specific programmes are not designed to integrate social and territorial policies; and third, the degree of variation between MSs in their responses shows extensive heterogeneity of options for intervening on social policy domains.

Over the last decades, EU policies have largely been dominated by macroeconomic considerations, whilst the social aspects have been subordinated (Crespy and Menz 2015). Within this general framework, however, there have been ups and downs in the strengths of the social dimension. When relatively successful, the EU can help to achieve better local social outcomes, though not through direct intervention at the local level. Rather, this takes place through their influence over national policies, i.e., by influencing the power relationships within the national multilevel governance structure.

This chapter first offers an overview of the cornerstones of EU policies which may potentially deliver social outcomes at the local level. Additionally, within this section, changes in the relative importance of economic and social policies are described. Next, the social outcomes of EU policies at the local level are discussed. This is followed by a snapshot of the first experiences gained during the 2020 COVID-19 pandemic, including the local reactions and the newly implemented EU policies. The conclusion suggests why the social aspects of EU policies should be strengthened and discusses how such policies might achieve stronger effects at the local level.

## EU POLICIES WITH POTENTIAL SOCIAL OUTCOMES AT THE LOCAL LEVEL

### **EU Social Policies: Legal Background and Main Instruments**

The mandate of the EU in social matters is limited.<sup>1</sup> The main competencies in the promotion of social inclusion are to be found in Title X, Social Policy Chapter of the Treaty on the Functioning of the European Union (TFEU). As the promotion of social inclusion is not listed in the policy fields for which the EU is legally competent, the EU can only achieve the objectives of social inclusion through non-legal cooperation. As such, EU measures in the social field do not necessarily lead to harmonization of the laws and regulations of the MSs. No legal action or other measures can be taken based on Article 153 of the TFEU, which includes goals such as protecting workers against health or social risks and assuring good working conditions. Thus, EU policies in the social field are lacking.

This deficit is especially apparent if we compare the role EU policies play in the social field to their role in the economic and environmental fields. The main reason it has such a limited role in relation to social policies is due to historical factors. On the one hand, this relates to the fact that from its inception, the EU was dominated by an overriding concern for economic considerations. On the other hand, there is the fear that MSs could lose legitimacy and control over consensus building mechanisms. MSs act as strong ‘gatekeepers’, exercising their sovereignty. This is true both for ‘new’ and ‘old’ MSs, though for different reasons, as outlined below:

Common social standards are eyed critically from two sides. Where they increase labour costs, particularly in the East, such standards are easily perceived as a hindrance to play of a competitive advantage. And where they constitute a common denominator, they are frequently considered an inroad to destroy historically grown welfare state institutions, particularly in the West and Scandinavian countries. (Hartlapp 2020, p. 550)

The functioning of EU social policies have been explained by analysing different ‘modes of governance’, including spending mechanisms, regulatory instruments and coordination mechanisms (Hartlapp 2020; Kennett and Lendvai-Bainton et al. 2017).

First, regarding spending, the backbone of EU social policies is the European Social Fund (ESF) being one of the European Structural and Investment Funds (ESIF).<sup>2</sup> ESF is the oldest financial tool to have implemented social policies in Europe. The missions of the ESF are established in the Regulation (EU) No. 1304/2013 of 17 December 2013, with spending amounting to 10 per cent of the EU total budget. Their main foci are employment measures, better education and social inclusion. ESF amounted to approximately €83 billion, spent over the 2014–2020 period<sup>3</sup> on employment measures and better education and social inclusion, via programmes that were at least 50 per cent co-funded by MSs. This is largely a ‘people-based’ programme, reaching millions annually. Additionally, there are a few other EU social programmes with lower financing, such as the Fund for European Aid to the Most Deprived (FEAD, total budget for 2014–2020 €3.8 billion), the Youth Employment Initiative (YEI, total budget for 2014–2020 €6.4 billion) and the EU Programme for Employment and Social Innovation (EaSI, total budget for 2014–2020 €919 million<sup>4</sup>).

Second, as for regulatory instruments, directives are an important form of regulative policy-making at the EU level. These most frequently:

address genuine social rights and goals. They impose common minimum standards but leave some room to member states to decide on how to reach these goals when transposing them into national law. [...] core areas of national social policy continue to be untouched at EU level. No competences for EU regulation exists on wages, collective bargaining or freedom of association. (Hartlapp 2020, p. 548)

Third, coordination characterizes EU social policy in areas such as social protection, employment, health and poverty reduction. This can take the form of hard or soft coordination: hard coordination means that a policy is treaty-based and legally binding, whilst soft coordination means that it is not legally binding, thus representing only weakly enforceable mechanisms (Kennett and Lendvai-Bainton 2017). Rather than implementing standards hierarchically, the so-called Open Method of Coordination (OMC) steers softly through common goals and benchmarks. In the 2000s, the OMC seemed to be “the only way out of the decision-making trap which was created by MS resistance to giving away social sovereignty while at the same time European Monetary Union called for greater social convergence” (Hartlapp 2020, p. 550). According to Schoukens et al. (2015), probably the most valuable outcome of the coordination process has been the development of concrete tools (indicators), which provide a common standard for the measurement of poverty and social exclusion across the MSs of the EU. However, the strength and effectiveness of the OMC is questioned by many analysts since there are no tools for the Commission to sanction countries that do not perform accordingly, i.e., do not make effective changes in their policies as a reaction to the critical remarks they get through the OMC process (Kennett 2017, p. 435).

### **EU Social Policies: Changes Throughout the Last Decade**

In 2010, the Europe 2020 Strategy assigned concrete goals for the following ten-year period and mechanisms were defined for the implementation of these. The goals were set up in the form of five headline targets,<sup>5</sup> including the first ever headline target on poverty, which was to lift at least 20 million people out of the risk of poverty and social exclusion by 2020. In addition, an explicit aim was that any growth should be ‘inclusive’. The EU-level targets have been translated into national targets in each EU country, reflecting different situations and circumstances. The progress towards the goals of the Europe 2020 Strategy is monitored and enhanced through the European Semester, an annual cyclical process of economic and budgetary coordination (Bennett and Ruxton 2015). The European Semester provides the framework for EU MSs’ economic and social reforms to reach the Europe 2020 targets.

Despite these ambitious social goals, the social dimension of the EU2020 strategy lost its importance in the first half of the 2010s when attention to employment took over. The leading idea is that of ‘welfare’ as ‘workfare’, which refers to the notion of approaching poverty first and foremost from the employment angle. The ‘economization’ of the poverty agenda could clearly be seen in the Semester process, the Annual Growth Surveys and the Country Specific Recommendations, in which all non-employment/non-economic aspects of poverty became suppressed (cf. EAPN 2017; CEMR 2014, p. 8).

The pre-eminent trigger for the ‘economization’ of the poverty agenda was the financial crisis. Due to decreasing investment, the EU introduced a change from transfer/absorption-oriented policies to growth-oriented investment policies. In addition to social targets losing their relative importance, the involvement of subnational actors has been neglected. The Council of European Municipalities and Regions (CEMR<sup>6</sup>) in its critical opinion of 2014 emphasized that:

the Europe 2020 Objectives can only be achieved with measures taken via a place-based approach<sup>7</sup> allowing Europe's territories a certain flexibility and self-determination in order to better achieve both European and local objectives. The absence of any spatial approach would disconnect people and places from the EU and its objectives, consequently reducing the prospect of success. (CEMR 2014, p. 5)

The experiences of the first years of the Europe 2020 Strategy show that:

the involvement of local and regional authorities has been too limited. For each Member State, targets have been elaborated in a National Reform Programme. Nonetheless in some cases, the discussions with local and regional governments have been restricted to a mere consultation on the targets and objectives already agreed upon. (CEMR 2014, p. 5)

The suggestion of CEMR is that:

in addition to being consulted, local governments need to be viewed as full-scale partners, an equal sphere of governance with the national and EU level, when it comes to determining objectives and targets. [...] Territorial pacts and multilevel agreements with governments at all levels would help form a renewed Europe 2020 Strategy. (CEMR 2014, p. 9)

With social problems dramatically increased throughout the first years of the 2010s, there were signs towards the middle of the decade of another change in the trend, with the EU starting again to pay more attention to social aspects. Reacting on the fact that the financial crisis increased the demand for more social investment, the Commission introduced new social policy initiatives, such as the Employment and Youth Employment Package (2012), Social Investment Package and Youth Guarantee (2013) and the Pillar of Social Rights (2017). The scope of European social policies was broadened beyond the main target of employment, poverty and education, towards health and anti-discrimination.<sup>8</sup> Analysts talk about the new 'socialization' of the economic Semester process, even though critics report that there has been minimal advancement in social policies, and that progress has been "conditional and contingent" (Copeland and Daly 2018, p. 1016, cited in Graziano and Hartlapp 2019).

Since 2014, at least 20 per cent of ESF resources must be spent on promoting social inclusion. A report by the European Anti-Poverty Network (EAPN<sup>9</sup>) noted that, whilst the 20 per cent requirement has generally been met, its national networks reported low levels of satisfaction with the planned measures that were focused on getting people into work, raising questions as to how much of the funding actually reaches people in poverty. In terms of active inclusion, most EAPN networks found that although the required national strategic frameworks for poverty reduction were generally in place, they were not satisfactory. Additionally, the implementation of national or regional strategic policies for health was found to be weak, revealing unequal access to quality health and social services (Lierop 2016).

In June 2016, the MSs adopted the Employment, Social Policy, Health and Consumer Affairs Council<sup>10</sup> (EPSCO) conclusions on 'Combating poverty and social exclusion: An integrated approach' (European Council 2016). Recognizing the multi-dimensional nature of poverty, this report called for an integrated and holistic approach to tackling poverty throughout the lifecycle. They also urged for more integrated approaches to combating poverty and social exclusion by combining adequate income support and access to quality services, and through inclusive labour markets.

The text encourages national governments to formulate ambitious and integrated responses to social inclusion and poverty in their respective national contexts. However, the integrated approach emphasized was understood at the household level, and as cooperation of “stakeholders within all relevant public policy domains and across all required disciplines by connecting services between public parties, social partners, private partners, non-governmental organisations, civil society and the target groups” (European Council 2016, p. 3). Thus, the ‘integrated approach’ does not explicitly consider the territorial and local dimension which underpin the earlier cited critiques on the missing local dimension of EU strategies.

In conclusion, despite the rising demand for more social policies after the financial crisis, both the Lisbon and the EU 2020 strategies were disappointing regarding social issues. It is the European Pillar on Social Rights which seems to offer the hope of setting social policies on a similar footing to those of the economic and labour market policies, although it lacks clarity as to how this will be implemented.<sup>11</sup> The importance of the local level and of multilevel governance is still not acknowledged, although cities could potentially act as new policy agenda setters. However, given the unchanged framework of competencies at the EU level, a stronger role for cities would demand a redefinition of the EU governance for integrating social and territorial policies.

### **EU Territorial Policies**

The first appearance of the territorial dimension in European policy dates to the end of the 1980s. With the collapse of many traditional industries, the main objective of these policies was to strengthen the economic and social balance amongst regions. Article 130a of the Single European Act stated that “the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions” (EC 1987, p. 337). Despite the Single Act, the ‘spatial-planning’ territoriality of the policies remained dormant for years, allowing spatially-blind economic policies to prevail.

Around the middle of the 2000s, more explicit consideration of the role of cities and regions in relation to territorial cohesion and addressing territorial disparities began to emerge in EU policy documents (Servillo et al. 2012). Amongst the many official EU programmes, documents and agendas, some emphasized the relevance of cities and urban territories in achieving cohesive territories and ‘integrated urban development’. These were the Lisbon Agenda (2000), the Lisbon Charter (2007) and the Barca report (2009). The 2000 Lisbon Agenda raised attention towards cities and the local level, as ‘engines of growth’ in respect of socio-economic development, and able to contribute to the process of cohesion among regional disparities. In the Leipzig Charter on Sustainable European Cities, adopted in 2007, the MSs’ ministers responsible for urban development agreed upon common principles and strategies for an urban development policy. One of the main recommendations focused on deprived neighbourhoods and highlighted strategies for action, embedded in an integrated urban development policy. The idea was that these strategies should target the upgrading of the physical environment, the strengthening of the local economy and local labour market policy, proactive education and training policies for children and young people, and the promotion of efficient and affordable urban transport.

The importance of the local level reappears prominently in the 2009 Barca report, prepared by Fabrizio Barca, Italian minister for territorial cohesion. Assessing the effectiveness of

Cohesion Policy in achieving its aims for territorial cohesion, the report highlighted the place-based approach to tackling social exclusion:

A place-based policy is a long-term strategy aimed at tackling persistent under-utilisation of potential and reducing persistent social exclusion in specific places through external interventions and multi-level governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes. (Barca 2009, p. 7)

The idea of integrating social and territorial policies to combine a people- and place-based approach was already present in the Cohesion Policy period when Barca was writing his report. The 2007–2013 Cohesion Policy period promoted an integrative, sustainable and participative approach to urban regeneration, strengthening the combination of people-based European Social Fund and space-based European Regional Development Fund (ERDF) measures. Mainstreaming the lesson of previous URBAN I and II programmes in targeting deprived urban areas, Article 8 of ERDF allowed for the use of the cross-funding option, whereby up to 15 per cent of ESF-type actions could be funded by the ERDF.

This option would have expanded the opportunities offered by both types of funds to integrate social and territorial approaches in practice, and to unleash new capacities for cities to deliver on social issues by adopting an integrated approach. However, this flexibility facility was only taken up in a few Operational Programmes<sup>12</sup> (e.g. OP Berlin and OP Western Sweden) and was a compulsory element in only few cases, such as the Managing Authority in the Hungarian cases of Magdolna, Pécs and Kazincbarcika (Colini 2010). The missed opportunity for the mutual integration of the territorial and social funds (ERDF and ESF) was also due to the architecture of the funds themselves. They are managed by two different Directorates General within the European Commission and implemented by different Managing Authorities,<sup>13</sup> located either at national level or a regional level, and they have little dialogue with cities.

Partly thanks to the influential Barca report, during the 2014–2020 Cohesion Policy period, targeted interventions into deprived areas have been further strengthened with the Sustainable Urban Development (SUD) initiative.<sup>14</sup>

## THE SOCIAL EFFECTS OF EU POLICIES AT THE LOCAL/URBAN LEVEL

### **The Role of the Local Level in EU Social Policies**

Since the 1990s there has been an observable tendency towards decentralization in social policy, with regulatory powers moving vertically towards the local level, as well as horizontally, by increasing the role of non-governmental actors (Kazepov and Barberis 2017, p. 302). Labour market activation measures are one example of vertical decentralization. Increasingly, these have been applied at the local/urban level as opposed to the traditional, national-level passive measures, which are now considered to consolidate disadvantaged positions (Kazepov and Barberis 2017, p. 305). The process of decentralization of social policy first occurred in the 2010s as a consequence of the Great Recession. “This rescaling, coupled with cuts to local budgets, put city governments under significant pressure to adapt to austerity cuts by reimagining their modes of governance” (Cianetti 2020, p. 2701).

Despite the thematic broadening of EU social policies in the 2010s, studies have pointed to a substantial implementation deficit (Hartlapp 2020, p. 550). This is partly due to the limitations of the soft and non-binding instruments available to the EU in the social policy domain, to the structural heterogeneity of welfare states, and to the different capacities, political will and investments of MSs. On the one hand, all of these are related to the limited legitimacy of the EU in relation to social policy, and on the other hand, to the strong power and unwillingness of MSs to give up their sovereignty on social issues. Whilst we have seen a range of interpretations concerning the implementation of social policies in national territories, because of the above factors, the local effects of European social policies are fragmented. This makes it hard to evaluate the local impacts, thus slowing the process of social policy development at the European level, with a view to ensuring equal social protection to all citizens. At the same time, these differences are not only imputable to the national level, and to local politics concerning social policies, but also to the way funding for social policies are designed.

As discussed previously, the main source of financing for EU social policies is the ESF. This fund applies broad territorial targeting, based on a seven-year strategy defined by the EU at the beginning of each programming period. The ESF budget is distributed amongst MSs on the basis of the relative wealth of their NUTS 2 regions.<sup>15</sup> MSs approve their operational programmes and disburse the funding through their own designated managing authorities. Thus, the translation of the principles of the ESF is entirely in the hands of the national authorities. Some MSs invest the ESF almost exclusively at the national level, others regionalize it, whilst in a few countries, a larger role is given to the municipalities.

The 2007–2013 programming period brought a certain degree of decentralization of ESF management in favour of the regional level, with a total of 125 regional ESF operational programmes implemented across the EU (alongside the 62 national programmes).<sup>16</sup> One example of this is France, where in the national context of decentralization, regional councils are responsible for managing 35 per cent of the national ESF budget for vocational training, apprenticeships, and careers guidance. The state, however, retains the role of managing authority for employment and inclusion, controlling 65 per cent of the national ESF budget.<sup>17</sup>

Throughout the 2010s, the EU made several attempts to strengthen social coordination amongst its MSs. In 2013, the Social Investment Package (SIP) set out a long-term vision for the future of social policies, encouraging MSs to make investment part of their social policy reform agenda to counteract increasing social inequalities, reinforced by the 2008 economic crisis. The aim was to reconcile social, employment and economic objectives by calling for social protection systems that addressed risks across the lifecycle and support activation for improved effectiveness and efficiency of social expenditure (Bennett and Ruxton 2015). An integrated policy framework was set up to reinforce the crucial role of active inclusion by focusing on one-stop shops, increase of take-up and coverage of social benefits, and ensuring adequate income support and better activation. The SIP aimed to help MSs to adopt long-term, housing-led, integrated homelessness strategies at national, regional and local levels, and to introduce efficient policies to prevent evictions. It also gave guidance to MSs on how best to use EU financial support, notably from the ESF, to implement the outlined objectives. For instance, the focus of one SIP project was to develop a common methodology for calculating *reference budgets* (minimum income levels for households), to inform policies on minimum income schemes. Del Pino et al. (see Chapter 3 in this volume) address the territorial dimension of SIP, showing that most of the policies addressed by the package – in particular child-

care and active labour market policies – have a strong local component, as they are embedded in the contextual settings.

Another innovation of the EU efforts to address poverty and improve living conditions in the 2010s was the European Pillar of Social Rights (2017). This is a political reaffirmation of 20 social rights and principles, including key principles to support well-functioning and fair labour markets and welfare systems. The aim was to address poverty and social exclusion through fair wages, adequate minimum income, integrated benefits and social service provision, and access to housing and essential services. Whilst the process of economic policy coordination at the EU level is organized through the European Semester, the European Pillar of Social Rights aims to ensure that economic coordination also fulfils the idea of fairness. In order to be able to achieve a decision on these principles, the Pillar only addresses the Eurozone countries directly, allowing other MSs to join later. Its implementation deploys the full EU governance arsenal: regulations, directives, recommendations, communications, new institutions, funding actions, and country-specific recommendations (Garben 2019, p. 101).

In 2018, individual cities – starting with Madrid and Stuttgart – signed political pledges to translate the principles of the Pillar into action to improve people's lives at the local level.<sup>18</sup> Eurocities and the Council of European Municipalities and Regions have also committed in the delivery of the Pillar locally. A Eurocities report on 20 cities in 12 EU MSs, governing a total of 20 million people (Eurocities 2020b), shows that most local authorities have competencies and even go beyond their legal responsibilities to implement social policies, providing inclusive education, promoting gender equality and equal opportunities, and delivering active support for employment. Eighty per cent of the responding cities (mainly cities from Northern and Western Europe, and a few cities in Southern and Eastern Europe) mentioned having some competencies concerning equal treatment and non-discrimination, e.g. Swedish cities and Berlin. However, cities' efforts are not always known or recognized at national and EU levels. Cities request more resources from state budgets and EU funds for building capacity to support local measures and services for the most vulnerable groups. Moreover, cities would like to be involved as partners in social policy-making at the national and EU level so that social policies effectively respond to the real needs on the ground.

The new ESF+,<sup>19</sup> namely the new European Social Fund for the 2021–2027 period, meant to finance the implementation of the principles from the European Pillar for Social Rights, supporting MSs to invest in the areas of employment, education, skills and social inclusion, could turn social policies into a catalyst for social innovation in cities. However, at the local level, access to and use of ESF funding is still regulated at the national level and remains burdensome because of the complexity of rules and procedures, and the mismatch between the ESF programme priorities and locally identified needs (Eurocities 2020c).

## DIRECT AND INDIRECT LOCAL SOCIAL EFFECTS OF EU TERRITORIAL PROGRAMMES

Compared to EU social policy programmes, which have little direct effects at the local level, much more visible impacts can be attributed on local level to EU territorial programmes.



## EU Policies Directly Targeting Urban Areas

Local municipalities, especially larger cities, have long since been lobbying to have more influence on the use of EU money. This struggle led to some results in 2014, when the new ERDF regulation introduced the SUD category, in which selected cities were given a degree of influence over the use of EU money for the development of their territory. MSs have been required to earmark at least 5 per cent of their ERDF allocation (in combination with some ESF contribution) for integrated sustainable development in urban areas. This allocation assumes a holistic, multi-sectorial approach, addressing the demographic, social, economic, and environmental challenges faced by urban areas. It is compulsory for MSs to involve cities in the development of the SUD measures, giving them a direct role at least in selecting the projects for implementation.

The most relevant SUD examples impacting on social issues concentrate on specific neighbourhoods within cities (the other territorial levels – individual municipality, functional area or multiple municipalities – have less social relevance). One third of the SUD strategies have been applied in deprived neighbourhoods, aiming for physical, economic and social regeneration, with a focus on social inclusion. Such urban regeneration programmes, usually operating with a budget of less than €10 million, consist of a combination of hard (physical renewal type, ERDF financed) and soft (people oriented, ESF financed) interventions. As a new territorial instrument, the Integrated Territorial Investment (ITI) tool was introduced to allow for the integration of multiple funds, especially ERDF and ESF in urban areas (Fioretti et al. 2020, p. 10). For instance:

In Berlin five large ‘action-areas’ for intervention have been delineated, by measuring multiple aspects of deprivation. At a smaller scale, 35 neighbourhoods and 13 city conversion areas are the effective target areas. Actions supported by the initiative focus on education, community participation, improvement of public spaces, social cohesion, integration of migrants, redevelopment of abandoned spaces, and improvement of public infrastructure. The neighbourhood regeneration projects have to align with the wider framework of the Berlin 2030 strategy. (Fioretti et al. 2020, p. 59)

During the 2014–2020 programming period, MSs had to prepare their strategies along pre-defined thematic objectives. One of these was Thematic Objective 9 (TO9), which dealt with the promotion of social inclusion and combating poverty. According to ESF regulation, there was a minimum 20 per cent threshold set for meeting this objective, i.e., it was no longer possible to allocate the whole ESF money to nationwide job creation and training programmes. According to the figures, approximately €21.2 billion of the ESF has been programmed in relation to TO9 (European Commission 2016). This corresponds to 25.6 per cent of all ESF allocation, and supports investments in: active inclusion approaches; Roma inclusion; access to affordable, sustainable and high-quality services, including health care and social services; and social entrepreneurship. The ESF complements ERDF interventions in the field of SUD with around €1.5 billion programmed for 2014–2020. In addition, the ESF contains a dedicated investment priority of €600 million for community-led local development, which allows bottom-up initiatives relating to employment, social inclusion and education.

Similarly, for the ERDF, TO9 is the main channel through which it can contribute to combating poverty and social exclusion. In common with TO8 and TO10 (which target employment and education), it is a shared objective with ESF. The main investment priority under TO9 (besides investing in health and social infrastructure and providing support for social

enterprises) is supporting physical, economic and social regeneration of deprived communities in urban and rural areas.

Approximately €12 billion has been allocated for 2014–2020 on TO9, promoting social inclusion and combating poverty. Regarding integrated sustainable development in urban areas, around €15 billion of ERDF funds has been allocated for this purpose, corresponding to 8 per cent of total ERDF budget, managed partly by cities.

### **National Differences in the Implementation of Urban-Oriented EU Policy**

MSs have the flexibility to decide the extent of their focus on deprived areas when allocating the SUD money. The following analysis illustrates this in relation to three countries and their cities<sup>20</sup> and explores the kinds of multilevel governance structures that have been set up to deal with deprived areas. The countries differ in how they use the EU money: in France it is added to the national urban programme; in Poland it funds a national urban regeneration programme; and in Spain it finances a parallel policy scheme (Bressaud et al. 2019).

In France the Cohesion Policy money is part of the regional programmes, and regions differ in the strategies they use. Some regions use the ERDF money for integrated urban development on priority neighbourhoods, supporting ‘city contracts’, whilst others use it at the metropolitan level for the support of general urban strategies. Concerning ESF, 10 per cent is used for people living in priority districts.

In Spain, there is a national programme (EDUSI), specifically established for the distribution of the 5 per cent of ERDF resources, taking the form of a city strategy for integrated and sustainable urban development. This is independent from the ARIs programme, which is financed through national resources and is concerned with housing upgrading and the refurbishment of buildings and public spaces.

In Poland, urban regeneration became a priority in the 2010s, mainly financed by Cohesion Policy funding. The national ‘Revitalization Act’, established in 2015, compels each region to spend some money on deprived areas. Municipalities are obliged to contribute to the revitalization through alternative sources of funding, such as their local budget or private funds. However, EU funding was the main inspiration and source of funding for developing a national urban regeneration policy.

Finally, in all three countries at least some deprived areas receive EU money for regeneration. However, approaches to the regeneration of deprived areas differ significantly across countries and cities, including in the form of legal agreement between the different governmental levels, the selection of intervention areas, and the level of financing. The following three cities from the above-mentioned countries illustrate such variation.

- *Lille, France*: The urban regeneration of the poorest areas of the European Metropolis of Lille is part of the Politique de la Ville, a national policy based on a signed, multi-annual city contract. Intervention areas are selected by the national authority. In recent years, the city was granted permission to change the focus of interventions from demolition to social and economic interventions.
- *Barcelona, Spain*: Local regeneration programmes have expanded since 2015, when city leadership made progressive changes towards inclusive policies. Using also EU funds, the focus is on radical local social initiatives, resulting in a large increase in the budget for social interventions in the poorest areas (selected by the municipality).

- *Lodz, Poland*: Delivering an extensive local revitalization programme within the framework of the 2015 national policy. The municipal level is responsible for the diagnosis of priority areas, and the development and implementation of the revitalization plans. The regional managing authority is responsible for verifying compliance of the local revitalization programmes according to the rules of the Regional Operational Programme 2014–2020.<sup>21</sup>

Even these short descriptions show that the three models are quite different. The French model is top-down, with highly systematized cooperation between the different governmental levels. In contrast, the Spanish model is a patchwork of different national, regional and local programmes. Meanwhile, the Polish model allows local incentives but is strictly constrained by the regional Operational Programme, developed for the EU Cohesion Policy period. Moreover, these examples do not even represent the variation in approach by cities within each of the countries.

The 2014–2020 EU regulation created a common framework, with the compulsory SUD spending on cities. However, this was then applied in different ways by each of the MSs, leading to diverse local outcomes. All this shows the extent to which EU policies materialize differently at the local level, after having been transformed by the national and regional policy machineries.

The EC created a potentially promising initiative (SUD) and tool (ITI); however, weaknesses in the regulations meant that national and regional authorities were able to implement it in such a way that they did not benefit from the full extent of cooperative forms of integrated urban development (Tosics 2016). First, this is partly because ERDF and ESF function according to two different forms of architecture; second, because some MSs stipulate that ESF resources can only be used at the national level, excluding the opportunity for multi-fund use at a regional or local level; and third, due to the ‘delephobia’ of managing authorities, i.e., unwillingness to delegate the management and implementation functions to local authorities, considering “local authorities as inexperienced in Cohesion Policy matters and thus as having the potential to endanger the financial accountability of the programmes” (Tosics 2016, p. 292).

### **The Effect of the Pandemic on EU Programmes and Their Implementation**

Since March 2020, COVID-19 has changed the world at an unprecedented rate. National governments have responded to the sudden pandemic, “to solve problems centrally through expert advice while ignoring the interests, information and capabilities of others involved” (Scott 1998, quoted in Ostrom and Janssen 2005, p. 245). Many central governments have concentrated power to the extreme, without giving any additional financial help to subnational governments (in some cases even taking away money from them) in their fight against the virus. This stark centralization of policy-making is combined with a parallel process of passive subsidiarization that materializes differently across EU countries.

National welfare systems are hugely different. In many countries the safety net has large holes, especially given the preceding decade of austerity. As such, local authorities must also intervene, regardless of whether they have the financial means. This applies not only to the direct health impacts, but also to the economic and social consequences of the pandemic. Significant increases in unemployment, and radical changes in the livelihood of citizens due

to confinement policies, exacerbate pre-existing social problems whilst also creating new ones (Tosics 2020a).

People are facing these difficulties from vastly different positions, with the most severely affected being those who were already at risk of poverty and social exclusion. Types of employment and housing conditions are key determinants in the ability to maintain income, health and quality of life during the pandemic. Whilst most white-collar workers can continue to work remotely, a large share of blue-collar workers have either lost their job or risk becoming infected at work. The various dimensions of inequality – access to employment, food, housing, broadband, education, social networks, and support services – all play a decisive part in the unequal personal and health outcomes.

### Local Responses to the Pandemic

Across European countries, many examples have emerged across a range of policy themes as to how local municipalities have intervened to tackle the problems faced by those segments of the population who have been most severely affected (Tosics 2020b). Urgent measures have been decided upon by the cities themselves and implemented through their own financial means and regulatory powers. The following examples highlight the areas where social interventions at the local level have been most urgent.

- *Housing* is a key determinant of health and many cities have introduced measures such as moratoriums on evictions, limits on rent increases and help for mortgage holders (Colini 2020).
- *Homelessness*: many cities have made efforts to increase the capacity and safety of shelters, providing alternative accommodation, such as hotel rooms for the poorest (British cities, Brussels, Oslo, etc.). In Vienna and some German cities, irregular migrants were given temporary access to social services during the epidemic.
- *Food*: many cities support food production, home delivery services and/or emergency interventions to prevent hunger amongst the poorest.<sup>22</sup>
- *Financial support for the unemployed*: the strengthening of unemployment benefit schemes is usually done by central governments; local governments only need to step in if a sufficient national emergency scheme is missing (as in the case of Hungary).

### The Reaction of the EU to the Pandemic

The EU reacted to the pandemic by launching the ReAct EU programme in May 2020, adding €55 billion to the ongoing 2014–2020 Cohesion Policy programmes.<sup>23</sup> This money has been distributed between EU countries according to their level of prosperity and the socio-economic effects of the crisis. It was not specifically broken down per region or sector, to allow MSs to channel the funds where most needed. This has led to huge variations in national approaches: in Austria, the federal government allocated an additional €1 billion to local municipalities in July;<sup>24</sup> meanwhile, the central government in neighbouring Hungary took resources away from municipalities by imposing new burdens on cities, as well as reducing their revenue sources by nationalizing some local taxes.<sup>25</sup>

Current OECD projections show that, in many countries, the pandemic will lead to greater economic and social problems than those that resulted from the 2008 financial crisis.<sup>26</sup> The

mistakes of the past – taking on extensive debts to sustain the economy, followed by harsh austerity measures to repay those debts – should be avoided in the handling of the present crisis. This was the guiding principle for the European Commission when developing its Recovery Package proposal, a solidarity-based programme, suggesting an increase to the EU's budgetary ceiling.<sup>27</sup> They also propose taking on a loan in the name of the EU, allowing for the funding of a common health programme as well as giving substantial loans and grants to the MSs which suffer most from the pandemic.

However, there are growing concerns voiced by subnational governments, as the exact conditions and allocation of the recovery funds are not yet known. Cities which already operate with a large financial deficit are afraid that national governments (also in massive debt) will take it upon themselves to decide upon spending priorities, giving little or no role to cities in the recovery package (e.g., see Eurocities 2020a). If the recovery funds from the EU do not help local governments in handling their accumulated debts and continuing their innovative policies, a wave of austerity might well sweep through Europe once again.

## CONCLUSIONS

This chapter has illustrated the long and complex history of EU social and territorial policies, which have variable social outcomes at the local level. It is not only the relative importance of EU social policies vis-à-vis economic policies that has changed over time, but also their content. What has remained unchanged to this day in the trajectory of social policies is the limited role of the EU, since nation-states have been granted near autonomy in the allocation of socially oriented EU funds. This leads to hugely different national patterns of cooperation between multilevel governance and the local municipalities, and to different social outcomes at the local level.

Within this panorama, this chapter has highlighted two main points: first, the glaring lack of data on, and consistent analysis of, space-bounded, local outcomes of European social policies; and second, the importance of the role of cities in the multi-scalar governance system in co-designing and delivering better social policies.

Life after COVID-19 will not, and should not, be the same as it was previously: the multiple crises can only be handled successfully with integrated policies, taking climate protection, resilience and inclusion as leading principles. In order to achieve integrated outcomes at the local level, the EU has an important role to play in ensuring there is a good mix of policies at different levels. Since it seems difficult to impose binding EU regulations to change the dominant role of nation-states in the allocation of socially oriented EU funds, the only way to ensure that cities play a greater role in the planning and implementation of EU programmes is through stronger EU enforcement of national multilevel government cooperation. National governments should be persuaded through different means to give a more significant role and financial means to the integrated programmes of cities. In this indirect way, more robust local social outcomes could be achieved, as the Local Pact research (Bressaud et al. 2019) has indicated.

From this perspective, it is a good sign that the urban angle of Cohesion Policy will be strengthened. The share of the dedicated resources for the SUD initiative will be increased from 6 to 8 per cent of ERDF in the post 2020 EU Cohesion Policy.<sup>28</sup> This means that cities

will have more opportunities for the integrated regeneration of their deprived neighbourhoods and for metropolitan level integrated programmes.

However, this is not enough. ‘Building back better’ can only become reality if (within a framework of good multilevel governance cooperation) local municipalities and metropolitan areas are also given a larger role in the recovery package. This would be a brave attempt at ensuring the necessary additional financial means for the recovery, concentrating on those countries that were hardest hit by the crisis. Cities and metropolitan areas can develop clear strategies to approach the double strategic aims of economic recovery and climate protection and raise suitable project proposals, such as adequate, energy-efficient housing, clean transport, better digital connectivity in the local territory, and support schemes to micro and small and medium-sized enterprises. Moreover, throughout these programmes, it is the cities which can effectively safeguard the social aspects through integrated projects, e.g., fighting energy and transport poverty. Additionally, climate response policies, if developed and implemented at the urban/metropolitan level, might also ensure that recovery and resilience through green transition is fair and democratic. It is the task of cities to ensure and control that throughout all efforts to build back better, housing and public services remain affordable for all strata of society.

COVID-19 has suddenly highlighted the recent deficiencies of the national social protection systems in the EU countries. The experiences of 2020 have clearly evidenced that the key is not the level of subsidiarization, but the quality of the multilevel governance system, in which the local level has substantial role to play. The most decisive aspect in all of this will be the strength of cooperation between different levels of government, MSs, cities and Europe itself, in working towards fair and democratic development of cities.

## NOTES

1. There are many handbooks on EU Social Policy which offer helpful overviews. In this section we mainly refer to Hartlapp (2020), and Kennett and Lendvai-Bainton (2017), in which broader and more detailed explanations can be found.
2. See <http://bit.ly/3rd2QDb>.
3. See <http://bit.ly/3dZbqSk>.
4. Data are calculated on the basis of European Commission (2016).
5. The headline targets related to the strategy’s key objectives at the EU level cover employment, research & development, climate change & energy, education, poverty and social exclusion (at least 20 million people fewer at risk of poverty or social exclusion).
6. See <http://bit.ly/3sJ9Fg9>.
7. Barca (2009); see detailed explanation in the section on EU territorial policies.
8. The Maastricht and Amsterdam Treaties additionally took public health (Art. 168) and anti-discrimination into consideration (Art. 19 and Art. 21–24) (Hartlapp 2020, p. 550).
9. The European Anti-Poverty Network (EAPN) is the largest European network of national, regional and local networks, involving anti-poverty NGOs and grassroots groups. See <http://bit.ly/3bS2UBX>.
10. The Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) consists of the Ministers (or State Secretaries) of the relevant affairs of the MSs of the European Union.
11. ‘Social Europe: Which benefits for the people?’ Conference organized by the French Institute in Hungary, 28 February 2020. See <http://bit.ly/3uQrvjo>.
12. Operational programmes are detailed plans in which the MSs set out how money from the European Structural and Investment Funds (ESIF) will be spent during the programming period.
13. A designated managing authority (a national ministry, a regional authority, a local council, or another public or private body that has been nominated and approved by a Member State) provides

- information on the programme, selects projects and monitors implementation and is responsible for the efficient management and implementation of an operational programme.
14. Described in detail in the section on direct and indirect local social effects of EU territorial programmes.
  15. The NUTS classification (nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU. There are 281 NUTS 2 regions in the EU-28, and this level is used for the application of regional policies. Cohesion Policy means are allocated according to the development level of NUTS 2 regions, measured mainly by the GDP/capita indicator.
  16. See <https://bit.ly/3reA05A>.
  17. See <http://bit.ly/3dZc16w>.
  18. See <http://bit.ly/2PsoyFn>.
  19. See <http://bit.ly/2MD8Hma>.
  20. For the URBACT ‘Local Pact for priority areas: area-based integrated approach in multi-level governance context to fight urban poverty’ analysis, four countries were chosen, involving the national level, regional managing authorities and 1-1 city from each of these countries in the one-year-long research.
  21. Further details about the local cases can be found in the URBACT publication (Bressaud et al. 2019).
  22. See <https://bit.ly/305yhDz>.
  23. REACT-EU: Recovery Assistance for Cohesion and the Territories of Europe. See <http://bit.ly/3bSxU4I>.
  24. See <https://bit.ly/3uNQVy4>.
  25. See <https://bit.ly/3kFitRt>.
  26. See <http://bit.ly/3kPFmlr>.
  27. See <http://bit.ly/3bYw5mG>.
  28. See <http://bit.ly/302G4C4>.

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## PART IV

# EXAMPLES OF URBAN SOCIAL POLICIES AROUND THE WORLD

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## 21. Soziale Stadt (Social City)

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### INTRODUCTION

‘Soziale Stadt’ (Social City) is a sub-programme of Germany’s urban development promotion programme. Its conceptual base stems from urban regeneration policy, which has long been characterized primarily by physical intervention, such as the construction and renovation of buildings, streets and public places. The programme has aimed to widen that scope by strengthening social aspects and tackling social deprivation. However, as it is positioned within the code of building law, it does not address social problems at an individual level. Such intervention would fall within the realm of social policy and the code of social law. Its instruments are neither social benefits nor social work, but urban planning measures.<sup>1</sup> In other words, it is area-oriented rather than people-oriented. This distinction has a decisive impact in terms of the programme’s ambitions, goals and instrumentation. It also causes tensions and conflicts in implementation.

The then-new federal government’s<sup>2</sup> decision to launch the Soziale Stadt programme in 1998 came at a time when a variety of similar schemes had already been introduced across Europe. Their common objectives related to improving the socio-economic situation of deprived urban areas, as well as preventing social segregation and exclusion (Andersson and Musterd 2005). For instance, a few years before, the European Commission had pioneered the Community Initiative URBAN (1994), and in the Netherlands, the Grote Stede Beleid was introduced in 1995 to make large cities and urban areas more attractive to the middle classes. Meanwhile, in France, the so-called ‘Zones Urbaines Sensibles’ had been established in 1996 as target areas for increased investment. Also, in the UK, New Labour had just announced the ‘New Deal for Communities’ programme (1998), with a view to pursuing an integrated approach to urban regeneration. Similar programmes and initiatives had also been established in Belgium, Denmark and Sweden, each characterized by rather specific institutional designs corresponding to their political and administrative structures (cf. Güntner and Walther 2013; Lawless 2011; Aalbers and van Beckhoven 2010; Musterd and Ostendorf 2008; Le Galès 2005; Bonneville 2005; Uitermark 2003; Atkinson 2000; Moulaert 2000).

Moreover, within Germany itself, some regions and cities had already been experimenting with integrated and area-based programmes since the early 1990s, such as North Rhine-Westphalia, Hamburg, Hessen, Bremen and Berlin. Building on these pilots, Soziale Stadt was initially designed as a joint venture (‘Gemeinschaftsinitiative’) of state and federal levels of government. In 1996, the standing Conference of the 16 state (‘Länder’) ministers for construction (ARGEBAU) had already agreed on a national action plan to promote sustainable development in neighbourhoods that faced particular social, economic or urban planning problems. In 1998, this group developed guidelines for the implementation of Soziale Stadt; these still hold today.

Each of the European schemes listed above responded to residential segregation and increasing levels of deprivation in certain urban areas, which were variably labelled ‘pockets

of poverty', 'Quartiers en crise' or 'Soziale Brennpunkte'.<sup>3</sup> They did not, however, target individuals as holders of social rights or as beneficiaries of social or economic interventions. Rather, they addressed the areas according to their physical, economic and social structures. They aimed at stimulating economic and social activities through public investment, driven by local demand, implemented in a participatory and cooperative manner through local partnerships (cf. Andersen 2001).

A general assumption across the various models was that negative effects in areas of deprivation derive from an accumulation of hardship and social problems. Local residents would be likely to experience stigmatization due to their address, and to develop a 'culture of poverty', which then affects the young people growing up in those areas (Andersson and Musterd 2005). With such effects, the living environment would become an additional burden for the already troubled inhabitants. To break this vicious cycle, they proposed a 'social mix' policy, which involved attracting middle-class households to such areas. The assumption was that their lifestyles, as well as their social and economic capital contribute to the general well-being within the neighbourhood, and disadvantaged groups would eventually benefit from better services, employment opportunities and other positive neighbourhood effects (Galster 2007).

The specific contours of the German model were outlined by the 'Länder' in the ARGEBAU guidelines. According to these guidelines, Soziale Stadt explicitly aimed to stimulate the active participation of residents, and encourage them to become engaged in matters concerning their local community (ARGEBAU 1998, p. 5). Moreover, further ambitions included the promotion of local economic activity, strengthening the function of neighbourhood centres and provision of adequate social, cultural and educational infrastructure, and improving the quality of housing and public spaces (ARGEBAU 1998, p. 5). With such a broad range of goals, the new policy clearly went beyond physical renewal. It was even seen as a policy that would eventually renew the modes of urban policy ('Stadterneuerungspolitik als Stadtpolitikerneuerung', Franke et al. 2000).

## INSTITUTIONAL DESIGN AND KEY ELEMENTS OF THE PROGRAMME

The decision to run Soziale Stadt as part of the national urban development programme led to an institutional structure that is still in place today. It is based on an annual agreement ('Verwaltungsvereinbarung') between federal ('Bund') and state levels ('Länder'), who pool their resources to invest in urban areas. With some exceptions, the share of federal funds is a third of the total sum. Positioning the policy within this framework has had far reaching conceptual consequences, which has led to challenges and problems ever since. In Germany's federal system, urban development is not a national competence; the federal level needs a specific reason and legitimation to act and can only do so in a limited way. The German constitution holds one clause that foresees such activity. According to Art. 104b of the German constitution, the Federation:

[...] may grant the Länder financial assistance for particularly important investments by the Länder and municipalities (associations of municipalities) which are necessary to [...] avert a disturbance of the overall economic equilibrium, equalize differing economic capacities within the federal territory, or promote economic growth. (Art. 104b para. 1 GG)<sup>4</sup>

The Article also states that:

[...] the duration of the grants shall be limited and the grants must be reviewed at regular intervals with respect to the manner in which they are used. The financial assistance must be designed with descending annual contributions. (Art. 104b para. 2 GG)<sup>5</sup>

Essentially, this particular clause means that there needs to be proof of an economic imbalance, and that any state intervention is time-bound. Hence, the programme can finance neither long-term structures nor social services (which would technically be regarded as a ‘consumptive’ measure and not as an investment). In some instances, services can be funded but only if they are linked to physical investment. Compared to similar programmes, such as the EU Community Initiative URBAN, this leaves rather limited scope for action. Consequently, an implicit objective of the programme (and a precondition for success) has always been to attract complementary funds to finance social and cultural activities, counselling, etc. This means that to reach its goals, the programme is reliant on the contribution and cooperation of external players and their resources.

After five years’ implementation, in 2004, the programme was granted a firm place in the national building law code (BauGB). §171e BauGB is titled ‘Soziale Stadt’ and states:

Urban development measures of the Social City are measures to stabilise and improve areas that are disadvantaged due to social deprivation or other parts of a community with a particular need for development [...] Social deprivation is given in particular when an area is seriously disadvantaged due to the social composition and economic situation of the people living and working in it. A particular need for development is given mainly in disadvantaged areas in or close to the inner city or dense residential or mixed-use areas in which a concerted combination of investment and other measures is required. (§171e BauGB)<sup>6</sup>

Based on this institutional arrangement, the key elements of the programme are as follows:

1. *Area-based approach*: The intervention is bound to a geographic entity (an urban area), which usually is selected on the basis of social indicators and a political resolution of the municipal council. As there is no fixed set of indicators, the decision is at the discretion of the applicant (local authority), but there are guidelines and recommendations as to how to go about them. In some cities, sophisticated ‘social monitoring’ systems have been established in cooperation with local statistical offices that monitor demographic and social data over time and indicate when the situation of an area changes for better or worse. What is seen to be ‘better’ or ‘worse’, however, is at the discretion of the authority and depends on available datasets; hence it is a rather rough and fragile estimation.
2. *Integrated approach*: A precondition for funding is an integrated development plan. An exemplary list of interventions includes the improvement of housing and living conditions, housing environment, public space, social infrastructure, education, local economy, safety, environment, social cohesion, and also the promotion of volunteering and public participation.<sup>7</sup>
3. *Neighbourhood management*: Usually, a local office is set up in the neighbourhood with a small team of neighbourhood managers who are responsible for implementation of the funds. They establish locally specific forms of partnerships to ensure participation of residents and other stakeholders, and to monitor and control the implementation progress.

4. *Temporary investment*: Due to the institutional framework, interventions must be time limited. That said, the duration can vary, in many cases lasting for many years, but these cannot be seen as a long-term social infrastructure. As a principle, measures are only eligible if they can, albeit very loosely at times, be related to (the preparation of) a physical intervention, such as the construction or renovation of a building, the redesign of a park, and the like.<sup>8</sup> This means, for instance, that contracts for the people involved (e.g. neighbourhood managers) are often short-term, and that a large part of their job is to mobilize local stakeholders to engage with their own resources so that services can be sustained and maintained after termination of the funds. Hence, neighbourhood managers stimulate local initiatives and networks of inhabitants, local businesses, welfare organizations and service providers, and provide incentives for them to engage, but they cannot run or manage a service themselves. For instance, the programme could pay for the renovation of a community centre, but the centre's staff would have to be financed through a different budget.
5. *Institutional learning*: At all levels, the authorities involved have always emphasized, through evaluation reports and public debates, the open and exploratory character of the programme. Trial and error are seen as a crucial element of it, and consequently, it has led to various innovations that are today also established in other urban development contexts, such as the integrated plans, neighbourhood management or an 'Action Fund', which is an earmarked budget that can be used for small projects and is controlled by local stakeholders (most importantly residents, usually organized as a jury).

As these elements show, the programme cuts across to sectoral policies and is reliant on their cooperation. At the same time, the broad ambition raises expectations that go well beyond its capacity. This ambiguity has accompanied implementation throughout.

## EUPHORIA, AVERSION AND MUDDLING-THROUGH: POLICY DYNAMICS OVER TIME

Over the last 20 years, the Soziale Stadt programme has been implemented in 965 areas, across 544 municipalities, with a total budget of €6.3 billion (shared across federal, state and municipal levels).<sup>9</sup> Its institutional framework is pragmatic but fragile. Whilst it is legally embedded in the national building law, and although there is also currently broad political backing, the funding depends upon an annual agreement between federal and state levels and can be an easy target of political negotiations and games (Güntner 2007). Indeed, over the past 20 years, the programme has seen dramatic ups and downs and was close to termination in 2011. Today, it is financially stronger than ever, but how long this will last cannot be anticipated (see Table 21.1). In 2019, a major redesign of the urban development programme led to a rebranding as 'social cohesion', whilst the overall principles and goals remain.

In the first years of implementation, the programme was embraced almost euphorically. It was new, held many promises, and the additional funds presented an opportunity to test new approaches to tackling segregation and urban decline at a time when many local authorities were under serious fiscal stress (not least due to high unemployment and related costs). But the limitations had always been clear and visible. In 2004, a comprehensive evaluation study underlined the programme's 'pioneering' character, but also emphasized that the programme

Table 21.1 Federal contribution to the programme Soziale Stadt, 1999–2020

Year	Federal contribution to Soziale Stadt* (million Euro)	Year	Federal contribution to Soziale Stadt (million Euro)
1999	51.1	2010	94.9
2000	51.1	2011	28.5
2001	76.7	2012	40
2002	76.7	2013	40
2003	80	2014	150
2004	72.5	2015	150
2005	71.4	2016	140.025
2006	110.4	2017	190
2007	105	2018	190
2008	90	2019	190
2009	105	2020	200

*Note:* \*Since 2020, the programme is called ‘Social Cohesion’. For 2017–2020, additional 200 Mio p.a. were provided through the so-called investment package ‘Social integration in the neighbourhood’.

*Source:* Administrative agreements on urban development promotion.

alone could not achieve substantial structural change to improve the living conditions in the target areas:

The design of the program as a ‘program of incentives’ [...] represents a political pioneering feat. The Federal-Länder program is to provide an impulse for the development of new approaches and new forms of urban policies. This aim has doubtless been achieved. However, until a sustainable change of neighbourhood policies has developed from this impulse, a lot of experience still needs to be gathered and further impulses are required. (Aehnelt et al. 2004, p. 3)

The evaluation recommended a clearer focus on three action areas: education, integration of immigrants and local economy. Whilst the importance of these fields for social and economic inclusion and for the success of the programme was evident, it was observed that they seemed to be particularly difficult arenas for cooperation because of overriding and conflicting rationales and policy frameworks. The spatial selectivity of the programme was in conflict with policies for education, social and employment, which operate with social rather than spatial categories. Within such frameworks, it would be difficult or impossible to prioritize beneficiaries on the basis of their address.

Responding to these recommendations, the federal government significantly increased the budget and introduced pilot projects (‘Modellvorhaben’) that allowed for interventions that were less targeted on physical improvement but (now explicitly rather than implicitly) aimed at social integration. Whilst programme participants welcomed this change, it did not tackle (but rather sidestepped) the underlying institutional problem. The new funding opportunities meant that social issues could now be addressed through urban development funds. However, educational, social or employment organizations were not pressured to take on responsibility and contribute with their own budgets and instruments. So, to some extent, a parallel system and a ‘second-best’ solution was established, which could not be sustainable unless it could convince the responsible agencies and organizations to take over. Consequently, a key concern that emerged around those projects was about their continuation after successful testing (‘Verstetigung’).

The fragile and unsustainable nature of this approach was soon evident. When national elections led to a new governing coalition in 2009, Conservatives and Liberals decided to go ‘back to basics’, terminated the pilot projects and reduced the budget by two thirds. They argued that other departments would be responsible for such actions and that these had developed sufficient measures. Confronted with the drastic cuts, local authorities, housing associations and other bodies launched protest initiatives and campaigns to ‘rescue the social city’.

When Social Democrats came back into power in a grand coalition (‘Große Koalition’) under the third Merkel Cabinet in 2013, they gave new prominence to the programme by substantially increasing the budget to levels far higher than ever before and labelling it a ‘lead programme for social integration’. Despite the large increase, however, the rules remained strict on the investment/consumption divide: to be eligible, interventions must still be linked to physical investment. Instead of allowing more flexibility within the programme, an inter-departmental strategy was announced to link funds of these policy areas to the programme. This strategy was published in 2016. It lists programmes, projects and other measures by relevant ministries at the national level with regard to issues such as education, language promotion, employment, consumer protection, health, volunteering, participation and promoting democracy, culture, sports, environment, mobility and housing. The strategy also announced a further increase in budget and a new investment package, ‘Social integration in the neighbourhood’, so that the funds provided at the national level would sum to about €400 million per year throughout 2017 to 2020. And a (comparatively small) additional fund (€10 million per year) was introduced with the specific purpose of stimulating inter-departmental cooperation.

The new strategy was issued in parallel to a second evaluation study and took up some of its recommendations. Looking at the implementation in the years up to 2014, the study underlined that the programme “never wanted to respond alone to all the challenges deprived neighbourhoods are facing”. Rather, it “provides a framework for collaborative action in mastering the relevant tasks” (BBSR and BMUB 2017, pp. 16f.). It identified five dimensions of improvement that could be achieved through the programme: (1) improving living conditions by upgrading the built environment; (2) improving the quality of local social infrastructure; (3) improving the conditions for individual socialization with the help of positive role models and social learning; (4) improving the image of a neighbourhood to avoid stigmatization and discrimination; and (5) strengthening the position of a neighbourhood in the city-wide political-administrative system by improving local governance structures. Whilst the general appraisal is positive, the limits of the programme were still evident, and the study recommended new efforts to better tune the relevant policies and resources to the complex problem constellations in deprived neighbourhoods:

Some of the challenges could not be fully mastered in a satisfactory manner in many program areas yet. [...] There should be renewed and intensified efforts to continue and even improve the inter-ministerial collaboration and the pooling of resources at the national and state level so as to help address the high aspirations in this respect compared to other urban development grants programs. (BBSR and BMUB 2017, p. 17)

The new strategy and the evaluation study were issued shortly before national elections in 2017. After the elections, the difficult struggle to form a new government left little room for new ideas on this initiative, and as a result, it is only briefly mentioned in the current coalition agreement but its continuation seems safe. A significant change in cabinet, however, again had repercussions on the programme. Whilst the responsibility for urban development

at the national level had traditionally been within the Ministries for Building, which had been merged with environmental issues in the period 2013–2017 (Federal Ministry for the Environment, Nature Conservation, Building and Reactor Safety) under Social-Democratic leadership (Minister Barbara Hendricks), since 2018, it is allocated to a new Federal Ministry of the Interior, Building and Community, under the leadership of the CSU (Minister Horst Seehofer).

These institutional contexts had some effect on the programme as the ministers, at least rhetorically, sought to find and emphasize links to other dossiers under their scope of responsibility. Horst Seehofer elaborated a ‘Heimat’ agenda, and he launched and led a commission on ‘equal living conditions’ that produced a ‘Plan for Germany’ in 2019. In these efforts and campaigns, housing policy gained new importance, which had for long been a missing element in support for deprived areas. The same holds for measures to tackle climate change. Furthermore, the idea of a public service to a local community, by way of a community organizer or neighbourhood manager, holds a firm place in these documents, detached from particular investment programmes. In 2019, the urban development programme also saw a major revision, which led to a reduction of funding streams. In this context, *Soziale Stadt* was relabelled as ‘Social Cohesion’ – a term that emphasizes the aim of fostering a sense of local community – but its overall structure remained, as did the priority of physical investment in (social and technical) infrastructure above consumptive measures (i.e. the daily management of services) and the intention to use the funds to mobilize external resources that would remain in an area after funding terminated.

## FROM POLICY TO PRACTICE: WHAT HAPPENS IN THE PROGRAMME AREAS?

The broad ambitions of the programme and its bottom-up approach led to an enormous variety of projects and interventions. To get an idea of this richness, the national interim evaluation study that was published in 2017 is a good starting point (BBSR and BMUB 2017). The report distinguished between so-called ‘strategic’ and ‘thematic’ fields of action:

- Strategic fields of action include the bundling of resources, establishing integrated development concepts as governance tools, neighbourhood management, activation and participation, so-called action funds to support community-led micro-projects, monitoring and evaluation, and measures to ensure continuation of services after termination of funding.
- Thematic fields of action include housing and public space, environment and mobility, social cohesion and integration, education and schools, culture and sports, health, local economy, security, and public relations.

These two rather long lists suggest that there is an element of ‘anything goes’ in this programme, which is true to some extent, but within clear limits. Interventions must stem from local consultation and participation, be accepted by the local authority, and fit within the complex funding framework. In other words, the institutional framework (and its constraints) shapes the local set of activities significantly. Still, the range of projects is impressive.

Of the 21 case studies that formed the basis of the evaluation, activities that aimed explicitly at promoting the social integration of newcomers and minorities included the construction or renovation of buildings and spaces to come together such as community centres, intercultural



centres, etc., and festivals and (inter)cultural events, but also language courses, counselling, and the support of networks, initiatives and associations which involve migrants and provide opportunities for marginalized groups to articulate their concerns. A project that is explicitly mentioned in the report and has been implemented in various areas is ‘Stadtteilmütter’ (‘neighbourhood mothers’), in which women with a so-called migrant background, who live in the area and speak German as well as their mother tongue, are involved in reaching out to their communities, acting as translators and mediators (BBSR and BMUB 2017, p. 84). Also of note are activities in the field of education that relate mainly to building, renovating and improving schools and other educational facilities, but also include networking activities between schools and other organizations (so-called ‘educational landscapes’) to bridge gaps and provide smooth transitions (for instance between child-care facilities and schools, or between schools and employment organizations) and to better reach out to parents and families. With regard to housing and housing environments, most interventions relate to improving green and open spaces, but also to traffic management (streets, crossings, bridges). Comparatively few directly address dwelling, as such, and in these cases, the funds are mainly used for facades and common spaces rather than individual housing units.

The backbone of the programme in each area is neighbourhood management. According to a survey, amongst 235 areas that were involved in the programme in 2015, 85 per cent of programme areas installed a neighbourhood management team to coordinate local activities (BBSR and BMUB 2017, p. 53).<sup>10</sup> There are a variety of approaches as to how to set up such a system. Often welfare agencies or planning agencies are contracted, but it can also be housing providers or other public bodies, and often the teams are composed of social workers, architects and urban planners. In their role as neighbourhood managers, their main tasks involve seeking contact with local residents and stakeholders, developing empowerment, participation and activation, as well as moderating and coordinating networks amongst local initiatives and associations. They also often control the orderly implementation of a local action fund (‘Verfügungsfonds’), a specific budget (typically between €5,000 and €20,000 per year) to be spent by citizens for area-related activities. There are significant variations in how neighbourhood managers go about these tasks – reflecting the professional background and expertise of the team, but also the expectations of commissioning bodies and not least the situation in the area itself. Versions range between more top-down, managerialist forms, to activist, bottom-up approaches. Accordingly, many diverse formats of participation have been created and tested, such as residents’ councils, advisory boards, juries, or one-off low-threshold events.

Both evaluation studies (2005 and 2017) found, however, that often – despite explicit and engaged efforts – few people with a low-income, low education levels, and minorities are reached by the programme activities, so that the main beneficiaries and participants are well-educated middle-class groups. Amongst the manifold reasons for this crucial problem is the programme’s institutional design that links participation to investment and short-term projects, causing an ‘effectivity trap’ (Munsch 2005). Citizen engagement is valued mainly when it is related to a project to improve the area. Gatherings that are not output oriented are often out of the scope, and issues and problems that are difficult to tackle do not receive much attention. With such a bias, it is unlikely that the programme can achieve social integration of marginalized and deprived groups, but rather runs the risk of reinforcing exclusionary processes.

In 2020, the COVID-19 pandemic had a major effect on the programme’s activities. On the one hand, many of the programme areas and their inhabitants were hit particularly hard due to

poor and dense living conditions. On the other hand, physical gatherings and social interaction that had been central to most of the interventions had to be put on hold. According to a national survey amongst neighbourhood managers, a huge concern was the closing of schools, which negatively affected pupils and their families and widened gaps between disadvantaged children and their peers; further problems were social isolation, financial burdens and domestic stress. A huge challenge was to keep in touch and to reconnect to the community. To communicate, neighbourhood managers experimented with digital formats but also introduced new analogue tools to reach out, such as shopping services for vulnerable groups or cultural activities via balconies. In that sense, the crisis had the potential to reinforce a sense of community and solidarity (Heckenroth et al. 2020).<sup>11</sup>

## CONCLUSION

Due to its programmatic openness and many ambitions, on the one hand, and the rigid funding construction, on the other, *Soziale Stadt* is a complex and ambiguous programme. Clearly and crucially, it does not address individual social problems and personal needs. The logic of the German welfare system, and in particular the social legislation that responds to individual need and demand, would rally against a spatial selection that treats citizens in one neighbourhood differently to those who live in another. It is these two contrasting logics that pose the largest challenge to successful implementation, as the programme with its limited resources is dependent on other stakeholders. Put bluntly, a new community centre will only be beneficial to the community if it is well managed and run, and these services cannot be funded by the *Social City* programme.

Furthermore, the programme has a relation to its addressees that is rather distinct and differs from the logic of social policy, in so far as it is interested in people only in their relation to a target area. Although it responds to social deprivation, individual social problems are out of its scope. They only matter if they are of significance to the wider community. If local residents encounter problems that can be assigned to the neighbourhood, these problems (if they are well expressed and are also experienced by others) are (eventually) considered in a local action plan. Moreover, if individuals hold resources or claims in the area, they are addressed as stakeholders and (eventually) considered in the local action plan (on a voluntary basis – they cannot be forced to participate). So, essentially it is an area-based policy and the social connotation can be understood as a complement to otherwise physical justifications for investment. Social concerns in this context are allocated at the level of the local community. Individual unemployment or over-indebtedness, for instance, would not trigger a response by a neighbourhood manager, but if there are high levels of unemployment or over-indebtedness, these would be seen as problems of the community, and measures such as a local employment scheme or a debt counselling service would be sought.

Thus, a key achievement of the programme is that it creates a space where such concerns become visible and where relevant stakeholders cooperate and contribute to a collective solution. Such a space, and the organizational support of the neighbourhood management, are a crucial resource in enhancing the collective efficacy of a community. This reveals a second social dimension of the programme: the active participation of residents and stakeholders is not only a goal, but a precondition. The local neighbourhood management team provides access to information and funding, but it also depends on ideas, resources and participation of

the local community. Whilst at first sight participation relates to implementing the programme and is therefore limited in scope, the networks and initiatives that emerge can last and lead to further engagement and are themselves an important outcome of the interventions.

As the second interim evaluation study showed, however, the programme has not yet found a convincing model to reach low-income groups, people with low educational levels, migrants and minorities (BBSR and BMUB 2017). Difficulties in reaching these groups are linked to the institutional framework, which calls for short-term interventions and tangible and measurable projects rather than long-term-oriented relationship building and individual social work. It is difficult to develop and strengthen local communities on such a basis – even more so when the municipalities lack the resources for long-term oriented social services. Neighbourhood management is no substitute for social services and infrastructure, though these are rather essential for its success.

After 20 years, the results of this model are mixed. In some areas, the interventions have initiated significant change and improvement. But external effects and the multiscale nature of social problems (e.g. related to local labour markets, housing markets and education policies) have to be considered, and often these areas are located in more dynamic urban regions. Often, the interventions succeeded in preventing further deprivation but could not induce a decisive change for the better (BBSR and BMUB 2017, p. 111). This holds particularly for more peripheral areas and mono-functional housing estates in less dynamic regions.<sup>12</sup> It would be short-sighted, however, to question the programme because it has not achieved its goals. Rather, the (overly) ambitious goals that are formulated in the programme guidelines and in §141e BauGB should be interpreted as a direction for the interventions that can only be achieved if along the way further resources can be mobilized. In light of this, the Federal Government's renewed ambition to involve other departments and resources by means of an inter-departmental strategy seems appropriate and promising. To date, however, the contribution of the relevant ministries and departments seems to be limited to short-term pilot initiatives. And the strategy also has to be seen within the wider German federalist system, the principle of local self-determination and, not least, public finance: a solid financial base and organizational capacity of municipalities would be decisive for sustainable improvements, high quality of public spaces and services, and moreover, the quality of life in local communities.

## NOTES

1. The code of social law grants individual social rights and claims based on individual eligibility criteria. The code of building law does not grant individual social rights. It defines the planning instruments that local authorities can apply to develop their areas.
2. The federal government in 1998 consisted of the Social Democrats (SPD) and the Green party ('Bündnis 90/Die GRÜNEN').
3. The German term 'Sozialer Brennpunkt' would translate as 'social hotspot' and has a similar connotation as the term 'no-go area'. It emphasizes the negative effects an urban area seemingly has on its inhabitants, in particular on the socialization of children and young people. It was used in various publications by the Association of German Cities (e.g. Deutscher Städtetag 1979) and has been heavily criticized for its stigmatizing effect.
4. Art. 104b (1) of the Basic Law for the Federal Republic of Germany, translation according to <http://bit.ly/3sCyf25>, accessed 22 December 2020.

5. Art. 104b (2) of the Basic Law for the Federal Republic of Germany, translation according to <https://bit.ly/3sCyf25>, accessed 22 December 2020.
6. Own translation as there is no official translation of Section 171e. A similar translation is used by Runkel and Kiepe (2016, p. 7).
7. This indicative list is based on Art. 4 of the administrative agreement on urban development promotion (Verwaltungsvereinbarung Städtebauförderung) 2017.
8. As Soziale Stadt is essentially an investment programme, it is striking that it has rarely been linked to social investment efforts that characterize the transformation of the German welfare system and have been implemented in parallel, most pronounced in the activation-oriented labour market reforms and in family policy. In the logic of urban development, the concept of investment remains strictly physical.
9. Figures according to Federal Ministry of the Interior, Building and Community, <http://bit.ly/301UsKP>, accessed 22 December 2020.
10. The results of the survey were published in the second national interim evaluation report in 2017. Of the 635 municipalities that were contacted, 235 responded (BBSR and BMUB 2017).
11. The Senate Department for Urban Development and Housing Berlin issued a guide on ‘participation and pandemic’ that gives a good overview of measures. It lists 25 examples about how people can be reached and involved without physical contact, mentioning digital, analogue and hybrid formats (Senatsverwaltung für Stadtentwicklung und Wohnen 2020).
12. The evaluation does not provide statistical data to back this claim, but rather refers to the qualitative case studies. A quantitative study on local social capital in large and small cities and in various types of urban areas comes to a similar conclusion (Petermann 2015, p. 275).

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## 22. The rescaling of social policies in the post-Yugoslav space: welfare parallelism and local state capture

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### INTRODUCTION

The wars of the Yugoslav succession, roughly from 1991 until 1999, eventually created seven new nation states from the ashes of socialist Yugoslavia: Bosnia-Herzegovina (itself divided into two entities), Croatia, North Macedonia, Montenegro, Serbia, Slovenia, and Kosovo (the last still not recognized by many countries around the world). At least 140,000 people died in the wars, some 100,000 in Bosnia-Herzegovina alone (Baker 2015, p. 1). The transition from socialism to capitalism, from single party control to pluralist democracy, and from war to peace has thus been inexorably linked with complex reworkings of scale and place; externally driven “social and political engineering” (Lendvai and Stubbs 2009, p. 681); and the development of new welfare arrangements. New nation state-building projects have combined nationalism, clientelistic capture, and what has been termed ‘crony capitalism’:

based on cronyism, clientelism and populism ... in which financial markets do not dominate the allocation of capital, where markets ... provide ample opportunity for quasi-rent generation ... where a weak state is hijacked and there is policy capture and in which there is ... a large institutional and democratic deficit. (Bičanić and Franičević 2003, p. 16)

This has occurred in a region where political and institutional arrangements are still far from settled and “sub-national, national and trans-border relations remain heavily contested” (Stubbs 2015, p. 71).

The wars of the Yugoslav succession had highly uneven impacts, with some regions seeing long-term conflict and others largely escaping direct war consequences. Croatia’s 1991 declaration of independence was opposed by the large Serbian minority living in Croatia and, more crucially, by Serbian politicians and the Yugoslav Army, de facto under Serbian control. The war in Croatia ended in 1995, when the Croatian Army regained parts of Croatia under Serbian control. War raged in Bosnia-Herzegovina (B-H) from 1992 to 1995, between Bosniak (Muslim) and Croat forces against Serb forces at the start, and later there was a ‘war within a war’ between Bosniak and Croat forces. The war was ended by the Dayton Peace Agreement (DPA), signed in December 1995, leading to a constitutional arrangement dividing B-H into largely ethnicized entities. Serbia, under the leadership of Slobodan Milošević, also faced delayed transition and near economic collapse. His rule was effectively ended by NATO intervention in 1999 to stop the war in the predominantly Albanian province of Kosovo (for details of the wars, see Baker 2015; Little and Silber 1996).

In short, whilst neighbours in Central and Eastern Europe were experiencing the challenges and possibilities of transition, most of the post-Yugoslav space was embroiled in conflict

and large-scale forced migration. The conflicts led to a delayed transition, and the capture of resources across the region by largely corrupt political elites. In addition, of course, when a large state transforms into a number of necessarily smaller states, understandings of what is meant by terms such as ‘centralization’ and ‘decentralization’ are rendered rather complex; new urban capital cities are formed, and so on.

Thus, the complex nature of transition from socialist Yugoslavia to independent nation states calls into question approaches framed in terms of ‘welfare regimes’ and ‘multi-level governance’. The welfare regime concept, first developed by Esping-Andersen (1990), has real limitations if applied uncritically to the post-Yugoslav space. Esping-Andersen’s original work covered only Northern and Western Europe, although others have extended it to include the core Central European countries such as the Czech Republic, Slovakia, Hungary, Poland and Slovenia (Cerami 2006). Attempts to apply the approach more broadly tended to result in tautologies with different groups of countries termed ‘post-communist’, ‘former USSR’ or ‘developing’ welfare regimes that are little more than collective descriptions of sub-groupings rather than precise analytical categories (Fenger 2007). Eventually, some commentators tried to include Croatia in these classifications (Bohle and Greskovits 2012), but other post-Yugoslav states were largely ignored, being seen as ‘complicated cases’ and tending to be regarded as unclassifiable or viewed as highly ‘hybrid’ (Hacker 2009).

In the aftermath of war and large-scale forced migration and other population movement, questions regarding who has citizenship and who does not, and how different groups of citizens may have different social rights are central to post-Yugoslav political economies. In addition, given the important role of international actors in shaping social policy choices, the failure to link welfare regimes to processes of globalization and the role of international and transnational actors also becomes more acute in relation to the post-Yugoslav states. Often, the reform priorities of different external actors have shaped welfare arrangements, albeit in complex and contradictory ways.

Theories of multi-level governance, initially applied to the European Union (Marks 1993), appear to offer some clarity, at least at first sight. These refer to the role of non-state actors, both domestic and international. Governance is distributed rather than the sole property of sovereign nation states. Indeed, some approaches move away from a linear understanding of decision-making, in terms of “discrete territorial levels”, towards the study of “complex overlapping networks” (Bache and Flinders 2004, p. 197). What is needed, specifically in relation to the post-Yugoslav space, is a more sophisticated theorization of the complex and contingent nature of socio-spatial relations and, in particular, an understanding of ‘the politics of scale’ (cf. Stubbs 2005). The main danger lies in assuming that “a vertical framework of scale is a ... fundamental structure of the social world” (Papanastasiou 2017, p. 39). If we take multi-scalar governance to mean the processes through which scale is constructed, negotiated and institutionalized in policy procedures, then it is the ‘work’ that ‘scale’ does in specific temporal-spatial conjunctures that matters. Scale then, is neither neutral nor fixed, but is a product of “economic, political and social activities and relationships” (Smith 1995, p. 60) and “a contingent outcome of the tensions that exist between structural forces and the practices of human agents” (Marston 2000, p. 220). This is a move away from a nested hierarchy of levels, starting with the global, and moving through the levels of international regional, national, sub-national regional and finally down to the local. Rather, each of these socially and politically constructed terms should be seen as ‘folded’ into the others. In this sense, what is needed to understand the complexity of policy processes is to address “re-scaling across

folded sub-national, national, cross-border, transnational, and supranational scales” (Stubbs and Kaasch 2014, p. 5). In other words, the urban, and by extension urban social policy, is to be fundamentally relational rather than territorially bounded and fixed. It is the complexities of modes of urbanization that matter in terms of the formation and development of what Storper and Scott (2016) term ‘the urban-land nexus’. This nexus will vary in relation to a range of factors, such as levels and types of economic development, rules of resource allocation and regulation, class conflict and socio-cultural stratification, as well as the nature of political regulation and distribution of power.

In this chapter, we focus on the rescaling of social welfare in three post-Yugoslav countries: B-H, Croatia and Serbia. These are the three most populous post-Yugoslav states, sufficiently different from each other as to merit comparative analysis. We seek to account for “the paradox of large-scale experimentation [and] limited explicit reform” (Stubbs and Zrinščak, 2019, p. 287) in all three countries. We concentrate here on the politics of scale and the specificities of ‘the urban’ in welfare arrangements and discourses. A core message is that the conceptualization of ‘the urban’ and ‘the local’ is fully contingent on complex social change which does not merely redefine, but rather completely transforms the construction of scale. Thus, the chapter combines a focus on the theoretical and methodological challenges in analysing urban social policies, with empirical analysis of our three case study countries, together with a brief note on the ongoing COVID-19 crisis.

The chapter proceeds as follows: in broad brush stroke terms we examine the legacies of social welfare in socialist Yugoslavia. Following this, we address some of the peculiarities of the post-Yugoslav space and the need to address the complex politics of scale and reach, and their articulation with social welfare arrangements in ways which challenge ‘methodological nationalism’. Each of the case studies are addressed in turn before some conclusions are drawn.

## SOCIAL WELFARE IN SOCIALIST YUGOSLAVIA, 1945–1991

In a 1975 report, the World Bank described Yugoslavia’s welfare system as both “highly developed” and “decentralized” (World Bank 1975). The World Bank was no doubt impressed by the way the country had embraced so-called “market socialism”, particularly during the 1960s following its 1948 “break with Stalin”. This, and the experiment with “self-management” in the 1950s (cf. Samary 2019), was seen as bringing former Yugoslavia socially and economically closer to Western European countries.

However, some aspects of the Yugoslav socialist welfare state actually predate Yugoslav socialism. In fact, those parts of Yugoslavia within the boundaries of the Austro-Hungarian Empire developed aspects of a Bismarckian-type social insurance system as early as the end of the nineteenth century. This was extended in the 1950s during socialism, through mass literacy campaigns and free healthcare. Thus continued the legacy of public health innovation and reform, free education and a basic social protection safety net, in the context of rapid industrialization and urbanization. However, it was always a dual welfare system, with the majority of rights reserved for the industrial proletariat and not for the rural population. For example, the relatively generous child benefits (initially at least) that were introduced in the late 1940s were only available to employees in the state sector. Health insurance was not extended to the self-employed and those working on their own farms until 1980 (Stubbs 2018; Stambolieva 2016).



In effect, Yugoslav socialism combined aspects of state planning, market mechanisms and self-management. It entailed a form of workplace direct democracy, with the balance between these three contradictory aspects changing over time (Marković 2012). Self-managed enterprises formed the cornerstone of decentralized welfare, offering housing, healthcare, childcare and often subsidized vacations for workers and their families. Enterprises had a degree of control over micro-economic decision-making, although macro-level priorities were set at the federal level; after the 1974 constitution, however, this was increasingly at the level of individual republics. Enterprise planning tended to combine economic and political criteria, and new industrial complexes were often situated in relatively impoverished parts of the country. Thereby industrialization and labour migration were stimulated, and in the process, single industry towns and cities were created, which later became extremely vulnerable to de-industrialization. In parallel to the rising power of constituent republics, local municipalities were in charge of a range of welfare issues, including the financing of childcare, education, and the social care of different groups (including older people, people with disabilities, and those at risk of poverty). As the system became ever-more unmanageable, so-called 'self-managed communities of interest' were introduced. These were a set of politically controlled intermediary organizations tasked with connecting service users, service providers (in healthcare, education, the employment service, housing and social protection) and citizens, in effect seeking to extend direct democracy beyond the workplace.

The rapid industrialization of socialist Yugoslavia was only partially translated into urbanization; many of those who moved from agrarian to industrial work continued to live in non-urban settings. At the same time, many of the newly industrialized workers continued to have links with subsistence agriculture, leaving work mid-afternoon to return home to work the land. Small towns grew alongside the capital cities, many with populations of less than 10,000 people. Later they experienced a significant influx; by 1971, less than 40 per cent of all inhabitants had been born in the city in which they lived (Rusinow 1972). As noted above, many social rights were restricted to the urban population, specifically those employed by the state. This continued to characterize the process of modernization throughout the 1970s and 1980s, along with the construction of an 'urban habitus', with peasant culture and beliefs often seen as inhibiting modernization (cf. Bilić and Stubbs 2015) – a habitus that continues to this day.

Although the early years of socialist industrialization brought real socio-economic benefits to the entire population, the vexed question of regional inequalities within Yugoslavia proved to be intractable, notwithstanding decades of explicitly redistributive policies. The reasons appear to be linked to economic factors as well as the contradictory pressures from federal and republic scales of governance. Market reforms of the 1960s meant that the Yugoslav economy was exposed to external shocks, such as the oil crisis of the early 1970s (Singleton 1985, p. 265). Consequently, a policy of 'export-led growth' became increasingly difficult to implement. Following the 1974 constitution, which gave much more power to republics, the crisis moved from being primarily economic, to having an increasing political dimension with tensions between the wealthier and the poorer. Frictions became ever more intense, with a continuing, even-widening, gap between the richest and the poorest parts of the Yugoslav Socialist Federation.

Unlike countries within the Soviet bloc, in Yugoslavia from the late 1950s, there was a recognition that social problems would not simply wither away under a redistributive welfare state. Training of professional social workers began alongside the establishment in

every municipality across the country, of multi-disciplinary Centres for Social Work (CSWs) (Stubbs and Maglajlić 2012). This innovation sought to make personal social services accessible and available to all, not just the newly industrialized urban proletariat – though, one of the main reasons for establishing CSWs was the growing social problems in the rapidly expanding urban areas (Maglajlić Holiček and Stubbs 2018).

The institutionalization of professional social work rested uneasily alongside localized planning and uneven participatory mechanisms. However, the Yugoslav welfare state was ‘productivist’ to its core, not unlike the Global North in this respect. Populations outside of industrial production relations, including the unemployed and under-employed, so-called deviants, and the homeless were seen as being in need of correction and discipline, and this was one of the main tasks of the CSW. As inequalities grew, a new underclass emerged, consisting of those unable to secure minimum levels of subsistence (Archer et al. 2016). These included the unemployed and under-employed – who from the late 1960s were encouraged to seek work abroad as guest workers (cf. Le Normand 2016) – Roma (cf. Sardelić 2016), and disaffected youth.

Yugoslavia was gripped by a severe economic crisis throughout the 1980s and became subject to stringent Structural Adjustment Programmes by the IMF. The resultant cutbacks in many areas of welfare led to the return of urban poverty for the first time since the Second World War (cf. Milanović 1991). This impacted most on those with little or no connection to subsistence agriculture, underpinned by economic arguments that an ‘expensive’ welfare state could no longer be afforded in times of economic recession. In many ways, the economic, political and social crisis of the 1980s, albeit dwarfed by the economic and social costs of the wars that followed, made it virtually impossible to keep Yugoslavia together.

## BEYOND ‘METHODOLOGICAL NATIONALISM’: WELFARE-STATE-NATION IN THE POST-YUGOSLAV SPACE

As Bilić has argued, “the complexity of Yugoslavia’s dissolution can only be understood within a transnational approach” (Bilić 2012, p. 209). The variable geometry of the post-Yugoslav transnational space, and the complex interconnectedness of the post-Yugoslav nation states, call into question the validity of imposing a nation state-centred welfare regime frame. Crucially, uneven and unfinished ‘state-building’ projects proliferate across the post-Yugoslav space, dominating all other social forces. In the most dramatic cases, such as Kosovo and B-H, sovereignty as defined within orthodox political science is, *de facto* and *de jure*, shared within an international protectorate or semi-protectorate structure so that law-making is subject to control, regulation or oversight by a supranational body.

The transnational nature of welfare arrangements across the post-Yugoslav space can be understood as a complex mix of diaspora welfare, enclave welfare, and contiguous welfare with ‘ethnicized’ states providing welfare to their kin within other states. The complexities of social citizenship do not fit into convenient nation-state containers. Hence, rather than stable welfare regimes across the post-Yugoslav space, what is found is more akin to ‘welfare patchworks’ (Stubbs and Zrinščak 2007) – highly contingent, radically uncertain and profoundly non-linear.

The ways in which international actors may constrain the social policy choices of nation states has become an important social policy theme over the last two decades (cf. Deacon et al. 1997; Kaasch 2019). Again, the specifics of this in the post-Yugoslav space are amplified

given the large number of players and the post-conflict nature of the new nation states. The path to EU membership has been variegated and uneven across the post-Yugoslav space, with Slovenia joining in May 2004, followed by Croatia in July 2013, and the other post-Yugoslav states remain in the waiting room, as it were.

The European Union has tended to have a rather haphazard, project-based approach to the accession process, particularly when EU membership is some way off. The relationship between externally driven projects and state structures has been largely instrumentalized, forming one aspect of what we have termed ‘welfare parallelism’ (Stubbs and Zrinščak 2007). Diverse trajectories of welfare and its reform, led by different political actors, operate in parallel to each other with virtually no inter-relationship or acknowledgement of each other’s paths, much less coordination and synergy. Although the divisions may be too simplistic, the most significant welfare parallelisms are those led by international actors in parallel to national ones, national in parallel to subnational ones, and the state in parallel to non-state actors.

Within welfare parallelism, various actors frame what social policy means very differently, operating according to different *modus operandi*, working to different timescales, using different financial instruments, and different institutional imperatives. When these diverse logics do meet, often inadvertently, there may be severe unintended consequences. This ‘folding’ of the global into the ‘local’ and the ‘urban’ occurs in all social welfare arrangements, but is more pronounced, we argue, in post-conflict and post-socialist environments, such as the post-Yugoslav space. It is also true that, as international funds shrink, it is urban projects, particularly projects in the largest cities, that tend to continue for longer.

### **Case Study 1: Bosnia-Herzegovina (B-H)**

In B-H, the Dayton Agreement created a cumbersome administrative structure, giving the central state extremely limited power. Specifically, power was devolved to ethnicized entities: Republika Srpska (RS) and the Federation of Bosnia-Herzegovina (FB-H), itself divided into ten cantons and the small District of Brčko. Social policy responsibilities are divided between the entities and municipalities in RS and between the entities, cantons and municipalities in FB-H. It can be seen as amongst the most decentralized social policy frameworks in the world (Stubbs and Zrinščak 2019), with legal provisions set at entity and cantonal levels, but financing of social rights set at the municipal level. B-H has a population of some 3.3 million people and 143 municipalities.

Inequalities in provision are built into the constitutional framework, such that “the services one receives still largely depend on where one lives” (Maglajlić Holiček and Rašidagić 2007, p. 163). In this context, there is a degree of ‘welfare mobility’ or ‘welfare tourism’, with people moving to, or at least registering to live in, parts of the country where there are higher or more extensive benefits, notably in relation to child benefits which, in FB-H, are still only payable in Sarajevo Canton. However, this is more than a ‘postcode lottery’ known to exist in many decentralized systems (Powell 2009), since it can include, in the FB-H at least, different rights enshrined in different cantonal laws. It means that only the larger urban municipalities, where there is a mix of economic activities rather than an over-reliance on a single industry, can afford anything more than the bare minimum of social protection. There also exists extensive ‘diaspora welfare’, notably in the ethnicized Croat cantons where the Croatian state spends heavily on infrastructure, health, education and social protection, and on benefits for war veterans (Kostoviceva and Bojicic-Dzelilovic 2015).

B-H politics is marked by the deep institutionalization of clientelism, with ruling parties in each municipality handing out positions, including those within the social welfare system, on the basis of party affiliation (cf. Kurtović 2017). Directors of Centres for Social Work tend to be chosen on this basis, rather than on skills and experience, and they are frequently changed, largely for political reasons. ‘Welfare parallelism’ occurs primarily in terms of the absence of coordination between local state and non-state actors, heightened when these two scales are controlled by different political parties. Parallelism, in this case, also contributes to high levels of mistrust between workers in CSWs and those in NGOs (Ćuk 2016), overwhelmingly concentrated in the larger cities.

There is also a lack of synchronization between internal and external actors, including supranational bodies and international NGOs. Myriad individual projects, each conceived according to their own logic, have created a sense of chaos within the system in the post-war period. Localism was reinforced through an age of ‘pilot’ projects, targeting specific municipalities with no calculation of the distortions they would have on welfare financing, nor how inputs could be sustained after the project ended, much less scaled up to entity or state level. Thus, the favouritism already built into the system became politicized.

Later, what Brković (2017, p. 127) terms “internationally supervised welfare reforms” constituted “a reflection of ambiguity about public and personal responsibilities” (Brković 2017, p. 127). Those able to manage this ambiguity were thus enabled to gain power in the process. Strategic support was itself ‘projectized’ and ‘sub-contracted’ to “hybrid, flexible, and largely unaccountable intermediaries” (Stubbs and Zrinščak 2019, p. 293). International actors, including the World Bank, UN agencies, and bilateral bodies tried to strengthen technical bodies. However, the political buy-in to these agencies was limited, so that they quickly became ‘empty shell’ bodies, lacking institutional power and influence (Stubbs 2015, p. 89). The origins of this can be traced to the framing of international assistance during the war as offering ‘humanitarian aid’, with relief agencies distributing aid, often through CSWs (Povržanović Frykman 2008).

Overall, the result has been residualization, fragmentation and uncertainty regarding welfare entitlements. The one exception has been with regards to the rights of war veterans and their families. Notably, benefits for those disabled in the war in FB-H have tended to be increased during election periods in order to boost support for nationalist parties (Obradović 2016). Contemporary B-H is as far away as it is possible to be from a liberal ideal-type of a decentralized, efficient and equitable social welfare system.

## **Case Study 2: Croatia**

In contrast to highly decentralized B-H, Croatia is highly centralized. The origins of this can be traced to the conflict between 1991 and 1995 when, for long periods, over one third of the country was not under the control of the Croatian government. The government added an intermediate tier of regional government in 1992, creating 20 counties (*Županije*). The move was politically motivated, to strengthen the voice of rural populations, the main source of the then ruling party’s support, above their urban counterparts. Government reform also gave the city of Zagreb dual status, as city and county. There has also been a proliferation of cities since a change in regulation in April 2001 that any municipality with a population of over 10,000 people could claim city status. These moves created a complex and barely manageable system with an extraordinarily high number of cities and municipalities – numbering 555, in

a country with a population of 4.1 million. Most are not economically able to support even their basic governing structure, and certainly not able to pay and organize social services for citizens. Although most social benefits are national schemes, a few of the larger cities have the resources to top up such benefits and to give out specific grants of their own, though these are not always based on need.

This proliferation of emerging municipalities makes CSW-municipal coordination much more difficult for CSWs. Having previously been contiguous with municipal boundaries, this meant that they now cover a number of municipalities. The crucial problem for CSWs stems from the fact that they became almost completely centralized under the full control of the ministry, which did not allow space to respond to specific local problems nor to effectively collaborate with local governments and NGOs in the welfare field. The lack of fit between CSWs and municipal territory means that, whilst they may serve an urban population, those living in rural hinterlands where transport links are limited face real problems in terms of access.

Croatia has failed to reduce regional inequalities, despite this being an explicit policy aim. Between 2001 and 2011, regional disparities at NUTS3/county level, measured by regional GDP per capita, have increased in Croatia, with the ratio of richest to poorest county changing from 2.73:1 in 2001 to 3.37:1 in 2011 (Đokić et al. 2016). The dangers of creating semi-permanent ‘zones of exclusion’ have been heightened by out-migration of working age persons. This is both in terms of migration from poorer areas to the capital city and, even more so, migration to other countries. This process has only accelerated since Croatia joined the European Union (cf. Mežnarić and Stubbs 2012; Župarić-Ilić 2016).

Territorial variations in terms of access to welfare and even basic rights have occurred. Indeed, as a recent study has shown, centralized authority tends to create rather than reduce opportunities for local state capture (Hoffman et al. 2017). Capture is defined as the appropriation of a system of governance “by powerful individuals, groups or networks to favour their own interests” (Hoffman et al. 2017, p. 6). Based on this definition, the study found clear evidence of capture through employment, construction projects including communal infrastructure, and spatial planning processes. Crucially, there was a kind of passive support for capture by significant numbers of voters, often making what seemed to be rational choices between known agents of capture and unknown future agents of capture who might be worse. Across Croatia, recent years have seen the rise at local level of “powerful, charismatic leaders ... who build their image as benefactors” (Hoffman et al. 2017, p. 7), and this has contributed significantly to capture, with links to the wider populist tide spreading across Europe and beyond (Stanley 2017; Maskovsky and Bjork-James 2019).

Populist measures have often been introduced to help secure the re-election of charismatic mayors, some of whom can exist outside of major national party structures. In some cities, these measures include subsidized airfares for travel to and from the capital, educational grants for talented pupils and the children of war veterans, free schoolbooks for all, and so on. It is worth noting that such measures are mainly directed at specific groups, demonstrating elements of a Southern European welfare model (Ferrera 1996), but also reinforcing clientelism and a ‘layered’ welfare system, further reinforcing welfare parallelism. In addition, richer and larger local authority units tend to provide income and in-kind support to NGOs in non-transparent ways, creating a kind of ‘inverse care law’. The NGOs that provide services have more involvement in the areas that need them least – a story repeated across the region of South-East Europe. Overall, subnational public expenditure on social welfare is extremely low in Croatia, at less than 0.5 per cent of GDP, but this occurs alongside significant regional ine-

qualities in spending. The city of Zagreb, with a per capita GDP at 179 per cent of the country average, spends four times as much per capita as the poorest county on social protection (Šućur et al. 2016).

The developments outlined above – not least the clientelistic nature of urban political elites and their links to predatory and speculator housing and infrastructure projects – have been resisted by emerging social movements. There is growing opposition to the enclosure and privatization of public space, with such groups advocating for an ‘urban commons’. The ‘Right to the City’ initiatives in the Croatian capital Zagreb, which protest against privatized development (Stubbs 2012), have now spread to other cities and developed into a political platform, known as ‘Zagreb is Ours’ (*Zagreb je naš*) and which won municipal elections in May 2021. This movement articulates a new left politics concerned with taking back ‘the commons’ and seeking more direct democracy at neighbourhood and city levels. This prefigurative focus on urban space, sustainability, welfare and well-being has spread to other urban centres and constitutes a growing national political force. Challenging dominant modes of insertion of the urban into the global economy, such platforms are part of a transnational ‘rebel cities’ movement promoting circular economies, sustainable transport, new forms of care, self-help and mutual aid.

At both national and local levels, generous benefits for some war veterans and their families as a form of ‘social clientelism’ (Stubbs and Zrinščak 2015) represent the most significant ‘layering’ of social welfare in Croatia. Unlike in B-H, external actors have made only vague references to these benefits, with successive governments seeing them as part of a contract with those who fought in the war, rather than as a part of the social welfare system. Croatian social spending, low by EU standards, is distorted towards disability pensions, many of which relate to war veterans (Bađun 2017). Socially excluded groups, including geographically concentrated Roma populations, tend to face a gap between rights and their realization in the absence of political pressure for these rights to be implemented. Such inequalities are indicative of a centralized and discretionary system. Overall, social policy at the national level remains of low priority, providing space for an instrumentalized and clientelistic approach at local levels, operating largely under the radar of international actors.

### **Case Study 3: Serbia**

Serbia briefly offered a glimpse of what meaningful reform of social welfare could look like in the region, following the Milošević regime of the 1990s, under the government of Zoran Đinđić from January 2001 and until his assassination in March 2003. In terms of the degree of fit between national and subnational reform scales, in Serbia the number of municipalities corresponded to the number of CSWs, and sources of funding for CSWs were a mixture of central and local authority contributions, with the latter funding running costs and some discretionary benefit payments (Matković 2006). Under the stewardship of the Ministry of Social Affairs, social policies were conceived “as corrective measures to the adverse effects of initiated economic liberalization” (Stambolieva 2016, p. 169).

The reforms were based on a clear strategy and subject to a series of extensive regional consultations. A focus on de-institutionalization and the strengthening of community-based social services inevitably saw a renewed concern with subnational governance. The agenda for reform was steered by the ministry rather than international actors, and the major transitional institutional mechanism was the Social Innovation Fund (SIF), partly funded by foreign

donors, which operated from 2003 to 2010. Essentially, it was envisaged as “a mechanism providing competitive funding and management support to reform-oriented social services projects at the local level” (Bošnjak and Stubbs 2007, p. 158) promoting partnerships between state and non-state services. Projects were judged on the basis of innovation rather than need and tended to reinforce regional inequalities. A significant proportion of projects approved covered only the capital, Belgrade (cf. Arandarenko and Golicin 2007; Golicin and Ognjanov 2010), which is home to about one fifth of the Serbian population and is five times the size, in population terms, of the next largest city, Novi Sad. The majority of non-state actors in the social field also tend to prioritize Belgrade.

The idea that social welfare should concentrate on vulnerable groups has gained traction in Serbia, opening up a new projectized space that is strongly dominated by leading NGOs, mainly secular and middle class (cf. Vetta 2018) from the capital. As a recent study of EU-funded project support for Roma inclusion has shown (Moraca and Stubbs 2019), policy prescriptions are reinterpreted or translated as they move from project interventions on paper to being implemented in diverse locales, responding to “pragmatic and ideological concerns, institutional arrangements and instrumentalist opportunities shaped, overall, by public sector retrenchment and the practice of austerity” (Moraca and Stubbs 2019, p. 49). Deeply-rooted clientelism is just as prevalent across Serbia as elsewhere in the region (cf. Cvejić 2016), with all political parties in power since the brief period of reform combining this clientelism with what has been termed ‘stealth neoliberalism’ (Arandarenko and Golicin 2007). Such bias is based on reciprocal linkages between national and local political elites, relating to a kind of parallel society of informalized networks. Interestingly, similar to the Zagreb initiative, ‘Zagreb is Ours’, there are movements in Belgrade, the capital of Serbia. These Belgrade movements are in reaction to a waterfront development scheme that has resulted in the destruction of a number of independent cultural centres (Grubbauer and Čamprag 2019). However, these do not yet appear to have the capacity to transform into a significant political platform nor to articulate alternative conceptions of welfare and well-being.

## COVID-19 AND THE POST-YUGOSLAV SPACE

In terms of the COVID-19 crisis, the post-Yugoslav space escaped relatively lightly in terms of the first wave of infection. However, at the time of writing (early November 2020), an emerging second wave threatens to overwhelm health services that have faced decades of under-investment. Blanket lockdown policies during the first wave, combined with curfews in some parts of the region (notably Serbia) that declared a state of emergency in mid-March 2020, resulted in increased social exclusion for many vulnerable groups, including older people, children at risk of poverty, Roma, the homeless, migrants and asylum seekers. There was also significant economic insecurity for many others. Serbia and parts of B-H responded with some additional support for social assistance beneficiaries, and Serbia introduced a one-off Universal Cash Assistance Payment to every registered adult, at a cost of some 1.3 per cent of GDP, albeit with considerable delay and as more of a pre-election populist measure than a clear response to need (Matković and Stubbs 2020). Limits on movement within countries also disrupted care giving, particularly by relatives within a growing informal care sector. At the same time, restrictions on visiting residential care institutions had huge psycho-social costs. Across the region, the balance of responsibilities between national and local coordinat-

ing bodies was confusing. What different scalar authorities had in common, however, was a relative neglect of social policy.

Thus far, as a second wave threatens to overwhelm the region, economic considerations appear to have taken precedence with an implicit, and sometimes, explicit, suggestion that economies are not strong enough to allow for measures close to ‘lockdown’ as have been introduced in France, Germany and the UK, for example. Throughout the region, access to old people’s homes remains extremely limited, with restrictive measures favoured over strategies of risk management. Healthcare and hospital services, after decades of chronic under-funding and faced with high levels of out-migration by trained medical staff, seem barely able to cope with the impact of COVID-19 cases. As such, it has become increasingly difficult to access healthcare for anything else. In B-H, the situation is made worse by the decentralized nature of healthcare so that a sharing of resources across regions is both legally and administratively difficult.

A survey on the territorial dimensions of the COVID-19 crisis across South-East Europe (NALAS 2020) suggests that many local authorities felt overwhelmed, lacking the financial resources to mitigate the economic, social and health consequences of the crisis, and hampered by the lack of clear rules in terms of the division of responsibilities between central and local scales. The financial ability of local governments to maintain services was severely restrained by reductions in local revenues and, in many cases, central transfer payments. Although there were innovative approaches to the digitalization of services and the development of networks of mutual aid and self-help, the lessons to be learnt were never collected in any systematic way. Again, those urban areas with more voluntary and non-governmental initiatives were able to maintain some level of service such that urban–rural inequalities may have increased. Also worrying was that, when formal care collapsed as workers were unable to travel to work or became sick, improvised volunteering sometimes meant that safeguarding procedures were ignored (Matković and Stubbs 2020). The NALAS report also expresses concern about how far any post-COVID 19 recovery programme will go in being responsive to diverse subnational needs.

## CONCLUSION

What is clear from the above case studies is that, across the post-Yugoslav space, complex, contradictory and highly politicized rescaling continues to deliver sub-optimal results for citizens in terms of quality of life and social welfare. Significant change appears hard to achieve in the context of rather frozen state/sub-state dynamics and the deep instrumentalization of these relations. The nature of social protection has been residualized and rendered profoundly uncertain across the region. Statutory social work has essentially become a fire-fighting and rationing exercise, and the absence of explicit, and sustainable, zonal, area-based or community-development approaches is striking. If these do exist, they are delivered in short-term, unsustainable ways that reinforce a deep ‘projectization’. The urban scale was, historically, crucial to the development of state social work in socialist Yugoslavia with a relatively clear division of responsibilities between central, regional and local/urban authorities. In the post-socialist context, of our three cases only Serbia has maintained this division, although this was in many ways by default during the crisis years of the 1990s. B-H has a highly decentralized system whereby those living in or near a major urban centre are likely to receive more



services and even more cash benefits. In Croatia, although highly centralized, the larger cities operate according to a kind of welfare parallelism, offering additional benefits in return for political power. Across the region, a kind of ‘inverse care law’ means that NGOs are concentrated in urban centres where, at least in terms of poverty and social exclusion, there may be a lesser need for this kind of support.

Despite inheriting broadly similar social welfare systems, the three post-Yugoslav states that are the subject of this chapter have some significant divergences in their contemporary arrangements. These represent a complex product of levels of development, the direct and indirect impacts of the conflict, the degree and nature of international actors’ involvement, the nature of territorial reform, broader post-conflict restructurings, the distribution of the population by ethnicized identifications, the nature of migration processes, and others. What they have in common includes the dominance of nationalism within the state-building process, a systematic institutionalization of clientelistic capture and various forms of sub-optimal forms of ‘welfare parallelism’. In addition, the nature of urban social policy becomes very different as to whether it is, as in socialist Yugoslavia, part of processes of modernization, industrialization and economic and social development or, as in the post-Yugoslav space, linked to a rapid de-industrialization and significant social costs associated with conflict and transition. The prospects for change after a quarter of a century of seemingly endless transition surely rest on new definitions of public goods, new types of solidaristic welfare and, crucially, on new forms of citizen power.

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## 23. States of welfare: decentralization and its consequences in US social policy

*Sarah K. Bruch and Colin Gordon*

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### INTRODUCTION

The history of US social policy is framed around two questions: who should provide assistance and who is deserving of it? The question of who bears responsibility for provision reflects both a persistent contention about the extent of public responsibility in relation to market or family responsibilities (Esping-Andersen 1990), and over what level of government – or what arrangement of intergovernmental relations – might best take on that public responsibility (Blank 1997; Finegold 2005). At issue here is not just the formal delegation of responsibility across local, state and federal jurisdictions, but also a range of political, economic and philosophical considerations regarding the democratic implications of centralization or decentralization; the relative capacity, efficiency and responsiveness of different levels of government to needs; and the equity of variation in social provision across the nation-state. In turn, the question of who is deserving of assistance has also been (and remains) contentious, with elaborate and shifting criteria that implicate personal, familial and economic circumstances and expectations for ‘deservingness’ (Fraser and Gordon 1992; Katz 1989). More precisely, US social policy is shaped by the overlap or intersection of these two questions; and by the ways in which deservingness is defined, negotiated or imposed by different jurisdictions.

The meaning of social citizenship in any setting reflects social values and social solidarities – including not only the willingness to insulate citizens from the vagaries of the market and to provide for basic needs, but also broader commitments to egalitarian redistribution, social inclusion, and substantive equity (Marshall 1950). We conventionally think of this at the level of the nation-state, but such social solidarity can also be realized at subnational levels (Keating 2009) and local solidarities – ‘the right to the city’, rooted in shared experiences and shared space, can be especially powerful and durable (Kazepov and Barberis 2017; see also Chapter 2 by Ranci and Maestripietri in this volume). The argument for decentralization and more localized control over social policy rests on the conviction that “local officials best know the needs of recipients in their communities and are better able to respond to local challenges” (Hahn et al. 2015, p. 76). This ‘subsidiarity principle’ is celebrated not just for its supposed efficiency or responsiveness, but also for its ability to nurture democracy and citizenship. Locally calibrated policies, in this view, are more inclusive, accountable, and – in the eyes of recipients and non-recipients – more legitimate (see Chapter 3 by del Pino et al. in this volume). Freed from the constraints of ‘one size fits all’ national policies, local control yields experimentation, innovation, and the diffusion of best practices or strategies from one jurisdiction to the next. This view is captured in the famous invocation of Justice Brandeis – that states can and will act as ‘laboratories for democracy’ by providing states with the opportunity to develop innovative policies to address local needs in ways that are consistent with local preferences, and offering

a mechanism for the efficient diffusion of good policies from one jurisdiction to the next (Lieberman and Shaw 2000; Volden 2006).

At the same time, the promise of decentralization<sup>1</sup> in sustaining social citizenship and social solidarity in subnational settings rests on “the structure of the state in which [social policies] evolved” (Moreno and McEwen 2005, p. 40). Whether the decentralization of social policy improves or undermines the lot of poor families depends on the distribution or delegation of responsibility, the political motivations for that distribution, and the policy goals and capacities of the jurisdictions to whom responsibility is delegated. In the US case, that jurisdictional architecture is shaped by constitutional constraints, by the uneven capacity of state and local governments, by deference to local economic and social relations, and by the ways in which all of these were navigated during the formative years of welfare state development.

Constitutionally, American federalism defers most policymaking authority to the states although, in practice, state reliance on federal funding (especially in social policy) gives the national government substantial leverage to cajole, coerce, and punish state policy choices (Goelzhauser and Konisky 2020). States, in turn, define the form and function of local governments as a delegation of authority, accomplished through constitutional provisions (‘home rule’), legislation, and administrative code (Briffault 1990; Kettl 2020). The net result is a political structure marked by a relatively weak federal presence, a historically prominent role for the states, and fragmented local government – the latter including a bewildering array of both general-purpose jurisdictions (municipalities, counties, and townships) and special-purpose jurisdictions (such as school districts). Some of these (such as counties) are stable areal units; some (such as municipalities or school districts) have elastic or fungible boundaries which are often ‘gerrymandered’ for the expressed purpose of segregating or excluding populations, avoiding burdens, and hoarding opportunities (Gordon 2019), with the unsurprising result of fostering inequality in outcomes and opportunities across neighbourhoods and jurisdictions (Lobao 2016; Trounstine 2018).

American federalism makes no provision for equalization or revenue-sharing across jurisdictions, and the fiscal capacity of state and local governments – historically and currently – is relatively weak (Beland and Lecours 2014). In turn, state and local tax systems (especially in the Southern states, which rely more heavily on consumption taxes) are generally regressive – dampening redistribution on the revenue side of the ledger as well (Newman and O’Brien 2011; O’Brien 2017). Local governments are doubly disadvantaged; their ability to raise revenue or incur debt is sharply constrained by state governments (Wen et al. 2018), leaving most dependent on volatile sales and property taxes and increasingly meagre intergovernmental transfers (Peck 2014). Constrained in their options for revenue, many local governments have turned increasingly to predatory revenue generation strategies including local policing and code enforcement (Gordon 2019; Shoub et al. 2021).

In turn, across all jurisdictions, American social policies have a relatively weak commitment to decommodification. This deference to the market, and prioritization of paid labour force participation, is evident in the reliance on employment-based social insurance programmes, where thresholds of support and wage replacement are quite low (Esping-Andersen 1990). Most importantly on this score, American social policies have been designed to reinforce and solidify the structure of local economic and social relations. This was especially true in the South, where labour markets were dependent on the racial subordination of blacks (Lieberman 1998; Quadagno 1994; Alston and Ferrie 1999) and in the Southwest where they depended on the subordination of migrant labour (Fox 2012). In the 1930s, the social policy innovations of

the New Deal introduced new federal standards and fiscal commitments, but left much of the deference to state authority and local or regional markets intact. Because this tiered discretion was motivated by a deference to local labour markets and race relations, it yielded both substantial disparities in access and benefits across states and local areas (Wexler and Engel 1999) and a push for higher and more universal federal standards (Nadasen 2005; Soss et al. 2011b). The War on Poverty and Great Society programmes of the 1960s were explicitly framed as a strategy to equalize provision across populations and jurisdictions, on the grounds that only the federal government claimed the requisite fiscal capacity and commitment to civil rights (Bailey and Danziger 2013; Blank 1997).

The welfare reforms of the 1990s – best represented by the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 – eliminated the entitlement to cash assistance for poor families with dependent children and institutionalized a requirement for low-income parents to participate in the paid labour market as a condition of assistance. The new programme (Temporary Assistance to Needy Families [TANF]) both constrained state discretion with new federal regulations and/or prescriptive guidelines (as in the requirement that states meet targets for work participation by clients) and widened state and local discretion on key elements of financing, administration and rulemaking (Haveman et al. 2015; Bruch et al. 2018). The new welfare regime, as Soss et al. (2001, p. 380) put it, was “one in which states enjoy increased discretion in choosing *means* as long as they toe the line in meeting federally prescribed *ends*”.

Those ends included an emphasis on reducing dependency on social assistance and increasing the social obligations of recipients (Mead 1986). Unlike the solidarity model of social inclusion, the paternal model focuses on enforcing individual responsibility through labour market participation (and other behavioural expectations), conditioning receipt of benefits on compliance, and adopting punitive sanctions for non-compliance (Soss et al. 2011b; Fellowes and Rowe 2004). In programmes like TANF and beyond, the new work-based safety net configures assistance to support labour force engagement through the provision of in-kind benefits or services such as childcare subsidies and transportation assistance or through tax credits that reward work (Heinrich and Scholz 2009), effectively narrowing the definition of the deserving poor (Moffitt 2015).

The important upshot of all of this, for our purposes, is that the jurisdictional architecture of American social policy is crafted to undermine social citizenship and frustrate equal protection. In a weak federal system, national standards – let alone any commitment to universality – are thin. States have been inclined to exercise their responsibility or discretion in ways that produce ‘divided citizenship’ (Mettler 1998), ‘fragment democracy’ (Michener 2018) and harden existing inequalities (Kettl 2020). And, at the scale where subsidiarity might take hold, local governments are constrained by their own fragmentation, by their limited and uneven political or fiscal capacity, and by their own deference to local market and social relations.

Social provision in the US, in short, is *unequal by design*, providing tiered and categorically based assistance that varies – across jurisdictions and citizens – in both quantity and quality. Programmes for the most ‘deserving’ (i.e. retired workers) are primarily provided through national social insurance programmes with national financing and standardized rules (Fraser and Gordon 1992), working-age adults with stable and well-compensated employment are assisted through employment-based benefits, such as health insurance and retirement savings (Klein 2006; Hacker 2002) and with ‘hidden’ tax benefits that subsidize their standard of living (Howard 1999), whilst the most disadvantaged and least ‘deserving’ are assisted

through a patchwork of programmes that provide limited income, and in-kind assistance and services, most of which are designed to allow for local or state discretion in administration, financing or policymaking (Soss et al. 2011b; Bruch et al. 2018).

## CONSEQUENCES OF DECENTRALIZATION AND DEVOLUTION IN THE UNITED STATES

State governments play a prominent role in American social provision, a fact which has important political and policy implications with regard to equity and fairness, the willingness and capacity of social policies to meet basic needs, and patterns of inclusion in social citizenship. Whilst the framing here is normative, empirical analyses shed light on the consequences of decentralization, informing both our assessment of policy to date and our decisions moving forward. Our analysis draws on this body of research as well as evidence obtained by analysing the State Safety Net Policy (SSNP) dataset to describe social provision in the US case, and to assess the core arguments for and against the decentralization or devolution of social policy.

The SSNP is a unique, longitudinal dataset that includes consistent, comparable, annual state-level measures of social safety net provision on two dimensions – generosity of benefits and inclusiveness of receipt – across ten safety net programmes from 1994 to 2018.<sup>2</sup> For each type of assistance, generosity is calculated by dividing total benefit spending (federal and/or state, as appropriate) by a state's total caseload. The generosity measures are adjusted to constant dollars (2018\$) using the Bureau of Labor Statistics Consumer Price Index Research Series (CPI-U-RS). Inclusion is calculated by dividing the number of actual programme recipients in a state by the number of potentially eligible individuals or families in the state.

The SSNP allows us to map policy trajectories across periods of dramatic policy and economic change and in so doing assess the central claims made by the proponents of decentralization – that local provision yields greater equity, greater responsiveness to need, and stronger bonds of connection and inclusion. Across the last two decades, these claims are not substantiated. Instead, decentralization tends to generate and cement inequality across needy populations and across jurisdictions; invites local discretion as to who is deserving, thus multiplying the points of potential discrimination and exclusion; and in turn reinforces existing unequal social and economic relations.

In the US, jurisdictional responsibility and discretion for financing, rulemaking and administration for safety net programmes is a complex mix across federal, state and local governments. Table 23.1 summarizes this pattern of policy design for ten safety net programmes that provide assistance to low-income families with children in the current period.<sup>3</sup> Each jurisdiction listed bears (or shares) responsibility for that aspect of the programme (i.e. the financing of cash assistance), whilst the darker shading of the jurisdiction label (from grey to black) indicates greater discretion. Whilst the design of these safety net programmes varies substantially, the general patterns are revealing. In six of the ten programmes, financing is a federal-state split. In some cases (i.e. cash assistance), this is structured as a federal 'block grant' and a roughly equivalent state share; in others (i.e. children's health insurance), the federal share is more generous and calibrated by state need. In these programmes, states generally enjoy substantial discretion as to how programme funds are spent. In cash assistance, for example, states determine not only the level of the benefit, but what share of programme funds is used for direct payments. In two of the programmes (food assistance and Supplemental Security



Table 23.1 *Jurisdictional responsibility and discretion*

	Financing	Rule-making	Administration
Cash assistance	FED   <b>STATE</b>	FED   <b>STATE</b>	<b>STATE</b>   <b>LOCAL</b>
State income tax	<b>STATE</b>	<b>STATE</b>	<b>STATE</b>
Targeted work assistance	FED   <b>STATE</b>	FED   <b>STATE</b>	<b>STATE</b>   <b>LOCAL</b>
Child care	<i>FED</i>   <i>STATE</i>	FED   <b>STATE</b>	<b>STATE</b>   <b>LOCAL</b>
Preschool/early education	FED   <b>STATE</b>	FED   <b>STATE</b>	<b>STATE</b>   <b>LOCAL</b>
Child support	<i>STATE</i>	FED   <b>STATE</b>	FED   <b>STATE</b>
Unemployment insurance	FED   <b>STATE</b>	FED   <b>STATE</b>	<i>STATE</i>
Child health insurance	FED   <b>STATE</b>	FED   <b>STATE</b>	<b>STATE</b>
Child disability assistance	<i>FED</i>	<i>FED</i>	<i>FED</i>
Food assistance	<i>FED</i>	<i>FED</i>	<i>STATE</i>   <i>LOCAL</i>

*Notes:* Bolded font indicates a high level of discretion, italics font indicates a moderate level of discretion, and regular font indicates a low level of discretion.

*Source:* Authors' summary of relevant legislation and statutes.

Income (SSI)), funding is either entirely or predominantly federal with more uniform benefits across states (local financing of social provision was almost completely eclipsed by the New Deal; social provision accounts for only 4 per cent of local government budgets<sup>4</sup>). A similar federal-state relationship holds across rulemaking in most programmes: here, the federal government sets basic guidelines or thresholds (such as residency rules and appeal procedures), whilst the states enjoy wide latitude in determining the conditions of receipt, including work requirements or other behavioural conditions, eligibility restrictions and ongoing compliance enforcement, and in some cases benefit levels and/or income and asset disregards.

In programme administration, responsibility and discretion (with the exception of SSI) rests almost solely with state and local governments. Here, the discretion enjoyed by states includes the ability to devolve administrative discretion to local governments or agencies and/or 'second-order devolution' of not only administration but rulemaking as well. While local governments play virtually no role in either the financing of social programmes or in the formulation of programme rules, they (and sometimes private non-profit and for-profit surrogates) play an increasingly important role in 'storefront' administration where street-level bureaucrats determine eligibility, decide on referrals to services and supports, monitor compliance, and enforce sanctions (Marwell 2004; Campbell and Morgan 2011; Morgan and Campbell 2011). County governments provide the 'storefront' administration of federal programmes, such as TANF and Medicaid, although application and certification for other federal programmes (such as the Supplemental Nutrition Assistance Program (SNAP)) is increasingly provided online (Lobao and Kraybill 2005; Allard et al. 2014). Local governments administer some federal programmes (including early childhood education, public housing, and community development block grants) directly (Bailey and Danziger 2013). And local governments are primarily responsible for a wide array of other policies and services – including education, land-use zoning, policing, and economic development (Briffault 1990).

Turning to an examination of the consequences of decentralization, we ask two questions. First, does decentralization yield unequal social citizenship? On this point, we examine both uneven social provision across jurisdictions, and differential patterns of access and exposure to paternalistic and supportive social provision. Second, are decentralized programmes more or less responsive to state and local needs? On this point, we examine both state and local capacity to meet needs, and their strategic or political responses to new discretion or responsibility.

## **Social Citizenship Equity**

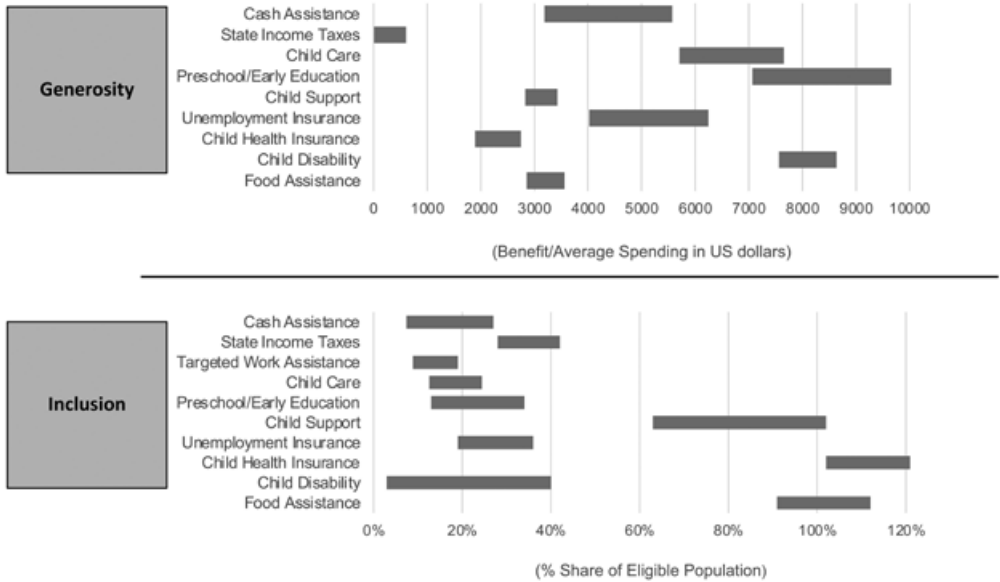
Just as the scale or level of government has become an important arena of inquiry, so too the effective scale of citizenship has become a pressing concern for scholars and citizens alike (Kazepov and Barberis 2017; Somers 1993). As Somers (1993, p. 589) notes, the degree to which national laws and institutions “are converted into actual universal rights depends fully on the local contexts – the social and political – in which they are activated”. Social provision in this way is not just about benefit receipt, but it is an “active force in the ordering of social relations” (Esping-Andersen 1990, p. 23) which positions citizens in relation to the state and shapes the quality and equity of social citizenship. “The fact that the same family can have a vastly different experience based solely on where they live”, as Campbell (2014, p. 72) underscores, “raises questions about the effectiveness, desirability, and even morality of this variation”. In one respect, this is simply a matter of horizontal equity, of meeting T. H. Marshall’s expectation that all citizens of a nation-state enjoy at least a “modicum of economic welfare and security” (1950, p. 8).

The decentralized structure of the US safety net has created fertile ground for unequal provision across states and local areas. “There is no escape from a compelling truth”, as Wildasvsky has underscored for the American case, “federalism and equality of results cannot coexist” (1985, p. 49; see also Kettl 2020). From the formative years of the American social provision (Wexler and Engel 1999) to the current period, scholars have demonstrated considerable inequality in provision not only across states (Bruch et al. 2018; Campbell 2014; Meyers et al. 2001), but also across local areas and counties (Allard 2009; Lobao and Kraybill 2009; Soss et al. 2011b; Cho et al. 2005). This inequality in social provision means that the safety net an economically vulnerable family has access to is determined in large part by the state and municipality or county in which they happen to reside.

These patterns of inequality – across jurisdictions and across programmes – are stark. Figure 23.1 captures this variation for ten safety programmes in 2018 using the SSNP data. The figure displays the range of variation in the generosity of benefits and inclusiveness of receipt for each programme. Figure 23.1 makes it clear that generosity and inclusion vary dramatically across states. For example, a family receiving cash assistance (TANF) living in a state near the 25th percentile would receive just over \$3,000 a year while a similarly situated family in a state near the 75th percentile would receive approximately \$4,600. Turning to inclusion, states at the 25th percentile provide cash assistance to fewer than one in 10 poor families with children whereas states at the 75th percentile provide assistance to only about one quarter of poor families.<sup>5</sup>

These cross-state inequalities in provision reflect a multitude of factors (including economic, fiscal, political and demographic differences across states) but importantly they are also shaped by the degree of state discretion. Programmes with greater state discretion also have greater cross-state inequality in generosity and inclusion, and over time these inequalities widen in the programmes affected most directly by the welfare reforms of the mid-1990s which allowed for greater state discretion (Bruch et al. 2018).

This discretion, in turn, is not exercised evenly across populations. Indeed, social inequalities in access to social provision are fundamentally tied to race in the US case. Original programme designs were shaped in ways to allow for racial exclusion, either by exempting occupations in which African-Americans were heavily represented, or by allowing states and localities wide discretion as to eligibility and benefits. In the current period, the mechanisms



*Note:* Last year of data is 2017 for childcare, and 2013 for child health insurance inclusion. Not shown in graph: targeted work assistance generosity 25th and 75th percentiles: \$7,922 and \$32,362, respectively.  
*Source:* State Safety Net Policy database.

Figure 23.1 Extent of cross-state variation in social provision, 2018

of exclusion remain plentiful: there is a long line of research on state safety net policies, which demonstrates that states with larger black populations in particular have less generous and more exclusionary and punitive social safety net policies (Soss et al. 2001, 2011a; Fellowes and Rowe 2004), more regressive state and local taxes (Newman and O’Brien 2011; O’Brien 2017) and spend less on cash assistance (Parolin 2021). The fragmentation of local jurisdictions (and of the services they provide) is more likely when locally populations are racially or ethnically diverse (Gordon 2019; Freemark et al. 2020), and cities and counties with greater ethnic and racial diversity spend less on public goods and services (Alesina et al. 1999; Garrow and Garrow 2014; An et al. 2018). Local jurisdictions have also proven more adept at regulating and surveilling recipients, acting not as a mechanism for enhancing solidarities, but instead as an effective avenue for locally enforced social control (Mettler 1998; Soss et al. 2008). There is also compelling work that identifies the role of explicit and implicit racial attitudes and beliefs as an important factor in policymaker and programme administrator decisions (Maynard-Moody and Musheno 2003; Keiser et al. 2004; Watkins-Hayes 2009; Soss et al. 2011b).

All these areas of research point to the importance of understanding how systemic racism and other exclusionary ideologies and beliefs intersect with decentralized programme designs in ways that contribute to geographic inequality in social provision. The consequences, on this score, are not confined to uneven or inequitable access to Marshall’s “modicum of economic welfare and security” but also have long-term civic and political implications (Mettler

and Soss 2004). Citizen encounters with state and local governments inform how they view government, their standing, and shape their civic and political behaviours (Bruch et al. 2010; Soss 1999). Experiences with generous and inclusive social policies provide not only needed resources, but also provide positive political lessons to recipients, increasing their sense of citizenship and their civic and political participation (Soss 1999; Mettler 2005), whilst experiences with paternalistic and punitive social policies, such as TANF, serve to reinforce civic and political marginalization (Bruch et al. 2010).

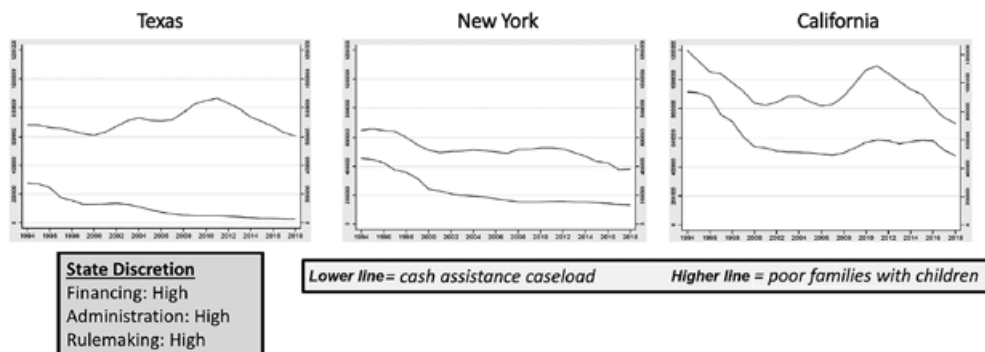
The unevenness of American social citizenship, and the inequities that follow from state and local discretion, were both manifest in the public health and social policy responses to the COVID-19 pandemic. Efforts to slow the spread of the virus were frustrated by jurisdictional conflicts over essential medical supplies and a bewildering array of shelter in place and re-opening policies based on political factors and idiosyncratic metrics (Yong 2020). Conceding the uneven inclusion and generosity of state-based unemployment insurance systems, the federal government stepped in with temporary programmes to both raise the basic benefit and make assistance available to those ineligible for regular state programmes (over 40 per cent of the unemployed). Meanwhile, state-to-state disparities in basic social protection – including public health insurance, food assistance, paid leave, workplace health and safety, and cash assistance – left Americans unevenly exposed to both the virus and its economic fallout (Gordon et al. 2020).

## **Responsiveness**

An important and consistent justification for decentralized social policy is that state and local governments are better equipped to respond to state and local needs (see also Chapter 3 by del Pino et al. in this volume). Responsiveness to need is shaped by policy design (i.e., whether policies are countercyclical and the types of risks or hardships they are designed to address). The perils of jurisdictional arrangements – in which local governments with weak or uneven fiscal capacity bear high levels of administrative responsibility – are especially apparent under adverse economic conditions. While the presence of families at high risk of poverty differs across states and local areas, the approaches and responsiveness to changes in needs vary widely (Lobao and Kraybill 2009; Bitler et al. 2017; Laird et al. 2018). Fiscally strapped counties and cities reduce and/or privatize core services (Peck 2014); cut public payrolls (Bivens and Shierholz 2013); or turn to regressive and predatory forms of revenue generation (Gordon 2019; Shoub et al. 2021) just to keep the lights on at City Hall.

To demonstrate the consequences of having a decentralized safety net for poor families, the SSNP inclusion indicators can be pulled apart to compare changes in need to changes in receipt over time. Figure 23.2 displays the widely varying trends in cash assistance receipt and family poverty trends from the early 1990s across three states. In all three states shown, there was greater correspondence between changes in poverty and receipt of cash assistance from the mid-1990s through the early 2000s, but as poverty increased during the Great Recession, there was not a corresponding increase in the receipt of cash assistance, indicating a lack of responsiveness to families in need.

How responsive safety net policies are to changes in need is largely driven by their design: only a handful are explicitly countercyclical in their design and others are only fleetingly so – such as when federal programmes temporarily extended benefits or eligibility in response to the Great Recession (Bitler and Hoynes 2016a, 2016b). Means-tested programmes are more



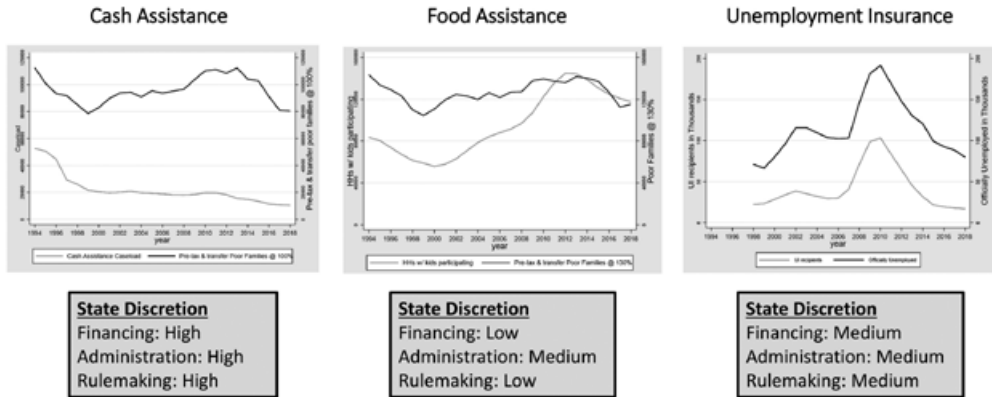
Source: State Safety Net Policy database.

Figure 23.2 State variation in cash assistance responsiveness, 1994–2018

responsive when they are designed as entitlements, and less responsive when the programme is partly or fully funded by state or local governments (Gais et al. 2012). Notable in this regard is the contrast between cash assistance, food assistance, and Unemployment Insurance: while food assistance and Unemployment Insurance enrolments and spending increased during the Great Recession (as more become income-eligible), cash assistance enrolment was not responsive to increases in need (Bitler and Hoynes 2016a, 2016b). The SSNP data demonstrates this contrast well. Figure 23.3 displays the 50 state median trends in poverty and unemployment alongside the trends in benefit receipt in these three programmes. The largely parallel lines for the Unemployment Insurance Program demonstrate a high degree of responsiveness, the converging of the lines in food assistance indicate an increasing inclusiveness of the programme, whereas the diverging lines in the case of cash assistance indicate a lack of responsiveness.

Finally, the discretion afforded to states in policy design and administration raises the possibility (or fear) that states could seek political or fiscal advantage by competing to become *less* responsive. In this ‘race to the bottom’ logic of fiscal federalism, the poor are expected to migrate to settings where benefits are more generous, and state and local governments are expected to pare back eligibility and benefits in order to avoid becoming a ‘welfare magnet’. Certainly, the formative years of American social provision were marked by fears of competitive disadvantage (Robertson 1989), and the reforms of the mid-1990s were animated by the conviction that decentralization would result in retrenchment (Beland and de Chantal 2004). Yet the evidence of a ‘race to the bottom’ – regarding either ‘welfare magnet’ migration or corresponding cuts in benefits or eligibility – has not been borne out in the empirical scholarship on the pre- or post-PWRORA welfare reform eras (Peterson and Rom 1990; Volden 2006; Bruch et al. 2018). Both the residential choices of the poor (Allard and Danziger 2000) and the political choices of states are much more likely to be shaped by broader economic and political conditions (Berry et al. 2003; Bruch and White 2018).

The role of political factors in safety net provision can be observed using the SSNP data alongside data on state legislative control.<sup>6</sup> Figure 23.4 displays the changes over time in the generosity and inclusion of two programmes: cash assistance and Unemployment Insurance – for four categories of states: those where Democrats have dominated the state legislature from 1994 to 2018, those where Republicans have dominated over the same 25-year span,

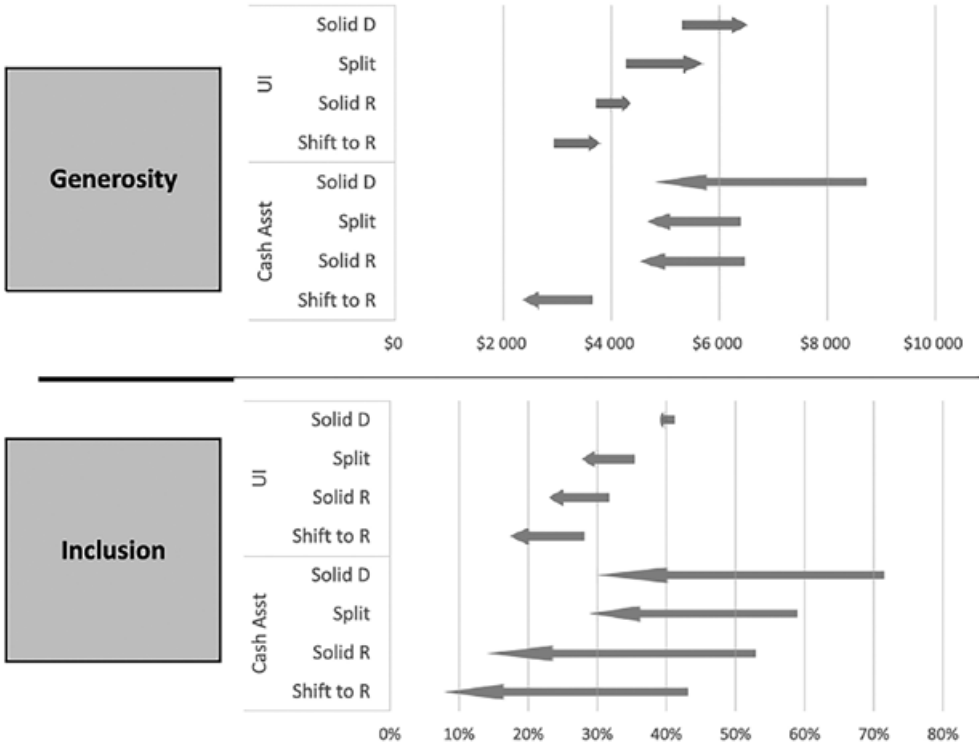


Source: State Safety Net Policy database.

Figure 23.3 Safety net programme responsiveness to changes in need, 1994–2018

those where partisan control has been split, and those where partisan control has shifted to Republicans in the past 10 years. In the case of Unemployment Insurance, average benefits to recipients increased more from 1994 to 2018 in states in which both houses of the legislature were dominated by Democrats or they were Split (where neither party controlled both houses). The rate of inclusion declined in all categories of states, but less so in the Solid Democrat states. In the case of cash assistance, both the largest decrease in average benefits and in the rate of inclusion are found in the Solid Democrat states. However, on all these measures, the starting point in 1994 is important. On each measure, the rank orders of 2018 values are the same: the Solid Democrats are the most generous and inclusive, followed by states that have Split legislative control, followed by Solid Republican, and the Shift to Republican being the least generous and inclusive. While the full implications of these partisan patterns are beyond the scope of this chapter, a couple of observations are in order. Historically, the American two-party system has had a distinct regional cast, and there was as much ideological diversity within each party as there was across them. Since the 1970s, partisan competition has become more polarized (Andris et al. 2015), and Republicans have displaced conservative ‘Dixiecrats’ across the American South (Lowndes 2008). The Solid Republican group is regionally diverse, but its constituent states have converged ideologically over time. Six of the seven states in the Shift to Republican group are in the Deep South and the African-American share of the population in this group (22 per cent in 2010) is much higher than the national share (12 per cent). In this respect, this group maps on to the “southernization of American conservatism” (Lowndes 2008, p. 140) and the clear pattern (see above) of less inclusive and generous social policies in states with large African-American populations.

These inequalities in responsiveness – inequality between states in responsiveness to need within the same programme, between programmes with different designs, and the politically inflected pattern of changes over time – demonstrate the detrimental consequences for economically marginalized families of a decentralized safety net. There is, in all of this, some room for progressive innovation in state and local policy (Freeman and Rogers 2007). However, such efforts most commonly involve raising regulatory or labour standards (such as the minimum wage) rather than committing new state or local resources and have been most



Source: State Safety Net Policy database; University of Kentucky Center for Poverty Research, National Welfare Data, 1980–2018.

Figure 23.4 Trends in the generosity and inclusion of selected safety net programmes by political party control, 1994–2018

commonly pursued in booming settings like Seattle or San Francisco – raising standards for some but widening regional inequalities (Lobao 2016). And they have created a curious eddy in the devolution current, as state governments have increasingly prohibited or pre-empted local efforts (Briffault 2018).

The COVID-19 crisis underscored this uneven and inequitable responsiveness. Social supports tied to employment, especially job-based health coverage, collapsed with the economy – deepening economic and health insecurity (Garrett and Gangopadhyaya 2020). Both the Economic Impact Payments (a one-time payment based on income and family size) and the temporary federal unemployment insurance assistance acknowledged not just the uneven generosity and inclusion of state programmes, but the fact that they lacked the fiscal capacity to respond to any substantial downturn. This short spell of federal generosity (the unemployment insurance extensions expired in July 2020) was frustrated by the inability of antiquated state programmes to even process the avalanche of claims (Evermore 2020). As in the Great Recession, meagre state cash assistance programmes offered no countercyclical cushion, while those funded entirely with federal dollars (such as food stamps) offered some relief (Bitler et

al. 2020). And, as in the Great Recession, those federal programmes were temporary extensions or one-off payments; they were not part of existing safety net nor incorporated into it.

## CONCLUSION

Against political claims or hopes that decentralization might yield social policies that are more equitable, more nimble and more responsive, the US case is a cautionary outlier. By any measure, decentralization has yielded social policies that are starkly uneven in their scope and generosity. At a moment when social policies – across all jurisdictions – were failing to adjust to the changing character of social risk and insecurity, decentralization shuffled new responsibilities onto the backs of state and local governments that in many cases lacked the political inclination or fiscal capacity to step up. Indeed, the devolution of administrative authority and discretion to state and local jurisdiction perpetuates and enables deeply racialized social and economic relations.

On balance, the uneven capacities of state and local government, alongside the remarkable fragmentation of local government in the US, tend to exaggerate jurisdictional inequalities, undermine social citizenship, and respond clumsily – if at all – to demonstrable need. Whilst state and federal social programmes do ameliorate market-generated inequalities, their reach and their effectiveness vary widely across states (Bruch et al. 2020). As a result, and on all-important metrics of economic well-being, security, and opportunity, the state where you live shapes your life and your life chances (Laird et al. 2018; Chetty and Hendren 2018). In a nation marked by pervasive and durable economic disparities, that patchwork of policy choices has itself become a potent source and form of inequality.

The raggedness of the American safety net is especially evident across the last decade. At moments of broad-based need, including the Great Recession and the economic crisis that accompanied the COVID-19 pandemic, state and local programmes lack the capacity or the willingness to help those in need and the federal government has been forced to step in – haphazardly and temporarily displacing or subsidizing state and local aid, and papering over the unevenness of state and local programmes. The result is not relief for those who need it most, but instead a meagre and threadbare patchwork that sustains widespread insecurity – and punishing inequality.

## NOTES

1. We use ‘decentralization’ rather than ‘federalism’ to characterize the US case for two reasons. As an institutional structure or set of intergovernmental relations, federalism represents the macro context in which policies with varying levels of state discretion or authority are embedded. In this way, changes in de/centralization occur within the broader institutional configuration of relations between levels of government. Decentralization is also preferred because it can occur in federal or unitary nation-states, and so is a more fruitful concept for cross-national comparative scholarship.
2. The ten programmes are: cash assistance (AFDC/Temporary Assistance to Needy Families), food assistance (Food Stamps/Supplemental Nutritional Assistance Program), child health insurance (Medicaid and Child Health Insurance Program), child support enforcement, childcare subsidies (Childcare Block Grant/Childcare Development Fund and TANF), early childhood education (Head Start and state pre-K programs), Unemployment Insurance (UI), targeted work assistance through AFDC/TANF, child disability assistance (Supplemental Security Income), and state income taxes



- for families at the poverty line. For more information on the measurement of generosity and inclusion in each programme, see Bruch et al. (2018).
3. These ten programmes represent the majority of programmes that provide resources to economically marginalized families with children. Although the federal Earned Income Tax Credit is one of the largest supports for these families, it is not discussed here because it is an entirely federal programme. For more details on the criteria used in selecting the programmes and the determination of levels of discretion, see Bruch et al. (2018).
  4. Direct social welfare spending accounts for 42 per cent of state budgets but less than 4 per cent of local budgets. Nationally, over 92 per cent of state and local social spending (2019) occurs at the state level (Urban Institute 2022). Local governments (usually counties) provide a wide array of smaller-scale social services, most of which are funded with federal dollars. These include general assistance (cash or in-kind support for those ineligible or not yet approved for federal programmes), workforce development, childcare services, elderly services, housing assistance and shelters, mental health services, and nutrition programmes (Lobao and Kraybill 2009; Lobao et al. 2012).
  5. Cash-based work assistance is not included in the generosity panel of Figure 23.1 due to the much larger range of observed values (\$5,762 at 25th percentile and \$18,704 at 75th percentile).
  6. States are classified into four groups based on legislative control of the two state legislative chambers for each of the 25 years between 1994 and 2018. States are classified as controlled by one party (Republican or Democrat) when they have the majority in both chambers for at least 13 of the 25 years. This results in 21 states classified as Stable Republican and 14 as Stable Democrat. States are classified as 'Split' when neither party controls both legislative chambers for at least 13 of the 25 years, or there is a mostly even split between the three categories: Republican-controlled, Democrat-controlled, or Split. Eight states fit this description. The final category, Shift to Republican, is meant to capture the fairly dramatic shift towards Republican control of state legislatures, and is defined by having Republican control of both legislative chambers in 6 of the last 10 years of the time period (and not already classified as Stable Republicans). Seven states fit this description. Data source: University of Kentucky Center for Poverty Research (UKCPR) (2020), 'UKCPR National Welfare Data, 1980–2018', Gatton College of Business and Economics, University of Kentucky, Lexington, KY. Available online at <http://bit.ly/3dNjQMn>.

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## 24. Urban social protection in Africa

*Jeremy Seekings*

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### INTRODUCTION

Africa has long been an exception to the predominant association between urbanization and social policy. In many parts of the world, welfare states reflected a compromise between the largely ‘urban’ working-class and industrial bourgeoisie (and their ‘urban’ middle-class allies). Until recently, urbanization rates have been low across most of Africa, and social protection limited. When social protection did expand, however, it was not so much in response to the risks facing urbanizing populations, but rather to the risks facing rural populations. Urban social policy is therefore particularly undeveloped across most of Africa.

Africa is a region of the world with, by standard measures, some of the world’s most limited social protection. International organizations point out that Africa remains a laggard. The International Labour Organization (ILO) reports that public expenditure in Africa on both pensions for the elderly and all social protection (excluding health care) is lower, in relation to GDP, than in any other region (ILO 2017, p. 130). African countries spend, on average, only 2.8 per cent of GDP on ‘social security’ (i.e. social insurance and social assistance), compared to a global average of 5.7 per cent (World Bank 2012). The region has the lowest ‘coverage’ in terms of access to social protection, including health care (ILO 2017, p. xxx). Whilst African countries on average spend a higher proportion of GDP on ‘safety nets’ (i.e. targeted or means-tested social assistance) specifically, the absolute safety net expenditure per capita is well below any other region (World Bank 2018) and the proportion of households in the poorest income quintile covered by safety nets is lower in Africa (at less than 10 per cent) than in any other ‘developing’ region (Gentilini 2015a, p. 43).<sup>1</sup>

Africa is also the region of the world with the lowest urbanization rate, despite a recent rapid increase. As of 2014, the urbanization rate in sub-Saharan Africa as a whole was about 40 per cent, which was one half of that in either Latin America and the Caribbean, Europe or North America, all of which had urbanization rates of about 80 per cent. Africa’s urbanization rate was lower even than Asia’s.

Whilst the urbanization rate in Africa has risen, the fact that much of Africa has been and remains agrarian has had profound effects on the size, shape and territorial reach of Africa’s welfare states. Africa’s welfare states are not, however, simply laggard versions of the welfare states of more urbanized parts of the world. They are not simply proceeding along the same welfare-state-building path as major countries in Europe or Latin America did before them. African welfare states have evolved along a different and distinctive path (or paths, given that there is some variation between them). Their origins lie primarily in rural rather than urban areas, in response to the risks that characterize agrarian societies rather than industrial ones and motivated in large part by an agrarian conception of development. This is reflected in the relative importance of social assistance compared to social insurance, in the identification of deserving groups of poor people and in enduring patterns of coverage in urban and rural areas. Africa’s cities might now be growing very rapidly, but social policies in those cities continue

to reflect the agrarian origins as well as enduring agrarian preferences and values among both elites and citizens.

This chapter examines welfare-state-building in African cities, focusing primarily on Anglophone East and Africa. The chapter first considers the character of urbanization in the region. It then shows how Africa's nascent welfare states either made little provision for urban populations or, more recently, extended to them systems designed for rural populations. The chapter then examines more recent debate and contestation over urban policy reform, with international organizations (including both the World Bank and the ILO) promoting alternative visions of social policy in the face of generally ambivalent national governments – with some notable exceptions. The final section considers the impact of COVID-19 on and the future prospects for social policy reform.

## URBANIZATION IN AFRICA

Africa might be less urbanized than other regions, but its aggregate urbanization rate has risen, especially in the 2000s. Data on urbanization in Africa have been described as “surprisingly poor” and “uneven and unreliable”. Not only do definitions of ‘urban’ vary between countries, but “basic measurement flaws and inaccuracies mean that Africa’s changing urban landscape is regularly misrepresented and misunderstood” (Turok 2018, pp. 988–989). The overall trend is clear, however. Across sub-Saharan Africa as a whole, the share of the total population living in urban areas rose steadily from 15 per cent in 1960 to 40 per cent as of 2014.<sup>2</sup> Given also Africa’s rapidly rising population, this has meant that towns have become cities and cities have grown into mega-cities. As of 2016, three African cities (Cairo, Lagos and Kinshasa) had populations above 10 million, another six cities had populations above 5 million and another 49 had populations of more than 1 million (UN 2014).

Contemporary urbanization in Africa is very different, however, to historic urbanization in Europe. In only a few exceptional cases – notably the mining areas of the Witwatersrand (in South Africa) and the Copperbelt (Zambia and the Democratic Republic of Congo) – was urbanization tied to industrialization. African cities and towns were rarely defined by capitalist relations. Moreover, cities and towns were rarely subject to tight regulation by post-colonial states. As Africa’s cities have grown, densely populated informal settlements (‘slums’) have proliferated. Nor has the growth of the urban population generally entailed a complete break with rural society and agricultural production. Whilst some migrants to towns (and their children) embraced the modernity of urban life, many others were slow to consider themselves either fully or permanently urbanized. Through most of the twentieth century, many urban workers chose to remit earnings to rural kin, invest in rural areas and to return to them when their employment in town was complete (see for example Ferguson 1999; Potts 2010).

As a result, African urban life has always been (and still is) characterized by mobility, informality and blurred boundaries between town and countryside. Few people work in formal employment; many eke out livelihoods in non-tradable sectors (including retail and other services). Livelihoods, housing and services are all widely accessed through informal networks. Residents use informal political channels to address problems and engage with the ‘state’. Neither the state nor capital have extended far into urban society. But informal networks and relationships cannot satisfy people’s basic needs: the claims made on them always exceed the capacity to meet them. As Simone has documented, surviving in most African cities requires

that residents, both individually and collaboratively, must navigate their way through chronic crisis (Simone 2004, 2009). This is in part because urbanization in Africa has not been accompanied by rapid economic growth: urbanization rates have risen rapidly in countries experiencing slow economic growth and even in some countries where GDP per capita fell (such as Zimbabwe and Liberia) (Gentilini 2015a, p. 22).

Compared to the countryside, however, towns and cities have also been places of relative economic opportunity. Poverty rates have always been lower in Africa's towns and cities than in the countryside. In Botswana in 2003, 45 per cent of the rural population had incomes below the national poverty line, compared to only 19 per cent of the urban population. In Ghana, less than one in ten poor households live in urban areas.<sup>3</sup> The elderly and disabled are especially likely to live in rural areas.

The urban population share is predicted to reach 56 per cent by 2050. Johannesburg, Dar es Salaam and Luanda are expected to become mega-cities (i.e. with populations greater than 10 million) (UN 2014). Across sub-Saharan Africa, the total urban population will overtake the rural population in the early 2040s, reaching 1 billion in the late 2040s (OECD 2017). This overall growth entails two significant specific demographic shifts. First, the elderly population, whilst small (by global standards) now, will grow steadily. Second, without substantial job creation there is very likely to be a rapid increase in the number of unemployed or under-employed young adults in towns and cities – which is a prospect that has already caused considerable alarm among governments and within the African Union. 'Dependency' rates will rise.

## SOCIAL PROTECTION IN URBAN AFRICA ACROSS THE TWENTIETH CENTURY

The character of urbanization has framed the construction of welfare states in Africa, shaping both social insurance and social assistance programmes. Social insurance remains limited, despite attempts by states and international organizations to develop it. Social assistance has expanded, but primarily in response to needs and conditions in rural areas. The result has generally been that social protection in Africa's cities and towns remains both limited (especially in terms of expenditure) and distinctive (in the coverage of people and risks).

Across much of Africa, the question of social protection was first considered during the 1950s, in the twilight of the European empires. Faced with strikes and a changing international environment – including pressure through the ILO – British and French colonial states sought to 'stabilize' urban workers through the regulation of wages and employment, the introduction of contributory pension schemes and (in the French case) tax-financed family allowances to supplement wages (Cooper 1996). British attempts to implement a broadly Bismarckian approach fell short, however, in the face of the colonial state's limited capacity to administer a contributory pension system (Cooper 1996) and the strong preference for provident funds on the part of African workers themselves. Provident funds provided what were effectively individual savings schemes for workers, without any contribution by the state (except as employer in the public sector). They also allowed workers to withdraw their savings as a lump-sum on retirement (or retrenchment) – which made them especially attractive to workers who aspired to return to farming. Provident funds were widely established in Anglophone Africa at or soon after independence (Parrott 1985).



Provident funds were later replaced by pension funds in some countries whilst persisting in others. Almost nowhere, however, did they come to be as important an element in urban social protection as in other parts of the world. First, coverage was restricted to (at most) workers employed formally in the public sector or in large private sector firms. They therefore reached only a small proportion of the urban population and almost no one who was poor, even in urban areas. Second, they proved to be financially insecure in the face of economic collapse, as in Zambia in the 1980s or Zimbabwe in the 2000s.

In rural areas, both colonial and post-colonial governments imagined that ‘development’ would lift populations out of poverty and therefore focused on agricultural development and marketing programmes that sought to raise the productivity of peasant agriculture and insure farmers against price instability. These ‘agrarian’ welfare regimes would, it was imagined, mitigate poverty among rural households themselves. They would also generate resources that states could appropriate – through taxes, state-controlled marketing boards or overvalued exchange rates – and use to finance the expansion of public health and education, to invest in other sectors or simply to indulge the political elite. South Africa was an obvious exception to this, in that the apartheid state systematically dispossessed African people of land and any opportunity for agrarian livelihoods.

Welfare states did begin to emerge, however. The most important risk facing the poor across much of Africa was neither old age, nor unemployment, nor price instability. It was drought and famine. Agrarian welfare regimes faced the challenge of insuring peasants against drought. Whilst most colonial administrations in Africa performed poorly on this, elected governments after independence faced strong incentives to organize drought relief, whether to legitimate themselves or (in countries with competitive elections) to win votes. Botswana pioneered massive drought relief in the late 1960s, introducing a set of programmes that subsequently grew into an extensive – if conservative – welfare state: feeding schemes for pre-school and school children (as well as pregnant women); workfare programmes for adults unable to support themselves through farming; and relief (in kind or cash) for households lacking adult members available to work. These programmes remained focused on rural areas, however; they were a response to temporary de-agrarianization, rather than urbanization or industrialization (Seekings 2019a). Some programmes were explicitly limited to rural areas, on the basis that they were the areas requiring some compensation for depressed agricultural production. Other programmes were narrowly targeted on the truly desperate. Emergency workfare programmes, for example, generally paid wages that were too low to attract the urban poor. Other programmes were focused on households without adult members available to work, which were more common in rural than urban areas.

Over time, such ‘emergency’ drought relief programmes became institutionalized in rural areas, providing the foundations for many of the social assistance programmes that proliferated in the 2000s. Botswana – an especially drought-prone country – extended its drought relief programmes into non-drought years (Seekings 2019a). Across much of East Africa, the World Bank supported ‘social action funds’ (such as the Tanzanian Social Action Fund, TASAF), which sought to improve livelihoods especially in drought-prone arid areas, in part through short-term, developmental programmes that provided benefits in cash or in kind. Kenya’s Hunger Safety Net Programme performed a similar role in northern Kenya, with support from Britain’s aid agency.

Africa’s most extensive social protection system or welfare state followed a slightly different path but to a similar destination. The ILO identifies South Africa as the ‘front runner’ in

terms of ‘effective coverage’, i.e. the proportion of the population that is either actively contributing to a social insurance scheme or receiving benefits (contributory or non-contributory). The ILO calculates that effective coverage in South Africa stands at 48 per cent, which is more than double the rate in any other African country (ILO 2017, p. 123). The first pillar of South Africa’s social protection system comprises its extensive social assistance programmes, which paid (prior to COVID) monthly grants to (or for) one in every three South Africans at a cost of more than 3 per cent of GDP. Grants for the elderly and disabled are most generous; grants to poor mothers are more parsimonious. The second pillar comprises contributory programmes, including ‘semi-socialized’ insurance for formally employed workers (through privately run but statutorily mandated contributory pension and medical aid programmes) and a very inadequate publicly run unemployment insurance programme (Seekings 2002).

South Africa’s welfare system dates from the 1920s and 1930s, when social assistance programmes were introduced for the partly racist purpose of raising out of poverty ‘poor whites’ – mostly in or from rural areas – so as to ensure a clear racial income hierarchy. South Africa decided against fully social (‘national’) insurance on the grounds that it was too statist and that national schemes were inappropriate in a society that remained significantly rural. Thus, both the social assistance and semi-social insurance sides of the system were shaped profoundly by rural considerations. In the 1940s, social assistance was partially extended to the African population, in large part because officials recognized the deepening of poverty among the rural African population. Social assistance remains a major source of income for rural households in the 2000s. Indeed, as private remittances from migrant workers to rural households have declined in importance, so social grants have become *the* major source of income for as many as one half of all rural households.<sup>4</sup> Many more rural households are indirectly dependent on social assistance in that they depend on selling goods or services to pensioners and other grant-holders.

Social protection across most of Africa, as late as the 1980s, comprised a mix of contributory programmes with limited coverage for the minority of formally employed workers and nascent social assistance programmes in rural areas born out of the imperatives of drought relief. The urban poor survived through their own efforts in the informal sector or through dependence on kin (Ferguson 2015). If unable to work or lacking supportive urban kin, poor people often returned to rural areas. Under one-party states or authoritarian regimes, the urban poor had few opportunities to present their demands to their governments, but could threaten street protest. Faced with this threat, many states regulated or subsidized the price of food and other basic commodities (Lipton 1977).

Several interrelated factors from the late 1980s persuaded governments that a new approach was required to urban (as well as rural) social protection. First, population growth resulted in growing landlessness in many rural areas, which meant not only that removing the urban poor to the countryside was no longer a credibly effective mechanism for mitigating destitution, but also that more and more young people from the countryside were being pushed into towns and cities. Second, structural adjustment programmes often required the reduction or elimination of subsidies for urban consumers. Third, the restoration or introduction of multi-party elections meant that some strategies were no longer politically feasible – and there were electoral incentives to appeal to the poor. Henceforth, governments needed to use carrots more than sticks. Many governments continued to view the urban poor as a threat to order and assessed that rural social protection could serve as an incentive to remain in the countryside (on Ethiopia, see Lavers 2019). However, natural population growth alone was swelling the

numbers of urban-born people whose expectations were not the same as their migrant parents' or grandparents'. In general, therefore, governments faced growing pressures to expand social protection in urban areas.

One path towards expanding urban social protection required no reforms of policy. In a few cases, existing social assistance programmes were national in coverage, although most of the beneficiaries had hitherto been in rural areas because the people deemed deserving of assistance – especially the elderly – lived disproportionately in rural areas. As growing numbers of elderly people and children lived in towns and cities, so national social assistance programmes provided to a growing number of urban individuals and households. In South Africa, the existing system of social pensions and other social grants began to play an important role in urban as well as in rural society. In South Africa's major cities, as of 2017, 31 per cent of all households received at least one grant; grants were the largest source of income for 13 per cent of all households in the major cities.<sup>5</sup> Most grants are paid to women – because more pensioners are female than male and almost all child support grants are paid to mothers – and thus empower women within urban (as well as rural) households and communities (Hochfeld and Plagerson 2011). This also provokes conflict: the payment of grants to young women contradicts patriarchal norms; unemployed working-age men who are not eligible for any grant resent being dependent on pensioners; and some mothers are seen as abusing grants by spending on themselves money that was intended to benefit their children (Button and Ncapai 2019).

In Botswana, similarly, the universal old-age pension scheme provided for elderly men and women in urban as well as rural areas, and children in urban as well as rural households benefited from school feeding schemes. Workfare was, however, confined to rural areas, having been introduced originally as a drought relief measure, and still in the early 2000s understood as temporary support for temporarily destitute households.

In cases like this, programmes that had previously been limited to rural areas were subsequently extended to urban areas also. Botswana's *Ipelegeng* workfare programme was extended to urban areas in 2009, shortly before a highly competitive election. Similarly in Ethiopia, an urban arm of the Productive Safety Net Programme (PSNP) was launched in 2016, in response to urban protests. In Ghana, the Livelihood Empowerment Against Poverty (LEAP) programme was extended to urban areas in 2016. Many countries continued to target programmes geographically, however, prioritizing poorer, rural districts and excluding urban areas. In Tanzania, for example, TASAF rolled out workfare and conditional cash transfers in poor, rural districts. The expansion of urban social protection in response to the COVID-19 crisis also included workfare programmes (see below). It seems that urban workfare is more prevalent in Africa than in other parts of the world.

## URBAN SOCIAL PROTECTION INITIATIVES

Where programmes existed in rural areas, these might be extended to (and perhaps also adapted for) urban areas. Where rural social protection was more limited, new programmes were needed, either for urban areas specifically or to provide for both rural and urban populations. The scope for specifically urban initiatives has been limited by the lack of resources available to municipal governments in most African countries. In some other parts of the world – most notably, across much of Latin America – municipal governments had the resources and powers to introduce social welfare reforms. Brazil's federal *Bolsa Família* programme, for

example, began life as municipal initiatives. When the federal government sought to extend it countrywide, it provided federal funding to municipalities (see Chapter 25 by Marques and Arretche in this volume). In most African countries there has been some decentralization of service delivery from central to local government, but few municipal governments have the resources or powers to initiate significant social protection reforms. The fact that many of Africa's cities (including, for example, Cape Town in South Africa, Kampala in Uganda and Gaborone in Botswana) are strongholds of opposition parties has not incentivized incumbent parties to decentralize finances. Many municipal governments simply lack the funding to provide significant services (Resnick 2011, 2014).

The consequence of this centralization is that specifically urban initiatives have generally been limited to countries where the incumbent party has a clear political interest in addressing urban poverty or insecurity. Mozambique was one of the few countries in Africa where a new social assistance programme was initiated in direct response to the removal of urban food and other subsidies and ensuing urban protests. In a few other countries (including Kenya), small, dedicated programmes have been launched in urban slums. These are exceptions, however. Across most of Africa, the urban poor continue to depend on themselves, typically through informal livelihoods, or on kin. In the mid-2010s, however, international organizations began to emphasize the importance of expanding urban social protection. The World Bank began to promote urban safety nets (Gentilini 2015b) whilst the ILO encouraged the extension of social insurance to more workers in the informal sector (ILO 2015).

The Mozambican case illustrates how social protection can have an urban focus, whilst also revealing the pressures to retain a rural emphasis. Mozambique's government in the 1980s and early 1990s was especially vulnerable to dissent in the capital city, Maputo. Having lost control of much of the rural, central and northern part of the country in a civil war, the south – including Maputo – was the stronghold of the governing party, the *Frente de Libertação de Moçambique* (Frelimo). Hitherto, the self-proclaimed 'Marxist-Leninist' party had contained urban dissent through stringent food rationing, price controls and subsidies. As the economic crisis deepened, the government was compelled to implement a structural adjustment programme. Food prices rose, in part because the civil war prevented any quick improvement in agricultural production (O'Laughlin 1996). With technical advice and initial financial assistance from the German development agency (then the GTZ), the Swiss development agency and UNICEF, the Frelimo government introduced the *Programa de Subsídio de Alimentos* (PSA, i.e. Food Subsidy Programme) in the early 1990s. The programme was targeted on the destitute urban population, specifically households with no able-bodied, working-age adults (and with no family members working elsewhere, including over the border in South Africa): "Households with a severely undernourished child or with a severely under-nourished pregnant woman; elderly persons (over 60 years) living alone or heading households with no employable members; severely disabled people living alone or heading female-headed households which have at least five children to keep and which have no other employable members" (Schubert 1995, p. 509). The programme was notionally means-tested (although it is not clear that this was enforced) and was limited to the urban poor on the grounds that they lacked community- or kin-based informal safety nets. By 1997 it reached more than 100,000 urban households (Garcia and Moore 2012, pp. 279–280). Despite the parsimonious benefits and modest expansion, the government continued to view social protection as a minor element in its overall strategy.

In February 2008, and then again in September 2010, the rising cost of bread, minibus transport, water and electricity led to another round of riots, first in Maputo, then elsewhere also. The 2008 riots prompted the government to triple the very low benefits paid through the PSA, to expand fuel subsidies (especially for urban transport) and to introduce a new urban food voucher programme (*Cesta Basica*). The government also reviewed its approach to social protection. Under pressure from the British and Dutch development agencies as well as UNICEF, the government expanded social protection in ‘rural’ areas. First, the PSA was expanded to rural areas, focused on the elderly and disabled, and renamed the Basic Social Subsidy Programme (*Programa de Subsídio Social Básico*, PSSB). Secondly, two new programmes were created: the Productive Social Action Programme (*Programa Acção Social Produtiva*, PASP), based on the Ethiopian PSNP, provided workfare, whilst the Direct Social Action Programme (*Programa de Apoio Social Directo*, PASD) provided short-term benefits to poor households without adults available for work. These new programmes did cover urban areas, but only reached tiny numbers of urban beneficiaries. In 2016, only 2,000 out of the total of 50,000 beneficiaries of the PASP and only 7,000 of the 46,000 beneficiaries of the PASD were in urban areas. In aggregate, in 2015–2016, the three programmes reached only 100,000 urban households, i.e. the same number as almost twenty years previously, whilst expanding to almost 480,000 rural households. Expenditure on these three social assistance programmes increased to almost 0.5 per cent of GDP, but this was much less than the 1.1 per cent of GDP spent on fuel subsidies, mostly to the benefit of the non-poor (Zapatero et al. 2017, pp. 51, 70).

This Mozambican case thus entailed an initially urban-focused programme being absorbed into a rural-oriented set of programmes. The design of the two new programmes (PASP and PASD) reflected rural rather than urban needs. PASP provided workfare for up to six months per year. As a World Bank team commented:

The logic for this seasonality comes from the experience in rural areas, where households are engaged in agriculture for longer periods of the year and labor-intensive public works are only implemented during the lean season in order not to overlap with households’ productive activities. However, this seasonality does not exist in urban areas (at least in some cities like Maputo). Experiences from other programs in Brazil or Peru have shown that it is more efficient to provide a more intensive and continuous support during a shorter period of time. (Zapatero et al. 2017, p. 74)

The World Bank team acknowledged that “One of the main concerns of the Government of Mozambique to scale up safety net programs is the risk of dependency for able-bodied, working age beneficiaries and the potential disincentives that cash transfers could create for their participation in other productive activities” (Zapatero et al. 2017, p. 16). Governments across Africa have been more willing to entertain short-term rural workfare programmes – extending the principle of drought relief to non-drought years also – than urban workfare.

A focus on rural rather than urban poverty – in Mozambique and elsewhere – was encouraged by the World Bank. In the 1990s, the World Bank ousted the ILO as the premier international organization operating in the field of social protection across the Global South. The World Bank championed two sets of reforms. First, it encouraged the privatization of contributory pension schemes, i.e. replacing social insurance with individual savings accounts. Given that formally employed workers were mostly in urban areas, this had the effect of reducing the state’s role in urban areas. Second, the World Bank promoted ‘safety nets’ for the very poor, which meant the rural poor. In the World Bank’s view, safety nets – including workfare – could serve as developmental ‘springboards’ out of poverty. In the 2000s, the Bank

became enamoured with conditional cash transfers, as pioneered in Mexico and Brazil, as a specific form of safety net. It strongly encouraged African governments to introduce similar programmes. Whilst conditional cash transfers in Brazil reached many poor urban households (and originated as municipal experiments), in the African context they were directed primarily at the very poor – most of whom were in rural areas.

In the mid-2010s, the World Bank began to recognize the challenges posed by persistent poverty in Africa's rapidly growing towns and cities. A report in 2015 emphasized the global need for safety nets in urban as well as rural areas (Gentilini 2015a). The report suggested that “we are at the beginning of a journey where interest, practices and know-how are growing, but where the role of safety nets in urban areas – and in the urbanization process more widely – remains a complex, dynamic and largely pristine domain” (Gentilini 2015a, p. 12). The careful review of some of the ‘first generation’ of urban safety net programmes did, however, identify many innovative ways in which safety net programmes had been adapted to overcome the technical and other challenges posed in urban areas. This review covered cases from Latin America and Asia at length, but the only African case discussed was Nairobi (Kenya), where two small unconditional cash transfer programmes were introduced in slum neighbourhoods in response to food price rises in 2009. Both coverage and benefits were modest, with fewer than 5,000 households receiving an amount sufficient to cover only one-third of the household food basket. The programmes were run by non-government organizations. The programmes were intended to be developmental, assisting young people to find work. Benefits were therefore paid for a limited period only (Gentilini 2015a, pp. 123–130). A short version of the report was included in the World Bank's 2015 *State of Social Safety Nets* report (Gentilini 2015b). A subsequent report examined similarly modest, essentially experimental, programmes targeted narrowly on people living in extreme poverty in selected urban areas in three Francophone African countries (Benin, Republic of Congo and Mali). The primary obstacle to implementation was the problem of identifying beneficiaries, given the weaknesses of both existing official identification systems and of community organization (Moreira and Gentilini 2016).

Such programmes might be modest in Africa – with a total of only 13,000 beneficiaries in the four countries concerned – but the World Bank soon incorporated into its social protection strategy an acknowledgement of the importance of urban social safety nets. Whereas the word ‘urban’ was mentioned only eight times in the World Bank's 2012 *Africa Social Protection Strategy 2012–2022* (World Bank 2012), it was mentioned 47 times in the World Bank's 2018 report on *Realizing the Full Potential of Safety Nets in Africa* (Beegle et al. 2018). The latter report argued that there was “a need to create innovative social safety nets to fit the urban context”, whilst acknowledging challenges, including “the identification and targeting of the poor in informal urban settlements, communication campaigns, and high population mobility, which could result in low program uptake and enrollment” (Beegle et al. 2018, p. 72).

The World Bank has not been the only international organization to emphasize the importance of expanding social protection in African cities. The ILO pushed back against the World Bank in response to the Bank's appropriation of the issue of social protection in the 1990s. The ILO recognized that it needed to shift away from its long-standing commitment to (and preoccupation with) contributory social insurance. In the early 2000s, it began to emphasize social security ‘for all’ and costed proposals for social assistance reforms in Africa (and elsewhere). It formulated proposals for ‘social protection floors’, culminating in a recommendation adopted at the 2012 International Labour Conference (Deacon 2013). The social protection floor strategy enabled the ILO to call for social assistance (covering the poor) at the same time

as it continued to promote social insurance for the non-poor. The strategy was framed by the ILO's priority of promoting 'decent work' and the formalization of informal employment. The ILO had not engaged fully with African conditions, however. Of the 35 chapters in the ILO's celebration of *One Hundred Years of Social Protection* (excluding sections on health and fiscal space), only seven concerned Africa: five of these focused on the South African case, one on Cabo Verde and one on the Sahel (focusing on responses to climate-related shocks) (Ortiz et al. 2019). Most African governments, however, remained ambivalent about the social protection floor strategy (as well as the broader decent work agenda) (Seekings 2019b).

In practice, whilst the ILO continued to promote the strengthening of social protection floors (see, for example, Falange and Pellerano 2016, on Mozambique), it also continued to promote the expansion of social insurance as part of its goal of formalizing informal employment. This second strand of its work was especially important in urban Africa. Whilst the ILO has little to say about peasant farmers, who make up the vast majority of informal sector workers in Africa, it has more to say about informally employed wage workers in towns, including domestic workers, taxi-drivers and construction workers. In Zambia's major urban areas, i.e. Lusaka and the Copperbelt, informal employment represents about 80 per cent of total employment. ILO researchers in Zambia clearly noted the many challenges, including weak state capacity, widespread distrust of the state, weak civil society organization, and low and irregular earnings. What was less clear was how to address these. The ILO recommended an integrated system of contributory social insurance against the risks of destitution, but suggested also that this would need to be tailored to the needs of specific sectors, would pay contribution-related (not flat-rate) benefits, and would require subsidization from tax revenues (or cross-subsidization from unidentified higher-income participants in risk-pooling schemes) (Phe Goursat and Pellerano 2016).

Whilst both the World Bank and ILO now advocate urban-focused social protection initiatives, such initiatives remain a lower priority than programmes that are explicitly or implicitly focused on poorer, rural areas. In the absence of significant political and fiscal decentralization, African states themselves have been slow to initiate major reforms of urban social protection. The result is that urban social protection continues to be the poor relation of its rural cousins.

In addition to political and ideological factors, the slow expansion of urban social protection might also reflect administrative difficulties. Most rural social assistance programmes entail targeting through some kind of a means test or community-based selection. Designing and administering a means test or running a community-based process may be more complicated in urban than in rural areas (Cuesta et al. 2021).

## COVID-19 AND URBAN SOCIAL PROTECTION

In Africa, COVID-19 generated an economic crisis rather than a public health one. Much of Africa escaped the worst of the COVID-19 pandemic during 2020, with only South Africa and the North African countries suffering from large numbers of confirmed cases and fatalities: South Africa alone accounted for about one half of the continent's 1 million confirmed cases and 40,000 deaths, according to official sources by October 2020, with the North African countries accounting for another fifth of the total.<sup>6</sup> But the continent was plunged into its first recession in a generation, affecting urban areas disproportionately. Urban livelihoods are firmly rooted in the market economy and monetized, rendering them especially sensitive to

economic recession. Rural livelihoods better withstood the global recession, with food production – whether for subsistence or sale – affected less by the recession than by natural disasters (including drought, floods and locusts) and ongoing armed conflicts.

Preliminary studies as well as models revealed the likely economic impact in urban areas. In Ethiopia, six out of ten urban households reported that their income had fallen. In Kenya, 45 per cent of urban households reported reduced incomes, with the poorest slums experiencing the biggest reduction (UN Habitat and WFP 2020, pp. 18–20). Whilst food insecurity remained worse in rural than urban areas, the rate of food insecurity in urban areas is estimated to have risen dramatically (UN Habitat and WFP 2020).

Globally, many governments announced dramatic expansion of social protection. Data collated by Gentilini (at the World Bank) suggested that 1.3 billion people benefited globally from the expansion of social assistance cash transfers in 2020, with another half-billion people benefiting from in-kind (i.e. non-cash) programmes. This amounted to one in six people on the planet. In Africa, coverage expanded, but from a very low base (Gentilini et al. 2020). Contributory unemployment programmes were of limited importance, except in South Africa, and even in the South African case the eligibility rules had to be modified to facilitate rapid access. Social insurance accounted for only 9 per cent of reforms across Africa (compared to 24 per cent globally). In contrast, social assistance programmes predominated, accounting for 84 per cent of African reforms (compared to 61 per cent globally).

In South Africa – the African country worst affected by COVID-19 and by an extended and severe lockdown – the government announced a bold package of reforms, most of which built on existing social protection programmes covering urban and rural areas. The total cost of the emergency social protection announced in March and April would amount to about 2 per cent of GDP, i.e. an increase of more than 50 per cent above pre-lockdown provision. First, the unemployment insurance programme was extended through an emergency reform, paying in effect a wage subsidy through employers to several million workers who had been in formal employment, almost all in urban areas. Second, existing social grants were supplemented by between \$10 and \$25 per month for six months, benefiting directly about twelve million individual recipients, including the elderly, disabled and poor mothers, as well as their dependants. Third, a new emergency programme was introduced for unemployed adults with no other source of income. This programme was aimed at eight million people who had been employed or who had lost informal employment, and who would be paid the equivalent of about \$20 per month for up to six months. Whilst the emergency unemployment insurance scheme and the supplements to existing grants were rolled out quickly, the new social grant was rolled out slowly (Seekings 2020a). By September, it had reached only five million people, well below the target of eight million.<sup>7</sup> In addition, the suspension of South Africa's school and preschool feeding programmes deprived millions of children of daily meals (Seekings 2020b). The various initiatives directly reached about one half of the adult population, and indirectly a much higher proportion. It is possible that the expansion of social protection will endure beyond the COVID-19 crisis.

In Malawi, a court ordered the government to make provision for the poor affected by the lockdown. A total of 172,000 poor urban households – i.e. about one-third of the urban population – were identified for cash transfers of about \$47 per month, for six months, part-funded by the World Bank. This emergency programme was a substantial extension of existing programmes in rural areas (Gronbach 2020). In Kenya, beneficiaries under existing programmes were paid once-off supplements worth approximately \$70, or four months of regular transfers.



A new emergency workfare programme (*Kazi Mtaani*) was introduced for urban youth. At first focused on just over 100,000 people in four cities, it was later extended to towns across the country, reaching 270,000 people. The programme paid \$4 per day, for 11 days per month (Gronbach 2020).<sup>8</sup> Togo's *Novissi* programme ('*novissi*' meaning solidarity in the Ewe language) paid the equivalent of about \$20 per month to more than a half-million adults, i.e. 7 per cent of the population.

Across most of Africa, reforms of social protection systems were very modest. Emergency programmes in urban areas were generally highly targeted (on people in extreme poverty) and paid parsimonious benefits. In Madagascar, the government and international organizations joined to run and fund the *Tosika Fameno* programme, through which two cash payments were made to about 270,000 households (in April/May and June/July 2020). In Mali, a one-off emergency cash transfer was paid to 75,000 urban households. In Uganda, the existing rural workfare programme was extended to urban areas (through an Urban Cash for Work Programme), reaching an estimated half-million beneficiaries. In all these cases, the benefits were parsimonious. The Uganda urban workfare programme, for example, paid participants the equivalent of \$1.75 per day for up to 24 days, i.e. a total of \$42 (UN Habitat and WFP, 2020).

Gentilini et al. (2020, p. 3) calculate that the per capita value of social protection reforms across sub-Saharan Africa was, as of September 2020, only \$10, compared to a global average of close to \$250. Some countries implemented almost no reforms. Botswana, for example, only provided additional food baskets to the poor. Whilst the COVID-19 crisis did drive an expansion of urban social protection, the emergency programmes generally reflected prior programmes: most paid modest benefits, and most were either targeted on the very poor or entailed workfare.

## CONCLUSION

Africa's urban social protection regimes are characterized by low overall coverage, comprising limited social insurance, covering the generally small numbers of workers in formal employment, and growing – but generally still limited – social assistance. The recency of urbanization and the prevalence of oscillating or circulatory migration reduced the demand for large-scale urban social protection, whilst conditions in rural areas – especially drought – served to promote growing interventions with a primarily agrarian focus. Urban social protection regimes remain limited in part because many of the favoured interventions – including both social pensions and short-term workfare – are predominantly aimed at categories of deserving poor located in rural rather than urban areas and address risks that are more common in rural than urban areas. The COVID-19 economic crisis propelled some expansion of social protection, especially in urban areas, but in most countries the emergency measures remained modest.

Path dependence might be important, but why has recent rapid urbanization (and the COVID-19 crisis) not pushed urban social protection off the former path in a different direction? The neglect of urban social protection in Africa stands in sharp contrast with rapid expansion of urban social protection in some other parts of the global South. Brazil's *Bolsa Família* and China's *Dibao* programmes were originally introduced in urban areas (see Chapter 25 by Marques and Arretche and Chapter 26 by Hammond in this volume). In both

countries, subnational urban government had the administrative and fiscal capacity, as well as political incentives and authority, to initiate reform. Few urban administrations in Africa have any such capacity or authority. Social protection in Africa remains focused on rural areas, run by the national government, often with external funding from aid donors. Even when supposedly national in coverage, programmes tend to reflect the perceived priorities of the rural poor (short-term workfare, for example) or to benefit social groups concentrated disproportionately in rural areas (the elderly, for example).

Even when governing parties have a strong incentive to appeal to poor urban votes, they rarely advocate dedicated urban social protection programmes. In Zambia, the Copperbelt and Lusaka have been the decisive provinces in recent elections: each of the two major contestants had rural strongholds so the elections turned on votes in these urban areas. In 2011, Michael Sata and his Patriotic Front (PF) won the election in part through their populist appeal to urban voters (Resnick 2013). In 2015 and 2016 the PF candidate, Edgar Lungu, retained sufficient urban support to win (albeit on a playing field that was far from level, in that the opposition was harassed and there was probably also some electoral fraud). Yet neither Sata nor Lungu ever fully embraced social protection. Their populist message revolved instead around infrastructure and patronage (Siachiwena 2016, 2017). The ambivalence towards urban social protection reflects an enduring idealization of the countryside and of work among elites and ordinary citizens alike. South Africa has the most extensive regular social protection system in sub-Saharan Africa. Yet, even there, amidst very high unemployment, unemployed young men in urban areas oppose suggestions that young men like them should receive unemployment benefits (Dawson and Fouksman 2020). Across Africa as a whole, not even the economic crisis arising from COVID-19 has led to a dramatic expansion of urban social protection.

## NOTES

1. The ILO and World Bank measure different things. The ILO's definition of social protection includes social insurance, most of which in Africa benefits non-poor workers and their immediate dependants, as well as some social assistance. The World Bank's definition of 'social safety nets' covers only social assistance, including two sets of programmes that are excluded by the ILO but are very important in Africa: benefits paid in kind (feeding schemes) and public employment programmes (workfare).
2. Data from the World Bank's World Development Indicators (WDI).
3. WDI data.
4. General Household Survey, 2017, author's own calculations.
5. General Household Survey, 2017, author's own calculations.
6. See <https://bit.ly/37QRk8K>.
7. South Africa, 'Update on Covid-19' by Department of Social Development to Parliamentary Portfolio Committee on Social Development, 2 September 2020.
8. See also <https://bit.ly/3suDuRx>.

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## 25. Social policies and security in favelas and urban peripheries of Brazilian cities

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### INTRODUCTION

This chapter discusses state policies targeting urban poverty spaces in Brazil since the country's return to democracy in the 1980s. By urban poverty spaces, we refer to a heterogeneous group of urban peripheries predominantly occupied by favelas and irregular settlements, each of which are subjected to different levels of segregation and social vulnerability. The period brought contradictory results to the welfare of the poor. Important improvements have been made in the provision of social and urban policies targeted at these spaces; yet at the same time, this period has also been characterized by the parallel rise of organized crime and urban violence, unexpectedly reinforced by the same security policies that should prevent and reduce them. In recent times, Brazil has been amongst the countries with the highest numbers of deaths due to the COVID-19 pandemic, in the most part due to the disorganization of federal responses. As in other countries, those hardest hit by the pandemic were the poor and their spaces due to the higher urban and residential density, housing precarity and lower access to sanitation and health services.<sup>1</sup>

Although these processes vary by city (especially for urban and security policies), the trend of conflicting welfare directions is clearly a national issue. This contradictory trajectory is different from what is usually expected by both welfare (Esping-Andersen 1990) and service delivery debates (Palmer et al. 2017), both focused at national level transformation that tend to suggest homogeneous results for whole countries and their several policy sectors. Recently in Brazil, contradictory processes have been extending the social rights and improving the living conditions of the urban poor and their spaces, but at the same time other processes submit them to daily violence. These processes were produced by policies implemented by different levels of government – federal, state and municipal, sometimes articulated in the multilevel governance arrangements of Brazilian federalism, but sometimes simply juxtaposed with very little coordination. The goal of this chapter is to analyse this trajectory and its consequences.

Considering these contradictory processes, instead of focusing solely on traditional social policies and their consequences, our analytical strategy follows two steps. We start by examining the trajectory of selected social policies, including (i) education, health care, and welfare, including the *Bolsa Família* conditional cash transfer programme, and (ii) urban policies, including housing and infrastructure, particularly slum upgrading initiatives. Although all these provisions presented important improvements since the return to democracy, it is helpful to look at each of them separately since they have been affected both by federal-led constitutional provisions and reforms (social policies), and by local (urban) policies that were first disseminated horizontally between municipalities, and subsequently adopted at the federal level.

Social policies in Brazil have seen substantial transformation under the current democratic regime, especially in education, health, and social assistance – the latter centred on, though

not exclusively associated with, the *Bolsa Família* conditional cash transfer programme. Moreover, the expansion in entitlements coincided with the expansion of urban policies targeted at precarious urban areas of large Brazilian cities and metropolises. These areas involve a heterogeneous group that include urban peripheries occupied predominantly by segregated favelas and irregular settlements, but also *cortiços* (slum tenements) and favelas near city centres. Policies targeting these areas include the expansion of infrastructure – water, sewerage and waste management systems – as well as slum upgrading, special zoning, and alternative housing production. Such urban policies were first implemented by local administrations in the 1990s and subsequently adopted by President Lula’s government.

However, it would be completely inaccurate to discuss the living conditions of the poor in Brazilian cities whilst ignoring the parallel expansion of urban violence and organized crime. Criminal organizations increasingly compete to control people’s everyday lives, either by challenging the state’s monopoly over violence or by controlling key resources for day-to-day survival, including local economic opportunities for the low-skilled youth. Therefore, we argue that the expansion of criminal organizations in urban peripheries went hand-in-hand with the improvements in social conditions through classical social policies, such as health, education, and welfare. Public security policies were not only incapable of addressing the existing challenges, but also contributed to the worsening of living conditions in Brazilian urban peripheries. As we will see, the expansion of state policies that combined mass incarceration with little control over prisons empowered criminal organizations to control prisons and later to also challenge the state’s regulation of peripheral urban spaces. For a while, crime control programmes oscillated between traditional mass incarceration policies and alternative policies (such as the Pacification units – UPPs – in Rio de Janeiro). Since 2015, however, mass incarceration has become highly hegemonic in public debates and government agendas.

The chapter includes four sections in addition to this introduction and the conclusion. The first section presents some basic information on Brazil, including its cities, policies, and institutions. The sections that then follow look more closely at three groups of policies that impact upon the living conditions of the urban poor. In the second section, we discuss social policies, focusing our attention on the so-called ‘universal policies’, whose rules for entitlement were established by the 1988 Constitution and have been reformed many times since. The third section discusses urban policies, associated with the expansion of rights and welfare but adopted mainly by local governments in the 1990s and nationalized with the Ministry of Cities in 2003. The fourth and final section analyses public security policies and criminal activities. In conclusion we summarize the main elements under discussion.

## BRAZILIAN CITIES AND URBANIZATION

To better situate the uninitiated reader, this section presents some information about Brazilian cities and their poverty spaces, as well as about basic institutional features that frame the policies analysed in the next sections.

Despite its huge territorial size, Brazil is an urban country with a network of very large cities, accounting for around 85 per cent of its population in 2010. Brazil had 25 urban agglomerations in 2009 with at least 750,000 inhabitants, the fourth highest number of large agglomerations in the world, only behind China, India, and the United States (United Nations 2013).

These cities are a product of large-scale urbanization processes, underway since the 1950s, which saw the mass migration of the poorer rural population in the northeast to the affluent industrialized southeast. The net migration balance reached 7 and 13.6 million persons between 1950–1960 and 1960–1970, respectively. As a result, Brazil's urban population jumped from 12.9 million in 1940, to 82 million in 1980 (Baeninger 2011). Most of these migrants were low-skilled workers who ended up employed in the informal labour market (if not unemployed). Despite the many transformations experienced by Brazil since then, both the absolute and relative majority of poor individuals live in urban areas: of the 23 million Brazilians with earnings below the poverty line in 2009, 14 million (61 per cent) lived in cities (Maia and Buainain 2011).

This impoverished migrant population could not afford to buy their own homes, nor were they targeted by any housing or basic infrastructure policy. The first mass federal housing policies were not introduced until 1964, although these only marginally reached the poor and had no effect whatsoever on the very poor (Maricato 1987). Indeed, the first mass policies to reach this latter group were introduced as late as 2009 (Marques 2019), as we shall see in the following sections. Despite the impressive rates of urbanization since the 1950s (Baeninger 2011), the poor in general and the newly arrived in particular had to use their own resources to find accommodation, resulting in diverse housing solutions and widespread urban precariousness. Three general types of precarious housing are found in Brazilian cities: favelas, irregular settlements and cortiços (Kowarick 1979). We briefly summarize the differences between each of these since they influence urban segregation and the different policies introduced.

*Favelas* are undoubtedly the best-known type of precarious housing. These consist of settlements, self-constructed illegally on previously squatted land. It is their placement upon such land invasions that distinguish these from other kinds of precarious housing, rather than the lack of infrastructure (though most lack services to different degrees), or their urbanistic pattern of occupation (usually irregular). In contrast, irregular settlements are housing developments legitimately constructed, but where the developer disappeared before completing the settlement, hampering its regularization. However, in this case, the inhabitants are owners of the land and do not fear eviction. Finally, *cortiços* are tenements in which each family typically occupies just one room within a large house, sharing bathrooms, kitchens, and laundry areas. Cortiços and favelas are usually located in central areas or close to affluent zones (as illustrated by several well-known large favelas in Rio de Janeiro), while irregular settlements tend to be situated far away from central areas due to land cost.

The production of metropolitan spaces in Brazil has given rise to what we generically call 'peripheries', consisting of increasingly distant areas with almost no infrastructure and self-built houses, characterized by the three above mentioned precarious housing solutions. Brazil's cities grew from the 1940s to the 1980s in these extremely poor forms of urban occupation with minimal infrastructure. Under the current democratic regime, the expansion of public policy provision (as we will see in the next sections), as well as the emergence of a low-income housing private market, have geared up much more poly-nuclear metropolitan spaces, changing the social composition of these peripheries. Although urban frontiers are still present at the edge of older peripheries, the consolidation of the latter increased the social and spatial heterogeneity of metropolitan urban tissues (Marques 2016).

It is also important to present some basic institutional information before moving on to discuss specific policies in more detail in the next sections. Brazil is a federal country where

both the states (provincial governments) and municipalities have the same constitutional status. This provision was introduced in the 1988 Constitution.

Although this division is not clearly stated by the Constitution, reforms introduced from the 1990s onwards established the typical federal division of jurisdictions among different tiers of government. The federal government is responsible for income policies (pensions, employment insurance, and cash transfer programmes), as well as for the regulation of most social policies (health, education and social assistance). States and municipalities, on the other hand, are responsible for the implementation of social policies that directly affect the welfare of people, as well as the provision of most urban services. Urban policies (for example, planning, land use, and building regulations, urban mobility, infrastructure and garbage collection) are prerogatives of municipal governments, provided directly by local governments or by private entities under contract or concession.

In any case, both state- and federal-led policies deeply affect local government policies by means of regulation and funding. As a result, upper-level policies end up producing some coordination, regardless of the vast inequality amongst local governments. Policy-specific systems inherited from the military regime were transformed endogenously as a result of universal entitlement goals set by the 1988 Constitution. Besides, the 1988 Constitution generally favoured decentralization, resulting from the rejection of the extreme centralization of policies during the military period (1964–1988). Following up the Constitution mandates, a number of reforms converted the constitutional principles into concrete policies. As a result of the federal policy-making powers set by the Constitution, decentralization reforms in fact transferred policy-making powers to states and municipalities, rather than actual autonomy over decisions (Arretche 2012).

Basic education and health care, for example, are local government responsibilities, but local policies are regulated by nationwide federal-led policy-specific provisions (laws) and funding (national funds and transference rules) which deeply affect local choices (Arretche 2012). For instance, 20 per cent of state (provincial) and local government revenues are automatically withdrawn to a state-level fund, which is then reallocated to reduce inequalities in cross-jurisdiction spending capacities.

Urban policies had a different path. Although local governments were recognized as constitutionally autonomous by the 1988 Constitution, urban policies were not amongst the priorities in the federal agenda throughout the 1990s. Although the chapter of urban policies of the Constitution introduced important provisions, such as the so-called ‘social function of property’, its conversion into policies required the enactment of ordinary laws, something that only happened much later, in 2001, with the City Statute. As a result, policy-specific reforms, in this case, were caused by the dissemination of locally developed experiences throughout the 1990s. The introduction of this agenda at the federal level happened only with the left-wing Workers Party (PT) presidencies from 2003 to 2015.

Finally, public security is the responsibility of state governments, indeed an exception in the centralized Brazilian federation, which concentrates decision-making authority in the Union (Arretche 2012). Criminal law instead is an exclusive federal right. Municipal governments can make their own polices but are forbidden from street patrolling or conducting criminal investigations.



## SOCIAL POLICIES AND THE POOR

Social policies underwent a paradigmatic change because of democratization. The 1988 Constitution, whose promulgation concluded the transition to democracy, replaced a conservative model of social protection (Draibe and Henriques 1988). In that model, characteristic of the origins of the Brazilian social protection system of the 1930s, the right to pensions and health were granted only to workers into the formal job market, excluding most of the Brazilian population. This model was extended during the military regime, but entitlement rules associated with formal occupations were preserved.

A paradigmatic change took place in the 1988 Constitution. Outsiders were included by means of guaranteed access to universal and free public health care and education, along with a non-contributory pension programme targeting the poor. Largely inspired by social democratic welfare states, these policies both produced fiscal stress and reduced inequality from the early 1990s to 2015 (Arretche 2018; Kerstenetzky 2019). Although the funding capacity of the Brazilian state impeded a truly social democratic scale of policy provision, there is no doubt that an incremental expansion of services took place (Arretche 2018).

Whilst the federal government remained in charge of cash transfer programmes, the expansion of health and education implied building multi-level policy systems. In this, the federal government performs a regulatory and redistributive role, whilst state and local governments are mainly in charge of policy-making. Although local governments developed capacities in all policies, the notion of decentralization does not accurately summarize the vertical rescaling (Kazepov 2010) that led to the specific multi-level governance arrangement within the emerging architecture of the Brazilian state. Key decision-making authority remained centralized, as in the case of health and social assistance, or was centralized for the first time, as in education. There was also an incremental expansion of local implementation, although this was done without considering federal-led regulation (Arretche 2012). Therefore, local governments' autonomy is policy-specific; that is, limited by federal-led regulations in health, education, and welfare, but broader in urban policies, which are much less regulated by the federal government.

On the other hand, as in European cases (Kazepov 2010), policies incorporated a substantial amount of new non-governmental actors, both for profit and non-profit (Gurza Lavallo 2007). Policy changes were more the result of endogenous reforms triggered by constitutional provisions than by programmatic partisan preferences since they occurred during both the centre-right Brazilian Social Democratic Party (PSDB) presidencies (1994 to 2002) and the left-wing PT governments (2003 to 2015). This involved clear processes of institutional building and policy learning, which were highly policy specific (Arretche et al. 2019).

The historical legacy of the health sector, for example, was one of high centralization of policy-making and policy decision-making in the federal government's hands. Since its inception in the early 1930s, it was up to the federal agencies both to set rules and to implement health care programmes. Indeed, entitlement to health care overlapped with social security, both being a right linked to contributions resulting from formal occupations in the labour market. Despite high unemployment and widespread informal occupations, this conservative model remained untouched up to the late 1980s. The 1988 Constitution introduced both universal and free access and decentralization of policy-making to local governments. Both changes took place, meaning that the creation of the Unified Health System (SUS) led to the incremental transfer of policy implementation to state and municipal governments; govern-

ance was rescaled toward a division in which the Union oversees policy decision-making and cross-jurisdiction redistribution, whilst subnational governments implement and partially fund policies. Despite significant intra-bureaucratic obstacles over decision-making imposed by federal bureaucracies in the early 1990s, several federally led ministerial provisions introduced rules, later creating funding incentives, basic care and local capacity building. This resulted in the increase of basic services to municipalities, mid-level and highly complex services to states, and hospitals continue to be mainly private.

Regardless of advances, such as a reduction in the infant mortality rate from 69.1 per 1,000 living births in 1980 to 13.8 in 2015, three main problems persist. Firstly, the health sector is heavily underfunded since 1988, when its source of revenue was separated from social security contributions and pensions, while the number of beneficiaries has more than doubled because of universalization. The second problem is the difficulty in regulating private sector provision, especially in the area of hospital care. Finally, since the public system (SUS) coexists with private health insurance, this double entry is the most important factor behind inequality in access to health care (Menicucci 2019).

The trajectory of education is somewhat different since provision was historically decentralized, being supplied by either municipalities or states (usually more concentrated in elementary and high school education, respectively). College education, by contrast, has always had a strong federal presence. The 1988 Constitution established that elementary education (7- to 14-year-old students) is compulsory. To handle territorial inequality in funding capacities, a constitutional amendment approved in 1996 created state-level funds to which every state and local government is obliged to contribute (initially 15 per cent, but currently 20 per cent of their revenues). Each jurisdiction is entitled to withdraw from state-level funds a per capita amount, calculated according to the number of elementary education places offered. The original 1996 constitutional amendment was replaced by an extended version in 2006, which expanded the policy to high school and preschool years (6- to 17-year-old students). These policies generated competition between subnational governments and led to an increase in public spending from 3 per cent of GDP in 1988 to 6 per cent in 2012 (Gomes et al. 2019). As a result, cross-region and cross-individual inequality in education provision and access diminished. In 1992, the difference between the richest and poorest regions in the share of children aged 6 to 14 enrolled in schools was 17 per cent, and this dropped to 1.7 in 2015 (Gomes et al. 2019). After 2005, higher education would also be impacted, with the expansion of university opportunities for students in both public and private universities, as well as with the creation of social and racial quota systems (Gomes et al. 2019).

Finally, reforms have transformed welfare policies since the 1988 Constitution. Welfare policies long remained of residual importance. Historically associated with charity initiatives, they were led first by religious organizations without any state intervention, and after 1942 by a federal agency. The 1988 Constitution amended this by establishing welfare as a right within the scope of social security. In 1993, a federal law called the Social Assistance Statute (LOAS) set out the rights, goals, and principles of the nation's welfare policy. Furthermore, the Continuous Cash Benefit (BPC), a non-contributory transfer to elderly poor and people with disabilities, began to be implemented. The BPC reached 4.5 million beneficiaries in 2015 (Jaccoud 2019).

Throughout the 1990s, several local- and some state-level governments also created cash transfer programmes, conditional on children's school attendance. Under the presidency of Fernando Henrique Cardoso (PSDB), these became federalized, aimed at fighting food inse-

curity, child labour, and school non-attendance. The *Bolsa Família* programme, launched in 2004, unified and scaled up these smaller federal programmes, turning it into one of the largest conditional cash transference programmes in the world, reaching 14 million families in 2015 (Jaccoud 2019). Additionally, under President Lula (PT), an effort to integrate cash transfers to welfare services was launched, particularly after the creation of a nationwide welfare system in 2011. Largely inspired in the national health care system, the Social Assistance System (SUAS) is also a multi-level policy through which federal-led rules and funding create incentives for locally implemented programmes that target vulnerable populations – extremely poor families, homeless people, people with drug addiction, and so on. Groups of social service professionals should implement these programmes based on specific social assistance centres constructed and maintained by municipalities. A latecomer, this policy is currently being built (Bichir and Gutierrez 2019).

Obviously not only because of these policies, but also because of the dynamics of the economy and the labour market between 2003 and the 2015 crisis, the proportion of people below the poverty line in Brazil fell from 31.1 per cent in 1992 to 24.5 per cent in 2003 and to 7.0 per cent in 2014 (Januzzi 2016). The Gini coefficient for income, which reached its peak in 1992 at 0.606, declined continuously from that point onwards, but more intensely after 2002, falling to 0.517 in 2014 (Januzzi 2016). In the period following the 2015 economic and political crisis, economic indicators were partly reversed, with the growth of both poverty and income inequality.<sup>2</sup>

## URBAN POLICIES

By the mid-1980s, the highly centralized policies of the military period that had been responsible for providing housing and urban infrastructure were falling into open decay. Local agencies created to build housing and provide sanitation and transportation were still in operation, but were underfinanced and under intense pressure from rising demand. The federal government lacked the revenue to enforce adherence to its policy amongst local administrations. The crisis of underfunding created space for policy innovation from below, contributing to even more territorial differentiation throughout the country. This was also a moment when left-wing governments took office in many large cities as a result of direct elections for state capital mayors and state governors.<sup>3</sup> From the late 1980s to the mid-1990s, many local governments created and disseminated various non-traditional policies (Marques 2019) such as slum upgrading,<sup>4</sup> irregular settlement regularization (Fernandes 2011), land zoning for social and environmental purposes (Santoro 2019), self-help housing (Denaldi 1997), master plans (Santos Jr and Montandon 2011), air rights for financing social housing (Sandroni 2010), participatory budgeting and several other arrangements for social participation in policy production (Baiocchi et al. 2011). We must add that although also relevant, these last participatory initiatives were local in reach and less widespread in urban policies than in social policies (education, health, social assistance), due to the presence of federal incentives in the latter but not in the former (Gurza Lavalle and Barone 2018).

In 2003, urban policies obtained higher priority on the federal agenda, with the creation of the Ministry of Cities at the very first installation of the Lula presidency. The next 10 years would be marked by the massive action of federal-led policies, creating incentives for the production and dissemination of local level policies, although with decreasing insulation

from political pressures (Rolnik 2011). In fact, the introduction of federal regulations over urban policies started slightly before, with the approval of the City Statute by Congress in 2001, defining the so-called ‘social function of property’. This institute was quite important, since it established limits for urban private property and defined the conditions for the use of instruments created by the 1988 Constitution but not yet detailed in mandatory specific laws.

The new Ministry created in 2003 set out a new urban agenda that incorporated policies created locally throughout the 1990s and brought to the federal level by the migration of activists, academics and policy-makers previously active in local PT governments, who were key to the formation of the new Ministry. This included the creation of the National System for Social Housing (SNHIS), comprising a national fund and a representative council, created in 2005 along with the National Council of Cities, which organized six National City Conferences, held between 2003 and 2016 (Klintowitz 2015). In terms of regulations, national plans were launched for housing in 2007, solid waste in 2011, urban mobility in 2012, and sanitation in 2013.

Investments in urban areas increased, both directly through federal programmes, and indirectly through incentives to the private sector. Private credit for housing production jumped from US\$15 billion per year in 1994, to US\$50 billion in 2010, already adjusted to inflation (Dias 2012). Direct federal investments for slum upgrading programmes in several metropolitan areas – road construction, drainage, sanitation, and stabilization of geotechnical or flooding risks – reached US\$15.7 billion between 2007 and 2014 (D’Ávila 2015). In the third line of action, a new federal housing programme (Minha Casa, Minha Vida – MCMV) contracted the building of 3.8 million housing units between 2009 and 2015. The programme delivered some 2.1 million units until the end of 2015, when an additional 1.3 million were under construction (Proni and Faustino 2016). This production corresponded to US\$74.9 billion (D’Ávila 2015) with around US\$39 billion spent in subsidies (Proni and Faustino 2016).

This housing programme was subject to heavy criticism, especially for focusing on the construction of new housing units as well as the location of its units, peripheral and usually disconnected from local urban planning, contrary to the reformist agenda that the Ministry was trying to lead (Cardoso and Aragão 2013). Even so, considering the previous state of urban and housing policies in Brazil, without a doubt this was an especially important period that will be missed even by its critics. Since 2015, during both the Temer (Brazilian party of the democratic Movement, PMDB) and Bolsonaro (Social-liberal party, PSL) governments, federal programmes to urban areas were strongly reduced.

In terms of coverage, a continuous increase is evident over the democratic period, although with some variation between policies. Unfortunately, the most up to date national statistics available is the 2010 census, and the next census will not be released until around 2021. Today, water and electricity supplies and waste collection reach almost the entire population, respectively 91.8, 99.7 and 97.4 per cent in 2010, with almost no variation between social groups. Sewerage services are by far the worst in terms of coverage, reaching just 64.1 per cent of households in 2010. This service also varies between social groups, reaching just 52.9 per cent of the 40 per cent lower-income households in 2010. This service also shows huge cross-regional variation, with 87.9 per cent covered in metropolitan São Paulo, compared to just 29.1 per cent in metropolitan Belém, for example (Marques 2018). Social tariffs tend to be quite rare, and almost all consumers pay the same structure of water, sewerage and electricity fees proportional to consumption, even inhabitants of favelas and all irregular settlements. Garbage taxes tend to be quite rare, and the service is financed directly by municipal budgets.

It is important to add that differences in service quality remain, although they are more difficult to grasp with the available data. By ‘quality’, we mean, for instance, the frequency of water and electricity supplies or garbage collection. However, although cross-region and cross-individual inequalities remain, the advances of the last decades in service provision have been remarkable.

On the other hand, the prevalence of precarious housing is still extremely high. The Brazilian census of 2000 estimated 6.7 per cent of Brazilian households were in precarious areas, but estimations departing from the same data and using statistical analysis and GIS techniques showed that areas with the conditions considered officially by the census housed around 13 per cent of households (Marques 2007). The João Pinheiro Foundation (2016) estimated the housing deficit in 2015 to be 9.3 per cent of existing households, using an approach that departs from survey data to classify households (and not areas) considering excessive expenditure on rents, cohabitation, absence of infrastructure and excessive density. Due to the two different definitions of these estimates, the numbers present some overlap and cannot be simply added. However, it is likely that somewhere between 15 and 20 per cent of Brazilian households (between 6.5 and 9 million housing units) present some serious degree of precarity and need to be replaced.

It is impossible to accurately estimate the problem presently, but it has probably increased since the 2015 political and economic crisis and the decline of federal policies and programmes, which have been almost completely halted since 2019.

## PUBLIC SECURITY AND URBAN VIOLENCE

The most negative phenomenon impacting the welfare of the poor in Brazilian cities nowadays is urban violence. Crime indicators rose between the 1980s and the mid-2000s, peaking at the end of the 1990s and then stabilizing or reducing in some states, such as São Paulo. For the whole country, homicide rates, for example, increased from 11.7 in 1980 to 31.6 in 2017, while car theft rose from 118,000 to 273,000 from 2007 to 2016, and at the same time, in São Paulo homicides peaked at 44.1 in 1999 but fell to around 10 in 2017.<sup>5</sup>

Although a commonsensical argument would expect that increasing social policies should directly reduce urban violence, this implies a linear (and univocal) relationship between social conditions and violence, which is far from accurate and still subject to debate (Crutchfield and Wadsworth 2003; Barata and Almeida 2000). There are clearly connections between poverty and urban violence, but the latter is a much more complex phenomenon, including the intertwined processes of violent sociability, domestic, racial, and gendered violence, institutional (including police) violence and criminal activities. This relationship is also mediated by diverse state structures (police and judicial systems) and societal dimensions (community, associative, and family structures) involved in each case.

Our aim here is not to discuss or to analyse these complex elements. We acknowledge that increases in urban violence negatively impact upon the welfare of the poor and register its presence in recent Brazil. One of the most important elements has been the increase of criminal activities, particularly in urban peripheries (Feltran 2011). Public security policies have potentialized the problem rather than reducing it, although their impact differs considering local conditions.

To account for this variation, we compare the two largest Brazilian cities – Rio de Janeiro and São Paulo, both of which have experienced increasing crime rates but with diverse criminal and police trajectories. Some years ago, the situation in Rio de Janeiro seemed to be more typical of the rest of the country (Misse 2011), although more extreme, but the expansion of criminal organizations in the last decade exported the ‘São Paulo model’ to other cities.<sup>6</sup>

### **Rio de Janeiro: Drug Lords and Favela Control**

The presence of organized crime in Rio de Janeiro is not new, but in recent decades it has evolved from illegal gambling (*Jogo do Bicho*) and localized drug trafficking to the large-scale territorial monopolies of organized crime (Misse 2011; Zaluar 1985; Barcellos and Zaluar 2014). The state’s main response was repression, incarceration, and civil rights violations, although this was also mingled with police corruption that largely tolerated criminal activities (Soares et al. 2005).

Since the 1970s, crime has become more ‘verticalized’, with the consolidation of large ‘comandos’ – that is, large criminal organizations and networks that constantly fight for territories and the affiliation of local drug lords (Soares et al. 2005; Silva 2001). Open violence in recent years has typically involved disputes over the control of favelas; such ‘turf wars’ receive wide media coverage (Barcellos and Zaluar 2014). According to Soares et al. (2005), these disputes led gangs to arm themselves to prevent territorial invasion from other gangs and the police. After this ‘cold war’ process, each gang controlled much more gun power than needed, fuelling new criminal cycles and diversifying criminal activities. At the same time, there has been a substantial fall in the average age of the individuals involved in criminal activities (Barcellos and Zaluar 2014). Those who enter the world of crime in Brazil today know that their time will be short-lived and seek out an experience of money, women, drugs, and booze – all symbols of power that they could never achieve outside criminal activities (Barcellos and Zaluar 2014; Feltran 2011). The provision of welfare by criminal organizations was always minimal and was not at the heart of their territorial control, differing from non-state organizations in other countries that also dispute territorial control with the state (Cammatt and Maclean 2014).

The other (intricately connected) side of the problem concerns the police, or at least the corrupt portion of the police force. The relationships between the police and drug lords have always been conflicting and based on consistent civil rights violations (Soares et al. 2005; Arias and Barnes 2017), yet also based on commercial agreements and disputes over the so-called criminal markets (Misse 2011). Historically, corrupt police officers profited from regular ‘protection’ payments (paid in mafia-like style), extortion after the imprisonment or kidnapping of drug lords, and confiscation/reselling of drugs and weapons. More recently, a new business has emerged: the *milicias*, vigilante groups formed by police and ex-police who develop criminal activities parallel and in competition with drug-trafficking organizations. At the end of the 1990s, groups of corrupt police officers expelled drug lords from favelas and started their own criminal activities, although maintaining connections with state officials by providing electoral support to their candidates and local representatives (Misse 2011).<sup>7</sup>

Whilst these sections of the police profit from illegal activities, the state has to provide solutions to the rising crime figures, as well as to the insecurity perceived by the general public and broadcasted by the media. This led the police to develop new strategies targeted specifically to confront the territorial control held by drug lords over favelas. The most extreme solution is

centred on a military police unit called BOPE, which specialized in the use of warfare tactics to enter favelas and even today continues to be responsible for many civil rights violations. The assassination of the activist and councilwoman Mariele Franco in 2018, still not completely solved, was most probably associated with the *milícias* and carried out by an ex-member of this elite squad.<sup>8</sup>

More recently, the Rio de Janeiro state government launched a new policy, based on the so called UPPs aiming at curbing urban violence during the 2014 World Cup and the 2016 Olympic Games. The state occupied the most important favelas – located in the wealthier areas of the city (Zona Sul) or other strategic locations – with relatively few civil rights violations. Drug activities were pushed out to distant regions, especially the Baixada Fluminense and the consolidated periphery. After the occupation, police bases (UPPs) were installed inside the recently ‘liberated’ favelas, accompanied by community services and activities. Specialists considered the strategy to be positive (Barcelos and Zaluar 2014), although stressing the need for wide-ranging police reform in the long run (Lourenço 2011; Arias and Barnes 2017).

Nonetheless, the deep economic and political crisis that afflicted the state of Rio de Janeiro after 2015 has led to a failure of the UPP experience, despite the positive results achieved by the police until 2012 (Lourenço 2011; Arias and Barnes 2017; Cano 2012). In the first months of 2018, the federal government decreed a military intervention on the public security sector of the state of Rio de Janeiro, but the results were meagre. Most UPPs were dismantled between the end of 2018 and the beginning of 2019, but in mid-2019 the state government announced the intention of recreating them.<sup>9</sup>

### **São Paulo and the PCC Control over Prisons**

The structure of organized crime in São Paulo is completely different and somewhat less visible, though no less relevant. From the early 1990s onwards, the state of São Paulo experienced a sharp increase in crime. State authorities responded with mass incarceration, causing the prison population to jump from 55,000 in 1994 to 160,000 in 2010.<sup>10</sup> The internal control of prisons, however, was left to prisoners themselves, responsible for distributing meals, cleaning, and guarding inner sectors. By taking this course of action, the state avoided various problems related to prison management but also abdicated management and control of the ‘prison people’ (Adorno and Salla 2007; Miraglia and Salla 2008). The control over these activities handed substantial power over to the better organized groups, but also the most violent, leading to increasing unrest (and riots) due to mounting internal violence. In 1993, a criminal group started a ‘new form of organization’ based on fighting police violence and regulating violence amongst prisoners, except when authorized by their organization: the PCC (*Primeiro Comando da Capital*). Their slogan was ‘peace, justice, and freedom’ (*Paz, justiça e Liberdade*), and they followed very strict norms of conduct (Biondi 2009). State authorities enjoyed the change since it reduced prison riots (Miraglia and Salla 2008), but after the group eliminated its rivals, it consolidated its power and became monopolist within prisons.

As the policy of mass incarceration continued, the São Paulo state government built new prisons and transferred prisoners throughout the state of São Paulo. In so doing, it both dispersed the organization and provided it with new recruits. The next step was the extension of the organization’s reach and operational mechanisms to poor peripheries (Adorno and Salla 2007; Miraglia and Salla 2008), something that happened through the connecting channels between prisons and neighbourhoods (lawyers and family visits), but mainly with the end of

jail times, when people socialized within the organization went back to the streets (Feltran 2017).

Today, the organization regulates most crimes in São Paulo, both inside and outside prisons, including drug dealing, car theft, bank robberies, and kidnappings (Feltran 2017). This does not mean direct control or ‘taxation’ over criminal activities, but the establishment and enforcement of rules across a significant portion of the metropolitan region, leading Feltran (2017) to argue that the state and criminal institutions dispute the legitimacy of regulating the everyday sociability of the poor. This might include control of the territory itself (as in Rio), but involves mainly the constitution of a parallel justice system. This system includes trials conducted by juries connected by mobile phones both inside and outside prisons – the so-called ‘debates’ (Feltran 2017), replacing a highly imperfect but somehow accountable rule of law by a calm and silent, but violent, rule of fear (Feltran 2017).

In recent years, crime figures have been falling continuously in the state of São Paulo, especially homicides, which had reached 44.1 in 1999 but fell rapidly to around 15 in 2007 and 10.3 in 2017.<sup>11</sup> Some analysts explain this as a result of public security policies (Freire 2018), but others suggest that the declining homicide rates result from the PCC’s control over peripheries, regulating the world of crime (Feltran 2017). The PCC has been trying to expand its control over other parts of the country, with intense conflicts with local criminal organizations. At the same time, mass incarceration policies have also tended to expand in part due to the demise of the Rio de Janeiro Pacification Policies (UPPs), with extremely negative prospects for the future.

In both Rio de Janeiro and São Paulo, therefore, the welfare of the poor has been deeply influenced by the dynamics of criminal organizations and by their multiple relations with security policies. In Rio de Janeiro, this involves living side by side with armed gang members that sometimes close schools and health units, establish curfews, stop access to streets and alleys (and even homes), not to mention constant gun shootings between criminal groups and the police. The development of *milícias* worsened the situation substantially, blurring even more the frontiers of criminal organizations and the apparatus of public security. In the spaces of poverty of São Paulo, criminal organizations are less visible, but have even stronger effects over the daily lives of the poor, exerting similar control over public spaces and access to services, not to mention the possibility of suffering the consequences of their parallel judicial system. In both cases, various degrees of civil rights violations by the police are also frequent.

Finally, we must add that the forms in which crime competes with the state must be differentiated by policy fields, creating a complexity not always quite easy to grasp. In some cases, the two orders are superposed but do not conflict directly. This happens in social and urban policies that may have their functioning disturbed by crime but do not conflict with it in their logic. This can be exemplified by the fact that the sons of drug-dealers study regularly in municipal schools, everybody circulates within streets that may be upgraded by projects, and if the police shoot gang members, these will probably be taken by a police car to be admitted into a state level hospital (if not killed on the way). In the case of the rule of law and of the establishment of order, on the other hand, the orders of the state and criminal organizations collide irreversibly, seriously impacting upon civil rights.



## CONCLUSION

This chapter has departed from the assumption that, to better grasp policies affecting urban peripheries, we need to take a more comprehensive approach than one focused exclusively on social policies or just housing and infrastructure policies. Instead, key social policies such as health, education and service welfare policies must be combined, not only with urban programmes, but also with public security policies and their effects, since these profoundly affect people's everyday lives and well-being. This is so because in Brazil – and probably in many other countries – the state does not have the monopoly over the setting of rules that regulate sociability in the urban peripheries. Instead, criminal organizations compete with the state for the monopoly of violence and authority, which includes an increasing capacity to control the means needed for an individual's survival.

The first three sections of this chapter maintained that Brazil can be said to be a successful case of an inclusive transition to democracy; meaning that constitutional provisions aim to ensure universal access to education, health care, and welfare. Moreover, under democracy, the architecture of the Brazilian state has been incrementally and endogenously changed to implement such rights, leading to a sharp expansion of inclusive urban policies and improvement in social indicators. On the other hand, the expansion of organized crime has also increased levels of violence, and it challenges the legitimization of the state. It is within this context that the COVID-19 pandemic arrived, disproportionately impacting the poor and their spaces, due to less access to sanitation and health services, and higher density and precarity of their houses and spaces.

It is difficult to make a single and coherent conclusion as to the extent that the criminal dynamics in urban peripheries curtail the gains of citizenship produced by broader and more inclusive social and urban policies. What we can state is that life in peripheries is increasingly affected (positively) by many social and urban policies; at the same time, however, the increasing presence of criminal organizations (and frequently also the police) limits the life choices (and lives themselves) of these populations.

## NOTES

1. See <https://bit.ly/3MSUg77>.
2. See <https://bit.ly/3kP1gpn>.
3. See <http://bit.ly/3pXxP4W>.
4. See <https://bit.ly/3cXT154>.
5. See <https://bit.ly/3uCkcvd>.
6. See <http://bit.ly/3bKKVNx>; <http://bit.ly/3dMtBut>.
7. See <https://bit.ly/3w95PjE>.
8. See <https://bbc.in/388ifAj>.
9. See <https://bit.ly/3sAnSvZ>.
10. See <https://bit.ly/3Pc2CJ9>.
11. See <http://bit.ly/3uLQy6O>.

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## 26. Innovative (local) social policies in China

*Daniel R. Hammond*

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### INTRODUCTION

In the decades since 1978 when the Third Plenum of the 11th Central Committee agreed to both reform China's economy and open up to the outside world, both central and local government have embraced innovation as part of the policy process.<sup>1</sup> This use of innovation matched the more pragmatic ideological outlook of China's leadership, first under Deng Xiaoping and then his successors. Innovation also allowed both central and local government to experiment in order to achieve the ends sought by China's leaders. These could be matched to different local conditions and, if successful, could be adapted and rolled out nationally as desired. Social policy is one area where a significant amount of innovation has occurred. As Chen and Göbel (2016) argue, social policy was a leading area of innovation in China and, in addition, China's cities also led the way in experimenting with new approaches to policy.

This chapter will introduce readers to innovation in China's urban social policy. It will first discuss how policy innovation is defined in the Chinese context. Second, it will address the place of cities within the Chinese system of government. Third, it will introduce the system of social welfare, security, and assistance in China. The chapter will then show, through two examples drawn from the author's research on social assistance, that there are three factors influencing innovation. First, as will be shown in the discussion of innovation in China, the motivation to innovate can be due to either the effort of officials to aggrandize themselves in response to top-down mandates for policy change, or to address perceived local government problems. Second, innovation faces an institutionalization problem in China. This relates to innovations frequently being tied to the careers and political fortunes of key individuals, which affect their sustained implementation (Fewsmith 2013). Finally, as observed by Lieberthal (1992), in China it is often the case that politics trump policy. This means that an innovation designed to address a particular problem can, once implemented, be co-opted by policy actors to fulfil their own ends, which might deviate from the original policy objectives. Finally, the chapter will look to the future by briefly discussing what the impact of both Xi Jinping's leadership and the COVID-19 outbreak has been on innovation in China's urban social policy.

### INNOVATION IN CHINA

Before discussing specific examples of how innovation in urban social policy works in China, there are two points which should be addressed. First, what does innovation mean when referring to China's urban social policy, and why does it happen? And, second, what place do cities have within the Chinese system, and how does this affect innovations in urban social policy?

Regarding the first question it is notable that, typically, the literature on policy innovation in China tends not to address what is meant by innovation. By default, innovation is treated as experimentation and the two terms are used interchangeably in various studies (see for example

Zhu 2013 or Zhu and Xiao 2015). This is not exclusively the case and there is work which addresses the term more fully. Heilmann (2008a, 2008b) outlines innovation as a process from ‘point to surface’ whereby local level pilots move to a broad range of demonstration sites and then, if deemed successful by senior leaders, national implementation. This process is hierarchical in nature, but not necessarily predictable in as much as local implementation and outcomes cannot always be controlled.

Teets (2015), when reviewing the state of the field on innovation in China, defines innovation in China as “creating or adopting a new policy to address perceived governance problems” (p. 82). Innovation is notable in that it is new to the particular context, but not to the world more generally – it is not invention. In their study of the Awards Programme of Innovation and Excellence in Local Chinese Governance,<sup>2</sup> Chen and Göbel (2016) note that innovation in China seeks to improve governance and tends to be dominated by changes in rural self-government, social welfare, and the evaluation of administrative performance (pp. 79, 87). This brings us to how the CCPE, and by extension the Chinese state, defines innovation when it is recognizing and rewarding those it has deemed to have succeeded in this area. Based on a presentation by the Director, Yu Keping, the criterion for innovation in the awards is that it, “must not imitate or duplicate, and have not been carried out in accordance with orders or arrangements by higher authorities” (Yu 2015). This clearly sets a high standard of what might be deemed innovative, but it should be noted that it is the ‘degree of innovation’ rather than an absolute criteria. For the purposes of this chapter, innovation will be understood in line with Teets’ definition, which allows for a degree of flexibility, but is also sufficiently rigid to avoid including everything that is different or every little change being discussed as an innovation.

Why do Chinese policy-makers innovate? Addressing the motivations of multiple actors is a challenge, but there is a general agreement in the literature that innovations in China occur for two main reasons. First, Teets (2015) refers to aggrandizement, where the centre signals its intent for change, or there can be change in a particular policy area, which is then followed by a local response. Second, there is a more pragmatic reason, where officials respond to problems governing their area of responsibility due to “social instability or economic crisis” (Teets 2015, pp. 82–83). In both cases what motivates officials to innovate is, first, it will ultimately enhance their prospects of being promoted up through the state hierarchy. A second reason for those officials who have reached their limit in terms of career progression is that, through addressing problems and concerns with governance, they secure their position and ensure stability. This does create a problem with institutionalizing innovations because change that occurs in response to a central order may not have the political will needed to sustain it, and those changes made for pragmatic reasons may not survive changes in leadership, or could end up being trivial and short lived (Teets 2015; Fewsmith 2013).

## CHINESE STATE STRUCTURE AND THE IMPORTANCE OF CITIES

Cities are important in China for four reasons when it comes to considering innovation in social policy. First, for the ruling Chinese Communist Party (CCP), cities are ideologically important. The CCP is still a Leninist organization which adheres to its own Marxist-Leninist dogma. This informs all aspects of policy, even if it might appear only rhetorical. Cities, as the industrial base on which revolution should theoretically be based and as the home of the

proletariat, are ideologically important to the Party. This is one of the reasons why urban areas were the main beneficiaries of resource allocation under the planned economy and continued to be viewed as important in the reform era after 1978.

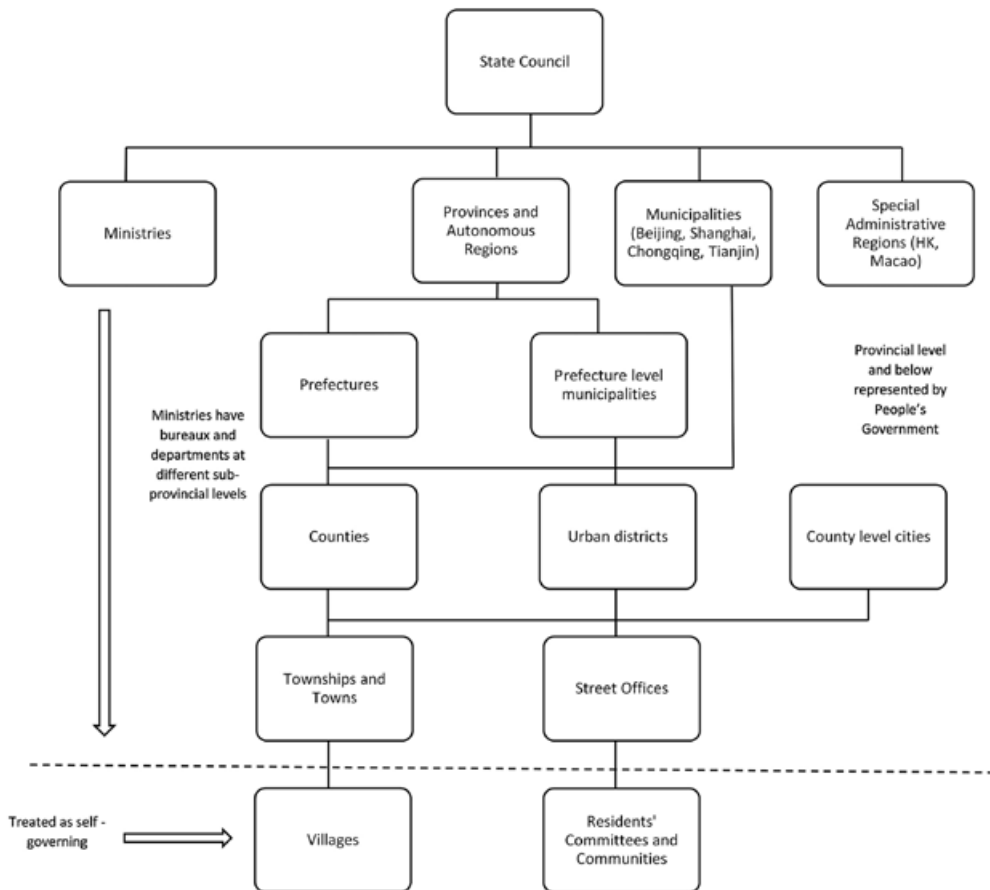
Second, they are politically important and administratively distinct within the Chinese system. In political terms, as Wallace (2014) argues, cities are important because they are home to millions of people living in high density compared to more rural areas. For authoritarian regimes, cities matter because they are the most likely source of any political challenges to the ruling power. In China this has led to various policy outcomes, most notably the *hukou* system of household registration (see Cho 2013 and Wallace 2014 for in-depth discussions of China's system of household registration), the privileging of cities in resource allocation, and the administrative split between urban and rural areas. As will be shown later, these distinctions are important when it comes to policy-making because China's urban areas are operating under a different set of policies compared to its rural areas. In addition, these urban areas tend to have more administrative power to introduce new ideas relative to rural areas.

Third, China's cities tend to be resource rich compared to more rural areas. In the years before 1978, this was because of deliberate policy decisions in the planned economy which privileged urban areas for ideological and political reasons. In the years since 1978, cities have tended to benefit more from the introduction of the mixed-market economy after the initial boost to the rural sector in the early 1980s, and have pulled ahead of rural areas in terms of their financial resources. This has been further entrenched through changes to the collection and allocation of taxes in 1994 which meant that those cities which were already comparatively wealthy continued to be so, whereas less well-off cities and rural areas became more reliant on central allocations (Hammond 2018, p. 51).

Fourth, cities tended to have the more complex social welfare arrangements. When it came to reforming the system in the late 1980s and into the 1990s, the more problematic aspects of the system began to threaten China's financial stability. This was due to a combination of factors. Most notable was the complex arrangements between state-owned enterprises (SOEs) and collective enterprises, the state, and local government in terms of provision for different parts of the labour force. The funding of these provisions was based on central government budget allocations until the late 1980s, when the state began to shift fiscal responsibility onto enterprises. At this point, many SOEs began to rely on bank loans in order to meet their basic costs, which included social policy provisions, even though underperforming enterprises were unlikely to be able to make repayments. This led to a crisis in the late 1990s, where the central government, under the leadership of Premier Zhu Rongji, had to address SOE reform through a reduction in the number of enterprises, lay-offs of workers, reform of the social welfare system, and the repackaging of non-performing loans (see Cho 2013 and Hurst 2009 for more on lay-offs of workers from SOEs).

Overall, this means that China's cities have tended to be the trendsetters or leaders when it comes to making innovations. Chen and Göbel's (2016) study of CCPE innovation awards supports this, as they show that social welfare was one of the dominant areas of innovation (p. 87) and also that more prosperous urban areas were 'pioneers' in "generating policy innovation in the social welfare domain" (p. 94). This leading role, however, dissipated after a high point of the early 2000s. This broadly matches the shift in priorities and resource allocation to rural areas which occurred under the leadership of Hu Jintao and Wen Jiabao, as discussed by Wallace (2014), although it should be noted that there was an expansion of urban social provision during this time as well.

Despite its authoritarian underpinnings, the Chinese state is decentralized with provinces and sub-provincial units having a high degree of space in which to interpret and implement policy. The various layers of the state are illustrated in Figure 26.1. Decentralization has been enhanced by both the Chinese state’s willingness to embrace experimentation when seeking policy solutions, as well as the recognition that, due to variation in development levels across China, there needs to be flexibility in developing and implementing policy. Frequently, central government policy is deliberately framed in a way which is open to subsequent interpretation by local government. Rather than passing a law, a circular will be issued, followed by regulations, and eventually this might be codified as law, but it could also be followed by further clarification through additional circulars, revised regulations, or notes on methods for local government to follow. This is a deliberate practice which ensures that provinces and cities, which vary developmentally and administratively, can still implement a similar policy with a few adaptations.



Source: Author's own.

Figure 26.1 *The administrative structure of the People's Republic of China*

As discussed above, Fewsmith (2013) notes that a challenge for China is the institutionalization of these innovations. In his study of reforms in local government, it was observed that innovation is highly dependent on individual leaders within the bureaucracy and an innovation will wax and wane depending on the career of the individuals who supported the development. When these key individuals are moved on, due to either promotion, being moved sideways or falling out of favour, innovations will require a new champion to step in and support them. Without this, policies can be changed or rolled-back and the innovation disappears.

Additional factors which can affect the lasting power of innovations in the Chinese context include matching a policy to the dominant values of the time. This ensures that policy fits with the dominant thinking of the leadership and can protect a policy from being undermined or rejected. If those values change in a significant way, such as after a central leadership transition, this can render the innovation vulnerable. Resources are another area which can affect an innovation. As noted above, China is a diverse state, and cities across it have a wide range of capacity when it comes to implementing policy, including in terms of finances, personnel, and authority. What might be a straightforward innovation in a relatively wealthy and developed coastal city might place an unsustainable burden on a less developed city in the interior. Finally, the state bureaucracy is something which any innovation will need to be guided through. The complex mesh of interlocking interests, vertical and horizontal lines of authority, and the challenges of ensuring central and local government coordination and cooperation is an enormous task. As Lampton (2014) notes, there are thousands of these nodes within the system and any one of these can delay or scupper an innovation on its way from local development to national policy.

In order to sustain an innovation or facilitate its transition into an established part of a policy programme, a number of things need to happen in China. First, the innovation needs to be insulated against the problem of relying on individual champions. This can be done through legislation, either through regulations or law, which then embeds the policy in the Chinese government system until it is revoked – which is a much more difficult task once these steps have been made. Second, securing a guarantee of sustained resources is extremely important, and this often requires those in authority in central government to back an innovation. Third, a higher authority needs to be involved in order to facilitate the navigation of the complexities and conflicts inherent to the Chinese state structure. These conflicts are typically concerned with allocation of resources and spheres of influence/responsibility – for instance, the Ministry of Human Resources and Social Security and the Ministry of Civil Affairs often come into conflict over who has responsibility for different social policies. This process can be eased if the innovation matches the dominant values of the time because it makes it harder to resist or ignore. Without these elements it is likely an innovation will not stick and will instead drift into partial and variable implementation if it survives at all.

## **SOCIAL POLICY DIVIDES IN CHINA: TERRITORIAL, SECTORIAL AND INDIVIDUAL**

A set of programmes which can be understood as social policy has been established in some form since the founding of the People's Republic of China (PRC) in 1949. However, as noted above, the idea of social policy as a term and concept of government is only a relatively recent development (Ngok 2016). Social policy between 1949 and 1978 was based around a set of



interlocking principles and policies which divided up the Chinese population and determined the programmes for which an individual might be eligible. The key principle was the ‘Iron Rice Bowl’, the shorthand for cradle to grave provision of some form of social policy provision which had “everyone eating from the same pot” in terms of resources (Leung and Xiao 2016, p. 35). These divisions were between urban and rural areas, between different institutions through the work unit (*danwei*), and finally, based on the ability to work. These divisions all existed within a planned economy based on five-year plans which set production targets and developmental objectives for the country as a whole. Employment within this system was also planned and job allocation was a decision made by the state. Programmes typical of capitalist welfare regimes, such as unemployment insurance, did not exist because the system did not require it – employment was guaranteed and provided by the state. Having said this, hidden unemployment amongst groups like graduates waiting for work allocations did exist, but this was not recognized or provided for by the state.

The first division, between urban and rural areas, was based on the household registration (*hukou*) system and determined an individual’s status as agricultural or non-agricultural. This meant that urban social policy was distinct from rural policies. It also allowed for urban areas to be privileged in terms of the scope and generosity of social policy (see Cho 2013 and Wallace 2014). The second division essentially meant that where an individual worked, even if it was in an urban area, would have a significant impact on the type of programmes that were accessible to them. The divisions between work units, an organization which acts as a link between an economic or social entity, the CCP and the state, during this period meant an individual would fall into one of three groupings – Party/state, state-owned, or collective enterprise. The scope and generosity of the social protection policies an individual might be eligible for was greatest for those working for the Party/state and least generous in collective enterprises, where provision would typically be in-kind and based on the resources available to the collective. State-owned enterprises tended to be in heavy industry and predominantly employed males. Collective enterprises tended to be light industry and service oriented and with a predominantly female workforce (see Cho 2013 for further discussion of this issue).

Finally, the ability to work would determine whether an individual would be funnelled into the social security, social welfare, or social assistance system. These divisions meant that where an individual was born (urban or rural), where they worked (for the Party/state, SOE, or collective), and their ability to work, all fed into the kind of provision they might be entitled to. This meant that when differences in levels of development across the country were also factored in there was significant variability and inequality in provision during this time. Wallace (2014) argues that the key reason behind these distinctions was the prioritization of social stability in urban areas when resources were limited. For those with disabilities, provision extended to the creation of employment opportunities (Yang 2016, p. 224). A final observation from this period is that despite all the upheaval China experienced under Mao, the constitution of the PRC consistently guaranteed the provision of some form of material assistance from the state for those who were old, ill, or disabled.

The start of reform and opening from the late 1970s onwards acted as a driver of change, due to the way these processes unpicked the structure and practice of the planned economy which underpinned the provision of social support. Moreover, the process of reform provided the intellectual and policy freedom to pursue policies which would have been ideologically unacceptable in the preceding period – for example, poverty could not exist in the Maoist period and so no policy was in place to address it (Hammond 2018). When considering these changes,

four general trends can be observed. First, reform led to a reconfiguration of economic priorities. Ultimately, this saw a move away from collective and state-owned enterprises as the default mode of economic organization and an increasing role for private enterprises. Second, the process of reform in social policy shifted the fiscal obligations and consequent risk of provision from the state. Initially this risk was moved to enterprises; but because this was potentially crippling to some parts of the state-owned sector, efforts were subsequently made to pool risk by financing programmes across individual, provincial and sub-provincial levels. In some cases, such as health and pension policy, the central government eventually took a key role in pooling risk and providing the finance for programmes (see Frazier 2010 on pensions and Zhao et al. 2017 on health). Third, the reforms and changes to social provision created new interests and groups which had either not been a critical concern to the state or had not existed. This includes for example the working poor, the unemployed, and pensioners (Hammond 2018) – the two former groups having not existed or been recognized, and the latter having been provided for adequately before 1978. To some extent, changes in social provision in China during the reform era have not been about providing to particular groups out of any sense of moral obligation, but more because these groups need to be co-opted in order to maintain regime legitimacy (see Hurst and O'Brien 2002 on pensioner protests, for example). Fourth and finally, reform created further space for innovation to occur in the design and implementation of social policies as the central government relaxed control over economic planning and encouraged local government to develop policy according to local needs.

## GENERAL OBSERVATIONS ON INNOVATION IN URBAN SOCIAL POLICY

Developments in different areas of social policy generally follow a pattern of innovation and experimentation prior to national implementation. Changes in how the state-owned and collective sector operated had a knock-on effect on the social policies that were traditionally delivered through them or created the need for them to be developed. This argument, sometimes referred to as the economic determinist approach, is not universally applicable or accepted. In health, the position that changes in the management of medical provision was the exclusive result of economic policy has been challenged by Duckett (2011), who highlights the ideological openness within the health bureaucracy which allowed for the idea of marketization to take hold. Subsequent innovations in the delivery of healthcare have been part of an ongoing reaction to the consequences of changes in provision. This addressed the key constituencies of workers from the state-owned sector and the emerging private sector first before eventually addressing the urban poor in the 2000s.

While open to new ideas and international input, the running of pensions followed a more straightforward path, determined by changes to the traditional state-owned and collective sector management and delivery. This became a matter of urgency in the 1990s, when protests by pensioners began to cause concern amongst leaders. Innovations in the pension sector were mandated by the state to address the inability of the state-owned sector to cope with hardening budgets and welfare obligations. These new policies iterated on how to pool risk whilst meeting ongoing obligations (Béland and Yu 2004; Frazier 2010).

A final area to consider is the introduction of unemployment insurance, which was in response to the changes in how the state-owned sector operated. In 1986 changes to labour

regulations allowed for workers to be made officially unemployed (Ngok and Xie 2016). This new group therefore needed to be dealt with before they became a threat to social stability. Therefore, the need to innovate and introduce a new system of unemployment insurance was driven in part by a state mandate.

The ideological underpinnings of the CCP and how these values influence policy are also important. The desire of the CCP to maintain stable social relations influences the areas of social policy within which innovation can occur. Huang (2013, 2014, 2015) argues convincingly that to understand the various changes in social policy in China observers need to consider the driving factor of the CCP's need to co-opt and placate various social groups. This helps explain the maintaining of the hierarchy of divisions based on *hukou*, place of work, and ability to work within Chinese social policy during the reform period.

As well as values and structure, innovations also require state and societal policy actors who have the ideas, resources, and motivation to pursue new policies and make the initial leap which leads to innovations. Social policy analysis of these actors and their behaviour has often been framed by the concept of policy entrepreneurship (Mertha 2009; Teets 2015; Hammond 2013). The idea of a policy entrepreneur serves as a useful tool for understanding the way in which individuals build coalitions, articulate and frame key ideas, and make the most of opportunities caused by the regular rhythm of running the state or the opening of policy windows triggered by a crisis (Zhu 2008). Arguably, without actors such as these, there would be no innovations in the social policy sector. Comparatively, the kinds of programmes that social policy encompasses lack the resources of other areas, for example areas related to the economy. This means that some of the traditional means to get new policy programmes off the ground, such as money or personnel, are often lacking. Quite often an innovation needs a champion to invest their own resources, be it administrative authority, personal connections, or persuasive capacity to guide an innovation through the policy process. The existence or lack of such a champion at different levels of the state helps to explain whether or not a policy might emerge, get implemented, and then become institutionalized.

## NATIONAL EMERGENCE AND IMPLEMENTATION OF THE URBAN *DIBAO* SYSTEM

The introduction of the urban resident Minimum Livelihood Guarantee system (MLG or *dibao* hereafter) in Shanghai during 1993 and its national implementation illustrates the issues highlighted in the preceding discussion. The original urban social assistance system was based on cash payments to three categories referred to as 'three noes' or 'three withouts': no carer, no guardian, or no ability to work (Leung and Nann 1995; Leung and Wong 1999). The MLG was innovative because it introduced a means tested, locally set and adjusted, minimum income guarantee – it was not an invention, but it was something which had not been used in the Chinese context before. The MLG emerged because of a combination of Shanghai's administrative status (operating as equivalent to a province and a ministry), fiscal strength, the support of Mayor Huang Ju, and a combination of local ministerial departments, in particular Civil Affairs, which were willing to address working poverty and the failures of the traditional social assistance system (Hammond 2018). Shanghai exploited the top-down approval of reform in social assistance to develop a policy programme that addressed the particular concerns the city was facing regarding the reform of local industry. This combination led to the

development of the MLG, in combination with a minimum wage policy, which reached 7,680 people and guaranteed a minimum income of RMB 120 per person per month (approximately US\$16 per person per month). This version of the MLG became known as the ‘Shanghai model’, but ultimately, it did not end up being the version of the MLG which was implemented nationally in 1997.

Following the emergence of the MLG in Shanghai, from 1993–1996 the Minister of Civil Affairs, Duoji Cairang, and Premier Li Peng emphasized the beneficial nature of the policy of social assistance and the need for the system’s reform (Hammond 2011b, 2013, 2018). This support meant that other cities in China were encouraged to implement the programme. The number of cities implementing MLG systems did increase during this time; but it still fell far short of achieving total implementation, at around 4.4 per cent at the end of 1996 (Hammond 2018).

What changed between 1996 and 1997, when national implementation was announced, was the movement of the MLG onto the national agenda as national leaders recognized that it was a means of providing support to some urban groups who were suffering as a consequence of reforms to the state-owned sector. In particular, pensioners who were receiving reduced or delayed pension payments, workers who were being made unemployed without sufficient unemployment insurance, and workers whose pay had stagnated were seen as potential sources of political instability (Hammond 2011b, 2013, 2018). Premier Li Peng was, for example, particularly concerned with ensuring pensioners received payments (Hammond 2013). Key institutions and policy instruments were used to drive implementation because the leadership of China, via the influence of Li Peng, moved to support the programme and in September 1997 national implementation was announced (Hammond 2013, 2018). From 1997 onwards, cities which had previously decided not to implement the policy were now in the position where they no longer had a choice. At this point, arguably, the MLG stopped being an innovation because it was now national policy supported by the central government.

The version of the MLG which was implemented in all of China’s cities in late 1999 was, however, different in terms of organization and financing to the Shanghai model. This version was tagged as the ‘Dalian model’, after the city where it first appeared, and based the MLG on local funding and administration. This innovation was encouraged by the Ministry of Civil Affairs in its efforts to get more cities to buy into the programme. Lacking fiscal resources, Minister Duoji Cairang used his political authority to persuade cities to implement the programme, but on terms that worked best for them (Hammond 2013, 2018). This meant that although the MLG was implemented by the 1999 deadline, it was in a form different from the original innovation and in such a way that significant variation had been encouraged and supported in order to achieve its implementation. These variations could include additional local restrictions on eligibility (for example owning a pet would render a household ineligible), the introduction of quotas limiting the number of recipients, or the introduction of additional payments for those deemed worthy of additional support (workers, the elderly, single parents) (see Lei 2015 for example).

The MLG as a programme of social assistance, started as single city innovation, successfully upscaling to a national programme. The national version of the MLG which was eventually implemented was much more significant in scope and resourcing, but at the same time quite different from the original innovation. This reflects the nature of innovation in the Chinese system; a social policy could emerge at the local level and then, due to key actors being willing to support the programme, move from that single city to national implementation. Once imple-

mented, the MLG continued to be innovated upon, but in some of these cases the transition to other cities and national implementation stalled. The next case study addresses this issue.

## COMMUNITY PUBLIC SERVICE AGENCIES IN DALIAN (REDUX)

The Community Public Service Agencies (CPSAs) were an innovation in the running and management of the MLG system in the city of Dalian. They were introduced in mid-2000 through a series of experiments leading to implementation across Dalian (Hammond 2011a). It involved making those receiving dibao payments present themselves to a CPSA based in their local community regularly in order to continue receiving payments. As part of participating in the CPSA, dibao recipients would be expected to participate in public works within their local community. There were two reasons behind this innovation. First, it was a response by the Dalian city government to concerns about welfare dependence. Second, it ensured that individuals on dibao were not isolated, acquired skills and experience to return to the job market, and meant that the local government was seen to be ensuring recipients were contributing to their local community. Despite a lot of local support in Liaoning Province and the involvement of the influential Chinese Academy of Social Sciences (CASS), the idea did not spread beyond a small number of cities and subsequently slipped into irrelevance.

The CPSA was born of a coalition of interested parties seeking to resolve a locally perceived problem, in this case welfare dependency, with the backing of key officials. The key difference is that it did not transfer to national implementation. There were four reasons the CPSA could happen and was sustained at a local level. First, Dalian's status in the administrative structure meant that generating and implementing policy innovations would not be limited by additional tiers of the state constraining new ideas. Dalian is in Liaoning Province, but has a special status of *jihua danlie shi* (separately planned city) which gives the city the same administrative status as a province and ministry with regards to some areas of policy – especially economic planning and budgeting. Dalian is also a city which has been encouraged to experiment with social policy by the central government due to its administrative status and financial strength. This meant that, like Shanghai and the MLG, Dalian occupied a space in the state structure which supported innovative approaches to perceived policy problems. Second, Dalian's status and fiscal capacity meant it had the administrative space and finances to innovate. Whilst the CPSA was cheap in terms of cost as it utilized existing space within the local community and did not involve additional payments, it did require the administrative capacity to get the programme delivered. Third, the support of powerful local elites in the form of Mayor and subsequent provincial Governor of Liaoning, Bo Xilai, meant that the policy could be pushed through. Fourth, the openness of local actors to different ideas was important as the CPSA marked a distinct change in how the MLG operated. Whilst the ideas behind the policy fitted with some dominant norms which viewed the urban poor negatively and was concerned with welfare dependence, the specifics of the programme were different enough that a degree of openness to innovation was necessary. In addition, the CPSA was born of collaboration between Dalian and other outside actors in the form of CASS which would also require a degree of openness and engagement, and that is in no way guaranteed.

All four of these features are typical of the Chinese context, which supports and encourages innovation; but it is also these same features which can stop an innovation from institutionalizing and upscaling. First, administrative status and capacity can reduce the likelihood of other

cities adopting new measures if this does not come with additional resources or the support of a higher authority. In the case of the CPSA, the transition stalled with limited additional adoption; but unlike the MLG there was no intervention from higher up the state hierarchy. Second, the sustained implementation of an innovation is dependent on elites. In the case of the CPSA, the support of Bo Xilai was useful early on in order to get the programme implemented. Subsequently, his move away from Dalian and then from Liaoning followed by his fall from grace due to a corruption scandal meant the idea of the CPSA was tainted by its association with Bo. This illustrates Fewsmith's (2013) point well, that the lack of institutionalization processes means that innovations are dependent on the success of their individual and organizational champions. A final issue is that whilst some cities will be open to ideas once an innovation is in a position to be spread by policy actors, other cities can be resistant to different ways of doing things. The CPSA as an innovation was to address particular concerns in Dalian, involved actors from Beijing, assumed a certain resource capacity, and built on an established programme, which was broadly popular with officials as it stood. Why might other cities go to the effort of implementing such a programme if there are no additional resources to support the process? In the case of the MLG, the central government ultimately used its administrative authority and then fiscal resources to ensure national implementation. Without the need for national implementation and without a national champion to mobilize the required resources, the CPSA as an innovation stalled and slipped into irrelevance.

## URBAN SOCIAL POLICY INNOVATION UNDER XI JINPING AND COVID

Before concluding, this chapter will address further two points regarding the future of innovation in Chinese urban social policy: how has innovation changed under the leadership of Xi Jinping and Li Keqiang, and what has the impact of COVID-19 been on innovations in the Chinese system? Taken together, the leadership of Xi and Li and the crisis of COVID-19 has seen the space for innovation in urban social policy get squeezed as innovation has become more risky for officials, and central government has taken increasing control over policy direction. This does not mean that innovation does not or cannot happen, but it does mean it is less likely.

### **Innovation under Xi**

There has been a clear change in the approach to governing China under the leadership of President and General Secretary of the CCP Xi Jinping and Premier Li Keqiang. Initially, this manifested in a crackdown on corruption which was unprecedented in its scope, breaking previous unwritten rules regarding who might be targeted, and being sustained for years. What has followed was a search for a coherent ideological contribution which Xi could be associated with and a centralization of power. The ideological quest has now settled on the concept of Core Socialist Values and the embedding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in the state and Party constitution (see Gow 2017 for an introduction to ideological developments under Xi Jinping).

Schubert and Alpermann (2019) argue that under Xi the introduction of 'top-level design' has led to the steering of policy by the highest levels of the Chinese government. This is not

in and of itself a new phenomenon, but ‘political steering’ has been revitalized and become the norm since 2012 (p. 215). This was a response to what was seen as too much leeway being given to local government under the previous leadership of Hu Jintao and Wen Jiabao, which needed to be reined in during a critical period for the country as economic growth slowed.

Schubert and Aplermann (2019, p. 205) note there has been a decline in the number of pilot schemes mandated by the central government. At the local level, Chen and Göbel (2016) show that Chinese cities had already begun losing their leading role as innovators in the late 2000s; but Teets (2018) notes that policy experimentation has “disappeared under Xi Jinping”. As noted earlier in the chapter, there are two motivations for why local officials innovate: aggrandizement or a pragmatic response to local challenges. Under Xi Jinping, aggrandizement has all but disappeared and now local officials find that in order to impress their superiors they must show the extent to which they are complying with central mandates on policy (Teets 2018; Teets and Hasmath 2020, p. 54) and “the formal evaluation process for local officials does not incentivise experimentation akin to previous administrations” (Teets and Hasmath 2020, p. 57). In contrast, pragmatic reasons to innovate have been elevated as local officials still need to address challenges in local government. The difference is that officials now seek approval from the centre or implement innovations in such a way that they are incremental or invisible to their superiors (Teets and Hasmath 2020, p. 54).

### **The Impact of COVID-19**

The outbreak of COVID-19 in the city of Wuhan in China’s Hubei Province rapidly became an international crisis as the spread of the virus was designated a pandemic by the World Health Organization. At the time of writing in late 2020, China is still dealing with cases of the virus, but unlike many other countries, case numbers are low, and life has returned to some sort of normality. This was due to the implementation of strict control measures during initial lockdowns and the mobilization of vast personnel, technological, and fiscal resources by the Chinese state. Although it is still too early to definitively state what the impact of the crisis has had on China, there are two areas of note which have implications for innovation in urban social policy.

First, the initial failure to recognize and then properly handle the emergence of COVID-19 by the Wuhan government is likely to have a negative impact on any prospects for the decentralization of decision making and control to local government under the Xi leadership regime. This is because of the perceived failure of local government to handle the situation appropriately; although, as Gao and Yu (2020, p. 184) and Gu and Li (2020) note, this was because officials in Wuhan defaulted to blocking and controlling information which would be the expected behaviour of a local official seeking to avoid falling foul of their superiors for failing to maintain local stability. This was exacerbated by what Gao and Yu (2020, p. 183) call the adoption of ‘administrative command-and-control’ in circumstances where the local government simply did not have the resources for the system to manage. The failure of local government meant that the national government ultimately had to step in to manage the situation as the crisis escalated. Ultimately this will likely strengthen the hand of those in Beijing who believe that local government is incapable of managing its own affairs.

Second, although there was an extensive social policy response in China once the seriousness of the virus was acknowledged in late January, this was driven by the central government. This is not unusual: in 1999 and in 2007 the central government intervened directly to

demand increases in social assistance payments to address the anniversary of the founding of the PRC and a spike in food prices, respectively (Hammond 2018). It does, however, further demonstrate the extent to which the central government is in the driving seat when it comes to policy decisions and direction in 2020. Lu et al. (2020) set out the different kinds of measures adopted for unemployment insurance (p. 5), medical insurance (p. 7), and social assistance (p. 10). These saw the central government order specific measures to be implemented at the local level depending on the extent to which the virus had affected the area. For example, the provinces of Wuhan and Hubei – areas which had been most severely affected – saw more generous measures than other parts of the country. Enterprises were supported depending on where they were based and their size, with insurance payments either suspended or deferred. Hospitals saw treatment of patients given precedence over ability to pay and this was backed by the fiscal resources of the government. Social assistance saw payments increased, means tests removed, residence restrictions lifted, and additional help provided to those who were either sick or isolating due to the virus. All of these measures, however, were interim in nature and not particularly innovative. The introduction of online platforms in order to apply for and process unemployment insurance by the Ministry of Human Resources and Social Security was an example of using technology to overcome the hurdles of self-isolating and lockdown imposed on urban residents. However, given the extent to which the Chinese state has embraced technology, this was neither innovative nor surprising (Lu et al. 2020, p. 11).

## CONCLUSION

This chapter introduced readers to innovation in urban social policy in the PRC and how it manifests in the myriad programmes and policies encompassed by urban social policy. To that end, the chapter has argued that local level social policy innovation in China's cities is possible; normally due to officials either seeking to aggrandize themselves or to resolve challenges in local government. These innovations can have a significant impact on the shape and direction of social policy programmes. Such developments are, however, subject to the limits of state structure, dominant ideological values, the issue of institutionalization, resource allocation, and the role played by local and elite policy actors.

This was illustrated through three examples drawn from developments in China's social assistance policy during the last three decades. The first of these cases discussed the emergence and implementation of the defining change to urban social assistance during the reform era – the MLG system. The discussion here highlighted the different roles played by state structure and policy actors at different levels of the state in supporting and shepherding a policy innovation from a single city to national implementation. It also served to demonstrate the importance of resources and matching a policy against the dominant ideological values of the time. In contrast, the second case, the CPSA in Dalian, illustrated how these factors can be significant at a local level in supporting an innovation, but if they are lacking support at the national level, then an innovation will stall. Furthermore, the CPSA demonstrates that the fluctuations in fortunes for key policy actors and changes in ideological values will affect innovative social policies. The third and final cases, the special classification measures and the use of social workers, illustrate how the desires and requirements of the state alongside the other factors considered can create top-down motivations for innovation. The chapter then illustrated briefly how these observations applied to other policy areas in China.



The chapter concluded by looking to the future and suggested that the impact of both Xi Jinping's leadership has constrained local officials' ability and willingness to innovate. This is because the central government has taken more of a steering role in directing policy developments and this has reduced the opportunities for local officials to aggrandize through innovation. The impact of the COVID-19 crisis is unlikely to change this situation. The perceived failure of local government to handle the initial outbreak and the central government's direct involvement in changes to adjustments in social policy means that it is unlikely there will be a dramatic relaxation in the central government's steering of policy for the foreseeable future.

## NOTES

1. The period after 1978 is typically referred to as reform and opening or the reform era. This chapter will follow this pattern.
2. The Awards Programme was made by the China Center for Comparative Politics and Economics (CCPE), the Central Party School, and the China Center for Governmental Innovations at Peking University. The CCPE is an organization which conducts research and events under the Compilation and Translation Bureau of the Central Committee of the Chinese Communist Party.

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## 27. Urban and local social policies in the Nordic countries

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### INTRODUCTION

Welfare state scholars have generally referred to welfare states and social policies as being bound to a nation state. Ever since Esping-Andersen (1990) launched his prominent welfare state regime theory, researchers have focused on *national* welfare reforms, *national* social policies and *national* income protection schemes. However, debates on state rescaling challenge mainstay welfare research in that respect (Brenner 2004) and current processes of decentralization imply that regional and local levels have become increasingly important for social policy regulation and delivery of welfare services (Mingione and Oberti 2013; Kazepov 2008, 2010). Terms like ‘local welfare state’ (Cochrane 1994, 2004; Steinmetz 1990), ‘local dimension’ of welfare (Heidenreich and Aurich 2014), ‘local welfare regimes’ (Schridde 2002), ‘welfare municipality’ (Trydegård and Thorslund 2010) or ‘local welfare systems’ (Andreotti and Mingione 2013, 2016; Johansson and Panican 2016) can be used to illustrate the significance of the local dimension in welfare states and social policies.

However, current processes of urbanization have put both central and local governments under strain. Nordic metropolitan cities, which have experienced a sharp population increase, function as key arenas for economic growth and provide extensive job opportunities for large shares of the population (Nordic Council of Ministers 2018). Yet, at the same time, problems of poverty, segregation and unemployment are increasingly linked to urban developments, putting pressure on governments to set up social policies specifically targeting urban settings. In this sense, as differences between urban and rural areas become more prominent, urbanization challenges Nordic countries’ long-standing tradition of universal social policies based on egalitarian ideals. Thus, we need to rethink Nordic welfare states as not only drawing on national *or* local social policies but investigate whether there is a form of urban social policies in the making, thus calling for a particular urban approach to Nordic welfare states. This chapter contributes to these debates by comparing local social policies in the Nordic welfare states, addressing the relationships between local and urban social policies and how they are put into practice in urban settings in Denmark, Finland, Norway and Sweden. The chapter briefly addresses how the 2020 pandemic has affected central and local relations with regard to social policy regulation.

The chapter starts with a discussion of the Nordic model and recent welfare reforms, followed by an investigation into the territorial structure of the Nordic countries, explicitly addressing local governments’ capacities and social expenditure. The chapter then addresses local and urban social policies from a comparative perspective, identifying three types of strategies in Nordic urban social policies.

## THE NORDIC MODEL AND WELFARE REFORMS

The Nordic states are small countries in Northern Europe, at least when it comes to their populations. They have, however, grown in recent decades and, between 2007 and 2017, the population of the Nordic region increased by 8.1 per cent. Net migration accounts for a significant share of this increase (Nordic Council of Ministers 2018). Sweden stands out compared to others in the region, both with a larger and more diverse population and the largest proportion of foreign-born residents (see Table 27.1). The number of foreign-born people has risen in all Nordic countries and similar to many other European countries, we find growing political cleavages between parties over welfare priorities and immigration.

Nordic countries are often discussed with reference to terms like ‘a Nordic welfare model’, ‘a Scandinavian model of welfare’ or ‘a social democratic welfare state regime’ (Esping-Andersen 1990). Terms like these suggest that the Nordic countries share historical commonalities with regard to how social policies have been organized and put into practice (e.g. Kautto 2010). The Nordic countries all fall back on their social democratic legacy, with strong social democratic parties, powerful labour movements, a high degree of unionization and extensive social partner involvement in wage bargaining and wage setting. Moreover, the Nordic countries share features with regard to the design and delivery of their social insurance and social services, how labour markets function and are regulated, as well as in welfare state output. They tend to rely on universalistic social policies, encompassing social protection systems and social services targeting the entire population.

Nordic countries have, however, undergone extensive change in recent decades. Social democratic parties have lost their dominant position, and conservative and liberal parties in office to a much greater extent. This has led to a much greater focus on economic growth, consumer choice and privatized welfare. Academics also find stronger emphasis on citizen’s duties, in the sense that rights to benefits have become more tied to individual responsibilities (Hvinden and Johansson 2007). Key social protection systems, like pensions, have undergone central reforms and people now have to work longer before they can claim a pension. Individuals are thus expected to shoulder a larger share of the cost of retirement, and at the same time take greater financial agency in terms of planning parts of the public pension benefits (Hvinden and Johansson 2007). Other social protection schemes have been reformed along similar lines, with key changes in coverage, replacement levels and greater emphasis on individual responsibility and risk-taking. Studies also indicate that, whereas social protection schemes previously constituted *the* scheme for citizens’ social protection, private companies and unions now offer insurances complementing or even replacing established social protection schemes (e.g. Lindellee 2018). Changes in social services follow similar lines in terms of the marketization of elderly care (e.g. Meagher and Szebehely 2013; see also Chapter 18 by Wollmann in this volume).

The Nordic countries also stand out in correspondence to their particular forms of socio-economic performance and welfare outcomes (see Table 27.1). Historically, this has constituted (and still does) a core element of most conceptualizations of the Nordic model. Their extensive social protection schemes have often resulted in high levels of employment, low levels of unemployment and smaller overall income differences amongst citizens. Whilst this certainly continues to hold true, some critical remarks need to be made with regard to the way in which Nordic welfare states ‘deliver’ on key welfare targets. As Table 27.1 shows, most of them have social expenditure above the EU average. Whilst Sweden used to

Table 27.1 *Key features of Nordic welfare states*

	Denmark	Finland	Norway	Sweden	EU
Population (million) (2020) <sup>a</sup>	5.82	5.52	5.34	10.3	–
Social expenditure (2018) <sup>b</sup>	31.4	30.1	26.9	28.3	27.9
Employment rate (2019) <sup>c</sup>	78.3	77.2	79.5	82.1	73.1
Unemployment rate (2019) <sup>d</sup>	5.0	6.7	3.7	6.8	6.7
At risk of poverty and social exclusion (2019) <sup>e</sup>	16.3	15.6	16.1	18.8	20.9
Persons foreign born, % (2019) <sup>f</sup>	12	7	16	19	–

*Notes:*

<sup>a</sup> The number of persons having their usual residence in a country on 1 January of the respective year. When usually resident population is not available, countries may report legal or registered residents.

<sup>b</sup> Expenditure on social protection per cent of GDP. It is calculated in current prices.

<sup>c</sup> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group.

<sup>d</sup> Unemployment rates represent unemployed persons as a percentage of the labour force aged 15 to 74.

<sup>e</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity.

<sup>f</sup> The number of persons having their usual residence in a country on 1 January of the respective year. When usually resident population is not available, countries may report legal or registered residents.

Source: EUROSTAT.

be the ‘high-spender’, Denmark and Finland are now the countries that spend the most. This raises questions regarding the coherence of the Nordic regime and whether some countries have become more like other European countries (e.g. Andersen and Vartiainen 2017; Goul Andersen et al. 2017). At the same time, they continue to have high levels of employment and relatively low unemployment levels compared to most European countries, yet this particularly concerns Denmark and Norway. Levels of inequality (at risk of poverty or Gini) are also lower across all of the Nordic countries compared to other EU countries, which suggests that their social policies provide coverage against poverty and lead to less income inequalities than other regime types.

The COVID-19 crisis has put the Nordic welfare states under severe pressure and central governments have introduced a series of reforms to handle the situation. It lies beyond the scope of this chapter to describe and analyse these in detail, yet some general remarks are possible. The Nordic countries have implemented different strategies to handle the pandemic. Whereas Finland, Norway and Denmark have all opted for lock-down solutions, Sweden has been internationally known for a more moderate and lenient strategy (e.g. Greve et al. 2021). Olofsson et al. (2021) make us aware that this might be due to the fact that Swedish law does not allow central government to declare a state of emergency unless the country is at war. Current estimates indicate an extensive reduction of GDP and rising unemployment, yet such effects have so far been buffered by extensive support packages by all Nordic governments. These have focused on support for companies and businesses to allow people to stay in employment, yet more generous rules and regulations have also been issued with regard to

Table 27.2 Territorial structure of local governments

	Denmark	Finland	Norway	Sweden
No. of municipalities	98	311	422	290
No. of regions	5	19	18	21
Average size of municipality (no. of inhabitants)	58,459	17,670	12,408	34,218
Municipalities with less than 2,000 inhabitants (%)	1	14	22	0
Municipalities with 2,000 to 4,999 inhabitants (%)	2	29	30	5
Municipalities with 5,000 to 19,999 inhabitants (%)	4	40	35	53
Municipalities with 20,000 or more inhabitants (%)	93	18	13	42

Source: OECD database. Subnational governments in OECD countries. Key data. 2018 edition.

unemployment protection as well as sickness insurance and other central social insurances. Greve et al (2021) argue that the Nordic COVID-related reforms have followed the historical traits of the Nordic model, in terms of expanding income transfers to reduce the possible negative effects on living standards (Greve et al. 2021, p. 308). In this respect, the current pandemic has reinforced historical Nordic traits of central governments' taking responsibility for citizens' welfare.

## LOCAL GOVERNMENTS AND TERRITORIAL REFORM

Whilst central governments have played (and certainly continue to play) a key role in Nordic social policy regulation, overall Nordic countries can be defined as decentralized unitary states (Baldersheim et al. 2019). They are constituted on the principle of unitary states as citizens are subject to one central power and authority, however, central authority has also been devolved to regional and local levels. The strong role of local governments is not a novel phenomenon, but rather a historic feature of the Nordic countries. Some scholars argue that the modern Nordic countries can be understood as nationalized local governments, emphasizing the local roots of twentieth-century social policy developments (Wennemo 2014). The Nordic welfare states thus rest on a two-tier structure where central and local governments regulate, fund and deliver social policies. Regional governments (as an intermediary level) are mainly responsible for health services and, hence, tend to be less involved in regulating or delivering income protection or social services.

The Nordic countries have, however, engaged in a series of territorial reforms with regard to central and local governments. Until at least 2020 and the onset of the COVID-19 pandemic, these reforms have been shaped by an ambition to increase local governments' capacity to deliver public services (Nordic Council of Ministers 2018). Denmark started a major territorial reform process at the turn of the millennium. The ambition was to increase the role of the regions by turning them into larger units (Blom-Hansen and Heeager 2010). Table 27.2 shows

that Danish municipalities now are amongst the largest of its Nordic counterparts (measured in terms of number of inhabitants). The local government reform implied reduced variation between small and large municipalities, as most municipalities now have more than 20,000 inhabitants (Ministry of the Interior and Health 2005).

Territorial reforms have also been on the agenda in Finland and Norway. Since the start of the new millennium, several Finnish governments have sought to turn smaller municipalities into larger units (see the PARAS reform) (OECD 2017; Sjöblom 2011). However, proposals for territorial amalgamation have been met with (political and public) resistance (Greve Harbo 2015). Although voluntary mergers have been made possible, few have actually taken place (OECD 2017). Norway has followed a similar pathway and is in the midst of a territorial reform process that started in 2014 (Greve Harbo 2015). OECD data presented in Table 27.2 shows the number of municipalities in 2018, before the reform process. Since January 2020, the number of municipalities in Norway has been reduced from 422 to 356.

Sweden has, to a lesser extent, engaged in territorial reforms and relies on the territorial structure implemented in the 1970s, when the number of municipalities was reduced from 1,000 to 278. Today, the largest municipality (Stockholm) has almost one million inhabitants, and the smallest (Bjursholm) has around 2,500 inhabitants. Potentially due to a lack of major reforms, certain municipalities have been allowed more extensive autonomy (*frikommuner*) and some counties (*län*) have gained the status of self-governing regions, providing them with additional responsibilities, such as for regional development, amongst other things (Lidström 2016). Whilst there are similarities across the Nordic countries with regard to welfare state structure, there is thus wide variation within these countries with regard to size and structure of local governments and hence their ability to act as local welfare states.

## LOCAL GOVERNMENTS' CAPACITIES

Local social policies need to be analysed in relation to the mandate and resources local governments have at their disposal for their implementation. Trydegård and Thorslund (2010) observe that the Nordic countries follow a model of 'welfare municipalism', suggesting not only that the local governments have extensive responsibilities, but also extensive capacities. To indicate the prevalence of strong central and local governments (yet less regional), one could use the image of an hourglass (e.g. Lidström 2016). To explore this further we follow Sellers and Lidström (2007; see also Lidström 2017) and make a distinction between local governments' legal, financial and administrative capacities.

With regard to legal capacities, local governments have a strong mandate to act with great autonomy in relation to central governments. Local self-governance is guaranteed through constitutional acts and is a cornerstone of local democracy in the Nordic countries. This affords them rights that central governments cannot constrain, e.g. the right to levy taxes, to local self-governance, and so on. Central governments can certainly issue legally binding rules and regulations; however, such regulations need to consider local self-governance. For instance, this has implied that local social welfare issues tend to be regulated using so-called 'framework laws', which leave a lot of leeway for local interpretation and implementation (Johansson 2001). Central intervention tends to take place through soft governance tools, like reporting instruments and qualitative assessments, alongside possibilities for citizens to appeal to administrative courts. This creates a complex multi-level structure of welfare governance.

Difficulties in pushing through territorial reforms can be seen as a reflection of this, since the principle of local self-governance has extensive political and public support.

Nordic local governments have strong financial capacities as local governments' revenue forms a significant part of the total public revenue. Denmark is the country where we find the highest subnational (local and regional) revenue, at 66 per cent of total public revenue. The other Nordic countries also rank high on subnational tax revenue as part of the total public revenue; 48.5 per cent in Sweden, 40.7 per cent in Finland and 30.1 per cent in Norway.

Nordic local governments also have extensive administrative capacities with far-ranging administrative responsibilities for welfare services. Simply put, social protection is the responsibility of the central state, and welfare services are the responsibility of the local state. These include services for the family, children, elderly and disabled people. Local governments have responsibility for education, including vocational training. The distinction between social protection and social services is not fixed, as illustrated for instance in relation to Nordic activation reforms as unemployment services have been devolved to local governments alongside local branches of public employment services (for a review of Nordic activation reforms, see Johansson and Hvinden 2007).

The COVID-19 pandemic has put local governments (local and regional) under extensive strain, above all, as they are responsible for delivering elderly care services and health care services. However, the pandemic has forced the Swedish central government, for instance, to take some drastic measures to cope with the extraordinary situation and for the first time the central government declared it would cover costs relating to health and social care caused by the pandemic. This could be understood as a path departing reform since it goes directly against the principle of self-governance. Arguably, the pandemic has prompted an element of centralization in otherwise highly decentralized systems of health care and social welfare services. Moreover, the COVID-19 pandemic has brought the role of the regions into public and political debate since health services are fully run by the regions. Especially in Sweden this has resulted in coordination problems, i.e. whether it is central or regional governments which have the right and responsibility to decide on core issues linked to the pandemic (Greve et al. 2021).

## LOCAL SOCIAL EXPENDITURE

Social expenditure is a key indicator in the analysis of national welfare states and allows us to understand the role of local governments. Nordic countries stand out in international comparison compared to so-called unitary and federal states (see Table 27.3). Nordic local governments have higher levels of public expenditure, not only compared to other unitary states, but also in relation to many federal states. Subnational expenditure in Denmark (measured as government expenditure per capita) is 3.8 times higher than other OECD unitary states, 2.9 times higher than the EU-28 average, and 1.96 times higher compared to federations or quasi-federations. This feature follows, at least partially, from the above-mentioned territorial reforms Denmark conducted some years ago, which resulted in larger municipalities. Local governments in other Nordic countries spend considerably less compared to their Danish counterparts; nevertheless, across the board, they spend more than the EU average, and more also compared to OECD unitary states or OECD federal states. We also find a similar pattern using other indicators,



Table 27.3 *Subnational government expenditure in Nordic countries*

Sector		Subnational government expenditure (2015)								
Transaction		Total expenditures			Education	Social protection	General public services	Health	Economic affairs	Other
Measure		Per capita	As a percentage of GDP	As a percentage of general government, same transaction	As a percentage of GDP					
Unit		US dollar	%	%	%	%	%	%	%	%
Unitary countries	Denmark	17,132.4	34.9	63.7	3.1	19.7	1.2	8.4	1.3	1.2
	Finland	9,712.0	23.0	39.9	4.1	6.0	4.0	5.8	1.6	1.4
	Norway	10,000.7	16.1	33.0	3.9	4.6	1.4	2.2	1.6	2.5
	Sweden	11,978.2	25.0	49.8	5.1	7.1	2.6	6.7	1.5	1.9
	OECD 26 unitary countries	4,501.3	12.6	28.7	2.4	2.9	1.6	1.6	1.8	2.4
EU-28 total		6,070.3	15.7	33.2	3.1	3.5	2.6	2.1	1.9	2.5
OECD 9 federations and quasi-fed. countries		8,734.7	19.2	50.0	5.3	1.8	2.8	3.9	2.6	2.5

Source: OECD data extracted on 12 Sept. 2018 12:08 UTC (GMT) from OECD.

such as public expenditure as a percentage of GDP, or general government transaction. Once again, this indicates the subsidiary profile of the Nordic welfare states.

Social policy scholars know the importance of unpacking social expenditure data. The OECD offers the possibility of analysing local social expenditure across policy areas like education, social protection, health, economic affairs and others (see Table 27.3). Based on these calculations, the largest expenditures for Nordic subnational (regional and local) governments are social protection, health and education. Denmark stands out as a 'high-spender' by international comparison spending more than most others (against Nordic countries, the EU and OECD countries) on social protection and health related policies. Subnational governments in Sweden and Finland also tend to spend more on social protection, health and education. This appears to be less so in Norway; however, as always, one needs to be cautious since these data are measured in relation to GDP.

## URBAN RATHER THAN LOCAL SOCIAL POLICIES?

Urbanization is a trend that creates new forms of social and economic inequalities. This challenges assumptions on the Nordic model to promote universal services across the country (Nordic Council of Ministers 2018).

Such ambitions have been put under strain due to the economic, labour market and cultural significance of the Nordic capitals and larger cities. The Nordic metropolitan and capital areas play a key role when it comes to economic and labour market development, constituting

Table 27.4 Urban metropolitan areas

	Copenhagen	Helsinki	Oslo	Stockholm
Population, thousands, (2018)	1,919	1,490	1,381	2,308
Population share of national value, % (2018)	33.2	27.0	26.1	22.8
GDP share of national value, % (2017)	39.5	34.9	28.5	30.8
Employment share of national value, % 2018	34.3	29.7	28.4	24.7

*Note:* Definition of metropolitan area a functional economic unit characterized by densely inhabited ‘city core’ and ‘commuting zone’ whose labour market is highly integrated with the core.

*Source:* OECD Metropolitan database.

Table 27.5 Income inequalities in Nordic capitals compared to national averages (Gini coefficients)

	Denmark		Finland		Norway		Sweden	
	National average	Copenhagen	National average	Helsinki	National average	Oslo	National average	Stockholm
2011	27.7	31.4	28.2	33.7	23.7	30.4	29.8	31.4
2015	28.8	32.7	27.3	32.9	26.3	34.1	31.7	32.3
2016	29.0	33.2	27.2	32.7	25.2	32.3	32.0	33.2
2017	29.3	33.7	27.7	33.5	25.2	32.1	33.2	32.6
2018	29.1	33.7	27.7	34.2	25.1	32.0	31.1	32.3
2019	29.8	35.9	27.9	33.5	–	–	31.1	32.7

*Note:* Data unavailable for the year of 2019 for Norway.

*Source:* Statistics Denmark, Statistics Finland, Statistics Norway and Statistics Sweden.

a motor for economic growth and job opportunities. Whilst this is an evident feature in many European countries, the role played by capitals seems to be highly significant in the Nordic context. For instance, one third of the Danish population live in Copenhagen – amongst the highest of all OECD metropolitan areas. A somewhat smaller share lives in Helsinki, Stockholm and Oslo, yet these are still high in relation to other OECD countries (Table 27.4).

The concentration of economic and labour market opportunities within capital districts affects income inequalities. Sellers (2017) suggests the need to study differences within cities and metropolitan areas and inequality patterns within the Nordic capitals are no exception in this respect (Righard et al. 2015). Table 27.5 shows data on national and metropolitan income differences and it is apparent that there are far wider differences within the metropolitan areas than for each of the countries in general. Sweden has the highest national income differences yet less pronounced differences between Stockholm and the country at large. Denmark has somewhat lower income differences, yet much more pronounced within the capital of Copenhagen. Norway follows a similar pattern to Denmark. However, in Norway, differences between capital/country are even higher as the Gini coefficient of Oslo clearly exceeds the national average. Finland has somewhat higher income differences within the country at large compared to Norway, yet less marked differences between Helsinki and the country in general.

This suggests substantial income differences between the Nordic metropolitan areas and the country at large, yet also within cities. Extensive research into spatial inequalities supports

such observations (Baldersheim et al. 2019). Geographers and urban scholars demonstrate that inequality and social problems are spatially distributed and that people with a lower income, at higher risk of poverty and in need of social assistance tend to be located within particular city districts (e.g. Righard et al. 2015). Such inequality patterns follow socio-economic variables and mobility patterns within cities. Statistics Sweden, for instance, recently reported that people with higher incomes moved to city districts with income levels higher than the city average, and people with lower incomes tend to move to city districts with a lower average income (Statistiska centralbyrån 2018). Internal city differences also play out with regard to other indicators, like health and life expectancy.

Socio-economic differences are reinforced by ethnic residential segregation. Although the Nordic countries have managed to build societies with low inequality, they tend to stand out when it comes to ethnic segregation. City districts with high unemployment levels and low-income levels often have a higher share of people with foreign background (see Andersson et al. 2013; Righard et al. 2015). Tunström et al. (2016) compared the Nordic capitals and found that Helsinki was the least segregated and Stockholm the most segregated. In some parts of Stockholm, up to 80 per cent of inhabitants had a foreign background. Skifter Andersen et al. (2016, pp. 22–23, see also Andersson 2013) made a similar observation and concluded that:

actual level of segregation is highest in Stockholm with the largest immigrant population and lowest in Helsinki with the smallest one. A possible explanation is that cities with many immigrants experience stronger processes of ‘white flight and avoidance’ which creates a stronger sorting tendency.

This suggests that socio-economic indicators, such as poverty, low income, and income differences follow ethnic divides within cities and are accentuated in cities with less expansive labour markets (e.g. the city of Malmö in a Swedish context, see Righard et al. 2015).

## URBAN SOCIAL POLICY STRATEGIES

Urbanization and segregation have prompted a series of responses targeting urban areas. Some of these have focused on the differences between municipalities with regard to their financial capacities, and there have been attempts to implement strategies of *financial redistribution* between local entities (above all, urban entities). This strategy seeks to counterbalance structural differences between local municipalities. The general intention is to secure public services of a similar or equal quality across municipalities. Funding for such redistributive measures partly comes from central government, but is also funded by municipalities with greater economic resources. The strategy hence follows a model of redistributing financial resources from municipalities with an extensive tax base and low levels of social problems to municipalities with a low tax base and high levels of social problems. For instance, within the Swedish system net receivers are cities, such as Malmö and Gothenburg, whilst Stockholm (and municipalities in the Stockholm metropolitan area) are the main providers.

Aside from territorial redistribution, we find two additional strategies of urban social policy making. Nordic countries have also developed a *strategy of urban area promotion*. Urban social problems have been met with a series of area-based policy initiatives (e.g. Roelofs and Salonen 2019). Over the last decades, central governments have initiated a series of programmes targeting specific areas within cities. The focus of such programmes has been on

suburbs with a combination of low-income households, weak attachment to the labour market, and high levels of poverty and social assistance recipients (Uitermark 2014). Through a series of interventions focusing on housing and general living conditions, health and well-being, employment and labour market participation, the initiatives have aimed to increase trust in public institutions and participation in urban life. One of the most significant of such area-based projects is the *Groruddalen* initiative in Oslo (Damvad 2015). The programme sought, amongst other things, to enhance sustainable transportation, improve housing and community development and raise living conditions and forms of social inclusion in particular areas of municipalities (Voss Gabrielsen 2012). We find series of similar ‘urban development’ interventions in Sweden through the so-called *Storstadssatsningen* (the Metropolitan programme) that was in operation from the turn of the millennium (Statskontoret 2010). Despite costly interventions, these have been criticized for showing limited results (e.g. Lahti Edmark 2005).

In addition, Nordic governments have followed a *strategy of urban social control*, which is an offshoot of the area-based tradition. This is perhaps most evident in Denmark, where the term ‘ghetto’ entered public debate since the start of the millennium. Based on calculations of residents’ income, employment status, education levels, number of criminal convictions and share of people of a ‘non-Western background’, Danish ministries identified a number of city areas across Denmark that they then defined as ghettos (Regeringen 2010, 2018). This political orientation follows a long period of harsher immigration and integration policies in a Danish context, which often involve using social policies and social assistance as a tool for integration purposes. A key example is the Danish government’s ghetto plans from 2010. These encompass interventions in deprived areas, characterized by more extraordinary measures such as the demolition of buildings and explicit focus on security and social control, through punitive measures, such as faster and lengthier convictions. Høier Olsen (2019) argues that the Danish government institutionalized the term ‘ghetto’, identifying it as an extraordinary social problem that required extraordinary solutions.

This kind of social control strategy is also present in other Nordic countries yet less pronounced. Grønli Rosten (2017) argues that the term ghetto forms part of the Norwegian public and political debates, shaping Norwegian policies and interventions (see also Fosli 2015). Similarly, debates in Sweden have increasingly shaped urban development in correspondence to notions like ‘exposed areas’ and ‘risk areas’. Since 2015, the national police authorities have compiled lists of city districts as particularly ‘exposed urban areas’ (*utsatta områden*). Socio-economic indicators like low-income levels, high unemployment and high numbers of social assistance recipients have been integrated with security indicators focusing on local integration and criminality (Puur et al. 2019). These initiatives can thus be interpreted as examples of territorial stigmatization that Wacquant (2007) identified some years ago: negative stigmatization of urban areas, often produced by national actors and reflecting upon local inhabitants (see also Wacquant et al. 2014).

In contrast to this kind of strategy of urban social control, it is possible to identify a *strategy of urban social sustainability*, connected to the UN’s Sustainable Development Goals. Nordic governments and cities have engaged heavily in the urban sustainability discourse (Nordic Council of Ministers 2018). While this has long involved issues of environmental sustainability, it has also increasingly started to include aspects of social sustainability. The term sustainable cities has been linked to the values of equality and inclusion underpinning the Nordic welfare states, portraying the future sustainable city using terms like the ‘inclusive’, the

'healthy' and the 'resilient city' (Nordic Innovation 2018). As an illustration, the three major Swedish cities (Stockholm, Gothenburg and Malmö) have all initiated so-called commissions on urban development. In Stockholm, this is entitled 'Commission for a Social Sustainable Stockholm', in Gothenburg, 'Equal City', and in Malmö 'the Malmö Commission'. What they all have in common is a clear focus on inequalities within urban settings, as well as ambitions to connect debates on social sustainability with environmental sustainability.

Whilst these are loose and highly politicized terms, they nonetheless illustrate how city planners and local politicians have come to see the health, well-being and welfare of residents as linked to the environmental development in the city (e.g. Tunström 2019). This certainly captures classic ambitions of the Nordic welfare state. However, there is a critical debate as to whether the focus on the green and sustainable city actually includes all parts of Nordic cities and their inhabitants. For instance, the ambition of renovating and installing more climate neutral energy has effects on tenants. Baeten et al. (2017) suggest that what is at play is the conflict between the right to dwell and displacement pressures. They suggest that issues regarding the technical necessity of renovation and need for CO<sub>2</sub> reduction measures stand in opposition to citizens' right to a home and right to dwell, and of course also to Nordic welfare states' (previous) ambitions of securing good living conditions for their inhabitants. This could well initiate processes of housing unaffordability, as the attempts to build a more sustainable city makes the city inaccessible to some groups. In some cases, this might create problems of 'renoviction', with housing renovation leading to the eviction of residents (Molina and Westin 2012). On a wider scale, the environmentally friendly city may also give birth to ecological gentrification (Dooling 2009), for instance, resulting in homeless people being cut off from city green spaces. Notions of 'eco-gentrification', 'green gentrification' and 'environmental gentrification' illustrate how environmental improvements can result in displacement and spatial segregation between low-income and high-income households, causing divides within cities and between environmental and welfare concerns (e.g. Quastel 2009; Quastel et al. 2012).

## CONCLUSION

Nordic welfare states continue to rely on strong central *and* local governments in the regulation, funding and implementation of social policies. Central governments have taken, and continue to take, responsibility for social protection, and local governments take responsibility for social and welfare services. However, decentralization of particular policy areas (e.g. activation policies) has further increased the significance of the local level in Nordic social policy regulation. The key role played by local governments is thus a defining feature of the Nordic countries and ties into the countries' ambitions to foster local democracy and participation based on smaller units of government. Present territorial reforms, challenge the role of local governments. Larger municipalities are seen as a means to secure social service delivery, most evident in Denmark. However, the drawbacks of implementing territorial reforms illustrate the strong tradition of self-governance in the Nordic countries. One might consider this a general governance dilemma of either governing by the means of small local governments with – potentially – more extensive opportunities for citizens to get involved, or through larger local governments with more capacities to deliver services, yet with the risk of losing contact with citizens and their needs.

Ongoing urbanization, however, makes the conflict between urban/rural areas all the more profound and undermines the possibility for small municipalities to be self-sufficient units. Municipalities located in prosperous labour market regions, often tied to the larger cities, have greater opportunity to offer better services, making them (more) attractive for present and prospective inhabitants. Central governments seek to counterbalance such differences through mechanisms of spatial redistribution. However, this constitutes a departure from institutionalized modes of social policy making, since Nordic welfare states have traditionally redistributed resources between social groups rather than between geographical entities. If urbanization continues, the reliance on *all* local governments to have sufficient capacities to act as local welfare states thus seems less likely. This implies that spatial redistribution will be an even more significant policy area in the future.

Urban policies, and especially urban social policies, are not a distinct policy area in the Nordic countries and Nordic welfare states will most likely face a series of governance and regulation challenges in the near future. Urban ethnic segregation and socio-economic differences within cities have resulted in a series of territorial strategies, targeting particular areas and city districts. The risk of stigmatizing certain city districts by labelling them as ‘problematic’ has turned into a political aim, as parts of cities are framed as ghettos both in public discourse as well as in political priorities. The apparent contrast between strategies of *urban social control* and *urban social sustainability* demonstrates differences within cities. Inhabitants in some city districts are under a regime of green, socially inclusive and sustainability policies, whereas inhabitants in other city districts are facing a governance regime of social control. This even further suggests that it is not only the divide between urban and rural areas that Nordic welfare states face in the future; but even more so divides within cities. Whether there is a political ambition and willingness to develop urban social policies and strategies that could foster a form of urban social citizenship across urban divides is, however, less clear at present.

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## 28. The challenges of activation policies in Japan and their local dimension

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### INTRODUCTION

In the mid-2000s, the Japanese national government started to promote both labour market and social activation policies. These policies, as in most European countries, increased the responsibility of local governments regarding policy implementation (Kazepov 2010). Consequently, the structuring of effective inter-institutional and multi-level cooperation is a fundamental issue that requires examination. It is particularly critical in the case of frontline counselling provision aimed at supporting activation policies. Indeed, one case study shows disparity across municipalities in the number of counselling cases and activated individuals, even within a prefecture which is particularly innovative in its activation policies<sup>1</sup> (Fukuhara 2007). In order to understand the reasons for this disparity, it is necessary to describe the institutional and structural contexts, as well as the scalar configuration and how it has changed over time.

Social isolation, including self-isolation, is a profoundly serious problem in Japan – a phenomenon known as *hikikomori* (Cabinet Office 2020).<sup>2</sup> Crucially, it tends to be invisible in urban areas, where human relations are likely to be atomized. Therefore, contemporary urban social policies in Japan aim to tackle the issue through supporting active social and labour market measures (ALMPs). Thus, the negative consequences of issues such as unemployment, failure in school-to-work transition and family dysfunction are addressed through inter-institutional and multi-level cooperation (Miyamoto 2017b). A specific goal of urban social policies is to provide support to vulnerable people through access to counselling services, with a view to tackling the underlying psychological and emotional issues that might prevent individuals from functioning in social contexts. Then, through social training and on-the-job experience, the aim is to continue fostering a gradual process of personal improvement. In this sense, counselling serves as a key point of entry for many individuals into social and labour market programmes.

Whilst the Japanese welfare state has been extensively analysed within the regime modelling literature (Goodman and Peng 1996; Esping-Andersen 1997, 1999; Uzuhashi 2011; Shizume et al. 2021), the inclusion of a scalar perspective in the analysis of social policy is relatively novel (Miyamoto 2017a). Public administration studies have disentangled the recent transformations that occurred from the 1990s and early 2000s onwards and provided a general picture of the Japanese institutional structure (Omori 2006; Nishio 2007; Isozaki et al. 2014; Soga 2019). However, these studies have not considered the scalar configuration in regulation, funding, implementation and management of activation policies, which have been radically restructured in the last decades. Only case studies on activation measures, such as Komamura and Tanaka (2019),<sup>3</sup> have considered the local dimension.

This chapter is structured into five sections. The first section describes the main characteristics of the Japanese welfare regime, considering it a hybrid model that includes characteristics

of the corporatist/Continental, the liberal/Anglo-Saxon and the familistic/Southern European models.<sup>4</sup> Differences between the Japanese and European models will be explored, focusing on Japan's "welfare through work" (Miura 2012, p. 12) approach. We also take account of the way in which responsibility for dependent family members is regulated (Iwanaga 2018).

Next, we focus on contextual changes that took place from the 1990s onwards, which led to the adoption of activation policies in the mid-2000s: (1) the bubble economy bursting in 1991; (2) the retrenchment of Unemployment and Public Assistance benefits on the pretext of the prospective national financial 'crisis'; and (3) the territorial reorganization of public administration through decentralization.

After that, we locate the Japanese scalar configuration of activation policies, highlighting its *centrally framed* characteristics (Kazepov 2010). However, we also maintain that provinces and local authorities may retain some autonomy. When this occurs, it is through organizational and processual innovation, as well as local taxation and the corresponding small revenues. This can produce disparity amongst municipalities, particularly in relation to service provision. Next, we analyse the causes of disparity in more detail, focusing specifically on the number of counselling cases, using data gathered through our email attached questionnaire from the municipalities of Osaka Prefecture. Osaka is of particular interest since it has been highlighted by the national government as a nationwide model for its activation policies.

Finally, we describe the impact of the COVID-19 pandemic on activation policies. The number of counselling cases have skyrocketed during the pandemic, and too often it now gives advice predominantly on the available emergency financial benefits and loans (Osaka Bar Association 2020; Shouzu 2020). This is because the state conventionally relies upon insurance-based and labour-market related employment maintenance incentives, which do not work well for low-wage workers, the unemployed, the socially isolated, and the like. The pandemic has worsened the situation of these people so rapidly that many of them have rushed to municipalities for help (Shouzu 2020).

The final section provides some concluding remarks assessing the current state of activation policies in Japan and its local dimension.<sup>5</sup>

## THE JAPANESE WELFARE SYSTEM

Esping-Andersen (1997, 1999) maintains that Japan is a hybrid model, mixing elements of corporatist and liberal regimes. Based on the present common understanding of predominant welfare systems amongst European scholars, we might add that it also retains characteristics of the familistic/Southern European regime. In this section, we refer to its features, pointing out important differences from the other welfare regimes.

Since the foundation of the modern Japanese nation state in the 1870s, Japan constructed a Bismarckian-like social insurance system, characterizing the employment, health and care policies, as well as the pension system. The social security system is fragmented, with disparity between employees holding a permanent position until retirement age and those on temporary employment contracts. There are also inequalities in terms of those who work for large, prestigious firms (with the associated benefits), and those who work in smaller, peripheral firms. As such, the dual labour market structure is striking (Esping-Andersen 1997, 1999; Shizume et al. 2021).

Welfare provision is organized according to categories and is often means-tested – a characteristic that Japan shares with the liberal/Anglo-Saxon welfare system. For instance, it is not easy to satisfy the Public Assistance eligibility criteria for income support. The threshold is extremely low, and individuals need to prove their inability to work, as well as showing that they have no family members that they can depend on (Iwanaga 2018). Additionally, in Japan, most (needy) people consider receiving Public Assistance to be shameful, rather than a social right, meaning that those in need are unlikely to go to the welfare office (Iwanaga 2018). Moreover, those who do, in desperation, are likely to be turned away, merely encouraged to continue their job search, because the offices are reluctant to increase the number of recipients (Yuasa 2008). This is how “non-take-up” (van Oorschot 1991, p. 15) occurs. Consequently, it is estimated that the gap between the number of eligible people and the actual number of recipients is remarkably wide (see Table 28.1, lines 5 and 6; see also Tachibanaki and Urakawa 2006).

It is also important to note that the duration of unemployment benefits is not long, and its coverage is rather limited (Shimauchi and Sakurai 2019; see also Table 28.1, lines 3 and 4). Moreover, workfare and contractualism in Japan are not as strong as in the UK and US. Rather, the Japanese welfare system has encouraged unemployed people to search for job opportunities without relying on active or passive labour market measures (PLMPs) (see Table 28.1, lines 7 and 8). In other words, this combination of factors, including the strict eligibility criteria, the reluctant provision of Public Assistance, and the ungenerosity of unemployment benefits make people in need think that they cannot but work to live. In this regard, Miura (2012) categorizes the Japanese social protection system as “welfare through work” (p. 12), where employment maintenance policies function as a substitute for income maintenance policies, which has the effect of socially encouraging self-help through being employed.

The Japanese welfare regime also retains characteristics of the familistic/South European welfare system. This is particularly evident in the formal obligation towards dependent family members, as identified in the Japanese Civil Law Act of 1947. Responsibility is identified for both direct lineal ancestors and descendants, as well as sisters and brothers. This implies that, if a member of one’s extended family applies for Public Assistance, any investigation will necessarily also involve their relatives (Iwanaga 2018).

In synthesis, the Japanese welfare regime is characterized by the fragmentation of social insurance benefits, which are linked to the individual status in the dual labour market structure (Shizume et al. 2021), relying on one’s own efforts, along with the obligation of supporting one’s dependent family members. As an overall consequence, the state and its policies have a relatively low redistributive capacity.

## THE STRUCTURAL CONTEXTS FOR THE EXPLICIT INITIATION OF ACTIVATION POLICIES

The Japanese state declared 1973 as “the first year of welfare” (Esping-Andersen 1997, p. 183), introducing welfare policies to contend with potential negative consequences of post-war rapid economic growth from around the mid-1950s. These welfare policies, however, were then retrenched because of the Oil Crisis of 1973–1974 (Ministry of Health, Labour and Welfare 2011). Instead, the state promoted a revised, “Japanese-style welfare society system” (Liberal Democratic Party 1979), whose welfare provision depended on companies

Table 28.1 *Basic statistics of the labour market and the welfare system of Japan*

	Around 1990	Around 2005	Around 2015
1. Population by age			
0–14 years old (%)	18.3	13.8	13.0
15–64 years old (%)	69.8	66.3	61.0
65 years old and over (%)	11.9	19.9	26.0
2. Non-permanent employees as % of all the employees	21.7	31.9	38.2
3. Unemployment rate (%)	2.1	4.4	3.4
4. Recipients of unemployment benefit as % of labour force population	0.76	0.94	0.68
5. Public assistance recipients as % of all the population	1.5	2.2	3.2
6. Relative poverty rate (%)			
before taxes & income transfer	–	28.7	33.0
after taxes & income transfer	–	15.7	15.7
7. Expenditure of ALMPs as % of GDP	–	0.08	0.14
8. Expenditure of PLMPs as % of GDP	–	0.27	0.17
9. Municipal government employees as % of labour force population	2.3	1.7	1.7

*Notes:* The years of line 2 are 1992, 2007 and 2012. The years of line 9 are 1991, 2006 and 2014. All others are 1990, 2005 and 2015.

*Sources:* E-Stat (Portal site for Statistics of Japan) <https://bit.ly/3qE7Twn>; Ministry of General Affairs, 1990, 2005, *The Annual Report of Labour Population Survey*; Ministry of Health, Labour and Welfare, 1990, 2005, *The Annual Report of Employment Insurance Projects*; ILO:ILOSTAT <http://bit.ly/3pFoL4g>; OECD Stat <https://bit.ly/2NIhGD1>; OECD, 1993, *Public Management: OECD Country Profiles*, Paris: OECD.

to provide services, such as a company flat or rent subsidies, to their workers (Shizume et al. 2021), and their families (i.e., women) to provide care (“informal welfare”, Kato 2020, p. 75). This welfare system seemed to be a success since unemployment in Japan did not rise to the levels seen in Western countries in response to the Oil Crisis,<sup>6</sup> and the country even enjoyed prosperous times in the latter half of the 1980s.

Three important structural contextual elements must be mentioned. These took place from the 1990s onwards, changing the system and influencing the adoption of activation policies from the mid-2000s. The first contextual element is the counter-effects of the bubble economy – where the price of land and stocks are substantially higher than their intrinsic value – bursting in 1991. During the recession, the business community pushed for a paradigm shift in the practice of employment management to be competitive in the global economy (Nihon Keieisha Dantai Remmei 1995), reducing the certainty of employment. With the deregulation of labour laws, this dramatically increased the share of temporary employees and the unemployment rate (Table 28.1, lines 2 and 3), structurally generating precarious working conditions.

The second contextual element is a hard and fast policy of the retrenchment of unemployment and Public Assistance benefits on the pretext of a prospective national financial ‘crisis’. Since expenditures on health and pensions are less easy to cut, the state tightened the conditionality and benefits of both unemployment and Public Assistance measures, facilitated by negative attitudes within Japanese society towards those who do not work (Hamaguchi 2018). As a result, the number of people who have since dropped out of the safety net has increased. To this day, the state has not relaxed the conditionality in the benefits system; rather, it has chosen to provide less costly measures: counselling and social/job training services.

The third contextual element is the reorganization of the then highly unified public administration through a process of decentralization. Prefectures and municipalities were identified as executive bodies of the state, acting under its direction and supervision. This set-up leaves extremely limited freedom for prefectures and municipalities, whilst simultaneously generating a huge administrative workload for these levels of government (Morita 2011). Ministries

and agencies sent formal notices for delegation so frequently that prefectures and municipalities had to spend increasing resources in order to meet the requests (Koizumi 2011).

On the other hand, prefectures and municipalities maintained that the rigid uniformity of the state's policy programmes was incompatible with local realities and that the administration and policies should come closer to local populations in order to provide better public services (Koizumi 2011). This concept of subsidiarity (Soga 2019) became a rhetorical device to put forward institutional reform strategies, similarly to Europe (Kazepov 2008). A new Comprehensive Decentralization Law proposal was drafted in the early 1990s, and finally implemented in 2000. The statutory competencies delegated by the state to prefectures and municipalities were modified by law and responsibilities of local governments were redefined. For instance, the implementation of the Public Assistance Law became statutorily entrusted to each local government. Similarly, service delivery for disabled people went from being delegated to local government to becoming a competence for them. Significantly, however, such changes in the Comprehensive Decentralization Law were not accompanied by a fundamental shift from national to local taxation (Koizumi 2011; Soga 2019). Decentralization characterized activation policies as well and was legitimized by referring to the subsidiarity principle.

## THE SCALAR CONFIGURATION FOR SOCIAL POLICIES AND SUBNATIONAL AUTONOMIES

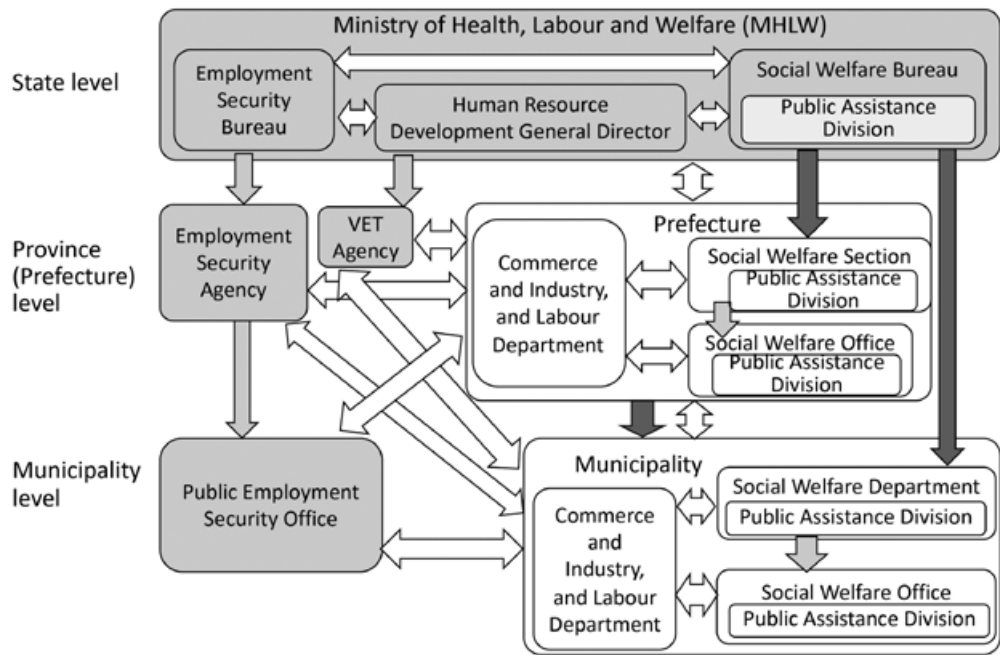
### **The Scalar Configuration of the Public Sector in Japan**

The Ministry of Health, Labour and Welfare (MHLW) was established through a merger in 2001. The ministry consists of 11 bureaus<sup>7</sup> and Figure 28.1 shows the synoptic scalar configuration of social and activation policies.

The MHLW's labour market programme is based on the nationally managed Employment Insurance. The Human Resource Development (HRD) General Director has Vocational Education and Training (VET) agencies in each prefecture (the provincial level). The Employment Stability Bureau has agencies in all provinces and Public Employment Stability Offices (PESOs) at local level. Since PESOs are located according to the geographical distribution of the labour force, some PESOs have jurisdiction over several municipalities, whilst others have only a few wards of one municipality. Two of their main competencies are job placement and provision of unemployment benefits.

In the previous, quasi-decentralized system of post-war local PESOs, national government officers worked under the direction and supervision of each prefectural governor. However, with the amendment of the Employment Stability Law of 2000, the system was re-centralized, despite governors' dissent (Hamaguchi 2018). That is, PESOs were transferred to being outside the jurisdiction of prefectures, with direct control going to the Employment Stability Bureau's agency in each prefecture. Thus, for each prefecture to continue to be engaged in labour market (activation) policies, it had to begin exploring ways of inter-institutional cooperation with the agency.

In contrast, Public Assistance is not organized at such a de/re-centralized level. The relationship and cooperation of the Social Welfare Bureau (including the Public Assistance division) with prefectures and municipalities is legally defined and binding, with the state share of



Notes: Colour of arrow: Light gray = direction and order; Dark gray = delegation based on law and rule; White = (expected) cooperation.

Source: Authors' own elaboration from the website of MHLW <https://bit.ly/3ugOofu>.

Figure 28.1 *Synoptic scalar configuration of activation policy in Japan*

funding at 75 per cent (from the general account budget). Thus, prefectures and municipalities just about manage to implement what is set out in national regulations and guidelines.

By law, prefectures and municipalities must share the responsibility for activation policies with the national government. They are organized into departments, amongst which the Social Welfare Department, including the Public Assistance division, and the Commerce, Industry and Labour Department oversee activation policies. In particular, the Social Welfare Department is much larger, because commerce, industry and labour are mainly organized at the national level, whilst the local level plays a marginal role (Tsutsui et al. 2014). In terms of the expenditure of prefectures and municipalities, in 2017 the largest share was on 'welfare' (25.7 per cent), whereas 'commerce and industry' stood at 5.6 per cent, and 'labour' was less than 1 per cent (Shibuya 2018).

Within a prefecture, some municipalities are rich in local resources for in-kind service provision of activation policies and others are not. Therefore, unless the prefecture takes leadership over the issue of resources in its municipalities, disparity in the number of activated individuals across municipalities is likely to increase.

## **Public Actors' Responsibilities for the Main Activation Measures**

All labour market programmes in Japan are based on the nationally managed Employment Insurance scheme (see Table 28.2). The Employment Insurance Law stipulates spending on unemployment benefits, employment stability and VET programmes. Meanwhile, social activation measures are covered by the National General Account, which is tax-based. That is to say that the sources of revenue for each are different.

It is important to point out here that 'employment maintenance incentives', which have played a major role during the COVID-19 pandemic (more on this below), are classified as active measures in the OECD code, but do not fall into activation measures such as (A) to (D), framed by the thicker line in Table 28.2.

Different from insured job seekers (A), it was not until legislation introduced in 2011 that non-insured job seekers (B) could take vocational training, since it is funded by the nationally managed Employment Insurance (see Table 28.2).

The Public Assistance Division of the Social Welfare Bureau is, in cooperation with the Office of Support for Self-Reliance of Needy Persons, responsible for the regulation and funding of Public Assistance recipients (C) and people who are not eligible for Public Assistance but are in a vulnerable condition (D). The state share of funding for this is 75 per cent, as mentioned previously (see Table 28.2). The difference between (C) and (D) is that the former includes both in-cash and in-kind benefits, whilst the latter provides only in-kind benefits, such as counselling and social training (other than emergency in-cash assistance for housing).

In terms of the policy target groups, it is relatively easy for recipients of (A) (Vocational Training for Insured Jobseekers) and (B) (Support Programme for Non-Insured Jobseekers) to (re-)enter the labour market. In contrast, (re-)entering the job market is much more difficult for recipients of (C) (Support Programme for Self-Reliance of Public Assistance) and (D) (Support Programme for Self-Reliance of Needy Persons). Therefore, the former have more relevance to policies regarding labour market activation, whilst the latter for social activation. Under the re-centralized labour policies, implemented in 2000, governmental agencies are responsible for implementation of (A) and (B) (i.e., labour market activation), whilst service delivery is mainly contracted-out to non-governmental organizations. On the other hand, for (C) and (D) (i.e., social activation), the subnational territorial bodies (mainly municipal) are responsible for implementation, whilst service delivery is either managed by the subnational territorial bodies (mainly municipal) and/or contracted-out to non-governmental organizations. That is, governmental agencies on labour market issues are central and those on social issues are at mainly municipal level.

In synthesis, the state is responsible for most of the regulation and funding of activation measures because the Comprehensive Decentralization Law enforced in 2000 did not change the legal regulation by which the financial resources for provisions of social activation are subsidized by the state to subnational actors (mainly municipalities). As a result, the devolution of funding and taxation to prefectures and municipalities was limited.<sup>8</sup> The main competencies devolved to them are for other policy areas, such as urban planning, the approval of health facilities, etc. Thus, the rescaling of social and activation policy in Japan can be regarded as *centrally framed*, similarly to France (Kazepov 2010).

Below a more detailed description will be provided as to how and why the Support Programme for Non-Insured Jobseekers (B), the Support Programme for Self-Reliance of



Table 28.2 *Responsibility of public actors for main activation measures in Japan*

Programme		
Nationally-managed employment insurance-based		
Passive measures (120)		
Full unemployment benefits (811)		
Active measures (110)		
PES and administration (10)		
Employment maintenance incentives (40)		
Recruitment incentives (41)		
Employment maintenance incentives (42)		
Training (20)		
(A) Vocational Training for Insured Jobseekers		
(B) Support Program for Non-Insured Jobseekers		
National general account budget-based		
(C) Support Program for Self-Reliance of Public Assistance Recipients		
(D) Support Program for Self-Reliance of Needy Persons		
Year of start	State Bureau in charge of regulation & funding	Actor for a) implement and b) service delivery
1947	Labour Security Bureau and HRD General Director.	a) VET Agency (state body at prefecture level) and PESO
2009 pilot project, 2011 legislated	Funding share: (A) employer 1/1, (B) employer 1/2, employee 1/2	b) mainly sub-contractors
2005 under Livelihood Security Law	Social Assistance Bureau.	a) Municipality
2010 pilot project, 2013 legislated	Funding share: state 3/4, municipality 1/4	b) Municipality or, sub-contractors and PESO

*Notes:* Number in parenthesis placed after programme: programme code of OECD Stat. Since sheltered and supported employment and rehabilitation (code 50), direct job creation (60) and start-up incentives (70) are (almost) nil, they are not included in this table. The activation measures mentioned in the chapter are framed by the thicker line. The authors use the marks, (A) (B) (C) (D), for convenience. This table does not contain all the activation measures: other important ones are for single mothers and for youth.

*Sources:* MHLW <https://bit.ly/3ugOofu>, and OECD stat <https://bit.ly/2OV7LKQ>.

Public Assistance recipients (C), and the Support Programme for the Self-Reliance of Needy Persons (D) were regulated or amended by law. The analysis will show that the advancement of activation policies in Japan is accompanied by fragile income maintenance protection. As mentioned earlier, non-insured jobseekers could not undertake Vocational Training for the Unemployed (classified as such due to their insufficient span of employment or number of working hours). However, because their situation worsened after the bubble economy burst in 1991, they were finally targeted by ad hoc policies in 2007. The state then initiated the Support Programme for Non-Insured Jobseekers (B) under the Employment Insurance Law in 2011 (Hamaguchi 2018). Nevertheless, its function of income maintenance protection is weak. Those admitted to this scheme can claim limited benefits in exchange for and whilst attending a VET facility (up to a maximum of one year). However, eligibility for receiving the VET benefit is extremely strict since, as discussed previously, it takes account of the applicants' own household income and financial assets (Kanai and Shikata 2019).

The Support Programme for Self-Reliance of Public Assistance Recipients (C) of 2005 is the state response to the final report of the Special Committee on the Ideal State of the Welfare System, which pointed out the diversity of definitions of self-reliance and the need for a corresponding activation policy.<sup>9</sup> The report asserts that since self-reliance means not only economic, but also social self-reliance, both forms of support are necessary (Iwanaga 2018). It

is in relation to this programme that the Japanese state explicitly initiated both labour market and social activation policies.

Through the implementation of various activation measures, the need to support people experiencing various life difficulties before they have no alternative but to resort to Public Assistance was finally recognized. Hence, the Support Programme for the Self-Reliance of Needy Persons (D) was launched as a policy initiative in 2010 and was legislated in 2013. This law requires the implementation of counselling programmes at the subnational territorial level. However, as discussed previously, it does not stipulate income maintenance protection, except in the case of the emergency benefit for persons who have lost their homes (Hamaguchi 2018).

It is obvious that, in Japan, legislation and amendments to laws relating to activation policies have been advanced, though with limited income maintenance protection. Rather, support tends to be offered in terms of providing a counselling service, as well as social and vocational training. Such changes to policy have therefore been not so much about fundamental reform of the fragile safety net of the present welfare system, but on establishing the cooperation amongst the state, the subnational territorial bodies and non-governmental organizations in delivering these services. Such measures have been set up with vulnerable people in mind – such as non-insured jobseekers and those who become isolated (the so-called *hikikomori*) without knowing what rights and benefits they are entitled to. The thinking behind this is that ‘prevention’ is preferable to ‘repair’. This is true both in terms of what is best for an individual’s well-being, as well as from the viewpoint of the state’s financial sustainability (cf. Kikuchi 2019).

Despite the emphasis on inter-institutional and multi-level organizational cooperation, the laws relating to activation policies refer to ‘cooperation’ in a non-compulsory and limited way. For instance, the Comprehensive Promotion of Labour Policy Law only stipulates that each subnational territorial body “should make efforts” to establish cooperation “in conjunction with the measures of the state”. The Law on the Support for the Self-Reliance of Needy Persons merely stipulates that each prefecture “can” organize the meetings where relevant organizations gather. The Law on the Support for Non-Insured Jobseekers, whose programmes are funded by the nationally managed Employment Insurance, does not specify the respective responsibilities of prefecture or municipality. As such, it depends very much on the policy intentions and orientations of subnational territorial bodies how far cooperation and coordination will be promoted and with whom. Since regulation and funding are nationally framed, it is by using a small amount of their own revenue, that the subnational territorial bodies can put forward organizational and processual innovation and demonstrate some autonomy. Hence, the way in which subnational bodies design and manage activation policies has caused a performance gap in the implementation and service delivery amongst their municipalities, even in trailblazing prefectures of activation policy, such as Osaka.

The next section takes the case study of Osaka Prefecture as an example to explore the causes of such disparity. Osaka is one of the prefectures struggling the most with chronic social/urban problems. In fact, it launched its own activation policy prior to the state-led activation initiative. Like other prefectures with a metropolitan area, Osaka saw rapid economic growth from the late 1950s to the early 1970s, causing a steep rise in its population (density), which was met with deficient, cheap housing (Shimomura 1974). Osaka lost its competitiveness, lagging way behind Tokyo due to the economic internationalization from the 1970s onwards (Nakamura 2000), whilst it has since retained many opportunities for low skilled and temporary jobs. Consequently, Osaka has experienced chronic social/urban problems, as

indicators in Table 28.3 show, with the highest unemployment and Public Assistance recipient rate of all 47 Japanese prefectures.

Table 28.3 *Indicators of social/urban problems in selected Japanese prefectures*

	National average	Osaka	Tokyo	Kanagawa	Toyama
Population (person, in thousand)	2,676	8,817 (3)	13,971 (1)	9,214 (2)	1,034 (37)
Population density (person/km <sup>2</sup> )	337	4,628 (2)	6,368 (1)	3,814 (3)	244 (26)
Unemployment rate (%)	2.4	2.9 (1)	2.3 (14)	2.1 (21)	1.7 (41)
15-24 years old	3.8	5.8	3.5	2.6	no data
Public Assistance recipient rate (%)	1.64	3.18 (1)	2.07 (9)	1.67 (14)	0.34 (47)
20-29 years old	0.43	0.80 (2)	0.40 (11)	0.47 (9)	0.05 (47)
Relative poverty rate (%)	13.4	14.5 (5)	14.8 (4)	12.5 (22)	10.2 (47)

*Notes:* Population (density): 2000. Unemployment rate: 2019. Public Assistance recipient rate: 2018. Relative poverty rate: 2013. Number in circle: ranking amongst 47 prefectures. Unemployment rate for 15–24 years old needed to be collected from the websites of respective prefectures, but not all of them present it (e.g. Toyama), therefore this table does not show the ranking for it.

*Sources:* Website of Statistics Bureau of Japan, <https://bit.ly/3dyhe58>; Website of Geographical Information Authority of Japan, <http://bit.ly/2M9MfRz>; Website of Ministry of Health, Labour and Welfare, <https://bit.ly/37wdXiK>; Website of Osaka Prefecture, <https://bit.ly/3pE4snY>; Website of Tokyo Metropolis, <https://bit.ly/3kbSLUj>; Website of Kanagawa Prefecture, <https://bit.ly/3aFbB3g>; Tanabe and Suzuki (2018), <https://bit.ly/3aBkoD2>.

## CAUSES OF DISPARITY IN THE NUMBER OF COUNSELLING CASES ACROSS OSAKA PREFECTURE

Osaka Prefecture launched its own activation policies in 2000, prior to the Support Programme for the Self-Reliance of Needy Persons (D), and these were soon implemented by all municipalities in the prefecture (Tabata 2006). By mid-2008, subsidies for municipalities were replaced with grants, which were allocated according to the number of counselling cases. However, from the beginning, disparities emerged in the numbers of cases across municipalities (Fukuhara 2007). So far, however, the causes of these disparities have not been fully investigated.

Counselling is an important service, open to any citizen experiencing difficulties accessing appropriate measures of income support and job insertion. As well as helping clients solve personal problems on a psychological basis, these counsellors' work often also includes supporting their clients' transition into employment. The latter means that competent counsellors have an institutional network for referring their clients to, and this enables them to receive assistance at more appropriate institutions such as welfare facilities or small and medium-sized companies which provide social training and work experience. This implies that counselling can lead clients to more appropriate resources.

Since counselling is a key point of entry into activation services, as mentioned above, it is important to analyse which factors affect the number of counselling cases from one area to

another. Our Osaka survey data<sup>10</sup> revealed three main factors in relation to this: (1) diversity in pathways to counselling; (2) cooperation with various organizations for individual cases; and (3) increase in expenditure on activation policy.

Needy people may be referred to counselling services from a range of public institutions, including welfare offices, public healthcare agencies, schools, and the like – the range of which is measured through the ‘diversity in the pathway to counselling’ (1) indicator. The ‘cooperation with various organizations for individual cases’ (2) indicator measures the number of relevant municipal sections and various external organizations, such as non-profit organizations, local social welfare councils, and private enterprises, which share information and evaluation on each case.

Our analysis shows that ‘diversity’ (1) and ‘cooperation’ (2) in tandem with ‘the increase in the expenditure for activation policy’ (3) collectively determine the differences across municipalities. Namely, diversity in the pathways to counselling, and the cooperation with municipal sections and external organizations in relation to individual cases are the relevant factors determining the number of counselling cases.

In order to interpret these findings and their policy implications, we need to bear in mind that, in Japan, the ratio of municipal government employees to the total labour force is the lowest of all OECD countries (as shown in Table 28.1). This relates to fiscal austerity imposed on each municipality by the Ministry of Internal Affairs and Communications, making it difficult to increase public employees. Therefore, each municipality is unable to provide adequate services through their own staff alone, and yet some municipalities find ways to promote organizational innovation. For instance, social welfare departments regularly hold meetings to discuss individual cases with various external organizations, such as the local social welfare council and private companies providing clients with job experiences, etc. Such innovation enables municipalities to refer cases more quickly to appropriate institutions, providing more specialized counselling, social training, or job experiences. It then reduces the number of cases whose next step remains undecided.

On the contrary, municipalities that have not seen an increase in the number of counselling cases may not be carrying out organizational innovation. One of the reasons for this could be inability or difficulty of consensus formation and decision making at director level to promote collaboration with relevant organizations (cf. Kanzaki 2021). Such municipalities are forced to allocate more clients to their staff, though of course there is a limit to the number of clients that each employee can manage. This ultimately imposes a cap on the number of counselling cases they can take on, causing variations in the amount of funding allocated to municipalities.

Even within Osaka Prefecture, which is a front-runner amongst prefectures promoting activation policy, the three aforementioned factors continue to widen disparity across municipalities in the number of counselling cases. We believe that this disparity could also be emerging in other prefectures which are facing similar challenges of expenditure and insufficient numbers of municipal employees qualified to provide counselling services. Prefectures that started the activation policy later than Osaka Prefecture may find it more difficult to innovate organizationally due to limited experience. As a consequence, the disparity in the number of counselling cases amongst municipalities is expected to widen as long as the system of “passive subsidiarity” (Kazepov 2008, p. 259) continues. In other words, as long as the state does not allocate sufficient financial resources to municipalities, they are forced to cultivate relevant organizations willing to undertake contracted-out implementation with little thought of profitability. However, municipalities that can succeed in innovative networking under

such conditions are exceptional. As a result, the disparity in the number of counselling cases amongst municipalities is likely to widen yet further. As explained in the next section, passive subsidiarity is more prominent in activation policies during the COVID-19 pandemic.

## THE IMPACT OF THE COVID-19 PANDEMIC ON THE ACTIVATION POLICIES

How has the COVID-19 pandemic impacted on activation policies in Japan? In order to answer this question it is necessary first to discuss the relationship between contributory labour market programmes and social welfare policies in Japan. Here we compare public expenditure patterns on labour market programmes in 2008–2009 around the Great Recession, to those of 2018 and 2020. In both cases, we find a similar dependence on ‘employment maintenance incentives’, which only cover a small proportion of those in need. Also, the coverage of unemployment benefits is low compared to the unemployment rate (i.e., non-take-up) and public vocational training is generally unattractive to jobseekers. For this reason, needy people – due to a decrease in income, unemployment or temporary closure of businesses during the pandemic – have rushed to municipalities and local Social Welfare Councils for help.

Table 28.4 shows public expenditure on the labour market programme in Japan in 2008, 2009, 2018 and 2020. Because the most recent annual data was 2018 (as of December 2020), the table does not show 2020’s expenditure on any programme as a percentage of GDP. In order to compare expenditure amongst these four years,<sup>11</sup> the table also presents some important measures in the national currency (Yen).

Two important findings emerge from this data. First, full unemployment benefits increased from 0.21 per cent in 2008 to 0.34 per cent in 2009 (as a percentage of GDP). Expenditure on ‘unemployment benefits for general jobseekers’ takes up the largest share, increasing from 924 to 1,480 billion Yen. Comparing these amounts to the expenditure from April to October 2020, of 512 billion Yen, the latter amount does not seem to be that large.

Second, employment maintenance incentives also increased from 0.03 per cent in 2008 to 0.16 per cent in 2009. Though OECD Stat does not show its subdivisions, they are important. The two main ones are: (1) ‘Employment Adjustment Subsidies’, targeted at companies who do not fire their employees, but rather forcing them to take leave; and (2) ‘Employment Continuation Subsidies’, which combine the Subsidy for Employment of the Elderly, the Subsidy for Child Care Leave, and the Subsidy for Family Care Leave. During the recession, Employment Adjustment Subsidies become prominent, skyrocketing from 6.7 billion Yen in 2008 to 654 billion Yen in 2009. In the period from April to October 2020, expenditure had already reached 2,296 billion Yen.

During periods of recession, labour market policies in Japan rely on ‘Employment Adjustment Subsidies’ included in employment maintenance incentives. This shows a sharp contrast from many OECD countries, which tend to rely more heavily on recruitment incentives rather than employment maintenance incentives, GDP ratio of which is zero or less than 0.005 per cent. So far, this approach has prevented an overall increase in unemployment. However, such policies do not protect those coming to an end of temporary contracts or those who remain employed but with low wages due to having been employed on part-time hours to begin with.<sup>12</sup> Moreover, the coverage of unemployment benefits is still low. The average rate of unemployment between April and October 2020 was 2.93 per cent, and yet only 0.68 per

Table 28.4 Public expenditure on labour market programme in Japan

	2008	2009	2018	2020
Total (100)	0.32	0.64	0.31	–
Passive measures (120)	0.21	0.34	0.16	–
Full unemployment benefits (811)	0.21	0.34	0.15	–
(including) <i>Unemployment Benefits for General Jobseekers</i>	<i>924 bil.</i>	<i>1,480 bil.</i>	<i>580 bil.</i>	<i>(Apr–Oct) 512 bil.</i>
Active measures (110)	0.10	0.29	0.15	–
PES and administration (10)	0.05	0.06	0.07	–
training (20)	0.01	0.01	0.01	–
(including) <i>Education and Training Benefits</i>	<i>7.4 bil.</i>	<i>4.8 bil.</i>	<i>16.9 bil.</i>	<i>(Apr–Oct) 16.3 bil.</i>
Employment maintenance incentives (40)	0.04	0.18	0.06	–
Recruitment incentives (41)	0.01	0.02	0.03	–
Employment maintenance incentives (42)	0.03	0.16	0.03	–
(including) <i>Employment Adjustment Subsidies</i>	<i>6.7 bil.</i>	<i>654 bil.</i>	<i>2 bil.</i>	<i>(Apr–Nov) 2,296 bil.</i>
<i>Employment Continuation Subsidies</i>	<i>277 bil.</i>	<i>315 bil.</i>	<i>714 bil.</i>	<i>474 bil.</i>
Sheltered and supported employment and rehabilitation (50)	0.00 (n)	0.01	0.01	–
Direct job creation (60)	0.00 (n)	0.04	0.00 (n)	–
Start-up incentives (70)	0.00 (n)	0.00 (n)	0.00 (n)	–
Nominal GDP (Yen, in billion)	<i>509,482</i>	<i>491,957</i>	<i>548,120</i>	<i>e 549,857</i>

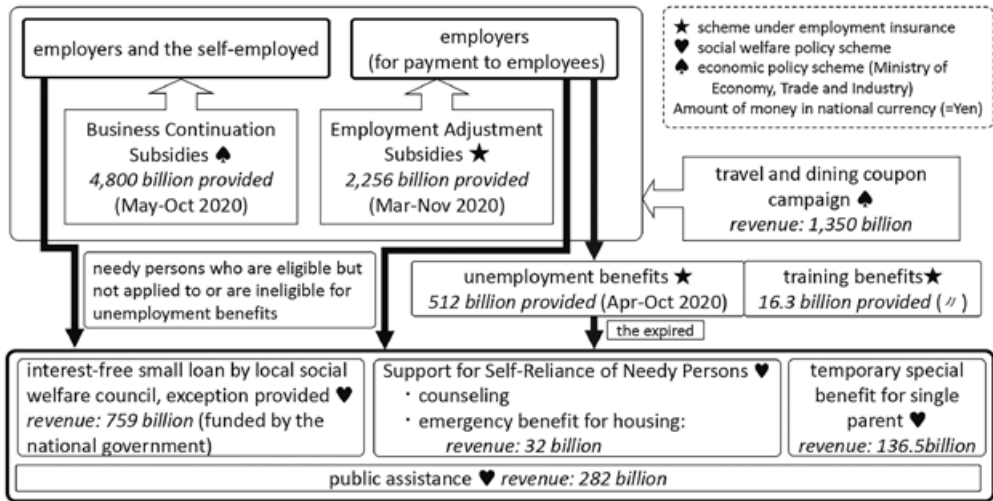
Notes: Number in parenthesis: programme code of OECD Stat. Year: fiscal year (April–March). E: estimated. Number in standard style: expenditure as a percentage of GDP. Number in italics: expenditure in Japanese currency (Yen, in billion). 0.00 (n): nil or less than 0.005.

Sources: Authors' own elaboration from Cabinet Office, national accounting, <http://bit.ly/3spRKEv>; Ministry of Health, Labour and Welfare, the Monthly Report of Employment Insurance Projects, <https://bit.ly/3qIiJBe>; and OECD Stat, <https://bit.ly/2NIhGD1>.

cent of the labour force population were in receipt of unemployment benefits. Additionally, the self-employed are not included in the Employment Insurance scheme. In summary, labour market programmes do not sufficiently cover those who are eligible but did not apply, those who are ineligible, and those whose unemployment benefits have expired.

The state drastically increased expenditure on social welfare as the pandemic situation worsened. Figure 28.2 shows the relationship between labour market policies and social welfare policies (economic policies are also included). ‘Business Continuation Subsidies’ have been provided to employers and the self-employed. ‘Employment Adjustment Subsidies’ have been provided to employers for payment. It is municipalities and local Social Welfare Councils that accommodate needy people who are not covered by labour market and economic measures. Municipalities provide ‘Emergency Benefit for Housing’ and temporary special benefit for single parents. Local Social Welfare Councils provide small, interest-free loans to small businesses, the self-employed and households.

During the pandemic, many of the people in need described above have rushed to municipalities and local Social Welfare Councils for assistance (Shouzu 2020). According to a survey carried out by the Osaka Bar Association (2020), in Osaka Prefecture, the municipal average of new monthly counselling cases during the period April–June 2020 was 255, five times higher than in 2019. Frontline counselling seems to have gained social recognition from the general



*Note:* Other than the schemes in the figure, there is ‘the Support fund and allowance for the leave forced to be taken under the COVID-19 outbreak’, whose purpose is to supplement ‘Employment adjustment subsidies’ (see also endnote 12).

*Source:* Authors’ own elaboration from website of Cabinet Office, <https://bit.ly/2NKTaRH>; and website of MHLW, <https://bit.ly/37z3K57>.

*Figure 28.2 Labour market and social welfare policies in the COVID-19 situation in Japan*

public during the pandemic through municipal information bulletins and websites, newspaper articles and the like. However, as frontline workers maintain in the survey, they often give advice only as to where to ask for emergency financial benefits and loans. This might be unavoidable for the time being, but sooner or later many of needy people will need counselling to overcome their various life difficulties and to assist them in finding employment. For needy people to improve their economic situation, it is necessary to connect counselling services to various organizations that provide social/vocational training and on-the-job experience.

## CONCLUSION

Since the bubble economy burst in 1991, and even more so during the COVID-19 pandemic, many people have dropped out of the safety net because of the fragmented and ungenerous Japanese welfare system. Despite the population and employment structures having changed dramatically, it still rests on the self-help efforts of individuals and the obligation of supporting one’s dependent family members. The combination of this dominant familistic outlook and welfare state retrenchment has promoted decentralization characterized by “passive subsidiarity” (Kazepov 2008, p. 259). The state has avoided having to make fundamental reform to its welfare system; rather, it has implemented the much less costly measure of providing access to counselling services for needy people who are not covered by other measures. However, advocates of this approach maintain that frontline workers, together with management officials, can

cultivate local resources through networking to support needy people in more innovative ways (Nishioka 2017) – this is what some leading municipalities in Osaka have been doing.

The state has legislated and amended several laws related to activation policy and has encouraged local governments, their contractors, state local agencies and the like to promote their vertical and horizontal coordination. However, many unelected municipality officials tend to cling to silo thinking in the implementation of their activation policies. Some municipal officials who responded to our questionnaire maintain that it is difficult to separate the expenditure of the activation policy in Osaka Prefecture from that of the Support Programme for the Self-Reliance of Needy Persons of the state. The fact that national funding for earmarked policies goes to respective divisions of municipalities might be one reason for this. However, as Karjalainen (2010) emphasizes, ‘silo’ systems are not flexible enough to meet the individual needs related to activation. That is why one of the leading municipal officials promoting activation policies (Nishioka 2017) argues that municipalities need to construct transversal governance through which they can connect the projects being funded, designed and organized under different scales and departments in order to provide a range of ad hoc services according to claimants’ needs. The lack of such governance arrangements in all prefectures will produce disparities in the number of counselling cases as seen above. Hence, prefectures must take the initiative to change this conventional administrative culture, even though in *centrally framed* Japan, coordination between a prefecture and its municipalities remains difficult. This is due to the limited role and competency of prefectures, resulting from re-centralization.

As a more fundamental assessment, the ‘marginality’ of income maintenance protection should be emphasized. The urgent need to provide activation services in Japan has been met predominantly by in-kind benefits at the local level as “activation without benefits” (Shimauchi and Sakurai 2019), which could be seen as an example of “passive subsidiarity” (Kazepov 2008). The COVID-19 pandemic reveals the insufficiency of income maintenance protection, such as unemployment benefits, causing an extraordinary burden upon municipalities and local welfare councils in assisting needy people.

The reason that the state persists in holding the ‘purse strings’ seems to be related to the remaining centralism that characterized Japan’s post-war welfare models (Morita 2011) but was undermined by the neo-liberalistic ideals that became prominent in 1990s and 2000s (Kato 2000). However, with such a structure, Japanese activation policies cannot effectively address the diversity of need and welfare recipients within different localities. Thus, for effective activation policies, the state needs not only to widen the scope of in-cash benefits, but also to devolve financial revenues to in-kind benefits at the local level. Advancing these two actions might be a step towards achieving a balance between centralization and decentralization.

Nonetheless, this further financial devolution does not necessarily guarantee the success of the activation policies already in place. Rather, subnational territorial bodies might produce different policies, creating a higher level of uncertainty in access rights and service delivery due to discretion of frontline workers, who belong to various organizations and whose professional backgrounds are diverse. This might widen the disparity in social protection amongst municipalities. In order to prevent this from happening again, prefectures need to play a leading role in urban/local social policymaking and implementation by sharing knowledge of best practice with one another, taking into consideration the variety of challenges they have faced.



## NOTES

1. The territorial structure of Japan is state/prefecture/municipality. Prefecture is of a higher order than municipality within the local government structure. Prefectures deal with wider administration (such as road construction and high school administration) and coordination amongst their municipalities. According to the state/region/province/local typology defined by Kazepov (2010), prefecture falls into the category of province. As of December 2020, Japan has 47 prefectures and 1,750 municipalities.
2. The national government's definition of *hikikomori* is where an individual remains at home for more than half a year, avoiding social participation such as work or school. According to the 2015 national survey (target: 15 to 39 years old), the number is estimated to be 541,000 (1.57 per cent of this age cohort).
3. For example, they focus on how a trailblazing prefecture has played a leading role in relation to its municipalities. Since activation policies were novel to all of the bodies concerned, one of the first things they did was to (re)construct the relationships amongst each other for administering the policies.
4. The meaning of 'hybrid' should be critically examined. See Shizume et al. (2021).
5. This chapter is based on the research outcomes funded by JSPS KAKENHI Grant Numbers 18H00957 and 15K03991.
6. The unemployment rate in Japan from the Oil Crisis in the early 1970s to the 1980s was between 1 and 2 per cent.
7. In the MHLW's organizational chart, the ministerial secretary and the general directors are at the same level as these 11 bureaus.
8. Indeed, in the early 2000s the state decided to transfer some national tax resources to the prefectural and municipal tax, but the decrease in the amount of the local government block grant was larger than the former.
9. This special committee was placed at the Social Security Council Welfare Committee in the Ministry of Health, Labour and Welfare.
10. Our Osaka survey was conducted in all 43 municipalities (city: 33, town: 9, village: 1) in 2016. The person in charge of activation policy in each municipality was asked to respond to the questionnaire and the sample size was 40. We use only 'city' in consideration of the competency of administration, such as independence as a section to implement this policy, and the sample size for our analysis is 27 (Nagamatsu et al. 2018). This survey was supported by JSPS KAKENHI Grant Numbers 15K03991 and 17K13870. Although the section shows the simplified results, we use QCA (Qualitative Comparative Analysis) for analysing our data (Ragin 1987).
11. Here the authors use the fiscal year of Japan, April to March, not the normal January–December year. As for 2020, the authors calculated the amount of money spent by using the monthly published data.
12. Because there are many companies which would not pay benefits for forced leave, especially to temporary employees, the state introduced the scheme for addressing it ('The support fund and allowance for the leave forced to be taken under the COVID-19 outbreak', revenue: 544 billion Yen) in July 2020. But as of 8 October 2020, only 3.8 per cent of the revenue was spent.

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# Index

---

- activation policies
  - effectiveness of 152
  - governance of 153–6
  - implementation of 152
  - institutional embeddedness of 153–5
  - and institutional logics 153–6
  - in Japan 429–30, 434, 436–8
    - COVID-19 pandemic's effect on 440–42
    - structural contexts 431–3
  - labour market 152
  - national and local logics of 164–7
  - in Sweden 155
- active citizenship 246
- active labour market policies (ALMPs) 58, 60, 64, 65, 429
- active subsidiarity 124
- ad hoc institutionalization 92
- affordability crisis
  - global housing 170, 176–7
- Africa 369
  - urban administrations in 381
  - urbanization in 369–71
  - welfare states 369
- Africa Social Protection Strategy 2012–2022* 377
- ageing 31
- agency, and urban spaces 271–3
- Alexander, M. 191
- Alinsky, S. 269
- ALMPs *see* active labour market policies (ALMPs)
- Alpermann, B. 409, 410
- Ambrosini, M. 197
- American
  - federalism 353
  - social citizenship 359
  - social policies 353, 354
  - social provision 357, 360
- Amsterdam 220, 228
- Andersson, R. 205, 209
- Andreotti, A. 212
- Anne, D. 140
- anti-austerity mobilizations 87, 96
- Anti-Evictions Platform, Spain 88–9
- anti-poverty policies 136
- Aramburu, M. 31
- area-based approach 327
- Argentina 45, 46
- Arlotti, M. 67
- Armingeon, K. 26
- Arnstein, S. R. 303
- Arthurson, R. 211
- Article 130a of the Single European Act 312
- Article 104b of the German constitution 326–7
- Assistance Benefit Act of 2005, Sweden 285
- assistantes maternelles* 121
- associationism 301
- associative democracy 301
- asylum policy 194
- asylum seekers 256
- Athens 94
- at-risk-of-poverty 139, 141, 147–8
- austerity policy 88
- autonomous communities (ACs) 258 *see also* *Comunidades Autónomas (ACs)*
- Avram, S. 138
- Avritzer, L. 300
- Awards Programme of Innovation and Excellence
  - in Local Chinese Governance 400, 412
- Bacqué, M.-H. 210, 212
- Baeten, G. 424
- Baines, S. 59
- Barberis, E. 144
- Barca, F. 312–13
- Barcelona, Spain 91, 317
- Barceloneta Proa a la Mar (2015-2020)* 92
- Basic Social Subsidy Programme 376
- Beck, U. 29
- Beleid, G. S. 325
- Bengtsson, B. 177
- Bernard, J. 33
- Bilbao 94
- Bilić, B. 341
- Blokland, T. 211
- Bode, I. 77, 80
- Bolsa Família* programme 374–5, 380, 385, 390
- Bonoli, G. 26, 35, 67
- Borevi, K. 177
- Bosnia-Herzegovina (B-H) 342–3
- Boston, desegregation of school policy 227
- Boterman, W. R. 34
- bottom-linked governance 11, 86
  - claims and participation in local policy in 92–3
  - defined 85
  - features of 86–7
  - operationalization of 97

- bottom-up citizen involvement 296
- Bo Xilai 408, 409
- Brandsen, T. 245
- Brazil 45
  - Favela-Bairro programme 178
  - metropolitan spaces in 386
  - public security and urban violence 392–5
  - social policies 384
    - and poor 388–90
  - social protection system 388
    - and urbanization 385–7
  - urban policies 390–92
  - urban poverty 384
- Brederwold, F. 241
- Brenner, N. 9
- Brković, Č. 343
- Buffat, A. 241
- Buffel, T. 34
- bureaucratic co-production 242–4
  
- CAA *see* Comprehensive Area Assessment (CAA)
- Çağlar 190
- Cantillon, B. 142
- capitalism 176
  - Golden Age of welfare 174, 177
  - real-estate 170, 173, 178
- Cardiff 157, 158, 165–7
- care
  - global and transnational transformations in 276
  - policies 128–9
  - and urban spaces 275–6
- carte scolaire* 223, 227
- case studies, policy and cost shifting
  - Germany 255–6
  - Spain 258
  - Sweden 257–8
  - Switzerland 259–60
- cash assistance 360, 361
- cash for care
  - allowance schemes 286, 287–8, 292
  - payment 284
  - schemes 121
  - strategy 285
- CASS *see* Chinese Academy of Social Sciences (CASS)
- CCCS *see* Centre for Contemporary Cultural Studies (CCCS)
- CCP *see* Chinese Communist Party (CCP)
- CCT *see* compulsory competitive tendering (CCT)
- CEMR *see* Council of European Municipalities and Regions (CEMR)
- centralization 44, 338
  - of welfare state governance 251
- Centre for Contemporary Cultural Studies (CCCS) 270
- Centres for Social Work (CSWs) 341, 343–5
- Centro Social Luis Buñuel* 93
- Charity Organization Societies (COS) 268
- charter schools 226, 227
- Checchi, D. 58
- Chen, X. 399–401, 410
- China
  - Dibao* system 406–8
  - innovation in urban social policy 399–400, 405–6, 409–11
  - social assistance policy 411
  - social policy divide 403–5
- Chinese Academy of Social Sciences (CASS) 408
- Chinese Communist Party (CCP) 400, 406
- cities
  - China's state structure and 400–403
  - local welfare systems (LWSs) 101–11
  - working-class population in 266
- citizen co-production 243–5
- civil society organizations 78–80
- climate response policies 321
- Cohesion Policy (2007–2013) 313, 317
- collaboration in local social policy
  - bottom-linked governance 92–3
  - local policy with input from community action 94–5
  - outside institutional frameworks 93–4
- collaborative housing 172
- Collado, D. 142
- collective violence 12
- Commission for a Social Sustainable Stockholm 424
- common social standards 309
- community logic 157, 160, 163
- community organization 266, 267, 269
- Community Public Service Agencies (CPSAs)
  - in Dalian (redux) 408–9, 411
- community work 266, 268, 269
  - spatial dimension of 271–6
  - urban social spaces in 269–71
- Comprehensive Area Assessment (CAA) 288
- Comprehensive Decentralization Law 433, 435
- Comprehensive Promotion of Labour Policy Law 437
- compulsory competitive tendering (CCT) 284
- Comunidades Autónomas* (ACs) 46 *see also* autonomous communities (ACs)
- context 3, 4
- context-sensitive research agenda 10–11
- context-sensitive social investment (SI) 63–6
- continental countries
  - early child education and care (ECEC) 124–5

- long-term care (LTC) services 124–5
- social mix policies 207, 209–10
- Continuous Cash Benefit (BPC) 389
- convergence-divergence debate 175–6
- convergence theory 176
- co-production of policies 85–6, 90, 98
- COS *see* Charity Organization Societies (COS)
- cost shifting 250–51, 253–6, 258–62
- Council of European Municipalities and Regions (CEMR) 310–11
- counselling 429, 430, 432, 435, 437–42
- COVID-19 pandemic 12, 39, 49, 62, 66, 82, 111, 130, 244, 277, 281, 332, 359, 362, 363, 384
- China 410–11
- citizen co-production and 244–5
- developments during 2020 95–6
- effects/impacts on
  - activation policies in Japan 440–42
  - EU programmes and implementation 318–19
  - housing 183
  - public and private spaces 272–3, 277
- Germany 159
- local responses to 319
- and migration 198–9
- Nordic welfare states 419
- on nursing homes 47
- and post-Yugoslav space 346–7
- poverty and 145–6
- reaction of the EU to 319–20
- second wave of 40
- sheer impact of 50
- shifting games and policy responses to 262
- social assistance in 146–7
- social life and society change 275–6
- and urban social protection 378–80
- CPSAs *see* Community Public Service Agencies (CPSAs)
- crime 11–12
- Croatia 343–5, 348
- cross-country analysis 282
- CSWs *see* Centres for Social Work (CSWs)
- Curley, A. 209
  
- Damhuis, R. 213
- Danish flexicurity model 64
- Dayton Peace Agreement (DPA) 337, 342
- decentralization 40, 42, 44–50, 137, 166, 167, 178, 241, 242, 258, 285, 288–90, 313, 338, 352, 353, 363, 375, 378, 387–9, 402, 414, 417, 419, 424, 430, 432, 433, 442, 443
- and consequences for multi-level governance 177–8
- de facto 134
- of educational systems 219
- of penury 9, 129
- processes 7
  - in United States 355–63
- decision-making 296–9, 301–5
- decommodification 207
- DeFilippis, J. 211
- de Lauwe, P. -H. C. 270
- Del Pino, E. 314
- democratic governance 296
- democratic legitimacy 298
- Deng Xiaoping 399
- Department for Work and Pensions (DWP) 156, 157
- depoliticized active citizenship 246
- desegregation of school policies 226–7
  - controlling choice: Amsterdam, the Netherlands 228, 229
  - effects on segregation 228–9
  - expanding choice: Mülheim, North Rhine-Westphalia 227–8
- deservingness 352
- devolution
  - processes 7
  - in United States 355–63
- De Wilde, M. 144
- Dhalmann, H. 210
- Dibao* system 406–8
- Dickens, C. 268
- Direct Social Action Programme 376
- discretion 239–44
- DPA *see* Dayton Peace Agreement (DPA)
- drug lords and favela control 393–4
- Duckett, J. 405
- Duoji Cairang 407
- Dutch Social Support Act 241–6
- DWP *see* Department for Work and Pensions (DWP)
  
- EAPN *see* European Anti-Poverty Network (EAPN)
- early child education and care (ECEC) 117
  - centre-based 119
  - continental countries 124–5
  - early-development cycle 119
  - home-care services 120
  - individual-based care and monetary transfers 120–22
  - instruments of 118
  - Nordic countries 122–4
  - preschool cycle 119
  - Southern European Countries 126–7
  - UK and the Netherlands 125–6
  - vertical dimension of multi-level governance in 122–7

- economic crisis 12–14, 39–41, 66, 101  
 economic globalization 199  
 economization of poverty agenda 310  
 Edinburgh 157–8, 165–7  
 educational inequality 219, 230  
 educational landscapes 220–21, 223, 227, 229  
 educational systems, decentralization and  
     marketization of 219–20  
 education policies 221, 228  
     desegregation of school 226–9  
     and regulations 220–21  
 Elizabethan Poor Laws 283  
 embeddedness 153  
     and welfare systems 102–4  
 emerging social risks 58  
 Employment Adjustment Subsidies 440, 441  
 Employment and Youth Employment Package  
     311  
 Employment Insurance Law 435, 437  
 employment maintenance incentives 435, 440  
 Employment, Social Policy, Health and  
     Consumer Affairs Council (EPSCO) 311  
 Employment Stability Law of 2000 433  
 encampments 190  
 Engels, F. 266  
 entrepreneurialism 172  
 EPSCO *see* Employment, Social Policy, Health  
     and Consumer Affairs Council (EPSCO)  
 ERDF *see* European Regional Development Fund  
     (ERDF)  
 Escott, K. 31  
 ESF *see* European Social Fund (ESF)  
 ESIF *see* European Structural and Investment  
     Funds (ESIF)  
 Esping-Andersen, G. 25, 26, 63–4, 102, 282, 338,  
     414  
     national welfare capitalism 103  
     welfare-regime approach 176  
 EU at-risk-of-poverty 139, 141, 147  
 EU policies 308  
     changes 310–12  
     legal background and main instruments  
         309–10  
     at local/urban level, social effects of 313–15  
     national differences in urban policy 317–18  
     for urban areas 316–17  
 EUROMOD microsimulation model 139, 141,  
     148  
 European Anti-Poverty Network (EAPN) 311,  
     321  
 European care regimes, ECEC and LTC services  
     122–7  
 European countries, urban policy in 210  
 European Pillar on Social Rights 147, 312, 315  
 European Regional Development Fund (ERDF)  
     313, 316  
 European Social Fund (ESF) 309, 314–16  
 European Structural and Investment Funds (ESIF)  
     309  
 Europe 2020 Strategy 310–11  
 EU territorial programmes, COVID-19 pandemic  
     and 318–20  
 Fabula, S. 33  
 favelas 386  
     control 393–4  
 FEA *see* Federal Unemployment Agency (FEA)  
 FEAD *see* Fund for European Aid to the Most  
     Deprived (FEAD)  
 Federal Law on Epidemics, Switzerland 262  
 Federal Unemployment Agency (FEA) 159, 165  
 Feltran, G. 395  
 Ferreira, S. 74  
 Fewsmith, J. 403, 409  
 Figari, F. 143  
 fiscal autonomy 253–4, 260–62  
 fiscal crisis, in Argentina 45  
 fiscal federalism 44, 45, 253  
 food assistance 356  
 Food Subsidy Programme 375  
 Fordism 72, 74  
 Forrest, R. 211  
 Foucault, M. 269  
     biopolitics approach 11  
 France, personal social services  
     neoliberal policy 285–6  
     NPM-inspired public sector reforms 290  
 Frank, S. 34  
 Fuertes, V. 106, 110  
 Fund for European Aid to the Most Deprived  
     (FEAD) 309  
 Gans, H. 5  
 Gao, X. 410  
 Gautreaux programme 208  
 generosity 355, 357, 361, 362  
 Gentilini, U. 379–80  
 gentrification 33–4  
 Germany  
     centralized employment policy 165, 166  
     COVID-19 crisis 159, 262  
     diversified and disconnected service  
         provision  
         local social and employment 160–61  
         national context 159–60  
     federalism 255  
     Federal Unemployment Agency (FEA) 159  
     inter-agency collaboration 160  
     labour market policies 159, 165

- personal social services
  - neoliberal policy 286–7
  - NPM-inspired public sector reforms 289–90
- policy and cost shifting, case study for 255–6
- public insurance system 125
- social assistance 255–6, 260, 261
- Social City policy 210
- subnational governments 254
- glocalization 41
- Göbel, C. 399–401, 410
- Goetz, E. G. 208, 209
- Golden Age of the Welfare 41, 74, 104, 171, 174–5
  - capitalism 174, 177
- governance 309
  - of labour market policies 153–4, 165
  - multi-level *see* multi-level governance
- governance of migration 187, 188
  - multilevel 191–4
    - civil society, grassroots activism and policies 194–6
    - national policymaking and localities 194
- Granovetter, M. 102, 103
- Great Recession 39, 40, 49, 359, 360, 363, 440
- Greece, solidarity initiatives 90
- Greve, B. 417
- Grønli Rosten, M. 423
- Groruddalen initiative 423
- Grünfeld, F. 213
- Gu, E. 410
  
- Halbwachs, M. 270
- Hamidi, S. 215
- Harloe, M. 174
- Hartz, P. 256
- Harvey, D. 87, 172
- Heilmann, S. 400
- HHoT *see* hypothetical household extension (HHoT)
- Hika Ateneo* 94
- hikikomori* 429, 437
- Hirst, P. 301
- Hochstenbach, C. 34
- Høier Olsen, S. 423
- home-care services 120
- home ownership 31, 177
- Hooghe, L. 9
- HOPE VI programme 208, 209
- horizontal subsidiarity 77
- horizontal subsidiarization 14
- housing 31–2
  - COVID-19 crisis and effects on 183
  - everyday social practices 172
  - historical and institutional contexts 173–8
  - insecurity 182
  - institutionalized regulatory system 171
  - mass 175
  - municipal 177
  - non-profit 179
  - policy 170
    - analytical framework 171–3
    - global(ized) challenge 170–71
    - local *see* local housing policy
    - neoliberal turn in 176
    - research 179–82
    - state-led 178
  - regimes 176
  - right to housing scheme 177
  - social 174, 178–81
    - deliberating the status of 175–6
    - system of norms and values 172
- Housing First initiative 78, 80, 82
- Huang Ju 406
- Hubei 410–11
- Hu Jintao 401, 410
- hukou* system of household registration 401, 404
- Hunger Safety Net Programme, Kenya 372
- Hupe, P. L. 235, 241
- Hvinden, B. 106
- hypothetical household extension (HHoT) 139
  
- IHSC system *see* integrated health and social care (IHSC) system
- immigrant integration models 191
- implementation management 239–40
- implied realization 239
- ImPRovE* project 77–82
- inclusion 355, 357, 359, 361, 362
- individual-based care 120–21
- industrial capitalism 268
- industrialization 266
  - socialist Yugoslavia 340
- industrial wage-earner model 25
- inequalities 357, 361–3
- informal caregivers 283, 285, 286, 292
- informality 180
- in-kind benefits 67
- innovation, urban social policy in China 399–400, 405–6, 409–11
- institutional complementarities 3
  - social investment (SI) 63–4
- institutionalization 92
- institutional learning 328
- institutional local policy 93–4
- institutional logics 164, 166
  - of corporations 155
  - governance of activation policies and 153–6
  - market-based 157
- institutional orders 154–5



- institutional participation 303
- institutional regulations 220–21
- institutional transformation 73–7
- integrated approach 312, 327
- integrated health and social care (IHSC) system 289
- integrated policy framework 314
- Integrated Territorial Investment (ITI) tool 316
- integrated urban development 181, 312
- inter-agency coordination 154, 158–60, 162–5, 167
- Intercultural Cities Programme* 197
- International Federation of Social Workers 266–7
- International Labour Organization (ILO) 369, 371, 372–3, 376, 378, 381
- International Long-Term Care Network 291
- inter-scalar complexity 128
- Ipelegeng* workfare programme 374
- Italy 43
  - personal social services
    - neoliberal policy 287–8
    - NPM-inspired public sector reforms 290–91
- ITI tool *see* Integrated Territorial Investment (ITI) tool
- Janssens, J. 145
- Japan
  - contemporary urban social policies in 429
  - COVID-19 pandemic impact on activation policies 440–42
  - labour market programmes in 435
  - post-war welfare models 443
  - responsibility of public actors for main activation measures in 435–8
  - scalar configuration of public sector in 433–5
  - territorial structure of 444
  - welfare system 430–31
- JCP *see* Jobcentre Plus (JCP)
- Jensen, P. H. 33
- Jobcentre Plus (JCP) 156–8
- job insecurity 25
- Johansson, H. 106
- Johnson, L. B. 269
- Karjalainen, V. 443
- Kazepov, Y. 57, 124, 144, 444
- Keating, M. 9
- Kelly, J. 240
- Keynesian model 112
- Kleinhans, R. 209
- Kloet, J. de 13
- knowledge economy 62–3
- Kuebart, A. 215
- labour market policies 152, 158
  - active labour market policies (ALMPs) 58, 60, 64, 65, 429
  - contractualization 164
  - Germany 159, 165
  - governance of 153–4, 165
  - inter-organizational coordination in 165
  - Sweden 162, 166
  - UK 156
- labour market programmes in Japan 435, 440
- Lampton, D. M. 403
- Langford, M. 33
- Law on the Support for Non-Insured Jobseekers 437
- Law on the Support for the Self-Reliance of Needy Persons 437
- LEAP programme *see* Livelihood Empowerment Against Poverty (LEAP) programme
- Lefebvre, H. 182, 269, 270
- Le Galès, P. 107
- Lelévrier, C. 211
- Leontidou, L. 195
- less eligibility principle 141
- LGA *see* Local Government Association (LGA)
- L'Horty, Y. 140
- liberal housing regimes 176
- liberal welfare state model 282
- Lidström, A. 42, 418
- Lieberthal, K. G. 399
- life-course risks 26
- Li Keqiang 409–11
- Li, L. 410
- Lille, France 317
- Li Peng 407
- Lipsky, M. 239
- Lisbon Charter 312
- Livelihood Empowerment Against Poverty (LEAP) programme 374
- local 5
  - actors 188, 199
  - authorities 157
  - context 305
  - destination types 188–90
  - self-governance 418
  - social expenditure 419–20
- Local Government Act of 1982 284, 288
- Local Government Association (LGA) 288
- local governments
  - challenges and reforms 236
  - Nordic countries 417–18
  - capacities 418–19
- local housing policy 170, 171
  - post-war 175
  - provision, maintenance and allocation of housing 179–80

- research 179–82
- social agenda and 180–81
- spheres of action for 179–82
- and urban renewal 181–2
- local impact 308, 314
- localism 343
- Localism Act (2011), UK 44
- localization 245–6
  - of care policies 128–9
  - as governance trend 236–9
  - as meta-policy 236–7
  - as street-level practice 241–4
- localized social risks 15, 24
- local level 414, 417, 424
- local logics of activation 164–7
- local migration policymaking 199
  - implicit and explicit rescaling 192–3
  - localized incorporation: processes and policies 192
- local social policies 6–8
  - claims and participation in 92–3
  - collaboration in 90–91
  - with input from community action 94–5
  - institutional 93–4
- local welfare 31, 35, 36, 241, 275, 292, 299, 301, 328, 340, 342, 343, 345, 414, 418, 425, 439, 441, 443
  - policies 24, 35
  - programmes 36
  - regimes 41
  - relevance of 59–60
  - systems 33, 35
- local welfare systems (LWSs) 101
  - centrality of 102
  - empirical studies 106
  - transformation in European cities 101–11
  - urban actors' agency in 109–10
- long-term care (LTC) 47–8, 281, 282, 284, 285
  - impact of COVID-19 on 291
  - services 117
    - centre-based 119–20
    - continental countries 124–5
    - for dependent older people 117
    - individual-based care and monetary transfers 120–22
    - Nordic countries 122–4
    - policy instruments of 118
    - Southern European Countries 126–7
    - in Sweden 129
    - UK and the Netherlands 125–6
    - vertical dimension of multi-level governance in 122–7
- low-skills ecosystems 63
- LTC *see* long-term care (LTC)
- LTC Insurance Act 286
- Lungu, E. 381
- Lu, Q. 411
- LWSs *see* local welfare systems (LWSs)
- Madrid 91
- Marchal, S. 139, 145
- Marcou, G. 236
- market-based institutional logic 157
- marketization, of educational systems 219
- market logics 158, 161, 164
- Marks, G. 9
- Marshall, T. H. 112, 357, 359
  - theory 175
- Martínez, M. 95
- Matsaganis, M. 58
- Matthew effects 56, 62, 65, 67, 128
- Mayhew, H. 268
- McNulty, S. 300
- means-tested minimum income protection 144–7
- means-tested programmes 287, 360
- Merton, R. K. 67
- meta-policy, localization as 236–7
- methodological nationalism 187, 341–2
  - Bosnia-Herzegovina (B-H) 342–3
  - Croatia 343–5
  - Serbia 345–6
- metropolitan gateways 188, 189
- MHLW *see* Ministry of Health, Labour and Welfare (MHLW)
- migrants
  - citizenship rights 191
  - suburbanization for 189
- migration 187–8
  - COVID-19 pandemic and 198–9
  - European soft governance and 198
  - hubs 188–9
  - immigrant integration models 191
  - inter-city networks and 197
  - local destination types 188–90
  - localization factors 190
  - multi-level governance 193–6
  - municipal action on issues
    - European competitive calls for funds 197–8
    - inter-city networks and migration 197
    - local ordinances 196–7
  - policymaking 192–3
  - rescaling and 190–91
- migration policy 188, 191–7
  - civil society, grassroots activism and 194–6
- MigRom* project 79
- Milošević, S. 337
- minimum income protection 134, 137–42, 146
  - benefits 139–41, 143, 145
  - claims 145

- implementation of 145
- limited coverage of 143
- means-tested 146–7
- schemes 143, 145
- Minimum Livelihood Guarantee (MLG) system 406–8, 411
- Ministry of Health, Labour and Welfare (MHLW) 433
- MLG *see* multi-level governance (MLG)
- MLG system *see* Minimum Livelihood Guarantee (MLG) system
- mobilizations 87–9, 94–6
- Molotch, H. L. 172
- monetary transfers 57, 121
- Moore, R. 211
- Moving-to-Opportunity (MTO) programme 208
- Mozambique 375
- MTO programme *see* Moving-to-Opportunity (MTO) programme
- Mülheim 220, 227–8
- multi-level governance (MLG) 8–13, 41, 60, 65, 66, 104, 117, 260, 321, 338, 384, 418
  - decentralization and consequences for 177–8
  - institutional dimensions of school segregation 221–4
  - of migration 191–4
    - civil society, grassroots activism and policies 194–6
    - national policymaking and localities 194
    - vertical dimension of 122–7
- multi-scalar configuration 74, 75, 77, 79
- multi-tiered welfare states 250–53
  - COVID-19 crisis and 262
  - policy shifting and cost shifting 255–60
  - social assistance 250, 255–60
- municipal housing 177
- municipal socialism, Utopian philanthropic beginnings of 173–4
- Murie, A. 211
- Musterd, S. 205, 209, 211
  
- National Assistance Act, United Kingdom 283
- National Board of Health and Welfare (NBHW) 123–4
- national building law code (BauGB) 327
- National Health Service (NHS) 284
- National Health Service and Community Act 284
- National Labour Market Board 258
- national logics of activation 164–7
- National System for Social Housing (SNHIS) 391
- national unemployment scheme 255
- NBHW *see* National Board of Health and Welfare (NBHW)
- neighbourhoods 204, 211–12
  - heterogeneous neighbourhoods 215
  - affordable 213
  - demolished sections of 209
  - effects 204, 206, 208
  - in heterogeneous districts, homogeneous 212–14
  - low-income 209
  - management 327, 334
  - poverty 206, 208–10
  - restructured 208–9
  - social balance in 210
  - social composition of 208
  - socio-economic compositions of 206
  - urban, social mixing of 207, 209
- neo-corporativist model 301
- neoliberal policy 281, 291
  - personal social services in
    - France 285–6
    - Germany 286–7
    - Italy 287–8
    - Sweden 284–5
    - United Kingdom 283–4
- neoliberal turn, and global housing affordability crisis 176–7
- Netherlands
  - early child education and care (ECEC) 125–6
  - long-term care (LTC) services 125–6
- Newcastle 157, 158, 165
- 'New Deal for Communities' programme 325
- new localism policy 288
- new metropolitan gateways 189
- New Public Management (NPM) 281, 287
  - France 285–6
  - Germany 286–7
  - implications for 291
  - Italy 287–8
  - Sweden 284–5
  - United Kingdom 283–4
- new social risks (NSRs) 26, 30
  - ageing 31
  - emergence of 26, 35
  - housing 31–2
  - localizing 30
  - in post-industrial societies 24–7
  - social protection against 27, 35, 36
  - and social vulnerability 27–9
  - unemployment 31
- New Steering Model (NSM) 290
- NHS *see* National Health Service (NHS)
- Nicholls, W. J. 109, 195, 196
- non-profit housing 179
- Nordic countries
  - early child education and care (ECEC) 122–4
  - local governments
    - capacities 418–19
    - and territorial reform 417–18

- local social expenditure 419–20
- long-term care (LTC) services 122–4
- urban social policies 414, 420–24
- welfare reforms 415–17
- Nordic welfare
  - model 415–17
  - states 414, 416, 417, 424–5
- Nordvik, V. 213
- Novissi* programme 380
- NPM *see* New Public Management (NPM)
- NSM *see* New Steering Model (NSM)
- NSRs *see* new social risks (NSRs)
  
- Olofsson, T. 416
- OMC *see* Open Method of Coordination (OMC)
- Oosterlynck, S. 305
- Open Method of Coordination (OMC) 310
- organized crime 12, 384, 385
  - in Rio de Janeiro 393–4
  - in São Paulo 394–5
- Osaka Prefecture 437
  - disparity in counselling cases 438–40
- Ostendorf, W. 209
- Ostrom, E. 87
  
- Palomera, J. 31
- parental school choice 219–21, 224, 228–30
  - school segregation 225–6
- participation, and urban spaces 273–5
- participatory budgeting (PB) 299–300
- participatory democracy 299, 300
- participatory turn 30, 297, 304
- passive subsidiarity 9, 10, 126
- pauperization 266
- PB *see* participatory budgeting (PB)
- Penninx, R. 191
- Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) 354
- personal social services
  - neoliberal policy 283–8
  - NPM-inspired public sector reforms 288–91
- PES *see* Public Employment Services (PES)
- PESOs *see* Public Employment Stability Offices (PESOs)
- Phillipson, C. 34
- Piazza Grande* 80
- place-based policy 313
- ‘Plan for Germany’ in 2019 331
- plurinational state 252
- Polanyi, K. 103
- policy 2, 3
  - co-makers 238
  - as co-production 237–9
  - as directive message 239
  - implementation 235, 239, 242–4, 246
    - street-level 235, 239–42
    - innovation 88, 399–400, 405–6, 409–11
    - politics 8, 239
    - shifting 251, 254, 255, 257, 260–62
- policymaking, rescaling migration and 190–91
- policy problems, contextual pressures and 45–7
- political co-production 238, 242, 244
- political violence 12
- politics 3, 4
  - and policy 8–9
- Popkin, S. J. 209
- Porto Alegre case 86, 300
- post-war local housing policy 175
- post-Yugoslav space
  - COVID-19 and 346–7
  - welfare-state-nation in 341–6
- post-Yugoslav states 341–6, 348
- poverty 134–5, 326
  - COVID-19 pandemic and 145–6
  - gap 138, 142
  - impact of minimum income protection on 143
  - neighbourhoods 206, 208–10
  - policies for 136
  - rates 138
  - reduction 135, 137, 138, 143, 146, 177
    - by social assistance 137–9
    - threshold 138, 139, 141–3
- Pradel-Miquel, M. 110
- PRC *see* People’s Republic of China (PRC)
- principle of subsidiarity 259, 286, 287, 352
- private spaces 273
- Productive Safety Net Programme (PSNP) 374
- Productive Social Action Programme 376
- professions logics 157, 161, 163, 164
- Programa de S ubsidio de Alimentos* 375
- provident funds 371–2
- PRWORA *see* Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)
- PSNP *see* Productive Safety Net Programme (PSNP)
- public actors 435–8
- public assistance 431–3
- Public Assistance Division of the Social Welfare Bureau 433, 435
- Public Employment Services (PES) 162, 163, 257
- Public Employment Stability Offices (PESOs) 433
  - public insurance system, Germany 125
- public participation 297–9, 305
  - of citizens 299–300
  - principle of 297
  - of representatives of groups 301–3
  - in urban policy-making, pros and cons 303–4

- public sector 73–9  
 public security 387  
   policies 385, 392  
   and urban violence 392–5  
 public services model of Nordic countries 282  
 public spaces 272  
 Purcell, M. 245
- RAI *see* Regional Authority Index (RAI)  
 Ranci, C. 57, 59  
 Ravenstein's laws of migration 190  
 ReAct EU programme 319  
 real-estate capitalism 170, 173, 178  
 recentralization 7, 13–14, 44, 47, 49, 102  
 Recovery Package proposal 320  
*Red de Centros Socio-laborales de Zaragoza* 95  
 reference budgets 148, 314  
 Regional Authority Index (RAI) 42  
 Regional Operational Programme 2014–2020 318  
 regulated vs. free-housing markets 179  
 rescaling 7, 49, 60, 313, 337–48, 388, 389, 414, 435  
   institutional 74, 75  
   migration and policymaking 190–91  
   policy dynamics 30  
   of social welfare  
     Bosnia-Herzegovina (B-H) 342–3  
     Croatia 343–5  
     Serbia 345–6  
   strategies 35  
   of welfare 35, 47  
   of welfare provisioning and social policymaking 76  
 residential segregation 225  
 responsiveness, to decentralized social policy 359–63  
 Revilla, J. C. 32  
 'Revitalization Act', Poland 317  
 Rex, J. 211  
 right to housing scheme 177  
 Rio de Janeiro, organized crime in 393–4  
*Romani* project 79  
 rural areas 190
- Sabatinelli, S. 60, 65, 67  
 Sabel, C. 59  
 safety net programmes 355, 364  
 Saff, J. 33  
 SALAR *see* Swedish Association of Local Authorities and Regions (SALAR)  
 São Paulo, organized crime in 394–5  
 Saraceno, C. 124  
 Saruis, T. 305  
 Sassen, S. 172  
 Sata, M. 381
- Scharpf, F. 298  
 Schiller, G. 190  
 school segregation 219, 229  
   institutional dimensions of 220–24  
   landscapes of 220–26  
   parental choice 225–6  
   territorial dimensions of 221, 224–5  
 Schoukensa, P. 310  
 Schubert, G. 409, 410  
 Schuermans, N. 212  
 Schumpeterian model 112  
 Scott, A. 339  
 Seattle, desegregation of school policy 227  
 sector-led Improvement (SLI) scheme 288  
 Seehofer, H. 331  
 segregation 204, 207, 213, 214, 272  
   income and racial 208  
   spatial 209  
 Sellers, J. M. 42, 418, 421  
 Semprebón, M. 60  
 Serbia 345–6  
 service intensive welfare policies 59  
 service provision  
   Germany, diversified and disconnected 159–61  
   Sweden, centralized, differentiated patterns 162–4  
   UK, centralized and devolved patterns of 156–9  
 SI *see* social investment (SI)  
 SIF *see* Social Innovation Fund (SIF)  
 Silver, H. 304  
 Simone, A. M. 370  
 single policy instruments 3  
 Sintomer, Y. 300  
 SIP *see* Social Investment Package (SIP)  
 Skifter Andersen, H. 422  
 SLI scheme *see* sector-led Improvement (SLI) scheme  
 small and medium-sized towns 189  
 SNAP *see* Supplemental Nutrition Assistance Program (SNAP)  
 Soares, L. E. 393  
 social activation measures 435–8  
 social assistance 16, 134, 162, 250–52, 254–61, 371, 373  
   caseloads 137  
   in COVID-19 146–7  
   decentralized implementation of 136  
   drawbacks 136–7  
   effectiveness 137–9  
   financing of 135  
   limited reach of 143–5  
   local implementation of 136–7  
   *modi operandi* 135

- as poverty-reducing tool 137–9
  - principles 134–5
  - and problem of non-take-up 136
  - programmes 250, 254, 259, 406–8, 411
  - structural inadequacy of 139–43
  - see also* poverty
- Social Assistance Statute (LOAS) 389
- Social Assistance System (SUAS) 390
- social citizenship 352
  - equity 357–9
- social democratic welfare state model 282
- social housing 174, 178–81
  - deliberating the status of 175–6
  - philanthropic beginnings of 173–4
- social inequality 170
  - in (neo)liberal societies 207
  - in urban societies 207
- social initiatives, and local administration 92
- social innovation 72, 75
  - city and 77–81
  - debate on 75
  - defined 72
  - features of 72
  - public sector institutions in 79–80
  - urban *see* urban social innovation
- Social Innovation Fund (SIF) 345
- social investment (SI) 55, 66
  - context-sensitive 63–5
  - contributions 56
  - institutional complementarities 63–4
  - as a policy perspective 56–7
  - socio-economic complementarities 64–5
  - territorial complementarities 64–5
- Social Investment Package (SIP) 314
- Social Investment Package and Youth Guarantee 311
- social mix 205–7
  - defined 205
  - of urban neighbourhoods 209
  - as ‘wobbly’ concept 207
- social mix policies 204–5, 207, 214, 326
  - Anglo-Saxon context 207–9, 211
  - continental European contexts 207, 209–10
  - critiques on 211–12, 214
  - proponents of 206
- social policies 388–90
  - in Brazil 384
  - context-sensitive research agenda 10–11
  - governance 97
  - local, collaboration in 90–91
  - and poor 388–90
  - programmes 406–8, 411
  - subsidiarization of 10–11
  - territorial dimension of 2–4
  - urban and local 4–6
  - violence, control and 11–12
- Social Policy Chapter of the Treaty on the Functioning of the European Union (TFEU) 309
- social policy-making 41, 42, 49
- social protection 26, 27, 35, 36
  - in urban Africa 371–4
- social rights, and mass housing 174–5
- social risks 56–8
  - new *see* new social risks (NSRs)
- social safety net policies 355, 357–63
- Social Services Act, Sweden 257, 284
- social space 267, 270, 274
  - urban 269–72
- social trilemma 143
- social vulnerability 31–4
  - local determinants of 30
  - local drivers of 32–4
  - from new social risks (NSRs) to 27–9
- social welfare, in socialist Yugoslavia 339–41
- social welfare rescaling
  - Bosnia-Herzegovina (B-H) 342–3
  - Croatia 343–5
  - Serbia 345–6
- social work 266, 268, 269
  - spatial dimension of 271–6
  - urban social spaces in 269–71
- SOEs *see* state-owned enterprises (SOEs)
- solidarity 96
  - Athenian 89
- SOLIVID* project 96
- Sorensen, E. 79
- Southern Africa 370, 372–5, 378, 379, 381
- Southern European cities 87–9
- Southern European Countries
  - early child education and care (ECEC) 126–7
  - long-term care (LTC) services 126–7
- sovereignty 2–3
- Soziale Stadt (Social City) 210, 325–6, 335
  - institutional design and key elements 326–8
  - policy dynamics over time 328–31
  - from policy to practice 331–3
  - urban development measures of 327
- space and place, 270
- Spain 48, 260, 261
  - policy and cost shifting, case study for 258
  - social assistance 258
- spatial contextualities 19
- spatial inequalities 60–62, 204
- spatialization 269
- spatial practice 269–70
- spatial transformation 73–7
- Special Committee on the Ideal State of the Welfare System 436
- SSI *see* Supplemental Security Income (SSI)

- SSNP *see* State Safety Net Policy (SSNP)
- Stabler, M. 215
- state discretion 354, 355, 357, 363
- state-led housing policy 178
- state logic 158, 161, 163–4
- state-owned enterprises (SOEs) 401, 404
- State Safety Net Policy (SSNP) 355, 359–61
- Steen, T. 245
- Stone, D. A. 236, 238, 245
- Storper, M. 62, 108, 339
- street-level bureaucracy 236, 239–40
- street-level bureaucrats 235, 238–41, 245, 246
- street-level implementation 239–41
- structural adjustment programmes 341, 373
- subnational autonomies 433–8
- subnational governments (SNGs) 39–42, 46
- subnational territories, role of 57–63
  - increasing relevance of local welfare 59–60
  - persistence of spatial inequalities 60–62
  - rise of knowledge economy 62–3
  - spread of capacitating services 57–9
- subsidiarity 9, 10, 14, 19, 66, 77
  - active 124
  - passive 126
  - principle 259, 286, 287, 352
  - as structuring factor in European context 104–6
- subsidiarization 7
  - of social policies 10–11
  - vertical and horizontal 14
  - of welfare system 108
- Subsidy for Child Care Leave 440
- Subsidy for Family Care Leave 440
- suburbanization, for migrants 189
- SUD initiative *see* Sustainable Urban Development (SUD) initiative
- Supplemental Nutrition Assistance Program (SNAP) 356
- supply-side policy approach 62
- Support Programme for Self-Reliance of Public Assistance Recipients 436–7
- Support Programme for the Self-Reliance of Needy Persons 436–8, 443
- sustainability 423–4
- Sustainable Urban Development (SUD) initiative 313
- Sweden 261
  - activation policies 155
  - centralized, differentiated service provision
    - national context 162
    - social and employment services 162–4
  - centralized employment policies 166
  - labour market policies 162, 166
  - long-term care (LTC) policies in 129
  - personal social services
    - neoliberal policy 284–5
    - NPM-inspired public sector reforms 288–9
    - policy and cost shifting, case study for 257–8
    - social assistance 257
- Swedish Association of Local Authorities and Regions (SALAR) 289
- Swedish Social Insurance Agency 162, 163
- Switzerland 260–61
  - case study for policy and cost shifting 259–60
  - COVID-19 crisis 262
- systemic racism 358
- system of norms and values 172
- TANF *see* Temporary Assistance to Needy Families (TANF)
- Tasseva, I. V. 138
- Taylor-Gooby, P. 26
- Taylor, I. 240
- Teets, J. C. 400, 410
- Temporary Assistance to Needy Families (TANF) 354, 357
- territorial approach 281, 282
- territorial complementarities 55
  - policy implications of 66
  - social investment (SI) 64–5
- territorial dimensions, of school segregation 221, 224–5
- territorial dynamics 30, 34
- territorial inequalities 13
- territorialization, of welfare system 108
- territorial policy 308, 312–13, 320
- territorial politics 40
- territorial reform 417–18
- territorial welfare governance 41
  - changes 42–4
    - dimensions of social policy-making 42
    - measuring change 42–3
    - nature of the changes 43
    - timing of the changes 43–4
- territorial welfare reform, explanatory factors of 44–9
  - contextual pressures and policy problems 45–7
  - institutions 47–8
  - interests and strategies 48–9
  - role of ideas 44–5
- Thatcher, M. 281, 284
- Thematic Objective 9 (TO9) 316
- Theurillat, T. 172
- Thorslund, M. 418
- Timár, J. 33
- Torfing, J. 79
- Tosika Fameno* programme 380

- Trein, P. 35  
 Trydegård, G. 418  
 Tsemberis 82  
 Tunström, M. 422  
*Tutti a Casa* project 80
- unemployment 31  
   benefits 255–6  
   insurance 404, 407  
 Unemployment Insurance Program 360, 361  
*UngBo 12* 78  
 United Kingdom (UK)  
   centralized and devolved service provision  
     local social and employment 157–9  
     national context 156–7  
   centralized national policy 165  
   early child education and care (ECEC) 125–6  
   inter-agency coordination 158, 162  
   labour market policies 156, 166  
   long-term care (LTC) services 125–6  
   personal social services  
     neoliberal policy 283–4  
     NPM-inspired public sector reforms 288  
 United States, decentralization and devolution in 355–63  
 universal old-age pension scheme, Botswana 374  
 urban 4–5, 19  
   administrations in Africa 381  
   area promotion 422  
   citizenship 191  
   dynamics 34, 35  
   habitus 340  
   regeneration 325  
   safety net programmes 377  
   social control 423  
   social development 204–5, 207, 211  
   welfare mix 74, 76, 77, 79–81  
 urban actors' agency 109–10  
 urbanization 266, 268, 269, 420  
   in Africa 369–71  
     Brazilian cities 385–7  
 urban-land nexus 339  
 urban poverty spaces, in Brazil 384  
 urban renewal 182  
   local housing policy and 181–2  
 urban social innovation 75, 77  
   and city in established welfare regimes 73–6  
   civil society organizations in 78  
 urban social policy 6, 250, 271, 276, 296–8,  
   313–15, 325, 339, 348, 352–5, 359, 363,  
   369, 370, 384–5, 387, 388, 390–92, 395,  
   396, 399–411, 414, 420–25, 443  
   Brazil 390–92  
   China 405–6, 409–11  
   differences and inequalities in 107–9  
   EU 316–18  
   in European countries 210  
   new paradigm for 72–3  
   Nordic countries 414, 420–24  
 urban social protection 374  
   Africa 371–4  
   COVID-19 and 378–80  
   initiatives 374–8  
 urban social sustainability 423, 425  
 urban spaces 268, 269  
   agency and 271–3  
   care and 275–6  
   participation and 273–5  
   theories and concepts of 269–71  
 urban violence, public security and 392–5  
 urban welfare regimes 338, 341, 404, 431  
   social innovation and city in 73–7  
   case studies 77–81
- Vandenbroucke, F. 138  
 van Eijk, G. 211  
 Van Gent, W. P. C. 210  
 Verbist, G. 58  
 vertical subsidiarity 77  
 very social housing 181  
 Vienna Employment Promotion Fund (WAFF) 65  
 Vilkama, K. 210  
 violence and control 11–12  
 Vogelaar, C. P. 210  
 vulnerability 28–9  
   social *see* social vulnerability
- Wacquant, L. 11, 423  
 Walks, A. 212  
 Wallace, J. 401, 404  
 Wampler, B. 300  
 Warner, M. 236  
 Watt, P. 33  
 Weck, S. 34  
 welfare  
   governance 418  
   magnet 360  
   mobility 342  
   municipalism 418  
   parallelism 342–4, 348  
   rescaling 47  
   tourism 342  
 welfare mix, urban 74, 76, 77, 79–81, 287  
 welfare programmes, rescaling of 35  
 Welfare Reform Act (2012) 44  
 welfare reforms, Nordic model and 415–17  
 welfare regimes 72, 73, 75, 81  
   European 73  
   national 74, 76  
   public sector in established 81



- spatial and institutional transformation 73–7
- urban *see* urban welfare regimes
- urban social innovation and city 73–6
- welfare states 6
  - retrenchment 85
- welfare systems
  - embeddedness and 102–4
  - local *see* local welfare systems (LWSs)
  - territorialization and subsidiarization of 108
  - territorialization of 108
- Wen Jiabao 401, 410
- Wessel, T. 213
- Westphalian Treaty 19
- Wildasvsky, A. 357
- Williams, C. 277
- Williams, F. 282
- willingness to work criteria 136, 143, 144
- Wollmann, H. 236
- working-class migrants 31
- World Bank 339, 375–7, 381
- Wuhan 410–11
- Würzburg 165, 166
- Xi Jinping 399, 412
  - urban social policy innovation 409–10
- Yugoslavia
  - rapid industrialization of 340
  - socialism 339, 340
  - social welfare 339–41
- Yu, J. 410
- Yu Keping 400
- ‘Zagreb is Ours’ 345
- Zhu Rongji 401
- Zientara, P. 296
- ‘Zones Urbaines Sensibles’ 325

















