

ADDRESSING HOMELESSNESS IN EUROPE

**The changing role of the state:
State intervention in welfare and housing**

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Contents

1. **Introduction: The changing role of the state in the EU** p. 3
Joe Doherty

2. **Restyling the welfare state: Observations on Belgium** p. 5
Pascal De Decker

3. **Germany: The changing role of the state in housing and social policy**.....p. 16
Volker Busch-Geertsema

4. **The state and welfare in the Republic of Ireland**p. 26
Eoin O’Sullivan

5. **The changing role of the state: Observations on Italy**.....p. 32
Antonio Tosi

6. **Central state and homelessness policies: New ways of governing in Sweden**.....p. 39
Ingrid Sahlin

Introduction: The changing role of the state in the EU

Joe Doherty

The role of the state in housing provision and homelessness, the subject matter of this collection of papers, is embedded in a wider discussion about the role of the state in the provision of welfare, this in turn is a sub-theme of a larger discourse regarding the impact of globalisation on the nation state.

Globalisation, at a very general level, refers to the tendency for economies and national political systems to become integrated on a global scale and is closely aligned with a neo-liberal ideology which champions privatisation and deregulation of the market. Globalisation acts as a short hand for a complex set of processes which include: the internationalisation of the exchange and production of goods and services, the hyper mobility of capital, the free movement of labour and the abandonment of state regulation of economic and, increasingly, social activity. Politically it is associated with the weakening of nation states, involving a 'hollowing out' of state activities and responsibilities, resulting in an apparent decline in political and social autonomy and freedom of action. The hollowing out of the state envisages the divesting of state responsibilities 'upwards' to supra-national organisations (such as the EU), the 'downward' transfer of responsibilities to local government and quasi-state organisation, and the dispersion 'outwards' to non-state agencies such as NGOs and the voluntary sector, as well as to private, for-profit enterprises. While the reality of these concepts and developments has a great deal of support (e.g Ohmae, 1996), it is also contested (e.g Hirst and Thompson, 1999). Certainly in its extreme version it borders on what Bourdieu has called a 'neoliberal utopia' (Bourdieu 1998), a wish-list of outcomes. The empirical reality, however, suggests that the impact of globalisation, while readily apparent in relation to the internationalisation of production and trade, has been severely overestimated in relation to the reduction of the freedom of political and social action on the part of nation states.

In a recent study of the impact of globalisation on European welfare states (Sykes, et al, 2001), three perspectives are considered: that globalisation and the increasing dominance of the market economy has had a significant impact, that globalisation has had little or no impact, and that the impact has been 'mediated through (national) institutional structures and policy responses'. Sykes and his colleagues dismiss the first two perspectives arguing cogently that there is little or no evidence to support these propositions. They favour the third perspective citing evidence of policy changes (for change there has been) that are 'dependent on the pre-existing national welfare ideology and the institutional framework of the welfare state in each country' (Sykes, et al 2001, 197; see also Brenner and Theodore, 2002).

This collection is the first of three reports by a working group set up in 2002 by the European Observatory On Homelessness to examine the issue of the changing role of the state in relation to welfare provision, housing and homelessness. Five countries have been chosen to represent a range of European welfare states, partly based on Esping-Andersen (1990, 1996) contested typology: Ireland (Liberal); Sweden (Social-democratic/Nordic); Germany and Belgium (Corporatist - Conservative/ Continental) and Italy (South European/Mediterranean). More specifically, these countries illustrate a range and variety of change which demonstrate, in a vein similar to that of Sykes, that the effects of neoliberal globalisation must be understood in 'contextually specific ways' and that 'they hinge upon the path-dependent interaction of neoliberal programmes with inherited institutional and social landscapes' (Brenner and Theodore, 2002, 344). That neoliberalism has had its effects in the form of deregulation, privatisation, and public/private partnerships, and through the push for a new moral agenda (individualisation) is acknowledged in each of the papers that make up this report. They demonstrate also, however, that the overall impact has not always or everywhere led to a diminution of the role of the state. In Germany a combination of planned evolutionary changes (the withdrawal of state subsidies for housing) and

a process of 'regulatory restructuring' involving the targeting of welfare, has to be seen in the context of increased state engagement with area policies and programmes; in Belgium the picture is one of reorganisation (or 'restyling') together with new, though modest, interventions in social housing within a context of continuity of historic interests; in Ireland a 'pragmatic' state has taken a recent direct interest in housing and welfare payments have increased; in Italy a complex regional picture emerges as municipalities take on more responsibility and geographic unevenness becomes further established, and in Sweden, where the withdrawal of the state has been most marked (from a very high level of intervention), control is still retained and exercised through the less concrete, but nevertheless influential, realm of discourse.

The terminology employed in these papers - 'restyling' 'restructuring', 'reordering' - reflects an attempt to capture the complexity of the present state of play as well as the nuances of the on-going processes. What we have seen in recent years in terms of the changed and changing relationship between the state (central and local) and welfare is but a stage in a longer term process of re-adjustment dating from the early 1970s. The ending of the post war boom marked by the oil crisis of 1973, induced a global economic crisis, and a crisis in the social and (arguably) political structures of Europe and other advanced industrial nations. From that time, the idea of welfare in Europe whether in its Bismarckian or Beveridgian form, experienced its first major challenge; the viability of the project in financial terms was first questioned to be followed rapidly, as a neo-liberal political agenda took hold, by a questioning of its very *raison d'être*. What we are seeing today, as the papers of this report amply and vividly illustrate, is the continued adjustment of the welfare state to the 'crisis' initiated three decades ago. While financial arguments are still to the fore, especially in relation to the costs of pensions and health, ideology is now to be seen as the driving force for change. In an interesting twist to the argument, social policy is now framed as an important component of economic success. In the neo-liberal lexicon, too much welfare is seen as corrosive of the work ethic (welfare dependency) and a detriment to labour mobility and flexibility. International competitiveness requires a 'tight' welfare programme that encourages individuals to seek work and the activation policies of the EU, when combined with the welfare programmes of individual countries and regions, though phrased in terms of social integration and social cohesion, are designed with these issues of competitiveness in mind.

In an evaluation of the extent of change in the welfare state brought about by late 20th century economic, social and political transformations, Taylor-Gooby (2000, p 187) concludes that, 'the impact has varied across countries and from one welfare regime to another'. He argues, that the welfare state in Europe has 'displayed considerable resilience under the impact of current pressures'. However, Taylor-Gooby goes on to suggest that while 'the welfare state has so far been relatively undamaged...[it now faces]... a more severe challenge than at any time in its 50-year history' (p x and p 1) and that 'there are strong indications that the path is now open to more radical reform' (p. 187). A conclusion which the papers of this collection would partially concur.

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Restyling the welfare state: observations on Belgium

Pascal De Decker

Introduction

The goal of this paper is to capture the recent trends of the Belgium Welfare state. The paper is written in the context of a large number of publications referring to withdrawal of the state from an involvement with welfare issues. We will show that this has not been the case in Belgium. On the contrary, more than 20 years after the crisis of the welfare state first came to prominence, one can conclude that, in the case of Belgium, it has been a robust system capable of adapting to new circumstances. In the case of Belgium, it is better to speak about restyling rather than restructuring of the Welfare State.

The basics of the evolution of the welfare state in general will be examined in the second section of this paper. In the third part we discuss – because of their importance for policies concerning poverty and homelessness – the evolution of housing policy and the changes of the 1990s. But first we start with an introduction to the institution structures of the Belgian state and its grand restructuring of the last 20 to 30 years.

Devolution through Constitutional Reform

Belgium was a highly centralised country before the constitutional reforms of 1970. The 1830 Constitution has been revised only twice since its inception and both revisions involved the extension of voting rights. However, since the 1963-64 language laws Belgium has experienced five major constitutional reforms: the first in 1970, the second in 1980, the third in 1988-89, the fourth in 1993 and the fifth in 2001. These reforms have fundamentally reshuffled the institutional landscape. They resulted in the federalisation of Belgium, bringing about a gradual devolution of powers from the federal level to the Communities and Regions. Three political, legal and cultural situations have been created:

- > Four linguistic regions: the Dutch, the French and the German language regions and the bilingual region of Brussels. These regions have no political role or authority.
- > Three Communities: the French, the Flemish and the German-speaking Communities. They have jurisdiction over personal matters such as education, culture, health care, social policy and family policy.
- > Three Regions: the Walloon, the Flemish and the Brussels Capital Region. They became operational through the reforms of 1980 (Walloon and Flemish Regions) and 1989 (Brussels Capital Region). The Regions have responsibility for area-specific matters, such as economic policy, employment, environmental planning, housing, public works and conservation.

This complex regional and communitarian organisation has led to the creation of a complex set of institutions. At the *federal level* the remaining institutions are the King, the federal Parliament (the House of Representatives and the - reformed - Senate), the national government and a civil service. The federal government is largely responsible for taxation, justice, internal policy, foreign policy, defence and the social security (unemployment, minimum income, health, pensions). At the level of the *Communities* and the *Regions*, each has a parliamentary assembly (called a 'Council'), a government (called an 'Executive') and a civil service. According to the system's logic, there are Councils for each of the three Regions, three more, one for each Community, and six governments or Executives. In practice, there are eight elected assemblies, eight governments and eight administrations (or civil services). The reason is that in Flanders, the Councils and the Executives of the Region and the Community, though legally not merged, are organised and managed as one entity. This is expressed in a renaming of the Council (now Flemish Parliament) and the Executive (now Flemish

government). The French speaking community organised in the French Communal Commission promotes the interests of the French-speaking residents in Brussels. The Dutch speaking community organised in the Dutch Communal Commission promotes the interests of the Dutch-speaking residents in Brussels. A Joint Communal Commission promotes the common interests of both groups of residents.

On the Belgian welfare state

A NEO-CORPORATE DEMOCRACY

The Belgian welfare state is not the result of a deliberate policy of the central authorities. Rather it has been constructed through a process of conflict and co-operation between the public authorities and private associations. Trade unions and employers' associations played a prominent role, to the degree that the Belgian welfare state and its corporate economy are interwoven. Public authorities, even central government, have often been merely spectators. Sometimes they had no alternative other than to implement decisions that were already taken by the social partners (labour unions and employers). However, in recent years the state role is much more pro-active, it is no longer the passive subject the policy-making structure. On the contrary, it organises the existence and the functioning of interest groups and regulates conflicts in the political process (Deleeck, 2001).

Whilst consultations on labour conditions were reserved for labour unions and employers, consultations on social security mainly took place among three parties (labour unions, employers and central government). Government indeed is directly involved in the financing of the social security system. State subsidies of social security are linked with annual discussion on the budget in Parliament. Thus, they are more directly and fundamentally determined by the specific political context and agenda than would be the case if the deliberations were left to the so-called 'social partners'.

For a number of years, this corporate form of democracy has not been functioning as well as it had previously. Two factors can be held responsible for this. First, the conflicts produced by the structural changes in the economy are unable to be integrated into the framework of corporate democracy. Thus, there has been a growing realisation by labour-union leaders of the limits of corporate democracy. This awakening started in the late sixties and was stimulated by strikes and general social unrest in the early 70s and the economic decline of Wallonia. Secondly, a situation near to a zero-sum game began to develop, as the national cake

was not getting any bigger (high unemployment, very low economic growth, high inflation). One party must lose what the other wins during negotiations. Besides these growing tensions between employers and trade unions, the national government had retreated from the traditional consultations in an effort to shape a course of its own in order to combat the economic crisis. This new attitude appeared for the first time in 1976 and became common in the eighties.

Since 1976, the government has been intervening more and more systematically, not only in social security but also in wage bargaining and in employment policy. The reason given was the exceptional character of the economic situation. In the face of high and rising unemployment and a budgetary deficit, the welfare state could no longer be maintained at its former levels. The government began taking unilateral decisions, although some sort of consultation with the social partners was maintained. In 1996, the 1989 Act on competition power was revised, giving central government even more power for intervention. After the failure of national and inter-professional consultation between the social partners, the system of unilateral decision-making by government gradually occupied a more central position in the consultation structure. It took away free wage bargaining and wage indexing from the authority of the social partners. It also dominated collective consultation on employment and austerity policies.

THE STRUCTURE OF THE WELFARE STATE

Since the end of the 19th century the gradual evolution of the Belgian welfare state has resulted in a system of significant wealth redistribution steered by the government and financed through taxes and social security contributions. Participation in the labour market is crucial to participation in the system of redistribution. Yet, thanks to the introduction of a subsistence income in 1974 and the right to social assistance, access to basic resources has been guaranteed for everyone, including those who do not participate in the labour market. Housing policies in Belgium, another important means for combating deprivation, are marked by the encouragement of private ownership and a very limited social rental sector.

According to Esping-Andersen, the Belgian welfare state belongs to the type of welfare state that he calls the conservative/corporate model. He labels it as conservative because it is still based on the traditional family model and the social hierarchy determined by the market. It is corporate because the right to benefit is defined by one's social

and professional status, and because the social partners are closely involved in policy determination and in the management of the social security system.

The basic philosophy of the Belgian system of social security is a continental or Bismarckian one. This means that its aim is to guarantee living standards which are protected for well-defined risks, such as unemployment, sickness, invalidity and old age. Coverage is conditional upon the payment of social security contributions, which usually implies having a paid job. The positive characteristic of this Bismarckian philosophy is that social benefits can be kept at a fairly high level, the negative one is that not everybody is covered by the system. Therefore, a series of residual schemes were developed in the late 1960s and early 1970s. They are residual in two senses: in relation with the social security schemes and because they are meant for a 'social residue'. Unlike social security coverage, entitlement to these residual schemes is inspired by principles of citizenship and need which are at the basis of the Beveridgian, or Atlantic model. It is meant to guarantee a minimal income for every citizen. They are to be considered as a kind of safety net for people who are not able to acquire a minimal income through labour, personal property or entitlement to social security benefits. As a result, two different approaches to the welfare state, the Bismarckian and the Beveridgian, are combined in the Belgian model. Changed proportions of both can easily cause frictions.

TOWARDS THE ACTIVE WELFARE STATE

In the past decades, significant social change has occurred in most Western countries: the ageing of the population, more women in the labour market, longer school attendance, smaller households and a growing number of double-income families (Deleeck, 2000). Due to this socio-economic situation, these welfare states are compelled to provide financial support to a significant proportion of the active population for long periods of time. Not all welfare states have responded successfully to these changes. In Belgium, high labour costs and strict regulation of the labour market are said to stand in the way of job creation in the private sector. Moreover, as the focus of attention was still on redistribution of income, no job growth was realised in the public sector.

To meet these changed circumstances, a consensus has grown around the 'active welfare state approach' in the second half of the 1990s. The relation between social security and assistance has changed and is still changing. Generally speaking, we can see that while at the outset, residual schemes (public assistance) and social security were considered to be two separate systems each possessing their own logic, the difference between both has increasingly faded (Vranken, Geldof & Van Menxel, 1999). Assistance progressively has evolved towards a component of an integrated system of social protection that combines characteristics of both social security and assistance. There is the introduction of the idea of *quid pro quo*, indicating a development from a unilateral towards a bilateral exchange relationship in assistance, the last of which is typical of social security. Secondly, elements of assistance have been introduced into social security, such as labour market reintegration programmes for the unemployed or means testing for pensions, moving the unemployed towards assistance, the association of the long-term unemployed persons with the subsistence income beneficiaries. Finally, social activation has become the dominant welfare state philosophy. Both bilateral exchange and social activation are part of a social re-profiling of the original concept of guarantee. It means that need is abandoned as the single basic principle; it is complemented with other distribution principles, such as merit or moral arguments.

The bottom line of the active welfare state is that the level of activity should increase, especially that of the unskilled and the elder workers¹. According to Deleeck (2001) on whose writings this section is largely based, the active welfare state has grown out of three suppositions:

- > a number of people are using the system incorrectly, thereby not taking part in the collective efforts to finance social security. This is translated in *the problem* of a too narrow gap between the social benefit and the wage (in net terms);
- > a number of people are willing to make efforts, but cannot because circumstances (family, education, ...) and because they cannot find adequate employment. This is translated in the problem of creating low cost jobs, jobs for poorly educated people and a general flexibility of labour;
- > a number of people chose the unpaid care function within the household. This is translated in the problem of income discrimination.

¹ Note that to deal with the economic crisis and the foreclosure of industrial firms, Belgium gradually introduced a large pre-pension system; the system grew in an agreement between the State and the representatives of the employers and the employees.

'Activation' then means: distinguishing between those who can qualify for benefit (and cannot be reasonably expected to enter into paid employment) and those who are employable but need to be encouraged and helped to get a job. Thus the welfare state should move away from the passive provision of benefits towards the adoption of a more pro-active policy aimed at the (re)integration of the unemployed or never employed into the labour market. Alongside the protection of income, the 'active' welfare state embraces notions of participation, social integration and social cohesion, and insists that tendencies towards 'benefit dependency' have to be replaced by individuals becoming more 'self-responsible' in accepting accountability for their own family and work situation. The thinking on labour and social security has evolved from 'protection' to 'activation', a shift of paradigm according to Deleeck. In this view a high level of social protection is compatible with full employment.

The lessons of the 1980s and early 1990s crisis (rising unemployment with less income and more expenditure) have been taken seriously; liberalism is doing well and individualism is rising. Nevertheless there is stable public support for the welfare state project. In addition, and maybe most importantly, over the past few years economic growth has been sky high, leading to job creation and new budgetary prospects. The opportunities for political conjuncture are good. In Belgium the socialist (pro social services) and the liberal (pro market) have fused their opinions around the idea of 'active welfare state' – inspired by Blair's Third way and Schröder's Neue Mitte and translated to take account of Belgian circumstances by Frank Vandenbroucke (2001), longstanding minister on social issues and former chairman of the Socialist Party.

Despite the adoption of a new political terminology, apparently sympathetic to the neo-liberal critique of the traditional welfare state, Deleeck (2001) among others, argues that the basic principles of the welfare state remain essentially intact. In his view the Belgian welfare state is moving down an historical path with the silent support of the large majority of the population and the political elite. An examination of the basic characteristics of the active welfare state allows us to judge the accuracy of Deleeck's interpretation

CHARACTERISTICS OF THE ACTIVE WELFARE STATE

The number of people on long-standing benefit has risen to high levels. The active welfare state focuses on measures whereby the unemployed can gain entrance to and be reintegrated into the labour market. The measures employed include incentives to increase labour (more severe conditions for unemployment benefit; enlarging the gap between net income and benefit), the creation of jobs and the training of the unemployed. The link between 'rights' and 'duty' is stressed: there is the duty to work and there is the right of access to work. The role of the state in promoting this relationship is that of a pro-active, preventive actor. In pursuing this role the state has encouraged some institutional and structural changes designed to bring people back into the economy as active participants. Working from the principle that education should be redesigned to serve the labour market, the emphasis has been on the training and re-education of unemployed people with a special emphasis on the most vulnerable (particularly younger people). These initiatives are often described as the creation of a social economy or intermediary economy, which exists between the normal economy and benefit schemes. It concerns social working places, local labour shops and lots of small companies supported by the government.

Is this new? According to Deleeck, it is not because at all levels – federal, regional, local – most of these measures were already in use. At the same time the answer is 'yes' because all these measures now get a positive backing in the sense that more resources are allocated. This means that, more than before, efforts are targeted at the most vulnerable people.

Under the rubric of the active welfare state, the responsibility of the individual to avoid risks and to look for solutions to their own predicament is emphasised. Since the 1980s collective rights are complemented by individual obligations. It is assumed that one should contribute through paid labour, or at least through some other socially useful activity. More and more doing nothing and claiming rights on benefits is no longer (legally) accepted. This new attitude has its roots in the neo-liberal suspicion of the ideology of the collectivity, and in the argument that the collective sector in the end is not affordable without the notion of responsibility.

A further characteristic of the active welfare state is the manner in which market principles are stimulated in the field of social affairs. Social organisations (health services, schools...) are made responsible for sound financial management. Lots of public services are (at least partially) priva-

tised (television, radio, telephone, post) and/or managed by independent bodies, often private with a contract identifying their public obligations.

The active welfare state encourages the decentralisation of execution of social security policy and especially welfare work, with more autonomy for the local institutions and for the client (via tailor-made training). In this process one can see a major change of emphasis: from the traditional belief in the macro-features of social policy (large categories, global legislation) to a micro-approach (adaptable to individual, room for difference). This leads to new organisational forms: more personalised, more local, the recognition of networks and networking between public institutions with the involvement of private organisations, individual path accompaniment for youngsters, unemployed, disabled persons who receive a benefit when at the same time they look/prepare for a job. Social work has an a new and crucial function: the integration of people into society.

Finally, an objective of the active welfare state is the creation of harmony between work and the family, through reducing the working hours, but especially through rescheduling the whole labour career. Full employment for men and women should be accompanied by the provision of paid care, as well the development of informal care (redistribution within the family). This can be realised by care holidays, right to part-time employment, breaking up a career etc. The objective is to merge the increase of the degree of activity among the labouring population as a whole with care for the family, in order to avoid family life becoming a residual activity or being commodified.

According to Deleeck (2001) – the crisis of the welfare state has passed. He sees three reasons: the economy is performing well, the positive general appreciation of the welfare state, and the decline of the neo-liberal critique which in the end dismantled very little. Deleeck suggests that it is now again recognised that social expenditure (health care, education, guaranteed income) is good for the economy; that a little collective bargaining combined with generous social services has harmoniously guided the transformation from a industrial to a post-industrial economy, and that the welfare state has served social cohesion. Hence the axiom: ‘no dismantling, but continuity and reorientation’. In the long run, there have been no structural changes or huge reforms, only adaptations and additions. Pragmatism has dominated, leading to a great stability.

The Belgian housing market – the example of Flanders

That one should speak in Belgium about ‘rolling out’ rather than of ‘rolling back’ of state can best be illustrated for housing policy in Flanders, where the money invested in social housing nearly tripled in the 10 years between 1993 and 2003.²

From a strictly constitutional point of view, housing policy falls under the authority of the regions (Flanders, Wallonia and the Brussels Capital Region). In practice, however, important matters relevant for a housing policy have remained federal (Belgian). This particularly concerns tax legislation, but also refers to private rental legislation. This means that the regions, which are assumed to carry out housing policy, cannot intervene in important matters such as private rental legislation or tax regulation.

More than elsewhere in Western Europe, Belgian policy-makers have chosen to satisfy the need for housing by the self-construction of *single-family dwellings* and by *private ownership*. Since the first Housing Act of 1889, a broad range of instruments has developed. Provision has been made, in fluctuating proportions, for cheap loans, free grants, cheap building land, cheap houses for sale, interest subsidies and tax cuts (De Decker, 2001a).

Approximately seventy percent of the Flemish population owns the house they live in (Van Dam and Geurts, 2000). The privately rented sector remains the second most important housing segment: about 20 % of families are living in privately rented accommodation. Basic principles of rent legislation are the powerful protection of the right of ownership, the contractual freedom of the parties, an assumed equality of the parties and the largely supplementary character of the legislation. However, the government has been compelled to intervene regularly. Constrained between the rights of owners and interests of tenants, stable regulation has never been achieved (De Decker, 2001b).

² Own calculations based on data provided by the Flemish administration. See for the less outspoken but basically the same tendencies in Wallonia and the Brussels Capital Region: Hubeau 2000).

In Flanders, the social rental sector is very much the minor tenure housing only 6.3 % of the population³. Historically, investment usually increased after social, political and economic crises. This is well illustrated by the election victories of the Vlaams Blok, an extreme right wing and racist party, in 1991. After years of budget cuts during the 1980s the Flemish government suddenly made money available for the construction of 10,000 new social dwellings. Basically, the social rental sector offers security of tenure and a very reasonable price-quality relationship. However, many applicants, especially families, have to wait for years before they are offered accommodation. The social rental sector had been criticised for many years because the target group was not sufficiently provided for, yet this trend seems to have been reversed (De Decker & Pannecoucke, 2002). Another criticism was that social housing allocations were very much being determined by clientelism. Today, however, more and more low income families, especially single people and one-parent families are coming in, so that there is a fear- not without justification - of the residualisation of the sector (Pannecoucke et al., 2001).

RECENT TRENDS

Without extensively investigating empirical trends, we want to identify certain tendencies from recent research results in Flanders (Cellen Huisvesting, 1996; Meulemans, Geurts & De Decker, 1996). The overall trend is that the situation with regard to housing quality is improving in relative terms. Construction quality, housing equipment and size of the dwellings have improved considerably in recent decades. The percentage of owners has also risen steadily, while relatively few people are confronted with payment problems (De Decker & Geurts, 2003). The regulation of the mortgage market and the substantial safety net of social security are related to this.

There is, however, another side to the coin. In relation to both quality and affordability, a number of population categories are clearly lagging behind. They are, on one hand, young families with high living costs (mainly for the repayment of a mortgage loan) and elderly tenants who combine high costs of living with a very low quality of housing. In addition, the number of incomes per household has become very important. Families with two incomes are housed in dwellings of good quality, whilst one income families and households living on welfare, especially single parent fami-

lies, often occupy expensive and poorly equipped rented housing. An important observation is also the (slight) fall in the proportion of young owner-occupiers.

A crucial fact in the Belgian model is that the extension of the housing stock and owner-occupation today is almost exclusively accounted for by the increase in two income households (Meulemans et al, 1996). However, this type of family is no longer increasing in absolute numbers. Together with low construction activity on the part of the government and investors, these factors explain why for some time new production in Flanders has not been sufficient for realising the necessary extension of the stock and to compensate for the replacement of 'worn out' housing. Flanders then has one of the tightest markets in Western Europe. The consequences are noticeable. A hard-core number of 300,000 poor quality dwellings remain in use out of necessity. The prices of poor housing, in both the buying and letting sectors, are rising strongly. Marginal forms of housing (furnished rooms, caravans, and mattress hire) are flourishing. A new phenomenon, forced purchase, has appeared. In order to escape the arbitrary nature of the private letting market low income families buy poor housing, knowing that they will probably never have the financial means to do it up.

HISTORICAL POLICY TRENDS IN FLANDERS

Broadly speaking, the history of housing policy in Belgium prior to 1990 may be summarised as an uninterrupted attempt to allow as many households as possible to acquire healthy individual accommodation, mostly in newly built homes. By acquiring property in this manner, they become system-abiding citizens. Of course, this characterisation needs specifying and qualifying, if only because society at the height of the Golden Sixties was very different from what it had been in preceding decades, including in respect to housing. Yet, even then, some of the striking characteristics of before were retained. The subsequent crisis of the 1970s, 80s and 90s – which in Belgium coincided with four phases of devolutionary reform and a transfer to the regions of considerable decision power, including on housing matters – repeatedly enticed the newly competent regional authorities to put their Keynesian welfare concept into practice. Certainly in relation to housing, they (and for that matter the building industry and occupants) have since come to regret this option. This frustrating experience has provided some food for thought and, in part thanks to the altered power balance in the sector, has resulted in some policy corrections. Gradually, housing in Flanders is making the transition from a strictly sectoral approach to a more problem-oriented democratic involvement.

³ In Wallonia app. 6% of the dwellings are in the social rental sector; in the Brussels Capital Region, this is 7%.

In comparison to other European countries, it is striking how little effort has been made to develop the *rented sector* in general and the *social* rented sector in particular. Indeed, the Belgian social rented sector is conspicuous in Europe for its modest size. In Belgium, only about 6% of dwellings are social rented homes, compared to a European average of 17%, and as much as 40% in the Netherlands. Even in the UK, where consecutive conservative governments sold off parts of the social rented housing stock, it still has a market share in excess of 20%⁴. The private rented sector in Belgium, which accounts for between 20 and 25% of the housing stock, is not only much more significant, it has traditionally also been the main weakness of the Belgian housing market.

Given its modest size, the social rented sector is clearly unable to accommodate all those entitled. Consequently, the most underprivileged candidates are made to rely on the private rented market. In part because of financial preconditions, including that of equilibrium, the social housing associations in Belgium must also allow relatively well-off households to rent their homes. This, of course, inevitably implies that the 6% social rented homes are not all occupied by the most needy households. Moreover, participation on the part of low-income households is further hampered by the fact that occupants are offered long-term contracts, which implies that they can sometimes continue to live in a social rented home despite an increase in income. Transition rates are therefore low. To make matters worse, regulations on the private rented market continued to benefit landlords up until the mid-1990s, while renters were left out in the cold, in terms of housing security as well as housing quality and rent amounts.

Furthermore, little attention has been paid to *renewing the housing stock*, despite repeated calls since the early 1960s from the former NIH (National Institute for Housing) that a considerable proportion of available homes were in a deplorable state. Therefore, one can safely say that Belgium, and subsequently Flanders, never succeeded in pursuing a substantial housing renewal policy, let alone implement a concrete improvement or renovation programme.

It is quite striking how (social) housing policy was outlined and implemented *over the heads of occupants*. Unlike in most neighbouring countries, Belgian housing policy in the period concerned was designed without any consideration for the housing needs and desires of the population, and without any proper insight into the socio-economic characteristics of the target groups of housing policy. Their possibilities and limitations, including in relation to property acquisition, were thus largely ignored.

RECENT POLICY TRENDS

Politically, the 1990s were marked by two Van den Brande governments (1992-1995 and 1995-1999), both coalitions between the Christian and Social Democrats. During this period, housing policy was revived under respectively N. De Batselier and L. Peeters, both Social Democrats. Events of the 1980s had, after all, caused some serious headaches. The building industry as a whole was at a historic low and the social rented sector was as good as dead.

The incapacity of a growing number of households to attain adequate housing conditions, either by themselves or with support from the government or social housing associations, led since the mid 1980s to the creation by welfare organisations (dominantly but not exclusively out of the homeless sector) of an entirely new type of housing, known as 'social rental agencies', later legislatively called 'New Local Housing Initiatives' (De Decker, 2002a). These were the result of, among other things, increased demand from families who were trying to resolve their housing problems. It should not come as a surprise that local public welfare centres (OCMWs) and organisations involved in community work in particular were confronted with such situations, and that the answer lay almost exclusively in the private housing market. Due to the inability of local social housing associations to address such problems adequately, (underprivileged) households facing a housing problem had no choice but to turn for help to their local public welfare centre and community work initiatives. It is therefore self-evident that new local housing initiatives were geared towards the private rented market. And, as the complex and socially inadequate regulations laid down in the then private rent act provided too little protection for renters against their landlords, they were genuinely in need of support: unsatisfactory housing quality, insufficient housing security and (in combination with growing demand) comparatively high rents were the most common causes for complaint.

4 And if we add those households that get a housing allowances, England still reaches approximately 30% of all households with are either in social housing or in financially supported private rental housing. In Flanders, in private rental housing, there is nearly no support (Pannecoucke & De Decker, 2003).

With N. De Batselier at the helm, during the 1990s social housing policy slowly began to recover. His approach was in part inspired by political analysts, who had argued that there was a connection between the recent electoral success of the extreme right (the first so-called Black Sunday) and sub-standard housing conditions.

De Batselier's policy was important for different reasons. First and foremost, it made a substantial injection into the building of social homes through *Domus Flandria*. The purpose was to construct 10,000 additional, mostly rented, social dwellings. This goal was eventually achieved, albeit slightly less quickly than had originally been envisaged. Admittedly, the rate of construction of social (rented) homes during the Domus-years was significantly higher than it had been during the 1980s. However, these figures are less impressive if one considers them in the longer term. There is no denying that Domus Flandria and the subsequent activation of the Flemish Housing Association's own means was a serious step in the right direction. Yet, the faster rate of construction of social dwellings in the 1990s did not result in a significant increase in market share. After all, 10,000 new homes still represents a 'mere' 0.5% of the housing market.

Secondly, De Batselier was the first housing minister to try, within the framework of devolutionary state reforms, to socialise the *private rented sector* (the New Local Housing Initiatives). The tools that he used to this end were recognition and subsidising (on an experimental basis) of the already mentioned social letting agencies, renters associations and their umbrella organisation VOB (Vlaams Overleg Bewonersbelangen).

A third important factor was *the social rent decision* of September 1994, which had a twofold purpose. First and foremost, it intended to objectify the allocation of social dwellings, as evidence had emerged that social housing associations did not always apply the regulations correctly. Its second purpose was to make sure that social housing was allocated to the most needy. To this end, a certain proportion of the available homes were reserved for low-income households.

Looking back at De Batselier's term in office, we cannot but conclude that he failed to provide the impetus for a much-needed improvement of the housing stock. Nevertheless, he did pave the road for further legislative work. In its coalition agreement, the second Flemish government (1995-99) under L. Van den Brande, with L. Peeters in charge of housing, made renovation a priority in order to prevent a further

deterioration of the housing stock. To this end, and as a prelude to the Flemish Housing Code, it asked the Flemish Parliament to approve *a levy on vacant homes and dilapidation*. The levy was intended as a deterrent. The government's primary objective was, after all, not to generate additional revenue for the treasury, but to make sure that vacant and dilapidated buildings would become inhabitable again and to improve the liveability of rundown neighbourhoods.

THE FLEMISH HOUSING CODE

One of the significant acts of minister N. De Batselier was pave the way for the *first Flemish housing act* by installing the Flemish Housing Code Commission. The primary purpose of the Housing Code, which was passed through Flemish Parliament in mid-1997 during the Van den Brande second government, was to provide some consistent coordination of existing texts. A semi-official coordination had been in place since 1970, but given the multitude of acts and decrees that were subsequently passed, the situation was no longer transparent. At the same time, housing legislation needed to be adapted to the new state structure. The second purpose was to provide a legislative foundation for a number of newly introduced tools (including quality standards) and institutions (such as the social letting agencies). The idea was to enhance the right to decent housing, which had been a constitutional right since 1993.

The substance of the Code included:

- (i) provisions for 'quality guarantee through quality standards and the issuing of a conformity certificate' designed to tackle the persistent and enduring problem of a hard core of substandard dwellings;
- (ii) provisions for the *further expansion of the social housing stock*; to this end, the statutory role of existing institutional partners –i.e. the Flemish Housing Association, the social housing associations, and the Flemish Housing Fund- was confirmed. Also, municipalities were given a more central role in housing and a framework was created for the recognition of organisations that aim at socialising the private rented market (the New Local Housing Initiatives);
- (iii) the principle of *territorial selectiveness*; the absence of any form of spatial or geographical guidance in housing policy has often been a point of criticism, and rightly so. Certain subsidies could be obtained anywhere and consequently housing policy has, in combination with other factors, contributed to a fragmentation of open space. A direct effect of this housing construction policy is that means that have been used in peripheral zones cannot

be spent on the renewal of the housing stock in the inner cities and that the infrastructure costs are much more substantial than they would have been if housing had been more concentrated. With the Housing Code, the Flemish Parliament has set government the task of designating housing renewal and housing construction areas. The housing renewal areas are zones where the quality of existing homes is unsatisfactory and where extra means will therefore be made available for renovation. Housing construction areas are areas where the government intends to subsidise the building of additional homes. There is, in any case, continued demand for newly constructed homes. Moreover, this demand varies significantly from region to region. As it is not the intention to allow housing to fan out as it did in the past, areas have been designated for this purpose. Housing construction areas are, in principle, adjacent to existing residential zones.

(iv) *'complementariness, cooperation and deliberation'* is a fourth aspect of the Housing Code. Responsibilities for policy-making and for policy implementation have been separated. Responsibility for policy-making now lies with the municipal authorities, which perform an important coordinating function. The implementers are the social housing associations (who play a leading role in this respect), the Flemish Housing Fund and the recognised letting agencies.

The enactment of the Housing Code and its implementation (albeit sometimes haphazardly -see Hubeau, 2001; Hubeau et al., 2002) show very clearly how housing policy experienced a revival in the course of the 1990s. A broad range of new and useful tools has been created. Budgets too, have as said continued to increase. Nevertheless, budgetary incapacity⁵ remains the Achilles' heel, as the sums earmarked by the Flemish government for housing policy are still disproportional to the needs. Consequently, many underprivileged households are condemned to poor housing conditions.

From the perspective of the underprivileged, there is another remarkable negative trend; a trend that is contrary to the 'social' logic pursued under previous policies. It concerns the expansion of the policy target group through systematic increases in exclusion thresholds. The fact that the extension of the target group is not compensated for at least by a proportional increase in the means for investment implies a smaller likelihood that the underprivileged will benefit from government funding in general and social rented housing in particular (De Decker & Pannecoucke, 2003).

Some concluding comments

Edgar et al. (2000) - among others - state that European governments for different reasons drew back in general and on housing in particular the last 20 years. We have shown that this is - studying the evolutions of the core issues of the Belgium welfare state (education, health, pensions, subsistence income, unemployment) - not the case for Belgium. There has not been dismantling, but continuity and reorientation. In the long run, there were only silent changes in the path, nearly no structural changes, no huge reforms, but adaptations and additions. Pragmatism has dominated, leading to a great stability. And this is shown in the poverty levels, which remain among the lowest in the world.

Housing policy - which historically has not belong to the core of the Belgian welfare state (De Decker, 2001a) - shows the emergence in all regions of new, nearly 'all encompassing', legislation. Although these had as main option streamlining the existing mess, they also encompass new features. These concern the introduction of new instruments (e.g. to combat vacant and poor quality housing) and new institutions (e.g. social rental agencies), which all together remain rather small and/or unused so far. Staff and money is lacking. In the end, seen from the point of view of the end user, also housing policies remained - despite new legislation - relatively unchanged. But this stability does not lead to positive conclusions. On the contrary, housing poverty seems to increase and the purchasing power of tenants seems to drop after paying the housing costs. So housing remains the Achilles heel of the Belgian welfare state.

5 *Seen from a narrow point of view, being the Flemish budget. If federal tax deduction is taken into account a whole other picture emerges, being one of redistributing 'housing money' rather than acquiring more money (De Decker, 2000; 2002b).*

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Germany, the changing role of the state in housing and social policy

Volker Busch-Geertsema

Introduction

This paper discusses recent changes in the role of the German state in relation to welfare and housing. It starts with a short overview of the institutional context of welfare delivery in Germany, identifying the specific responsibilities and interconnections between different levels of ‘the state’ and other important actors in the German welfare system. It also discusses some of the more important recent changes in welfare provision and housing and – to a lesser extent – recent state initiatives in the area of tackling homelessness. The analysis leads to the conclusion that some of more radical changes apparent in other European countries are less relevant in the German context, because the role of the central state (after the war) was never as strong as in some other countries and because the German state (including the local state) has traditionally been less important as a direct provider of services and housing.

While we can confirm a roll-back of the state in the area of housing, recent changes in regard to welfare provision for unemployed and poor people are illustrative of ‘regulatory restructuring’ and of a ‘roll out’ of state intervention (Peck and Tickell, 2002). While earnings-related elements of social security systems are being reduced and means-tested benefit systems are gaining in importance and variety, a number of new techniques, sanctions and obligatory measures to promote activation and workfare have been introduced, thereby modernising, intensifying and individualising the influence of public administration on unemployed and poor citizens.

The institutional context

Germany is a federal state. Most of its legislation is decided on the national level by the Federal government with its majority in the German *Bundestag*, but the *Bundesrat* (with representatives of the 16 *Bundesländer*) has an important role because more than half of all bills require its formal approval and cannot become law against its wishes.

The *Bundesländer* have legislative powers for a number of areas (education, police, municipal affairs), including those where national law allows room for more detailed legal regulations by the regional states. This is important for both areas which are of special relevance to this paper, housing (especially) and social assistance. In the field of housing the *Bundesländer* together with municipalities are the main financing bodies (with a wide scope of regulatory powers), but subsidies by the national state play an important role as well.

For the implementation of laws and public social administration the municipalities are the most important bodies – apart from corporatist agents, which have their special role to play in a corporatist welfare regime. The ‘local state’ – that is the municipalities and (*Land-*)*Kreise* (counties or common administrative bodies of various small municipalities) – is responsible for administering and financing social assistance in Germany. For some of the services for which it might be difficult to assign a local responsibility – e.g. institutions for homeless single people and for handicapped people and those with a learning difficulty – financing bodies on the *Länder*-level (*überörtliche Träger der Sozialhilfe*) have to carry social assistance costs.

The responsibility for implementing the Laws on Public Order and Security (police-laws, which are *Länder*-laws) lies exclusively with municipalities (irrespective of their size). In our context these laws are important, because they contain a strong obligation for municipalities to provide temporary accommodation for people who would otherwise be roofless.

The basic principles of the provision of welfare and housing

The German welfare system is a representative of the 'Bismarckian' system, classified by Esping-Anderson as corporatist welfare regime with conservative principles. The German chancellor Bismarck developed the principles of the German welfare state on the basis of existing mutual aid associations, and they remain the basis for the greatest part of social protection in Germany. Social insurance, which covers the costs of health, some social care and much of the income maintenance system (pensions and part of unemployment benefit) is managed by a system of independent funds.

The principle of subsidiarity is extremely important in this system. In the first place it means that the level of state intervention is limited to circumstances which are not adequately covered in other means and by other bodies. This implies, for example, that people with higher incomes are not covered by the main social insurance system, but are left to make their own arrangements. It also implies that important responsibilities remain with the family – as long as it is able to provide the necessary support – and that services should as far as possible be provided not by the state but by non-governmental organisations. This latter principle – priority for NGO-services – is fixed in the Federal Act on Social Assistance and assures the influence and importance of NGO-service providers. In this sense, and taking into account that most services of NGOs are to a very high extent financed by 'the state' (the municipalities in case of services for social assistance recipients), the German welfare state has for a long time and in principle been more an 'enabler' than a 'provider' of social services.

Another important principle in the German welfare system is the ideology of a 'social market economy', claiming that social welfare would most effectively be furthered through economic development and that the structure of social services and state intervention has to reflect that. The principle is represented most clearly in the close relationship of services to person's position in the labour market, the most important social benefits are earnings-related, and those without work records are excluded from entitlements of important parts of the social insurance system.

The (West-) German system of subsidized 'social housing' may be seen as a special feature of the two principles of 'social market economy' and 'subsidiarity'. After the war, stronger mechanisms to influence the housing market were implemented in an attempt to overcome the housing crisis.

But the control mechanisms used were planned to be time-limited from the very beginning and as such social obligations for state subsidised social housing were also time-limited. Housing construction under the direct control and ownership of municipalities was, to a great extent, avoided and private as well as profit making investors were accepted and funded as social landlords.

In the field of social services for the homeless, especially for the single homeless, NGOs – and especially those with a church background (*Caritas* and *Diakonie*) – have been played the most important role in provision for this group for more than a hundred years. It is slightly different when it comes to prevention of homelessness – which is traditionally the responsibility of the municipality and only very recently have NGOs got involved in this task. Municipalities also act as direct providers of temporary accommodation to homeless families with children. This has traditionally been their task under the police-laws and sometimes the only housing stock which was the direct property of municipalities were substandard settlements for homeless families. Nowadays temporary accommodation for families is also provided by housing companies on a basis of contracts with the municipality.

Recent changes: Reforms in the system of social protection. A move towards a liberal welfare regime?

Recent developments in German social policy (see also Huster et al 2003) suggest that the German welfare state is making a substantial move away from its traditional emphasis on earnings-related systems of social security, designed to maintain social status and living standards, towards an extension of means-tested minimal income aimed at the protection from (extreme) poverty. In other words, the German system of social protection is moving away from a corporatist/conservative welfare regime and is being – at least in part - replaced by minimal protection more typical of the Anglo-Saxon liberal welfare regime (Hanesch, 2003).

The most important steps in this direction are the changes in legislation following the recommendations of the so-called 'Hartz commission'¹ and the proposals of a governmental programme, 'Agenda 2010'.

1 *The commission is named after its chairman Peter Hartz, Volkswagen personnel director. The recommendations of the Commission are published in Hartz 2002.*

One of the most significant reforms concerns the provision of transfer-income for long-term unemployed people. In the past there were basically two different systems for long-term unemployed people who did not qualify for **unemployment benefit** paid from social insurance contributions (for a limited period of not more than 12 months for most recipients). Those who had contributed to social insurance for a minimum period of 12 months could (after their unemployment benefit entitlements had run out) claim **unemployment assistance** (*Arbeitslosenhilfe* - financed by the central state) based on previous earnings.

Eligibility was dependent to a certain extent on the income of relatives and on existing assets. Those who did not qualify for unemployment assistance (because they either had not paid contributions long enough to qualify for insurance payments or they had lost entitlements for various reasons) could only claim **social assistance** (*Sozialhilfe* - financed and paid exclusively by local authorities). Social assistance is strictly means-tested and the income of the recipient, his or her immediate family and other household members are taken into account.

The current system of unemployment assistance will be replaced by another provision (called '*Arbeitslosengeld II*') and will be available to all who are registered as unemployed, are able and willing to work and do not (any more) qualify for unemployment benefit (renamed as *Arbeitslosengeld I*). The new provision will also be available to those unemployed persons who have never paid, or paid only for a short period, contributions to social security funds - as long as these are available for employment for at least three hours a day. It will still be administered and paid out by the local labour offices (renamed as '*Job Centers*') and will remain funded by tax-money from central government. But the level of payments and the conditions for eligibility will be very similar to those of social assistance. A small additional allowance (regressive and time limited for a maximum of two years) is planned for those who have received unemployment benefit before in order to ease their way down to the minimum income. Thereby a new system of minimal and strictly means-tested income will be created covering all long-term unemployed people (and their household members) in need.

The reform will contribute to a further reduction of the number of people who qualify for social assistance.² This will be the third time during the last decade that the target group for social assistance has been reduced by a new system of minimal income. The previous two were the 1994 the Asylum Seeker Benefit Federal Act (*Asylbewerberleistungsgesetz*)

which excluded refugees from legal entitlements pursuant to social assistance for a considerable period and the system for a minimal income (*Grundsicherung*) for people over 65 and permanently, fully handicapped people over 18 introduced in 2003. The result of all these reforms is a hierarchical system of four different types of minimal subsistence schemes, of which three are financed and administered by municipalities and one is administered by the Federal Employment Services Agency and financed by national tax funds. The different rules concerning the level (and kind) of provision and the conditions for entitlement have introduced new forms of discrimination between deserving and undeserving poor. It seems probable that the pressure to move responsibilities and applicants from one system to another will continue. In future the main dividing line will be, whether a long-term unemployed applicant is able to work and may therefore claim financial assistance and assistance for job integration from the '*Job Center*'; if this cannot be established she or he will have to rely on one of the three other municipal minimum income schemes.

If we analyse the consequences for the role of 'the state' we can conclude that there is an important, albeit gradual, change concerning the predominant type of social protection (decrease of earnings-related benefits, increased importance of means-tested benefits). In this respect the role of the welfare state in Germany has gradually narrowed towards protecting those 'in need' from (severe) poverty. Similar tendencies can also be observed for recent reforms in the sectors of pensions and health. (For pensions see Schmähl 2003; several commissions have recently published proposals for radical changes in both systems, the conservative party favours a system with capitation fees for all citizens).

2 The government assumes that about 200,000 persons will continue to rely on social assistance payments for their subsistence after the reforms. These are people younger than 65 and not fully and permanently unable to be employed, who are nevertheless for a longer period severely restricted in their ability to work, because they are long-term ill or handicapped, stay in care institutions or other therapeutical homes for more than six month etc. Furthermore social assistance will continue to finance fully or partly the costs of measures of care and rehabilitation especially for handicapped people and other people in need of care and support (including the homeless and people threatened by homelessness), so that the total number of recipients of social assistance will remain at about 1.2 million persons (BMGSS 2003).

There might also be a significant shift of financial and administrative responsibilities from the 'local state' towards the national level. By including a substantial part of recipients of social assistance in the new provision of 'Arbeitslosengeld II' financed by national tax funds and administered by the Federal Employment Service Agency, municipalities are relieved of a great financial and administrative burden. But the final details of the reform are not yet clear because the bill which was approved by the red-green government in the Bundestag was rejected by the opposition in the Bundesrat. A compromise has to be found in a 'conciliation committee' by December 2003. The conservative party favours an alternative bill which would shift all administrative responsibilities for recipients of 'Arbeitslosengeld II' to municipalities while part of the costs would be covered by national tax funds.

'Promoting and demanding' ('Fördern und Fordern') - Activation and workfare

As in many other European countries (see Lødemel and Trickey 2000) new elements of 'activation' and workfare have been introduced in Germany aimed at the social protection of unemployed and poor people. These changes are legitimised by the general slogan 'promoting and demanding' (*Fördern und Fordern*) and the principle of quid pro quo ('one has to contribute in order to receive').

While unemployed and poor people always had to be willing to work and to take up 'reasonable' job offers in order to realise claims for benefits and assistance many new regulations aim at strengthening these obligations by redefining what is 'reasonable', by introducing new ways of testing the 'willingness' of recipients to work, by obliging them to prove their continuous search for work and by introducing tougher sanctions for 'lack of cooperation'. In Germany a number of recent laws have introduced new measures of this kind and regulations for recipients of social assistance as well as for those receiving unemployment benefit and unemployment assistance (or in future 'Arbeitslosengeld II'). In addition new procedures of early 'assessment', 'profiling' and 'screening' of the unemployed³ and written 'integration agreements' have been introduced. In the field of social assistance new forms of planning and structuring individual integration processes (by case management and standardized procedures) have been made obligatory by law.

The obligatory introduction of so-called 'Personnel Service Agencies' (PSAs), which are to take the role of temporary work agencies and keep a large share of the unemployed in

work by hiring them to regular companies or – in times when this is not possible - by providing them with training schemes, can also be seen as a new form of 'work-test' for the unemployed. It is also part of a whole series of measures for deregulating and enlarging temporary employment in Germany. At the same time employment and training schemes in the traditional 'second labour market' are reduced substantially.⁴ One of the aims of the current reforms is the speeding up of job placement process in the 'regular' labour market, another is to put increased pressure on unemployed people to take up low-paid and insecure jobs. The latter will lead, inevitably, to an increased number of working poor in Germany. While these reforms combine with certain elements of deregulation in the labour market and while it is also anticipated that they will save a substantial amount in transfer payments, they cannot be interpreted as a 'rolling back' of the state. They represent rather a *reordering* of state invention and, arguably, the degree of direct and individualised intervention and regulation by the state in these areas has increased rather than decreased. Basic principles, rights and duties have been redefined (with a tendency to restrict the rights, and expand the duties of service users) and new procedures for controlling and disciplining individuals in need have been introduced (Spindler 2003).

The main discourse legitimising these changes reasons that there is the need to find 'a new balance between the rights and duties' of citizens and the state. The increased use of 'contracts' is meant to suggest a new form of cooperation and 'fair dealing' between 'partners'. Of course, the reality is that the interaction between users or applicants and providers of social services in social welfare and employment offices is highly asymmetric, because it is the latter who decide if any and to what extent resources are allocated. Unemployed persons who refuse to sign an 'integration agreement' lose their entitlement for financial assistance. While individual applicants have a duty to cooperate with social services and to accept every offer of training and employment, there is no corresponding duty on the side of the state to provide adequate employment and training to the extent needed and of a quality which realistically promotes integration (Trube, 2003a).

3 The use of the English terms in Germany is intended to create a modern image of management.

4 The chances of homeless people for finding at least a time-limited employment in a job or training scheme in the secondary labour market are thereby further reduced. Stricter orientation towards an integration of unemployed people into the regular job market will also enforce the process of 'creaming' the unemployed.

The policies of activation are accompanied by a individualising discourse on the fundamental reasons for social exclusion. Social exclusion is either interpreted as a direct outcome of inefficient welfare arrangements which are said to favour the receipt of social assistance and other transfer payments as a rational choice of individuals (because other options are available but less attractive) or it is explained by blaming the victims for their insufficient flexibility and a lack of ability and willingness to adapt to the necessities of the job market. Long-term exclusion is interpreted as relaxation in the 'social hammock' which has to be converted into a 'trampoline'⁵, by demanding more individual effort in return for the provision of (less) financial assistance. Individual legal entitlements are seen as part of or even the main reason for the problem. Hence the provision of financial and social support has to be linked to individual conduct and willingness to cooperate. And finally lack of cooperation legitimises constraint and repression. (Dahme/Wohlfahrt 2003, p. 91)

In this context 'welfare dependency' is presented as an important problem. Such arguments ignore a number of recent studies in Germany which show high fluctuation rates among recipients of social assistance and among the unemployed. Structural problems, especially the fact that the number of unemployed people in Germany by far outnumber the number of job vacancies are also largely ignored⁶ or are dismissed by referring to an allegedly ever increasing black economy (Hartz et al., p. 164).

Politicians and actors in public administration play an important role in enforcing this kind of discourse and using it for legitimising recent changes in law and administration.⁷ The 'state' plays a rather active role in the redefinition of the current unemployment problem. On the one hand responsibilities of the state are denied and unemployed individuals are blamed for problems which are caused by structural developments. On the other hand state intervention is intensified in order to enforce the duty to work, to speed up job placement and to carry through the new workfare programmes.

5 This metaphor was used by Bodo Hombach, social democratic politician and Minister of State at the Chancellery under Gerhard Schröder, see Hombach 1998.

6 According to the Federal Statistical Office the number of officially registered unemployed people was at 4.4 million while the number of unfilled vacancies was at 337,000 in July 2003 (both values are calendar- and seasonally adjusted and are taken from the following internet source:
http://www.destatis.de/themen/e/thm_employment.htm).

Housing policy and urban regeneration

As we have said above the shrinking of the German social housing stock is a quasi automatic consequence of the way of financing and creating social housing in Germany. But the process was speed-up and the consequences were made much more serious by a number of measures, which have their roots in neoliberalism, introduced in the last 25 years. To strengthen the market, the special tax status of non-profit housing companies was lifted in 1990. Furthermore time-limits for social obligations were reduced, new ways of funding were introduced, rents in social housing were substantially increased and a general shift of supply subsidies to housing allowances took place.⁸ While the last census in 1987 registered 3.9 million publicly funded dwellings in social housing for rent this number went down to less than half in 2001 (1.8 million) and has been further reduced by approximately 100,000 units per annum in recent years. After a short revival of new construction of social housing in the first half of the 1990s (with a peak in 1994, when more than 160,000 new social housing units were funded), there has been a constant reduction of funding for new social housing from 1995 onwards. In 2001 only 38,000 new social housing units were funded and in many municipalities there was no new social housing construction. State subsidies for the construction or purchase of owner occupied housing have also been cut back in recent years and there is a current debate on abolishing them altogether.

While West German municipalities rarely owned social housing directly, many were nevertheless owners of housing companies and had a certain influence on their business principles and allocation policy. However, in order to solve the growing financial problems in the recent decades many municipal housing companies have been sold to commercial companies. In the east of Germany the privatisation of public housing property after the German Unification was

7 The second main argument for 'rebuilding the German welfare state' refers to problems of financing the welfare state and to the increase of non-wage labour costs. Trube (2003b)

8 A good overview on basic principles of German housing policy in English and in comparative perspectives is provided by Kleinmann 1996, p.90 – 123 and Tomann 1996. For a liberal-economic viewpoint on the structures and problems of the German housing market, see the extensive report of the Experts' Commission on Housing Policy (Expertenkommission Wohnungspolitik 1995).

enforced by a national act (*Altschuldenhilfegesetz*), which made it a condition that at least 15 per cent of the existing stock of every municipal housing company and every housing cooperative had to be sold, before the company/cooperative would be relieved of inherited debt. According to the Credit Institute for Reconstruction, *Kreditanstalt für Wiederaufbau*, approx. 281,000 dwellings were privatised between 1993 and 1999 under this law. Furthermore the regional states were allowed to regulate the allocation of the remaining stock by *Länder* legislation. No special rent restrictions were imposed and only a maximum of 50 per cent of the stock was to be subject to allocation restrictions (usually ensuring priority for households with relatively low incomes). Today many east German municipalities have given up any control over the allocation of this stock, due to the high number of vacancies and many municipal housing departments have been abolished.

A turning point concerning the legal basis for housing policy in Germany was reached in January 2002, when a new Federal Housing Act (*Wohnraumförderungsgesetz*) became law and replaced the 2nd Housing Construction Act. The aim of the old Act, to provide state support for the housing needs of 'broad strata of the population', was explicitly given up. In section 1 of the new Act it is stated that the target group of support is '*households which are not able to procure decent housing by themselves and are in need of support*'. This can be interpreted as a turn from a universal approach towards a much more restricted and targeted responsibility of state housing policy. For the first time explicit reference has been made in the National Housing Act to '*homeless persons and other persons in need of support*' as one of the target groups of state subsidized housing.⁹ The new Act also underlines the importance of measures in the existing housing stock for improving access to housing for those in need. But, there are no new instruments (and less funding) for gaining allocation rights for disadvantaged groups. Due to the structural changes described above the municipalities' power to influence access to the existing housing stock has been eroded. Furthermore, the Act repeatedly stresses the importance of creating or sustaining '*socially stable population structures*', a task which is often taken as an argument against targeted measures for

the most disadvantaged groups, especially in a situation where the remaining allocation rights are increasingly concentrated in specific areas.

As we have mentioned above, the pressure in most local housing markets is currently rather relaxed in Germany, so that the consequences of the different developments restricting the ability of municipalities to influence the allocation of housing are less dramatic than if the housing market was tighter. Nevertheless, homelessness numbers in some of the large cities have been increasing and an increased exclusion of certain groups from regular housing even in markets with an oversupply of housing is to be expected for the future (Busch-Geertsema/Ruhstrat 2003).

Up to now we have mentioned examples which confirm the hypothesis of a rolling back of the state in German housing policy. But there are other examples which identify new fields of state involvement in the areas of housing and of urban policy. In recent years the state has taken up a completely new role in housing policy in the East (and in some West German cities as well): A programme was initiated by national government under which about 350,000 dwellings will be demolished between 2002 and 2009 in East German municipalities with financial support of the Federal Government ('*Stadtumbau Ost*'). According to the Ministry of Housing 197 municipalities will receive funding under the first phase of this programme and were expected to demolish at least 45,000 dwellings (BMVBW 2003). A similar, but smaller programme ('*Stadtumbau West*') covers 11 West German cities, eight of which receive investment funding for restructuring city areas including the demolition of empty dwellings.

A second large programme of government intervention in the field of urban regeneration is called 'Districts With Special Development Needs - The Socially Integrative City'. The programme focuses on disadvantaged urban districts and '*is designed to pool resources... to foster cooperation between all involved players and to mobilize the residents of a neighbourhood*'¹⁰. The number of area based projects and specific measures which received funding under the programme between 1999 and 2002 amounts to 300 in more than 210 municipalities. The programme is a good example for the high

9 As such the change in German housing policy could be seen as an example for the remark of Antonio Tosi that 'it is possible that when a retreat occurs in housing policies, there is a development in certain policies for the homeless because the latter is able to benefit from the trend towards more selectivity' (Tosi 2003, p. 18).

10 http://www.sozialestadt.de/programm/grundlagen/polarisierung_engl.shtml

profile of 'integrated action' focusing on specific city areas and more generally for the growing role of local initiatives, 'area based initiatives' and 'projects'. The financial support which is provided under the programme for solving social and urban problems is, however, strictly limited. Area initiatives and cities had to compete in order to get funding. Local responsibility and the need for activating the area population is emphasised. There is extensive support for information exchange, evaluation of projects and presentation of 'examples of best practice' at conferences, in publications and through the internet.

All in all, the development of German housing policy seems to confirm most of the common themes described by a number of authors as relevant for policy developments in many European countries and summarised in Edgar et al. 2002 (pp 52 ff.). For some of the developments mentioned (decline in the social housing sector, greater market orientation and private sector ethos of social housing agencies, greater role for markets in the production, allocation and financing of housing, deregulation of housing finance markets) the policy shift in Germany was not (and did not need to be) as radical as in some other European countries, because German housing policy always included strong market elements and clear limitations of interventions and regulations by the state.¹¹ Obviously and despite public rhetoric the promotion of home ownership plays a less important role in Germany than in other countries. But the decline in public expenditure on housing, a switch from property subsidies to housing allowances, the targeting of social housing subsidies and a switch from new building to renovation (but also demolition) are developments which are at least as relevant for Germany as for a number of other European countries.¹² The same is true for the shift of responsibilities of the central state towards the regional or local level and the growing emphasis on local partnerships, which Edgar et al. (2002: 53) highlight as a European trend and which is of particular importance in the context of area based initiatives in Germany.

11 *On the other hand state regulation of the private rented sector (including subsidies for the construction and renovation of privately rented housing, procurement of certain standards and of security of tenure) might have gone further than in many other European countries and has contributed to a much better image of private rented housing in Germany (its relative importance as predominant type of tenure being both a cause and a consequence of this policy).*

12 *With important exemptions, as the reports from Belgium or Ireland show, see De Decker 2003 and O'Sullivan 2003.*

Homelessness¹³

National government as well as the *Länder* governments have always seen homelessness as a topic where all main responsibilities are concentrated at the municipal level. The important role of third sector welfare organisations in providing services especially for single homeless people has been mentioned above. But national government and some of the states have also taken some positive action in recent years.

Most activities of national government were focused on the production of knowledge through the provision of support for several research projects including: the quantitative extent and structure of homelessness and local strategies to prevent and reduce homelessness; the situation of single homeless women; and of street children; housing acquisition for disadvantaged groups through cooperation; examples of good practice and good policies in tackling homelessness in other EU-countries and a feasibility study and a test of instruments for national statistics on homelessness. The national government also provided funding for two major research networks on 'Permanent Housing for the Homeless' and on 'Homelessness and Support in Cases of Urgent Need of Housing' (still ongoing, Busch-Geertsema/Ruhstrat 2003, references for all other topics may be found in the 2002 research report for Germany, Busch-Geertsema 2002).

The results of all these studies for practical changes were limited. Almost all studies included a list of recommendations and many of these were ignored. For example, after recommendations by various experts to introduce the collection of homelessness statistics and after carrying through a study on their feasibility and yet another one to test pilot documentation instruments (both with positive results) nothing has been done to implement them in practice. The handling of the issue of homelessness statistics can be interpreted as a typical example of what Ingrid Sahlin (2003) analyses as a 'wait and see' strategy.

But some of the recommendations for legal changes were taken up by the national government in recent reforms. The most important legal changes relate to improvements for the prevention of homelessness, a reform of sect. 72 of the Federal Act on Social Assistance (the 'homeless paragraph' regulating the rights of 'persons in social difficulties' for inte-

13 *The relationship between the state and homelessness will be the subject of more extended coverage in a later report. This section merely outlines some of the major issues.*

grative support and advice) and the explicit reference to homeless people as a priority group of housing policy in the new Housing Act.

At the Länder level in the 1990s a number of additional research projects on behalf of state ministries investigated different regional aspects of homelessness. The most significant efforts to promote practical changes in tackling homelessness have been carried through in North Rhine-Westphalia, the most populous German state (with almost 18 million inhabitants). Since 1996 a state programme '*Wohnungslosigkeit vermeiden – dauerhaftes Wohnen sichern*' (Preventing homelessness – securing permanent housing) has provided funding for innovative projects in three focal areas: prevention of homelessness, ensuring adequate housing for the homeless and providing effective support for them by appropriate social work measures. Every year about 2 million Euros are spent by the state and more than a hundred projects all over North Rhine-Westphalia received funding under the programme until summer 2003. North Rhine-Westphalia is the only regional state running such a programme.

Furthermore between 1995 and 1999 part of the financial provision of the national government to the regional states for funding new social housing was earmarked for 'measures to fight homelessness' (approx. 25 million Euros per year were to be invested for that purpose).

In respect to the role of the state in direct relation to homelessness we can summarise that it would not be correct to speak of a 'rolling back' of the central state in Germany. Responsibilities remain broadly unchanged.

Conclusion

The role of the German state in the provision of welfare, housing and services for the homeless has changed in recent years, but in different degrees and in different directions. The basic structures of post war Germany might explain why some of the more radical shifts reported from other European countries were not equally significant for Germany. Devolution – a fundamental change in the structure of states like Belgium and the UK – was not relevant in a federal Germany. The change of the state's role from a 'provider' to an 'enabler' is less marked in a country with a rather strict principle of subsidiarity and a traditionally strong (and extensively state funded) third sector. Even in the sector of housing, where the 'roll back' of the state is most significant in Germany, part of this development is rather a quasi automatic, an 'evolutionary' outcome of the German way of creating (time-limited) social housing. But a

number of additional political decisions have accelerated and strengthened the retrenchment of state intervention in the field of production and allocation of housing. Many European-wide tendencies in housing policies can be confirmed for Germany. A fundamental shift in the main goal of German housing policy from procuring adequate housing for 'broad strata of the population' towards helping those 'most in need' was recently codified in a new Housing Act. But in view of the continuous reduction of the municipal influence on housing allocation it is unclear how even such a reduced aim will be achieved in future.

In the field of social protection the reform trends could be interpreted as going in a similar direction (gradual restriction of protection to those 'most in need'). But while the level and the status orientation of transfer payments has been reduced, the level of state intervention has actually increased as a result of the new strategies of activation and workfare. In future there will be four major schemes providing means tested subsistence benefits under different conditions and with differing levels to different groups. Changes in the way of financing and controlling third sector social services have introduced some market elements, but they could also be interpreted as an attempted 'roll out' rather than a 'roll back' of the state.

The consequences of these developments on homelessness are not yet clear. While the risks of impoverishment in cases of long-term unemployment, bad health and old age clearly increase, the different schemes providing a minimum income and covering 'reasonable' accommodation costs will hopefully protect most people concerned from homelessness and extreme poverty. Efforts to prevent and to reduce homelessness have been intensified in many localities and future trends in homelessness will also depend to a large extent on the development of local housing markets and of social services.

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Welfare and State in the Republic of Ireland

Eoin O'Sullivan

Introduction

In the overview of homelessness and housing exclusion in Ireland since the late 1980s (O'Sullivan, 2002, 2003) a detailed assessment of the role of the state, market and families in meeting housing need was developed. This paper aims to step back from the particularity of housing and homelessness policy and to attempt to describe and explain recent trends in 'welfare' in Ireland. Starting initially with an overview of how Ireland has been conceptualised in the various debates on classifying welfare regimes, it then stresses some of the difficulties inherent in doing so and the lack of clarity in the choice of measures utilized to so classify. The paper then provides an analysis of welfare spending in Ireland over the past three decades and a comparative context for the 1990s. The concluding section then aims to explore to what degree Ireland has faced pressures to 'roll back the State' and devolve welfare provision to non-profit and for-profit agencies or otherwise manage welfare spending in an attempt to 'square the welfare circle' (Bonoli *et al*, 2000).

Ireland in the Worlds of Welfare Capitalism

As noted in previous reports to the Observatory, attempting to both describe and define the characteristics of the Irish welfare state with reference to other European welfare states, is a particularly elusive and contentious area of intellectual endeavour (Ginsburg, 2001:176). Located, most famously by Esping-Anderson (1990, 1999), as a member of 'liberal welfare regimes' (with Bismarckian elements!), it has also had the label of 'Catholic Corporatism' (McLaughlin, 2001) applied, both appellations strongly rejected by Cousins, (1997) for failing to grasp the complexity and nuances of welfare in Ireland.

Part of the difficulty in interpreting the nature of the Irish welfare state lie in the particular historical trajectory of the State in the post-independence period. Different areas of the components that make up the welfare state had different influences and pathways. In the area of social security, the basic structure of entitlements were in place at the time of independence - a legacy of British rule - and changes in the structure of social security, particularly post-1950, were done within a recognizably Beveridgian framework. Social Security in Ireland remains a highly centralized State system with no corporatist influences. As Carey (2003) and Cousins (2003) persuasively argue, this was an area of welfare in which the Catholic Hierarchy exercised no influence and indeed, it would appear to have very little interest.¹ In contrast, a particularly strong religious, but not exclusively Catholic, influence is evident in the Irish health and education systems, although problematic to ascribe the term corporatist to these arrangements. In essence, the majority of hospitals and schools are funded to varying degrees by the state, but are managed by private for-profit and non-profit agencies. Thus, the role of the State in these areas of welfare is considerably different from that of social security, consisting primarily of the provision of funding and the generation of regulations and legislation. The origins of the relative independence of these areas of welfare from state involvement lie in the various sectarian conflicts in the 19th century and this legacy has ensured that State involvement in these areas was politically sensitive.

1 *The only exception appears to be Bishop Dignan's scheme for health provision proposing the setting up of a health insurance scheme to provide health care for the whole population on the basis of need funded by insurance. This however, was rejected by the Government. See O'Riordan, (2000).*

Housing provides yet another set of influences. Unlike health and education, until recently non-profit agencies had little direct input into housing, with public and private provision dominant. The public provision of housing owes its origins to land agitation in the late 19th century which resulted in the public provision of labourers' cottages which was extended to urban areas in the 20th century (Fahey, 2002). Generous subsidies to those who wished to eventually privately purchase homes contributed the comparatively high rates of home-ownership in Ireland. Although, the market now dominates in the provision of housing in Ireland (O'Sullivan, 2003), a range of state subsidies are available for all tenure types, although they vary in their generosity and equity.

The relation between the Central State and local government in Ireland also varies by area. While local authorities deliver housing, as funding is entirely determined by central government, in the absence of local taxation, output is largely determined by central government. Local authorities have only a very limited role in relation to education and *via* the health boards only limited input into health services. As in the case of housing, funding is delivered through central government, thus rendering the local government influences marginal. In the case of social security, while services are provided at the local level, schemes, generosity of payments, eligibility criteria etc are determined entirely at central government level (Cousins, 1995)

The absence of locally based structures for the financing and delivery of welfare is incompatible with the view that proposes the Irish welfare state is Catholic / corporatist in its orientation.² A key principle of Catholic social thinking is the principle of subsidiarity.³ For McLaughlin: 'Until the 1960's Catholic teaching largely determined the nature of Irish social

policies. Strict adherence to the subsidiarity principle ensured that the austere state had a limited welfare role' (2001: 253). However, detailed historical research on attempts to institute corporatist (or vocationalist) structures based on the principle of subsidiarity into Irish policy making demonstrate the resistance of the State to such arrangements and the ambivalence of the Catholic hierarchy (Lee, 1979; O'Leary, 2000). The fact that various social services were provided at a local level by voluntary agencies, particularly, but not exclusively, by congregations and orders of the Catholic Church, may have given Ireland the superficial appearance of having corporatist structures. In practice, voluntary agencies were active only in a limited number of welfare fields and reflected the concerns and interests of their founders and foundresses rather than any concrete commitment to Catholic Social Teaching. As Fahey has argued: "In contrast to the strength of the church's presence in social service provision, the church's formal social teaching was vague and didactic and its positive effects on social policy are hard to discern, in Ireland or elsewhere" (1998: 427).

Somewhat ironically, in the mid-1960s, when quasi-corporatist structures were developed, to initially deal with macro-economic policy, and later extend to sub-national regions, the motivation was in response to a fiscal crisis rather than Catholic social thinking. From the early 1980s in Ireland, unemployment rose dramatically, as did emigration. It was a period of increasing public sector deficits and debt with weak revenues. By 1987, the debt/GNP ratio was approaching 130 percent and real fears of national insolvency emerged (Breen *et al*, 1990). Drawing on the strategic programme for economic recovery provided by the National Economic and Social Council in their report 'A Strategy for Development, 1986-1990' (NESC, 1996), a series of negotiated agreements between Government and key interest groups (primarily trade unions, employer and business organisations and farming organisations and later the voluntary sector) were initiated in 1987. Beginning with the Programme for National Recovery covering the period 1987-1990, a further four three year programmes of social and economic strategies have been successfully negotiated (O'Donnell and Thomas, 1998; Hardiman, 2002a).

The different historical and specific trajectories of individual welfare programmes have made the classification of the Irish welfare state difficult, moving between different regime types depending on the particular programme under consideration: from a welfare laggard to a pioneer in de-commodification (as in the case of social housing). Esping-Andersen (1990) largely defined welfare regimes on the basis of indices of de-com-

2 A particularly dreadful recent example of this way of thinking about the Irish welfare state is contained in Appleton and Byrne's (2003) analysis of family policy in Europe where they claim that "the Irish welfare state is founded on the principle of subsidiarity, institutionalized in the Catholic Emancipation Act of 1829 and the 1916 Constitution" (2003: 214)! How the non-existent 1916 Constitution and the introduction of a limited electoral franchise for Catholics in 1823 contributed to the structure of the Irish welfare state is hard to believe.

3 This is the doctrine that stipulates that "it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do." *Quadragesimo Anno*, 1931.

modification that is an output of state regime politics. In later work, he examined de-familialisation as well as de-commodification, and gave greater stress to the welfare mix (Esping-Andersen 1999). Both indices aim to measure the ability of the state to insulate citizens from the market. For Esping-Anderson, the concept and definition of de-commodification is: "at a *minimum*, a definition of de-commodification 'must entail that citizens can freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary'" (Esping-Andersen 1990: 23). However, some have suggested that rather than a minimal definition, it is in fact a maximal definition as few welfare regimes would consider it "either desirable or feasible for citizens to opt out of work of their own volition without *any* loss of income or welfare" (Kleinman, 2002: 30).

Ireland as a Late Developer?

Many accounts of welfare in Ireland lay stress on its late development. Fitting neatly with the 'logic of industrialization' thesis offered by Wilensky (1975), it suggests that Ireland modernized from the late 1950s, following a restructuring and re-orientation of economic policy (Breen *et al*, 1990; O'Connell and Rottman; O'Riain and O'Connell 2000). As Ireland modernised and industrialised, turning its back on protectionism and dependence on agriculture, increased social expenditure and improved social services developed. Thus, as many other European states were facing the first crisis of the welfare state following the oil crisis of the early 1970s, the Irish welfare state, as measured by social expenditure was only emerging. Both total government expenditure and expenditure on the welfare state grew considerably from the mid-1960s.

Welfare spending as a percentage of total government spending, excluding spending on the public debt, shows a steady increase over the period 1965-2001 from approximately 55 percent to 65 percent of total spending. As a proportion of GDP, welfare spending increased steadily from the mid-1960s to the late 1980s, from 17 percent to 30 percent, but declined to just over 20 percent by the late-1990s. The overall patterns conceal significant variations in spending by welfare programme. For example, housing represented over 16 percent of welfare spending in the mid-1960s, but decreased slowly hitting an all time low of 4 percent in 1992, and gradually increased again over the 1990s. As a percentage of either GDP or GNP, expenditure on housing decreased to just under two percent from the late 1980s and is only very slowly increasing its share. Expenditure on social security grew over the period, largely in response to high rates of unemployment.

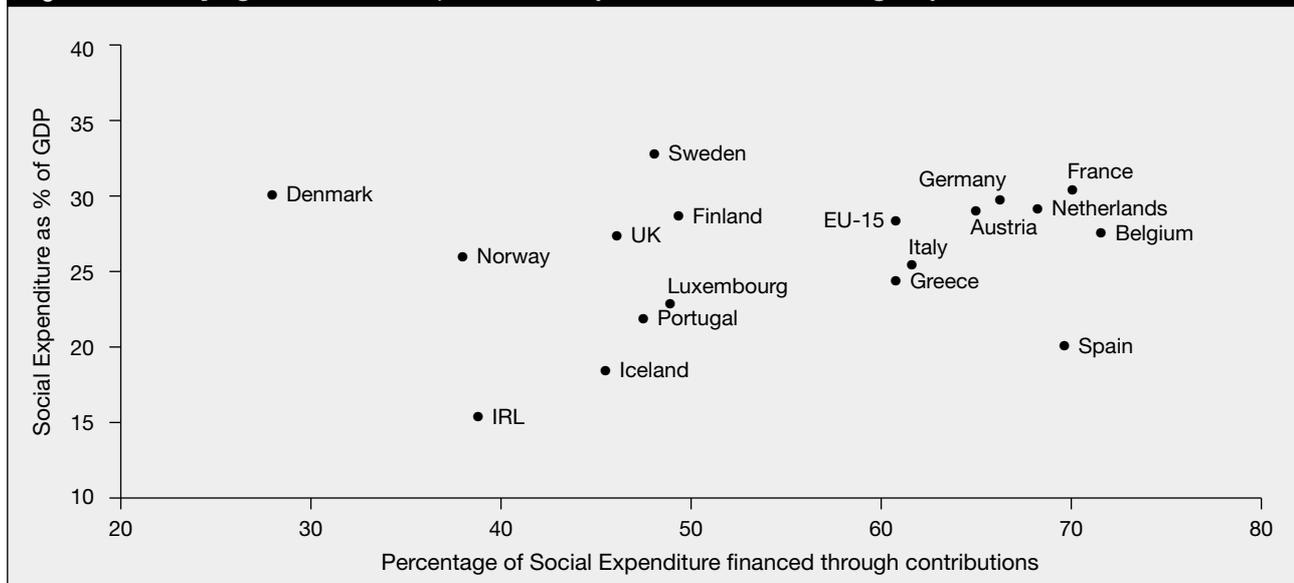
The overall pattern from the mid-1960s to the present is a steady growth in total public expenditure, with the exception of a dip in the late 1990s. Spending on welfare grew until the mid-1980s stagnated for a number of years, then continued to grow in terms of current prices, but declined as either a share of GNP/ GNP. On the basis of this data, the Irish welfare state expanded from the 1960s to the mid-1980, but has declined since the early 1990s.

Examining the last decade in closer detail and in a comparative context allows for greater clarity on the nature of the Irish welfare state in the midst of substantial economic growth in Ireland. A key distinction between welfare states is between the Bismarckian and Beveridgian approach to social policy. For Bonoli, (1997: 357) 'Bismarckian social policies are based on social insurance; provide earnings related benefits for employees; entitlement is conditional upon a satisfactory contribution record; and financing is mainly based on employer / employee contributions' In contrast, 'Beveridgian social policy is characterized by universal provision; entitlement is based on residence and need (or only residence); benefits are typically flat rate and are financed through general taxation'.

In Figure 1, countries are classified along two dimensions. The total social expenditure as a percentage of GDP for the period 1996-2000 are plotted against the percentage of social expenditure financed through contributions. Countries with high levels of social expenditure financed through contributions are viewed as Bismarckian in orientation and vice-versa. It is reasonably clear that a strong relationship exists between the geographic location of the countries and type of welfare system. The Nordic (along with the UK) countries cluster in top left hand quadrant of the figure demonstrating high levels of social expenditure financed largely through taxation. On the top right of the figure we find a cluster of continental countries with high social expenditure, but in this case largely funded through contributions. The Mediterranean countries are also found on the right hand side of the figure, indicating a Bismarckian type welfare state, but with lower levels of social expenditure. Ireland is located in the bottom quadrant on the left hand side of the figure indicating that Ireland is strongly Beveridgian in orientation, but expends little on social protection as a percentage of GDP.

Over the time periods 1991-2000 and 1995-2000, Ireland experienced the biggest decrease in social expenditure as a percentage of GDP. In the shorter period between 1995 and 2000, only Finland experienced a decrease in social spending at the same level as Ireland. Using this measure of welfare effort,

Figure 1 **Classifying Welfare States, 1996-2000 (Bismarckian v Beveridgean)**



Ireland appears to be moving closer to Boston rather than Berlin⁴ over the 1990s. However, some caution needs to be exercised in interpreting this data. Much social expenditure is driven by demand – more people of retirement age, more persons unemployed etc. As a result social expenditure may rise or fall more or less automatically as a result of demographic patterns. Changes in social expenditure may also result from political and administrative decisions to extend or limit eligibility for certain social protection measures (Timonen, 2003).

If we examine social protection by function in Ireland and the rest of the European Union, we find that Ireland spends more on sickness / health care; families / children and unemployment than the EU average. Where Ireland is unique is its low spending on old age. This is as a result of the relatively positive old-age ratio in Ireland. Ireland, in 2000 had the lowest ration in the European Union at 17 percent compared to an EU average of 23.4 percent as shown in figure 10. More significantly, the Irish ratio is not expected to increase between 2000 and 2010, but the EU average will rise to 25.6. As Fahey and FitzGerald has noted: “Ireland is...moving into a new era of easing dependency burdens, no matter how these dependency burdens are defined or measured (1997: 99).

If we deduct social expenditure on old age, a somewhat different picture emerges. The gap between total social expenditure and social expenditure minus spending on old age as a percentage of GDP is, not surprisingly, much less for Ireland

than the EU average. More significantly, the gap between Irish social expenditure and EU average social expenditure is much less when old age is deducted from the analysis. Nonetheless, it still does fully explain the reduction in the Irish welfare effort over the 1990s as percentage of GDP.

While useful as a method for demonstrating the share of national wealth expended on welfare, examining social protection expenditure as a percentage of either GNP or GDP can be somewhat misleading in the context of particularly rapid economic growth that Ireland experienced in the second half of the 1990s. In the first half of the decade, Irish spending was below the EU average and then considerably exceeded the EU average in the second half of the decade. In addition, social security payments, while increasing by more than the consumer price index for most of the 1990s, did not keep pace with the national average industrial income, contributing to the increase in relative poverty in Ireland during the 1990s (Nolan *et al*, 2002).

This was also in the context of a considerable decrease in average tax rates compared to the EU-average, a decrease of over 40 percent in the average tax rate for single persons at average earnings between 1995 and 2001. However, in terms of redistribution, cuts in tax rates have favoured high-income earners (Callan and Nolan, 2000; Callan *et al*, 2003). Between 1995 and 1997, while the top three quintiles gained from Budgets over this period, ironically, a period with substantial left wing political input, the two bottom quintiles lost out. In the period from 1998 to 2002, this time with a centre-right government, while all quintiles gained, the biggest gainers were the top three quintiles.

4 This is a reference to the Tanaiste (deputy Prime Minister) Mary Harney, who remarked that when looking to Ireland's economic future, she would rather look to Boston than Berlin.

Conclusion

This overview of social expenditure in Ireland between the mid-1960s and 2001 and comparative analysis between 1990 and 2001 highlights a number of striking characteristics of the Irish welfare effort. In real terms, both total public expenditure and social expenditure have grown strongly since the mid-1960s. Individual welfare programmes have suffered at different periods, particularly in the late 1980s, but the overall trend is towards greater spending rather than any signs of welfare retrenchment (Pierson, 1996; Bonoli *et al*, 2000). While social expenditure as a proportion of GNP and GDP has declined, this can be largely explained by the extraordinary growth in the Irish economy in the late 1990s, declining unemployment and favourable demographic ratios. The win-win situation that Irish governments have encountered over the past 6-7 years, of increasing public expenditure and decreasing tax rates, is not likely to continue. As Hardiman (2002b) has argued:

“harder decisions cannot be forever postponed in light of a slowdown in growth rates, the rapid expansion of spending commitments, and continually rising expectations of improvements in public services. The foundations of the social partnership agreements, based on trade-offs between pay rises and tax cuts, will similarly need to be examined” (2002: 55).

Choices to reduce real public social expenditure in Ireland are limited. The populist catch-all nature of the political system, allied to the fact that coalition governments have become the norm of the past-two decades, provides a strong veto on welfare retrenchment. The institutional edifice of social partnership also provides a bulwark against retrenchment. On the other hand, the very open nature of the Irish economy may render it vulnerable to broader economic shifts and the need to maintain competitiveness may result in benefit restrictions. However, in the short to medium term it is difficult to foresee any fundamental shift in either the priorities or structure of welfare in Ireland.

However, spending alone does not tell us much about the nature of the Irish welfare regime or the role of the state in de-commodifying its citizens. The description of the Irish state as embracing ‘solidarity without equality’ (O’Riain and O’Connell, 2000) in terms of welfare output captures some of the complexity of the recent Irish experience, but not all.

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The Changing Role of the State in Italy

Antonio Tosi

Introduction

The Italian welfare state has been variously identified as belonging to the 'corporatist/conservative' (Esping-Andersen), the 'conservative/familialistic' (Mingione) or 'particularistic' (Paci) welfare regime. The difficulty of appropriately categorising the Italian welfare state reflects on the one hand, the problems of drawing up an adequate typology which satisfactorily incorporates the diverse systems of welfare delivery in Europe, but also, on the other hand, reflects the diversity and changing character of welfare provision within Italy itself. Italy portrays a degree of geographical unevenness (perhaps unmatched elsewhere in the European Union) in the provision of welfare, an unevenness which has historic routes and has been perpetuated and arguably exacerbated by recent developments.

This paper first identifies the main characteristics of welfare provision in Italy and considers the problems of classifying Italy in terms of prevailing regime typologies. It then examines recent institutional and legislative changes, focusing particularly on the changing role of the state (or, as will be argued, states – local, regional and central); the relationship between the state and housing is a particular focus of attention in this section. Finally, the paper draws some conclusions with regard to present and future prospects for welfare provision in Italy.

The provision of welfare in Italy

Access to welfare in Italy is determined mainly on a person's position in the labour market, the welfare system offers no comprehensive protection defined on a national/universalistic basis. If exception is made for the health service, no system of social welfare protection has developed in Italy that is capable of providing cover to all citizens for risks connected with insecure or irregular work. While relatively broad protection has been afforded to 'workers' and to categories such as minors, the elderly, the handicapped and the disabled, protection has been scarce and uncertain for other adults who have been entrusted to the social assistance system, a system which as a rule has been separate from the main body of

social protection policies and has been heavily characterised by its discretionary nature and measures largely aimed at emergency situations. This means scarce protection to groups in society that are particularly affected by new forms of vulnerability. Persons suffering exclusion and poverty have been heavily dependent on the initiatives of local authorities and voluntary organisations. This means that coverage vary considerably from area to area (Tosi, Ranci 1999).

Defining characteristics of the Italian welfare system are: the lack of substantive state involvement in the delivery of welfare –where civil society and its agencies (associations, NGO's, etc.) play a very important role, the absence of a redistributive scheme of the minimum income type, and the uneven geographical distribution of welfare reflected in the very real discrepancies between regions and between local authorities within the same region.

The uneven character of the provision of welfare was exacerbated in 1977 when the state started to transfer responsibility for 'social assistance' to regions and municipalities, but without furnishing uniform guidelines and regulations that would allow them to construct a coherent social security system at a national level from the viewpoint of guaranteeing minimum welfare rights (left to a future reform of the entire welfare system). While awaiting the reform, the regions reorganised social services at regional level, but according to different and poorly defined criteria - which amongst other things left a wide degree of freedom to municipalities, who in many cases reorganised their services, but often independently with respect to regional laws. In many cases no actual reorganisation was effected. As a result, a system of territorially and legally defined welfare inequalities was established incapable of guaranteeing the right to minimum conditions of life throughout the country. The critical focus of these territorial inequalities is the South.¹

1 While the introduction in 2000 of a general welfare law suggested a more universalistic approach and made a more uniform approach in various areas possible, the continuation of the decentralisation of government made further increases in the differences between regions and local areas is probable (see Tosi 2001).

The geographical differences are extremely large in the field of homelessness as seen in the recent report of the *Commissione di indagine sull'esclusione sociale* (Commission for the investigation of social exclusion) on policies and initiatives operated by local authorities to assist persons of no abode. The picture that emerges from the analysis of the Commission, which involved 20 cities in different regions, confirms the co-existence in Italy of very heterogeneous models of intervention at the local level. There is a high level of differentiation both with regard to public and voluntary/private welfare action. Naturally a comparison of these same contexts shows that they are very different from the viewpoint of economic and social structure and from the demographic viewpoint. Nevertheless, local policy systems and action to assist the no abode present a high degree of heterogeneity that can not be explained by the distinction between large, medium and small towns and cities, nor by regional models of welfare. The absence, up until the passing of the new law on welfare in 2000, of guidelines in the legislation establishing minimum standards of support across the country resulted in persons suffering serious marginalisation and extreme poverty receiving very unequal treatment in different areas. The picture that therefore emerges from the twenty cities analysed by the Commission shows the fragmentation of social policies and the extreme variations in local voluntary initiatives.

A large gap between the north and south of the country emerges in this respect. In the towns and cities of northern and central Italy service provision is more varied and includes rehabilitation activity, aimed at gradually restoring capabilities that have been lost on the path into poverty. In the more innovative contexts, different services are provided for different types of recipient and they operate on a network model which takes account of all the various resources available in a given community. Municipal administrations play a more active role here in formulating policies and promoting forms of co-ordination with welfare co-operatives and voluntary organisations. Some cities have different types of shelter and accommodation services to meet the differing needs of a very heterogeneous user base.

In southern Italy, however, local authorities are generally not well equipped with shelters and accommodation services and have not established stable working relations with the third sector. They prefer to delegate service provision, sometimes entirely, to the Church and to voluntary associations. They rarely play a role of programming policies or of inspecting existing initiatives. Also the services provided are aimed mostly at satisfying primary needs (material support) and tend to be targeted at an undifferentiated user base.

Problems of classifying the Italian welfare state

Classifications of welfare systems can be (have been) criticised for two different (but interrelated) reasons: they are applied to the national scale and do not sufficiently take account of local differences; and they adopt reductive criteria for classification – they are based almost exclusively on the pension-insurance component and (to a lesser extent) on income protection schemes, while they pay hardly any attention to other sectors – services to persons/families in particular – that are less significant from a quantitative and political viewpoint, but which are extremely interesting when it comes to understanding protection models and particularly those that incorporate the notion of social assistance (Benassi 2001).

The requirements for analysis that result from these criticisms are crucial to understanding the nature of the change in progress in Italy.

If the local dimension is introduced, the image of the Italian welfare system that emerges from the international literature appears inadequate. The differences are so great as to make any overall definition of the system in terms of conventional labels impossible. Definitions such as 'conservative', 'familialistic', 'particularist' and so on hardly correspond to much of the country. The trends in central and northern Italy have been fully in line with the process of change that has occurred in most European countries. The image of a family care model does not fit the reality of most of the cities in central and northern Italy.

If we consider the distinctive characteristics of the new welfare paradigm, which started to take shape in industrially developed countries at the beginning of the 1970s, it is noticeable that the policy decisions made in central and northern Italy are fully in line with the process of change that occurred in other countries. The institutional set up that came out of those decisions, based on a concept of social need that was not strictly material and on universalistic and community care principles, is positioned on the more innovative side compared to the welfare model inherited from previous periods.

In the cities in central and northern Italy, despite great financial difficulties, have set out to create a system of local services that offers a chance for the 'defamilialisation' of care functions. This process involved not only the elderly and handicapped, but also infants as seen by the widespread existence of state run pre-school care provided, which is still insufficient, but nevertheless is much more widespread than in other countries such as Holland, Germany and Great Britain. (Fargion 1997, 312-14).

There is a relationship between the criticism of 'national abstraction' and the inadequacy of classifications that fail to consider protection through welfare services. This type of protection, which occurs at local level above all, has historically followed a different logic to that of the 'insurance' approach. It is not based on access by contract but brings into play a direct relationship of a personal nature (according to rules of reciprocity) (Benassi 2001). It has been subjected to growing attention in the European debate in recent years (Anttonen, Sipila 1997, Munday, Ely 1996, Gori 2001). As has been shown, consideration of these dimensions has important consequences for the classification of welfare regimes. Even if the classification proposed by Esping-Andersen generally works, if the social services dimension is introduced, the conservative-corporative type seems too heterogeneous and that is why the proposal has been made to increase the number of types - with a distinction between a Bismarckian and a Latin model, a class aside that includes countries such as France and Belgium.²

Analysis of local welfare systems - the type of division of labour between the public and private sectors, the type of problems that determine action at local level etc. - is needed for an understanding of the reality of protection systems. It brings out the connection at local level between welfare systems and poverty (through micro-sociological analysis), the structural (not accidental) character of poverty and the role of welfare in structuring poverty, etc. Furthermore, with this method we discover the different combinations - in different realities - of principles and actors that guarantee welfare (state, market, civil society), the different relations between social channels and political channels in the production of welfare, the different forms of reciprocity relations and of family networks, etc.

Finally, care must be taken to avoid reducing analysis to mere application of the traditional model and overestimating traditional characterisations of the 'particularist', 'familialist' type and so on. Even if the effects of particularism persist, account must be taken of the important developments that have occurred on the policy and legislative scene in Italy in recent years and these have been sufficient to substantially change welfare policies so that the situation is even more different from the picture painted by the various classifications currently in use.

2 To go further in this direction means passing from the notion of 'welfare state' to that of 'welfare system' or 'welfare society', which finds a necessary point of application in the analysis of local situations and in a consideration of social service supply (see the final section of this paper for further consideration of this issue).

Recent changes - the role of the Italian state(s)

Recent Italian history has been characterised by decentralisation which has had a marked effect on both social and housing policies. The state in Italy is regional in form with large responsibilities given to units of local government (Provinces and Communes). At the start of the 1970s these differences began to acquire official recognition when regions were set up and since then power has been progressively transferred to regions and to communes.

As regards housing policy, the whole game is now determined by the central role taken by the regions who have fundamental responsibilities for social housing. At the same time, the role of the local authorities has increased. The Regions are now responsible for public sector housing and control most of the institutional resources for housing and the community. Local authorities have concrete responsibility for local housing. They have significant resources of their own and they have potentially important duties concerning planning and co-ordination of local initiatives, the setting up of housing agencies and local networks. Central government has maintained powers over general regulations and planning, particularly in relation to private rental housing.

In the social welfare area, the situation is a little more complex. While the general process has also seen an increase in the responsibilities of regions and municipalities, nevertheless, at the end of the 1990s various measures created the conditions for a certain standardisation of criteria throughout the country as far as minimum criteria for welfare assistance are concerned, e.g. the new general law on social welfare (L. 382, 2000, 'measures for the creation of an integrated system of social welfare action and social services'), and the law to introduce a minimum insertion income experimentally. Another example was the new law on rents (L. 432, 1998: it provides support for those suffering most hardship by means of a National Fund for the support of access to rented accommodation). All these measures have been thwarted with counter measures, or weakened following the change of government in 2001.

In the meantime, however, as has already been said, decentralisation processes have continued encouraging differentiation of regional and local policies.

Those changes typical of the new social welfare in Europe occurred in Italy throughout the 1990s. The transfer of responsibility to private welfare organisations became more important and systematic. New measures were introduced alongside services - vouchers, care cheques, etc. - which mean new types of relationship with society and the market and new

ways of seeking care for 'weak groups'. A distinction must be made between different problem areas and different periods to assess the meaning and value of these new methods.

In the housing field, two large changes have modified policy construction: the process of devolution of housing responsibilities to the regions - which has had considerable effects on the fate of social housing; and a process of liberalisation/deregulation (in reality more moderate than what has occurred in most European countries) that has manifested in both the reduction of state commitment to social housing and the 'controlled liberalisation' of the rented market.

Specific policy trends are generally in line with those common to most European countries: more targeting of measures in favour of specific populations; a relative substituting of aid to housing with aid to persons; increased efforts in favour of existing stock through rehabilitation programmes; the concurrence of the measures adopted: simultaneous help to the home ownership sector, to the social rented sector, and to the private rented sector; a transfer of responsibilities from the government to decentralised levels and local authorities.

There have been some improvements (the new rent law, and attempts by various regions and communes to innovate with social housing...). The most important innovation is the Social Fund ('National Fund for the support of access to rented accommodation') set up by the new Law for rent (1998) to subsidise rent payments to low income families (Tosi 2001). But on the whole, the system is still affected by big welfare limitations, traditional limitations and those resulting from the big changes that occurred in the 80s and 90s.

Social housing is a fundamental critical point due on the one hand to the limits of the traditional system and on the other to the uncertainties over the change to new forms of social housing. Two traits weaken the effectiveness of public sector housing in protecting vulnerable groups: the scarcity of the supply, the large gap between the demand for and the supply of public sector housing; a certain lack of rationality in the assignment and management of accommodation. The main problem point however is the obsolescence of the system of public housing. A system designed to meet a relatively simple and homogeneous demand, like that of the 1950s and 60s has been unable to keep up with the succession of developments that the demand has undergone - its growing variety, the appearance of new groups in need with requirements that are radically different from those traditionally found (e.g. immigrants).

The main limit to policies today is the capacity to come to terms with the meaning of the new interconnections between impoverishment and housing hardship/poverty processes. Poverty overdetermines the policy requirement

resulting in two complementary demands: to address housing risk (the typically 'widespread' character of the new hardship which now covers not only the poor segments of the population) and to construct markedly social housing policies. According to what is indicated by the development undertaken in other countries, this means making a very affordable supply available, trying to make the supply appropriate by providing social support services, and a closer relationship between housing and 'social', between housing measures and measures to fight poverty.

Things went differently for social welfare policies. At the end of the 1990s the new welfare law (L. 328, 2000, 'measures for the creation of an integrated system of social welfare action and social services') - which crowned a process that had lasted 50 years - made substantial changes to the context of social welfare policies: introducing more active policies in the fight against poverty; making the system develop towards more universalistic mechanisms and oriented to a social rights approach. While on the one hand the law confirmed a tendency to favour various aspects typical of 'new welfare', the overall philosophy was that of 'modern selective universalism' (to cite the report accompanying the law) which represented an alternative to free-market ideology.

The intention of the law was to create a system of active protection with the accent on prevention of hardship, by integrating social services with health, educational and work integration services and involving public and private sector social welfare agencies. The result was to be the creation of the 'social protection network' that has been called for so often in proposals for welfare reform, a network that would provide an effective context for measures like that of the RMI. The objective of the law was to eliminate geographical disparities and the discretionary powers of local authorities, and to equip the all country with this integrated network of services.

To appreciate the innovative importance of this law one must consider its capacity to eliminate geographical disparities (the services in question are inadequate and unevenly spread over the country) and the discretionary powers of local authorities. The objective of the law is to equip the country - the North, the Centre, the South, the large city and the mountain village - with an integrated network of services. The basic merit of this law is that it passes from a 'bricolage' to genuine social welfare policies and constructs a 'system' that defines welfare rights and essential social services that the state and local authorities have a duty to guarantee and provide for citizens and families. The law also increases the budget for social services with cash flows into a 'National Fund for Welfare Policies'.

During the same period a law was enacted which introduced a minimum insertion income experimentally (in 40 municipalities).

The minimum (re)insertion income consisted, according to the report accompanying the law, of 'action aimed at pursuing the social integration and economic independence of the persons and families that receive it, by means of personalised plans and monetary transfers to supplement income' It was to be implemented by local authorities. The condition for access to minimum insertion income was an income below the poverty threshold set at 500,000 Lire (258 Euro) per month for a single person. The action aimed at social integration was designed to help overcome marginalisation by encouraging the individual capacities and economic independence of individuals.

Subsequently, however, while a number of regions introduced social policies which implemented the principles of Law 328, at national level there are signs that this approach might be abandoned with the arrival with the new centre-right government. With the new government, not only has experimentation of the minimum insertion income probably halted, but the Social Fund for Rent has been cut back substantially (it is estimated that 77,000 households will lose this benefit). The last annual public finance law cut transfers to municipalities by 2% (900 million euros). A tightening of belts which puts regions and municipalities in difficulty and means they have to make a great compensatory effort if they want to maintain reasonable levels of services and subsidies.

The change does not seem to be so much a question of spending but of qualitative aspects that indicate a different philosophy from that embodied in Law 328 - in favour of a more markedly 'neo-liberal' view on how to go 'beyond the welfare state' (see the White Book on Welfare published by the government in February 2003). It is welfare protection consisting of: mainly monetary and fiscal support rather than a network of services (the weakness of the fiscal path as an antipoverty measure in a system like that of Italy has been remarked on repeatedly: Commission 1992); substantial attribution of responsibility to the private sector - to both the third sector and the market - and the reduction of the role of the state to that of an enabler and market regulator.

Welfare society and the State

The tendencies over the last 20 years can be summarised as follows: progressive increase in the importance of the principle of subsidiarity in welfare policies; the consequent emergence of an institutional model which on the one hand privileges the municipalities and on the other gives unprecedented priority to partnerships and co-operation between public authorities and private sector organisations, and to the third sector in particular for service and welfare provision; progressive legislative autonomy of regions with regard to social welfare.

All the terminology offered by the international debate has been used to describe the outcome, with the idea of a passage from 'welfare state' to 'welfare community' or to a 'welfare society'. The terms indicate a passage from a model centred on a major government presence in service networks and in welfare provision, to a model in which the responsibility of government institutions is more about regulating the entire system consisting of public and private sector operators.

In the Italian case, however, there is a particular accent placed on the current tendency towards what has been called 'municipal welfare' and a further diversification at regional level to the point where different regional welfare rights now exist. A process of progressive 'localisation' of social welfare - with responsibility concentrated at two levels of government, regions and municipalities - inevitably involves introducing territorialisation and (more) geographical differences to regional social welfare systems. In the future the differences between regions with regard to the organisation and management of services could increase (Ferioli 2002).

With the change to a market orientation, policies designed to combat social exclusion fall increasingly under the scope of local organisations and require substantial investments of local funds. But how can sub-national levels of government deal with new challenges in a context where increased tax burdens are basically not possible? The crucial point in this situation is clearly how funds are to be distributed at different levels of government.

As with other countries the expression 'retrenchment of the state' does not give a good idea of what has happened in the last ten to twenty years. As more or less elsewhere what happened was a restructuring of the role of the state, a growing importance of market principles in the production of services and in determining access and a reuse of reciprocal relations favoured by the new trends.

The redrawing of the borders between state, market, family and civil society has had consequences similar to those in

other countries as far as the role of central government is concerned and it has corresponded with the rise of a mixed economy of welfare. Importance is given to a plurality of actors involved in care and assistance functions and space is given to help provided by families, by not-for-profit organisations and voluntary associations, while the role of direct action by government is reduced.

Nevertheless in Italy, the inadequacy of the expression 'retrenchment of the state' has some further specific meanings. Firstly, in recent decades Italy has seen both elements of the 'crisis of the welfare state' and also further guarantees in a more universalistic and comprehensive direction (although these have not involved the entire country). Secondly, the starting point for this trend was 'low': the level of welfare spending was not high, the involvement of the state in service delivery was modest and then on the other hand the role of private welfare organisations was traditionally important (cf O' Sullivan 2003). In Italy too (and with more reason), the development of a mixed system and the multiplication of different forms of partnerships does not mean that (local) government has become less powerful. The change in responsibilities does not mean that government is less interventionist nor has there been a reduction in government powers.

Finally, in Italy too the welfare state has good probabilities of survival. So far privatisation projects have been limited to the level of the discourse, and there is strong opposition to attempts to de-structure the welfare state. The support for a continuing role for the State in the provision of welfare services is very widespread even among parties in the ruling coalition. Any attempts to dismantle it would meet with strong resistance from the voluntary sector and from local government administrations (who win considerable numbers of votes on welfare policies).³

3 *The international debate on the "new social" policies (Donzelot 1991) provides important elements to understand the nature of the change in progress. One fundamental point concerns the meaning of the new measures targeted at particular categories and/or geographical areas. "[In France] Since the 1980s, the state has developed "transverse" policies constructed in consideration of objects which go, a priori, beyond the habitual logic of targeting. They are designed to solve particular problems that are emerging and which are not of exactly the same nature as the risks covered collectively by social security. The targeting logic has been transformed, passing from groups well defined by the welfare action to the more blurred, (less easily defined) groups of the excluded (Damon 2002, 58). In this picture, the critical points for discussion are the contractual character of the action (just as much a possible indicator of the retreat of the state as it is of a more appropriate response to the new problems of poverty) and the notion of "re-insertion". "The exclusion-insertion pair transforms the economy of responsibilities inherited from the history of welfare - insertion has more to do with welfare assistance than with social security. Whether it is considered a poorer cousin of the republican objective of integration or as a new method of government action, insertion is definitely located at the intersection of two institutional groupings that are not clearly separated: insurance and welfare" (Damon 2002, 57) (also see de Decker 2003). At the level of discourse these issues reveal new integration conditions and the possibility of perhaps abandoning the universalistic and comprehensive type integration projects that had guided the history of policies in industrial societies. "The new processes of impoverishment and the crisis of the European welfare state contains in them the admissibility of an unprecedented dualism... the hypothesis of a dual society and dualistic social policy models" (Castel 1995). We are in the presence of a redrawing of the borders of solidarity and welfare rights (Donzelot 2003: a restrictive interpretation of solidarity, the passage "from a logic of objective solidarity between all to a logic of preference".*

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Central State and Homelessness Policies: New Ways of Governing

Ingrid Sahlin

Introduction

While it is generally agreed that the state has 'rolled back' from direct intervention in housing policy in Sweden, as in many other European countries (see, e.g., Vedung 1997; Edgar, Doherty & Meert 2002), this paper attempts to demonstrate that in Sweden the central state still exerts power over issues such as homelessness, though the way it exercises that power has taken new forms. Government by 'projects', 'discourse' and 'non-decision' has largely replaced more traditional forms of intervention: 'legislation', 'regularisation' and 'subventions'. The paper focuses on initiatives against homelessness by the central state, with special regard to the power relations between those who control housing and those who lack housing. The empirical cases, upon which I build my argument, are the funding of local development projects, definitions of the homelessness problem, and the fending off of a selection of proposals to modify the power balance between landlords and homeless people. Starting from a general understanding that homelessness is not a necessary feature of a modern nation, and that it would be possible for the central state to do away with it, my aim is to identify and discuss structures and processes that hinder its abolition.

The state of the State: Decentralisation and Market-Orientation

The decentralisation of power from the central state to regional and local states is an widespread phenomenon (Garland 2001; Edgar, Doherty & Meert 2002). Jessop (2001, p. 164) claims that recent theories of the state share a view of the state as an 'emergent, partial and unstable system', and the deregulation of local authorities, in turn, has resulted in the repeated re-organisation of local state agencies

and increased administrative pluralism (Borell, Johansson & Lindqvist 1998, pp. 183ff.).

Besides increased local discretion, recent changes in the Swedish state at all levels are characterised by increased market-orientation (Johansson 1998, p. 45; Vedung 1997). This represents a global neoliberal trend that is reflected in the dismantling of social housing policies, the promotion of owner-occupation, and the growth and persistence of homelessness in most Western societies, including Sweden (Edgar, Doherty & Meert 2002). Other changes at the local level in Sweden are budget cuts, and the partial privatisation of care and public services. In line with these changes, 'customers' have replaced 'citizens' and 'users' have replaced 'clients' (Rombach 1997; Johansson 1998; Borell, Johansson & Lindqvist 1998). Formerly central state responsibilities have been devolved to the local state and to private actors and individuals are increasingly held responsible for their problems (Edgar, Doherty & Meert 2002).

However, the direction of such transfers of responsibility is not uniform or unambiguous, nor has the legal-bureaucratic model of administration been totally abandoned. The impression of a deregulated local level may be misleading, since 'reduced direct state governing does not necessarily mean that the total amount of governing has also been reduced; governing might instead have taken on new forms' (Borell, Johansson & Lindqvist, 1978, p. 188). In addition, 'liberalisation' and 'deregulation' at one level, may be accompanied by renewed, harsh or tacit control at another, impacting in particular on the 'deviant' and the 'excluded' (see, e.g., Cohen 1985; Young 1999). New strategies for improving and maintaining public order, as well as the imposition of tighter control over residents in supported housing,

illustrate this process in Sweden (Sahlin 1996). Even if the state is generally conceived of as more fragmented, dispersed and withdrawn from its traditional areas of influence, this does not mean that all its subjects are being ‘liberated’, nor does it imply that the central state has ceased to govern.

Swedish Housing and Homelessness Policies

The Swedish state comprises three autonomous levels: the central state (*staten*), the 21 county councils (*landstingen*) and the 290 municipalities (*kommunerna*). In Swedish, *staten* usually refers to the central level (sometimes including its county administrations [*länsstyrelser*]), whose role local politicians often view as opposed to the municipalities and their interests. While the municipalities collect taxes and pay for and organise social services, housing and infrastructure, the central state makes the laws that regulate their implementation. In this paper, ‘the central state’ refers primarily to the Government and its offices and central government authorities. Government committees are regarded as temporary central state bodies, which operate autonomously although within the strict guidelines made up of directives and budget and time constraints. These committees used to be influential elements in a consensus-oriented social planning policy, but their role today is more ambiguous and less weight is ascribed to them (see, e.g., Petersson 1989).

For many decades Sweden provided large state subsidies and exercised considerable central and local state control over housing production and allocation. The sudden withdrawal of central state involvement in housing in the early and mid-1990s marked a rather dramatic policy turn (see, e.g., Turner & Vedung [eds.] 1997; Bengtsson & Sandstedt [eds.] 1999; Lindbom [ed.] 2001). The dismantling of the Swedish housing policy took place in two distinct steps. First, the Housing Ministry was closed and the central state control over local housing policy and housing provision was abolished in 1991-1993 by the right-wing government as a symbolic start of its pledged ‘system shift’. Next, the housing subsidies were rapidly cut from 1996 onward by a Social-Democratic government, allegedly as a way of saving but also in order to adapt the national budget to the convergence criteria of the Maastricht Treaty (SOU 1996:156; Vedung 1997). As a result, the construction of new dwellings ceased almost completely, and housing has now become a source of net income in the central state budget.

During the same decade, homelessness was redefined as no longer a housing issue, but a matter of social welfare, while public housing was released from its former responsibility for housing provision to those who cannot purchase their own homes (Sahlin 1996). Today, local social authorities have exclusive responsibility for homeless people, though training and housing are no longer mandatory tasks. However, as a consequence of media attention, international discourse and public opinion, the central state has been gradually drawn back into the homelessness debate; the nature of this (re)engagement, is, though, very different from that of former times. I will try to demonstrate that direct governing, to a greater extent than previously, takes the form of the co-ordinating of local projects, where rhetoric – more than the transferring of actual resources – is the means of influence, and where dissemination of ‘good practice’ substitutes for supervision, authoritative recommendation, and regulation (see further Sahlin [ed.] 1996; Anker *et al.* 2001). The central government is not prepared to provide further financial or legislative initiatives in order to back up its concern for the homeless. However, it governs indirectly through controlling the discourse and guarding the current power relations against challenges through non-decision.

This paper discusses and illustrates three analytically different but intertwined forms of central state governing of homelessness: (i) stimulating local projects, (ii) controlling the discourse on homelessness and (iii) resorting to non-decisions. For analytical reasons, each way of governing occupies a separate section in the paper, although in reality they interact and commonly support each other. Thus, discourse control and non-decisions are important elements in decision-making on project funding, while the projects themselves are articulated through and embedded in the discourse on homelessness.

Initiating Local Development Projects

Jessop (2001, p. 166f.) recommends that the structural powers and capacities of the state should be studied in a “strategic-relational’ context’, such as the links and networks connecting them with the rest of the society. I would say that one such link is the central state’s involvement in local development projects, the design and funding of which seem to have replaced general subsidies and earmarked contributions, as well as regulation, as tools of steering.

According to Anker *et al.* (2001), initiating and funding local projects have become an important means for the Danish state to govern local social policy. This is so partly for eco-

conomic reasons, since municipalities are keen to get extra contributions to their activities. It is also due to its *ad hoc* character, which allows flexible response to newly discovered or constructed needs and problems and implies public attention, an emphasis on developing methods (especially for prevention), and (recently) the targeting of the most vulnerable groups. Swedish project funding shares the same attributes. Ministers are said to be especially fond of it because it gives them an opportunity to act and react quickly to publicly expressed opinions on problems that were not foreseen or on the agenda in the regular budget work. However, and despite the emphasis on renewal and development in the project discourse, such funding is commonly used to spread certain conceptions and methods over the country (Sahlin 1992a; Anker *et al.* 2001), thereby contributing to 'institutional isomorphism' (DiMaggio & Powell 1991). In this respect, project co-ordination overlaps discourse control as a form of governing.

Translating Homelessness Projects

In 2001, the Parliament unexpectedly as a result of Green Party interventions, allocated 30 million SEK (3.27 million EURO) for special Government initiatives against homelessness. In its final report the Committee for the Homeless¹ suggested that this contribution should be handled jointly by National Board for Health and Welfare (NBHW) and the National Board of Housing, Building and Planning (NBHBP) with the intention to 'further improve, support, and develop society's local and regional measures against homelessness' (SOU 2001:95a, p. 13). The preferred orientation of these measures was indicated in other parts of the report, e.g. in Chapter 7, where the municipality's role was elaborated and evaluated. A significant conclusion was expressed in the explicit recommendation that the municipalities reduce their secondary housing markets, that is, dwellings sublet by local social authorities on special terms and without tenancy rights.

In May 2002, the Government, against the advice of the Committee on Homelessness, commissioned NBHW alone to 'lead development work during the years 2002-2004 with the purpose of developing methods to counteract homelessness'. Regardless of the Committee's strong advice, the now approved local projects will expand the secondary

housing market and sustain the local social authorities' dual power as landlord and authority for their clients, as well as the subtenants' lack of housing security. Furthermore, the Committee's plea for forceful means to secure housing provision for the homeless through a right to housing for vulnerable groups went unheard. How did this happen?

One way of accounting for the course of events is suggested by the 'garbage can' theory (see, e.g., Johnson 2003). The vacuum after the expired Homelessness Committee (disbanded, December 2001) and the unanticipated commitment of money for counteracting homelessness were two contemporary 'streams' that coincided in time and within the Social Ministry, whose office was anxious to quickly find someone to handle these resources:

'We did not want the Ministry to allocate this money, because we are not a good project organisation. We don't have the competence, nor the time for such work.... So then it *felt natural* to fulfil, so to speak, the work that the Committee for the Homeless had started with their local development work and to give this task to the NBHW. So that's how... And the NBHW didn't mind.' (interview: Deputy Director, Social Ministry.)

The fact that NBHW (but not NBHBP) is subordinated to the Social Ministry, of course, helped make it 'feel natural' that they got the commission, and in my interview with the Deputy Director of the Social Ministry, she did not even remember the Committee's suggestion that it should be shared with NBHBP. This decision reinforced the impression that NBHBP (whose responsibilities include housing) is not supposed to be involved in homelessness issues

In its directives to the NBHW, the Government (through the Social Ministry office) provided guidelines with regard to the project. These were translated by the NBHW into a project plan.

Obviously, no structural changes were suggested by the Government, and the possibility of using its funds for local structural change was even more reduced in the NBHW's rewording of the ministry's directives. Through this translation and operationalisation of the Government's directives, several key issues were modified:

- 1) **The injunction to take account of users' perspective and encourage participation** were devalued, excluding the possibility of collective influence over the choice of measures/projects. It should be noticed, especially, that the users' perspective is transferred to 'starting out from

¹ *Committee for the Homeless, was convened in 1998, and delivered a partial report in April 2000 (SOU 2000:14) and its final report in December 2001 (SOU 2001:95a-b).*

his/her needs' (*utifrån dennes behov*). Within social services, social workers tend to determine the needs of their clients more or less independently of how the latter themselves would define them (Mulinari 1996, Sahlin 1996, Sahlin & Löfstrand 2001).

- 2) **Long-term solutions** were not related to the homeless individuals' housing situation, but interpreted to mean organising work and support that would continue beyond the time for central state funding.
- 3) **Co-operation** between social services and health and medical care was specified, extended, and transformed into coordination of 'social services, addiction treatment and psychiatric care in the first place, but also between prison and probation services, *property owners*, NGOs.' Note here the insertion of 'addiction treatment', which was not at all mentioned by the Committee for the Homeless or the Government, and the implicit specification of 'health' as mental health. This was probably a way to align it with other current programmes and priorities within the NBHW. It is also interesting to note that property owners are invited as partners to the social services.
- 4) The directives' priority of **vulnerable groups** in homelessness prevention was first expanded, so that vulnerable groups should be prioritised in all kinds of homelessness work, then identified as 'persons with coinciding substance abuse, mental disabilities and, where this occurs, needs of somatic care'. This means that the care demanding so-called 'double diagnoses' became explicitly favoured as the most important target group of funded projects, while at the same time 'vulnerability' was detached from the housing situation.
- 5) Finally, the NBHW added to the directives an item of its own, namely the 'holistic' view of the individual including **daily activities and a meaningful leisure time**, which implies that the projects must not 'only' provide housing but also some sort of activity programme, even if the homeless would claim that housing was sufficient.

In its call for project tender submissions, NBHW stated as *preconditions* for funding the existence of (1) agreements on co-operation between several parties, (2) a plan for evaluation that involves the universities, (3) co-financing of the project. Furthermore, the Board gave assurance that it would *assess positively* applications which (4) targeted 'especially vulnerable groups, e.g., women, people with contemporary mental disabilities, substance abuse and/or

somatic diseases, youth, or other vulnerable groups'; (5) targeted 'the individual's total life situation... Besides housing, this concerns daily activities, leisure time, rehabilitation measures etc.'; and (6) included a plan for how activities that proved successful would be made permanent (NBHW, Official Letter 2002-126-6, July 2002, p. 1). The perspectives of gender and ethnicity, identified explicitly in the NBHW project plan had disappeared, along with user involvement and participation, and long-term solutions were reduced to 'permanent activities'.

Consequently, projects that only or primarily aimed at improving housing situations or acquiring housing were excluded by the central state as not fit for funding. Housing was reduced to only a minor element in a comprehensive programme for rehabilitation or care for multi-problem individuals with deviant behaviour. It is important to notice, though, that these two translations within the NBHW were not fundamentally at odds with the visions of the Social Ministry. According to my informant, who was responsible for the wording of the Government Directives, the NBHW made an *adequate operationalisation* of them without changing the intended meaning.

Selected Local Practices

Among the 89 applications, the NBHW selected 12 for central state funding. Two of the projects aim at improved knowledge, but the majority targets people who are homeless or at-risk-of-homelessness *and* suffer from substance abuse and/or mental problems. Most of the 10 million/year will be spent on salaries for project leaders and/or social workers, who either co-ordinate support work or themselves support subtenants in existing or projected housing units for substance abusers and/or people with dual diagnoses.

None of the funded projects focuses on *acquiring regular housing* for homeless people, and in many applications and plans, such an aim is not even mentioned as a partial or ultimate goal. Where it is, no means for obtaining this aim is presented. Three projects target already-housed people and aim at preventing eviction, although only through making the tenants adjust better to the requirements of the landlords (pay rent in time etc.). Five projects imply shelter or category houses, and two ordinary transitional contracts, while a further two are studies of homeless people's problems, and involve neither services nor housing provision in the project plans. Furthermore, no project plan mentions *users' involvement or choice*. Most of them depart from assumptions that seem to

be taken for granted of what kinds of problem are to be found 'behind' homelessness and 'within' the homeless individuals, and by implication, what they 'need'. Insofar as housing companies and landlords are parties in the co-operation team, the aim of the project is to make their tenants better rent-payers or more disciplined neighbours. In its practice of selecting projects to be funded, NBHW has reduced *the gender and ethnicity perspective* to making immigrants and women the targets of support, control and educative measures. Three projects consist in providing training in social behaviour, housing skills, or even 'integration' for immigrant families with children; two of these projects also target single low-income mothers with rent-paying problems, while one aims at reaching out for homeless women with multiple problems.

Hence, the funded local projects may be read as the result of a chain of translations of the Government's initial directives. The first document was set up within the Social Ministry, which formulated directives to the NBHW. The latter carried out the first and second translations, when it reformulated these directives into a work-plan and then into a call for project applications to local authorities. The third translation took place at the local level, where actors and agencies tried to formulate local ideas in ways that fit in both with the criteria and recommendations articulated by the central state and with the preferences of their municipal councils. These various translations progressively confirmed and reinforced an initially ambiguous social-work orientation toward the homelessness problem. None of the funded projects includes any plan to provide permanent housing to homeless people, and none is aimed at structural or institutional change, but solely at reforming the behaviour of people who are homeless or at risk of homelessness.

In the context of deregulation and subsidy cuts, project funding has emerged as a major strategy of implementing – or preventing – change at the local level. It has been observed that organisational reforms do not always aim at real change, but rather at attracting attention and external resources and creating images of change (see Brunsson & Olsen [eds.] 1990); hence, the different rationalities of discourse and practice give rise to a kind of 'organizational hypocrisy' (Brunsson 1990). There is every reason to believe that a certain amount of such hypocrisy prevails at both the central and the local level when local projects are centrally funded.

From the point of view of the state, local sites for development projects at the same time function as sources and recipients of information, as sites for 'field experiments' and observa-

tions, and as possible 'role models' for other municipalities (Sahlin 1992a). More importantly, project grants help in shaping an image of a government that is able to act and react to observed problems and shortcomings. Likewise, applications for project funding give impressions of the sender as energetic and innovative, and running projects are often utilised in local public-relations work. State funding of projects opens up for newspaper articles, study visits, presentations in conferences, and special attention in publications distributed by state agencies as tools for improving the image of a town or a residential area (see, e.g., Sahlin [ed.] 1996). At the same time, however, it is clear that the central state through project funding actually affects the municipalities' way of working with the homeless. At least it is a troublesome fact that no resources have been allocated to support local efforts to improve homeless people's access to regular housing.

Governing through Discourse

In this section I will look at how the conception of homelessness and its causes is constructed by the central state. I will argue that the central state governs homelessness policies also through defining the homeless and indicating the causes of homelessness and, by implication, needs and solutions. For this endeavour a perspective of discourse analysis fits better than one of power relations and conflicts, since the former circumvents possible claims about 'truth' and 'scientific knowledge'. Assuming that homelessness has both individual and structural causes, and that the emphasis of either one is a matter of perspective, policy orientation, and paradigmatic understanding, my argument here is that the central state is not only trapped in a common way of speaking of homelessness, but also actively takes part in, utilises and sometimes deliberately modifies it. When the central state determines definitions and queries that delimit or expand the meaning of concepts like 'homeless' and 'housing' in the production of knowledge about homelessness, and implies and indicates the nature of this phenomenon – in this case its causes and solutions – it governs through discourse. Just as policy is the topic, result and implication of discourse, discourse is a means, goal and cause of policy.

DISCOURSE CONTROL

The discourse of the central state is here regarded partly as a consciously elaborated, cautiously selected articulation aiming at affecting the receiver of messages and information in specific ways, and partly as a practice that is being 'thoughtlessly' reproduced. Through the study of documents alone, I cannot of course tell with any certainty what

are the preconditions and/or motives behind specific wordings. Still it is reasonable to expect (and confirmed in the interview with the deputy director) that these have been subjected to close considerations. Formulating and re-formulating policy statements are a major part of government everyday work. Granted that refined intentions to affect the public discourse on homelessness, and, by implication, actions and activities of relevance for the homeless, lie behind some statements and the selection of vocabulary, such *discourse control* is also a way of governing.

DEFINING IN AND OUT

My claim here is, accordingly, that the central state governs homelessness policies through imposing definitions of 'homelessness' on the knowledge production and the local development work that it is funding. Definitions are of course what governments regularly decide on when drafting bills, statutes, and regulations, as well as when they determine criteria and procedures for allocating subsidies and contributions. However, I would argue that certain kinds of definition are less 'technical' and more open to bias than others. This holds for groups of people to whom selective rights are ascribed, like the disabled and refugees, and where the state may want to delimit the scope of their designation, but also for people who are targeted by special social and potentially stigmatising initiatives, such as drug-addicted, mentally ill or homeless people.

This kind of governing is evidenced in the questionnaire and in the choice of respondents in the national counts of homeless people, which NBHW conducted in 1993 and 1999. The respondents in the first count were mainly local social authorities and NGOs, but also emergency homes for women, treatment institutions, and prisons (NBHW 1993). In the second count, the survey was also sent to private nursery homes, psychiatric clinics (including their emergency receptions), care homes for mentally ill people and out-reach teams for 'homeless/mentally ill people' (NBHW 2000, p. 21). However, none of the surveys included housing assignment authorities or other possible agencies co-ordinating waiting lists, such as the public housing companies or public or private housing mediation agencies. Consequently, homeless people who were not mentally ill, staying in shelters or prisons, or clients of local social authorities or NGOs with services for the homeless, were (and are) systematically defined out of the 'homeless', on whom knowledge is produced by NBHW. This means that people without additional social problems are consistently excluded from national counts of homeless people and of homelessness programmes, while not-really-homeless people who suffer from mental illness or

substance abuse problems tend to be defined into the 'homeless' even if they have housing. Accordingly, it is not always clear whether the expected clients in the currently granted local projects will at all be homeless, and homeless people without additional social and medical problems are practically invisible as target groups.

Furthermore, asylum-seekers and refugees staying temporarily in reception centres, or in rented rooms or with relatives in seriously over-crowded conditions are in practice excluded from the counts, and, hence, from the public homelessness discourse, since they are referred to other authorities. This cannot be explained by lack of information, since the Migration Authority knows quite well how many the asylum-seekers are and also has tried to estimate the number of 'hidden refugees', whose housing situation by any logic would count as homelessness (see further Sahlin 2002).

INDICATING MAIN CAUSES

The other version of governing through discourse has to do with the mostly implicit distinction between (i) homelessness due to alleged 'asocial qualities' of individuals – such as being 'incapable of independent housing' or misbehaving as tenants – who therefore are not 'deserving' of a home (yet) on the one hand, and (ii) homelessness caused by housing shortage, which is associated with market imbalances or deficient planning, on the other hand (Sahlin 1992b, Thörn 2001). This distinction has been put into practice through an institutional separation of the handling of these two 'causes' at the local as well as the national level, so that social authorities deal with 'individual' causes and housing authorities with the 'structural' or market-related ones. The closing of the Housing Ministry in 1991, and subsequently of the municipalities' housing authorities, has contributed to the exclusion of structural causes and solutions from the discourse on 'homelessness'.

The persistent talk of 'developing methods' to counteract homelessness and to support the homeless (see, e.g., the Minister's speech above) implies a view of homelessness as some kind of mysterious deviance or disease, which is very difficult to explain and understand and maybe impossible to cure. Homelessness services and housing are at all levels closely connected with treatment, support and disciplining of substance abusers. For instance, a new minister was appointed after the 2002 election for public health and social services, and his area of responsibility was declared to include drugs as well as homelessness. In Göteborg, the bulk of the secondary housing market is designed for substance abusers, with the result that non-abusing homeless

people have nowhere to turn. A third example of the association between homelessness and substance abuse is that the NBHW surveys of the homeless have been primarily pre-occupied with mapping the degree, duration and details of the clients' substance abuse.

An alternative understanding would be to perceive homelessness as a reflection of a conflict of interests and an uneven power balance between the homeless people and those who control their access to housing, that is, the landlords. The premise that is taken for granted in the hegemonic discourse is that the latter party has nothing to do with housing exclusion, is impossible to steer or, alternatively, represents the interests of the public or of society. Note the Housing Minister's wording of the Government's directives to NBHW as 'developing methods that could provide long-term solutions to the problems associated with homelessness', and the NBHW translation of this into permanent services for the homeless. Accordingly, the second way of central state governing of local policies and affecting local understanding of 'homelessness' is through bending it to imply that it is, after all, 'self-inflicted', the implication of which is that the real problem, cause, responsibility and solution rest with the homeless people, not with other actors or structures.

Some of the approved project applications (see previous section) refer to housing shortage, competition on the housing market, or hard-to-please landlords as general background factors of homelessness, but none of them (with the possible exception of No. 1) suggests any solution or challenge to this situation; nor do they intend to strengthen the legal or financial position of people who are homeless or risk eviction. On the other hand, almost all project plans imply changes of the targeted individuals to make them more competitive in the unregulated housing market, which is to say, to make them fit better with the requirements of the local landlords. In this way, the projects (as well as the central state directives and instructions) implicitly state that the causes of homelessness are to be found within the homeless individuals, not in their counterparts (landlords and housing companies), nor in the structure (laws, institutions, unequal economic resources or the market). This, in turn, may both foster and be the result of a stable conviction that the housing market is impossible to regulate or impact, or that it is inappropriate even to suggest otherwise. The discourse on homelessness not only reflects but also promotes a 'reputation of power' (Bachrach & Baratz 1963) resting with the landlords, which prevents central and local governments from so much as intimating any intervention in the power

relation between landlords, the state and the homeless. Ironically, the consistent emphasis on the needs of homeless people with substance abuse and mental illness may actually legitimise their continuous exclusion from the housing market, as well as the social authorities' practice of depriving homeless clients of housing rights. The more the term 'homeless' is associated with deviant and antisocial behaviour, the more stigmatising it becomes to be labelled 'homeless' or to claim being homeless when applying for housing (see Sahlin 1996 for a more elaborated discussion on this problem of disrepute).

Governing through Non-decisions

CONCEPTUAL FRAMEWORK

In a famous article 40 years ago, Bachrach & Baratz (1962, p. 947) wrote that 'there are two faces of power, neither of which the sociologists see and only one of which the political scientists see.' While political scientists recognise the decision-making process, both disciplines have been blind to the 'non-decision-making process' (Bachrach & Baratz 1963, p. 632.).

Bachrach & Baratz (1970) identify four forms of non-decision. The first one, harassment and force, is of little relevance for this specific study. The second one is threat of sanctions – ranging from intimidation to co-optation – against possible challenges of the existing power relations, and is highly relevant for the analysis of local homelessness policies (see, e.g., Sahlin 1996), since the landlord organisations are indeed informally co-opted and the homeless' organisations formally co-opted in many temporary central state bodies dealing with housing and homelessness.

The third form of non-decision which involves 'denying legitimacy' and 'deflection through referrals or rituals', deserves a longer quote:

'A third and indirect form of non-decision-making is one that invokes an existing bias of the political system – a norm, precedent rule or procedure – to squelch a threatening demand or incipient issue. For example, a demand for change may be *denied legitimacy* by being branded socialistic, unpatriotic, immoral, or in violation of an established rule or procedure. Challenges can also be *deflected by referring the demands or issues to committees or commissions* for detailed and prolonged study or steering them through time-consuming and ritualistic routines that are built into the political system. Tactics

such as these, which are highly effective means 'to screen out any energetic search for innovation', are particularly effective when employed against impermanent or weakly organized groups (e.g. students, the poor), which have difficulty withstanding delay. Yet another effective ploy is *the use of symbolic appeals*, based upon norms of the system, in order to distort or transform a threatening demand into an innocuous one.' (Bachrach & Baratz 1970a, 44f. emphasis added.)

The fourth form of non-decision is to reshape or reinforce the mobilisation of bias in order to protect it against demand for change. This includes changing the rules for participation in a debate or issuing a demand, which the authors exemplify with tenant demands being neglected 'by insisting that tenant-landlord relations are a purely private matter' (ibid., p. 45).

In this paper, I will restrict the concept of non-decision² to cover the conscious efforts to refuse, divert, neutralise or prevent certain demands and suggestions. I do not assume *a priori* that non-decisions have a certain political bias – they may just as well be applied to 'bad' or 'reactionary' proposals (cf Hinnfors 1997). However, only those who are relatively powerful in a given context have the option of non-decision and these should be expected to safeguard their own interests. The tactics that I find most useful for my own study are:

- **'deflecting'** or 'deciding away' suggestions by formally referring them to committees and/or claiming that it is not the proper assembly which raised the claim or which is addressed (cf. Bachrach & Baratz, 3b; Hinnfors, 'wrong assembly');
- **'wait-and-see'**, postponing formal suggestions or decisions, often couched in the rhetoric of 'following the issue' or the 'need for more knowledge'; or keeping proposals and ideas pending while development projects or investigations are being carried out (cf. Bachrach & Baratz, 3b; Hinnfors, 'wrong timing');

2 A relevant observation is that in May 2003, the Parliamentary Committee on the Constitution (Konstitutionsutskottet) criticised Prime Minister Göran Persson for having suggested in the EU, without having discussed it first with the Parliament Delegation set up for such issues, that the European Council should be led by a president. 'The Government has afterwards tried to claim that it was a 'non-paper', that is, not a paper, or was a kind of thought-paper that could be conceived as an expression of private thoughts. ("The Government went behind the Parliament's back", Dagens Nyheter 23.5.2003.)

- **'reject-decisions'**, that is, explicit decisions to refuse to put an issue on the agenda, or to accept it on the agenda only to reject it with reference, not to explicit arguments against its core idea, but to its formal deficiencies, to weak underpinning, or to claims that a positive decision would be 'politically impossible' (cf. Bachrach & Baratz, 3a);
- **'half-decisions'**, which means that the assembly or official decides to accept parts of the claim and use this decision to exclude the issue from the future agenda;
- **'no-decisions'**, which are borderline cases where the issue is indeed subjected to decision and its arguments are considered but the proposal is still turned down (cf. Hinnfors, 'wrong content'). These are not non-decisions proper, but serve the same function of hindering a proposed change.

In order to illustrate this form of central state governing I will follow a few given issues that have been aired publicly on their way between different assemblies or institutions at the central state level. The end result of the processes I focus upon here is consistently, whether the committee's proposals have been implemented or rejected, that the landlords (including the municipal housing companies) have 'won' and the homeless people have 'lost'. In other words, what unites all moves, non-decisions, deflections, rejections and half- or no-decisions is that the landlords' discretion to select tenants is unchallenged, and that the homeless people's access to housing is not improved. Put briefly, even though the Government still governs homelessness work, it may not be able to govern the property owners and landlords.

AVOIDING REGULATION

The discussions on the Law on Housing Provision (1947:523) and the Law on Housing Assignment (1987:1274) make up two intertwined series of non-decisions, predominantly through deflection or postponing. The first law obliged the municipalities to provide housing for their inhabitants and to submit every year a housing provision plan, accepted by the municipal parliament, to the county administrations. The Law on Housing Assignment gave the municipality the possibility to go to court to obtain a right to allocate a share of the vacant private rental flats in the municipality (or in a part of it) if necessary for being able to fulfil its obligations regarding housing provision and integration.

In 1991, a Government Committee was called by the Social-Democratic Government to investigate whether there was a need for mandatory municipal housing agencies. However,

as the right-wing parties won the election in 1991, they inverted its directives to investigate instead whether the two laws could be totally abolished. Submitted comments warned that if these laws were to expire, other rules were necessary in order to secure housing for those 'who have difficulties of competing in the housing market'. However, the Minister of Taxes (since there was no longer any minister of housing) rejected this advice with the following words:

'When it comes to the responsibility that the municipalities have according to, e.g., the Social Services Act to acquire housing for weak groups, SABO (the Swedish association of municipal housing companies/IS) as well as Sweden's Association of Landlords in various contexts have pledged to work to see that there will be dwellings at the municipalities' disposal also in the future, on the condition that they get reasonable economic and other guarantees' (Gov. Bill 1992/93:242, p. 23 f.).

The Parliament determined that both these laws should expire by the 1st of July 1993. A work-group was established within the Ministry of Domestic Affairs to examine the housing situation of 'weak households'. This work-group, which comprised representatives of central state bodies, the national association of municipalities, the two national landlord associations, and the Tenants' Association, did not submit any written report or publicly available notes. Nevertheless, according to the final report of the Housing Policy Committee (SOU 1996:156, p. 238) 'the conclusion of the work-group so far is that the municipalities succeed in getting housing for weak groups'. This committee further stated:

'If the ability of the municipality to live up to its housing-social responsibility is seriously threatened and there are no preconditions for a solution in co-operation with the landlords, then the municipalities should regain a legal possibility to obtain the right to mediate housing.' (SOU 1996:156, p. 46.)

Hence, one should once again 'wait and see'. In June 1998, the Government decided to call a Housing-Social Drafting Committee (*Boendesociala delegationen*) to follow the developments in the housing-social area and suggest measures to support especially vulnerable groups in the housing market on the basis of a 'housing-social mapping' by the end of 2000 (Government Directives 1998:56). However, this drafting committee was dissolved already in January 2000 without having presented any mappings or suggestions, and its task was transferred to a new Committee on Public Housing and Housing Planning, or the Allbo Committee³, which, in addition, should:

'...suggest measures in case the situation in the housing market develops in such a way that the municipalities cannot through co-operation with the landlords fulfil their housing-social responsibility' (Gov. Dir. 1999:110, SOU 2001:27, app. 1, p. 286).

In retrospect, this involved two cases of deflection. A partial report of the Allbo Committee was published in November 2000. In December 2000, a new law on housing provision was adopted by the Parliament (Gov. Bill 2000/01:26). It is similar to the one from 1947, except that the municipalities do not have to report to the central state what they do to secure local housing provision. According to a survey in 2003, only 22 per cent of these had actually adopted a plan for housing provision (NBHBP 2003, p. 60f.). The new law was, accordingly, a 'half-decision', which bracketed housing assignments and sanctions and control of local housing provision planning, but succeeded in removing the housing provision regulation from the agenda.

In its final report, the Allbo Committee concluded that the municipalities do not use the tools that are actually available to them (primarily their housing companies) and that their competence, role and responsibilities needed clarifying. It further suggested that NBHW and NBHBP and the county administrations should be jointly commissioned to map how the social authorities handle housing issues for those who cannot obtain housing in the regular housing market (SOU 2001:27, pp. 22f.):

'The development of housing for vulnerable groups evokes great concern and should be followed closely. There are good reasons to seriously consider already now some kind of assignment right for the local social authorities, for both precedence cases and social, or municipal, rental contracts, especially in places with a shortage of housing. A greater awareness is needed among all categories of landlords, public as well as private, on the importance of active co-operation in order to manage to provide housing of vulnerable groups' (*ibid.*, p. 23).

3 *The overarching task for this committee was to find ways to hamper the municipalities' possibilities to sell their housing companies to private landlords.*

However, the committee decided that it would not after all suggest such an assignment right at this time, but recommended that one should wait and see (ibid., p. 23).

‘The question should be reconsidered when the results of the suggested follow-up and dissemination of knowledge through various authorities are available and when it is possible to evaluate the development of the co-operation in local housing markets in the years to come.’ (ibid., p. 206.)

As this suggested mapping of housing-social problems by NBHW and NBHBP was never realised, this proposal turned out, in effect, to be a dead end.⁴

However, the Committee for the Homeless, convened by the Government in 1999, also discussed this issue and on the basis of its research it actually suggested legislative measures, namely:

‘...a specific law on housing assignment with the same principle construction as the corresponding rules in the Law (1987:1274) on Municipal Housing Assignment Right. The municipality shall, when needed, through specific housing assignment agreements with concerned landlords and municipal housing companies be able to allocate vacant flats to housing applicants. If such an agreement cannot be met, the Tenancy Court shall be able to decide on assignment rights to the extent that is required in order to enable the municipality to solve its housing provision.’ (SOU 2001:95a, p. 14f.)

This time a clear suggestion was laid forth by a committee. The whole report was subjected to usual referral procedures and this specific proposal received mixed comments, only to fall like a stone in the informal decision-making process in the Government’s offices. Since the idea was perceived as having been previously rejected, it was according to an informant not ‘convenient to bring up again’. It is quite safe to assume that this message hindered the previous committees from eventually articulating the suggestion.

In the course of years, the re-regulating of assignment and provision of housing has been subjected to several kinds of non-decisions. The most common device has been to postpone the decision with ‘wait-and-see’ arguments, or to

deflect it by referring it to ever-new committees and delegations or to hoped-for investigations. When it was eventually articulated as a formal committee suggestion, it was informally rejected inside the Social Ministry without any publicly presented argument.

WARDING OFF COMMITTEE SUGGESTIONS

The Committee for the Homeless actually had a range of suggestions, which included, besides a law on housing assignment, an addition to the Social Services Act that would establish the right to permanent housing for people who have no access to a dwelling of their own and cannot by their own efforts acquire a dwelling in the regular market; a reduction of the real estate taxes for rental properties; the extension of the right to housing allowances to include poor single individuals older than 28 years as well as subtenants with temporary leases; and reinforced tenancy rights for remaining tenants in estates being converted into owner-occupation (SOU 2001:95a, pp. 14 ff.). The Committee also proposed a reinforcement of the legal position of tenants threatened with eviction (ibid., p. 18) and a few minor changes regarding communication between authorities.

None of the Committee’s suggestions addressing the central state has resulted in any officially recorded activities in the Ministries of Finance, Social Affairs or Justice or in any other central state body concerned with housing or homelessness issues. Within the Social Ministry the whole report is now ‘closed’ and no initiatives will result from the Committee’s work. Why is that? According to the Deputy Minister for Social Affairs,

‘Well, this is how it is... Those suggestions in this report were very sketchy. There were no concrete articulations of the suggested statutes (*författningsförslag*) and that kind of thing, (so) we saw them more as outlines of ideas.’

Hence, one argument for the informal rejection-decision in the Social Ministry was that the suggestions were not properly elaborated. On the other hand, my informant in the Social Ministry did not deny that it is up to the Government to develop ideas further if it finds them interesting and worthwhile: ‘Yes, if you want to, I suppose one can do that, but I don’t think anybody is interested.’

The whole report was submitted to institutions, municipalities, and organisations for comments. A reason for dropping the issue of right to housing was that the result of the referral procedure was negative; ‘very few supported it’. In fact, The NGOs and some central and county authorities did approve of this proposal, while the landlords’ organisa-

4 During 2000-2002, NBHBP included questions on the number of sublet dwellings and category houses in its yearly housing market survey of the municipalities, but it dropped these items because it did not have resources to follow up the great number of missing cases.

tions and most municipalities opposed it. When comments on the report were submitted, there was a 'joint preparation' in the Government offices. In this process, the various suggestions are allocated to the appropriate ministry, section and official, respectively. As the committee and its report 'belonged' to the Social Ministry, the Deputy Director who is in charge of homelessness issues made a summary of the responses and circulated it among her colleagues in the various Ministries, 'and then we discuss, we officials, for instance...where, what ministry should deal with these issues? Who is supposed to do something?'

'The 'right to housing', well, that was one of those, it was sort of *our* issue – the Social Services Act is *our* law. And 'housing investment contributions', they belong to the Ministry of Finance.'

The Committee's suggestions were then offered to other agencies within the government.

'We check with the other ministries, that is, if there is anything that they want to develop. And then everybody said no, there was nothing here, nobody wanted to pursue anything – except the Ministry of Justice, which wanted to elaborate two pieces of the suggestions.'

These suggestions concern the extended obligation to notify the social authorities when tenants are given notice and prescribe co-operation when prisoners are released. The reason why these proposals survived in the process was not that the referees' comments were positive, though.

'No, I think they (*officials in the Ministry of Justice/IS*) were interested before; I don't think it had anything to do with the referents' responses.'

Some of the results in the report did not entail new legislation, but rather improved monitoring of municipalities and landlords who do not comply with current law. Formally, NBHW is the central authority that should supervise and monitor local social authorities and regularise their practices, if this is necessary. In these cases, there was never any explicit decision in the Government on whether the NBHW should be told to do so or not. Now, the argument given by the Deputy Director was that there was no quantitative study proving the scope of the problem.

'Well, we cannot ask NBHW to follow up on a problem before we know that it is a real problem. You see, first we must get an idea – Is this a big problem? or Has it occurred in two cases or are there thousands of cases? – before one could commission them to look at it.'

To determine the extent of the indicated problem was not among the Committee's tasks, but an observation based on research and inquiries. Normally and formally, the Social Ministry gives directives to the NBHW to evaluate problems that are, e.g., highlighted in the media or by the courts. So could the Social Ministry have told NBHW to assess the scope of the problem?

'Yes, we can, but first we must be certain that this is a problem and that they should give it priority, over other problems...and maybe in place of some other urgent task which they then would have to put aside.'

Lack of knowledge, priorities, lack of power or support, and substantial arguments are mixed in the account of why the Government did not accept and forward the suggestions of the committee. The Swedish Government utilises several tactics in order to avoid interventions in or regulation of the housing market. In a tacit way, all suggestions of this kind have been fended off from the political agenda. The results of the Committee's investigations are silenced, but its development work is highlighted – again with the exception of its results. Besides implicitly and explicitly refusing to form a bill or take action, the central state demonstrates a wait-and-see-approach when the new 'development project' is launched as a continuation of the work of the Committee, as if the latter did not reach any conclusion on what needed to be done.

Conclusion

Insofar as the documents considered in this paper reflect a homelessness policy at the level of the central state, the analysis of all three kinds of governing (project proposal, discourse and non-decision) confirms the previously identified move away from housing dimensions and toward the traditional social-work approach to the antisocial strata of the poor. Despite the impetus to institutional and structural reforms aiming at strengthening the legal and financial positions of tenants at risk of eviction, and homeless people in their relation to the landlords and the housing market, the Government has abstained from such activities through non-decision. Persistently rejected proposals may in the course of time turn out to be not only politically impossible but also obsolete and even unthinkable.

Instead of the classical question 'Who governs?' (Dahl 1961), Bachrach & Baratz (1970) suggested 'Who are disfavoured?' in power studies. In the ideal-typical configuration of the property owner, the homeless and the state, recent decisions and non-decisions have obviously favoured the landlords. From an imagined viewpoint of the homeless, recent central state governing might be discerned as an obstacle to the satisfaction of their (objectively and subjectively) basic interest of better access to decent, regular housing.⁵ In this perspective, support and development projects are rather substitutes that may even do harm by pacifying public opinion, while non-decisions reflect a neglect to counteract homeless people's access or right to housing. The discourse on homelessness, in turn, makes homeless people's demands for housing sound unreasonable or illogical.

Despite the absence of efforts to modify the power relations on the housing market, the Government has not been passive. It has taken action and decisions regarding the homelessness problem. Between 1999-2002, the central state invested in 'knowledge production' – counting, mappings, public investigations, and project evaluations – and in the 'development of methods' through projects, then handled by the Committee for the Homeless. However, these initiatives and the conclusions drawn from them have not, or only to a very small extent, resulted in any subsequent state interventions of traditional kinds, such as revised legislation, new subsidies, or monitoring of local practice. And as the minister said, he is 'not ready to propose any further measures'.

Nevertheless, during 2002-2004, the central state will allocating another 30 million SEK, unexpectedly provided by the Parliament, for local development work for the homeless. Through directives, work-plans and instructions it has stimulated local networks and agencies to think and plan in the favoured direction, which is a vital element of steering through project funding. The decision on which of the submitted project applications would be funded, in turn, will have important consequences for the future discourse on homelessness, since the selected projects will be evaluated and some of them are bound to be made known nationwide as 'good practices'.

In the general context of non-decision, continuous 'development work' and project funding (despite its accidental origin) serve several other functions, such as to provide the Government with an answer when it is urged to take action against homelessness. It does indeed take homelessness seriously, it is 'following up on the issue', it is 'developing methods for the homeless', it encourages local work for the homeless – above all, it *does* take action. And when confronted with claims for political decisions, development work comes handy as a reason to 'wait-and-see'.

The relationship between policy and discourse is dialectic. While the policy supports a certain discourse, this discourse, in turn, legitimates the policy. Such a policy-discourse interaction is in itself part of the new way of governing through careful design of the political agenda, and through conscious wording of initiatives and plans, including the definitions of a problem and its carriers and causes. Many of the minor changes accomplished through translations actually result in non-change of the prevailing national homelessness policy, which is why non-decisions, translations, and discourse control in this area tend to lead to the same result. This rather depressing conclusion, I would like to emphasise, is to a certain extent inherent in my choice of methodology and data. However, the important conclusion is that the absence of substantial change and the persistence of homelessness are not inescapable outcomes of unchangeable structures or personal deficiencies, but products of governing. Consequently, they can be challenged and altered: this is the optimistic message.

5 First, by definition, lack of housing is what homeless people share in common. Secondly, frequent empirical studies show that homeless people also express access to (regular) housing as their prime interest (Busch-Geertsema 2001, Sahlin 2000).

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