Local welfare from a historical and institutional perspective: a comparative report

Taco Brandsen
Ola Segnestam Larsson and Marie Nordfeldt

WP no. 12/01
This report is part of the research project entitled “Welfare innovations at the local level in favour of cohesion” (WILCO). WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The WILCO consortium covers ten European countries and is funded by the European Commission (FP7, Socio-economic Sciences & Humanities). More information on WILCO can be found at www.wilcoproject.eu

© EMES European Research Network asbl 2012
LOCAL WELFARE FROM A HISTORICAL AND INSTITUTIONAL PERSPECTIVE: A COMPARATIVE REPORT

Taco BRANDSEN
Radboud University Nijmegen, The Netherlands

Ola SEGESTAM LARSSON and Marie NORDFELDT
Institute for Civil Society Studies, Ersta Sköndal College, Sweden

WP no. 12/01

© EMES European Research Network 2012
# TABLE OF CONTENTS

Introduction .............................................................................................................................................. 4
1. General introduction .......................................................................................................................... 5
2. Conditions in relation to the fields of housing, employment and child care ........................................... 9
   2.1. Housing ....................................................................................................................................... 9
       Common features .......................................................................................................................... 9
       Trends ........................................................................................................................................... 10
   2.2. Employment ............................................................................................................................... 12
       Common features .......................................................................................................................... 12
       Trends ........................................................................................................................................... 12
   2.3. The field of child care ................................................................................................................. 15
       National approaches to child care ............................................................................................... 16
       Child care attendance and age groups ....................................................................................... 16
       A mix of providers ....................................................................................................................... 17
       Mainly a local concern ................................................................................................................. 18
       Financing mechanisms ............................................................................................................... 19
       Differences in access to child care ............................................................................................ 20

Conclusion .............................................................................................................................................. 21
References ............................................................................................................................................. 22
INTRODUCTION

In the WILCO project, we will identify social innovations in three policy fields (housing, employment, child care) that are especially relevant to our target groups (the young unemployed, single mothers and migrants); secondly, we will examine approaches to the dissemination and diffusion of those innovations. The project therefore examines the missing link between innovation and successful transfer and implementation of the latter in other settings. We will look at urban innovation, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of a particular socio-economic model and national/local culture. By contextualising innovations in local welfare, and through examining institutional opportunities for and obstacles to their emergence or adoption, we will be more effective in understanding why such innovations could or could not work in other cities and countries.

This report summarises the findings of the initial research stage of the project (work package 2), which identifies the governance structures and welfare traditions within which local welfare policies and initiatives take shape. Since much is already known from past research, we have focused our work on developments in the last five years, and specifically on the policy fields we have selected. This has laid the groundwork for the comparison of developments in local welfare systems. The research made an inventory of the key conditions that influence local welfare in the twenty cities to be studied at a later stage of our project.

The comparative summary presented here is based on national reports produced by the WILCO partners within the framework of WP2, also available through www.wilcoproject.eu. The national reports provide descriptions of general backgrounds of administrative structures and social policies in the ten participating European countries, as well as more detailed descriptions of the three fields of interest for WILCO: housing, employment and child care.

This is a compact overview of the national conditions that are likely to be relevant for our research at the local level. For more detailed information, we refer readers to the national reports. We have chosen this approach for two reasons. To begin with, there are already many comparative studies on these fields and we have no wish to replicate existing work just for the sake of it. More importantly, the WILCO project will compare cities, not countries. The differences within countries may well be greater than those between the twenty chosen cities. Our systematic comparison of conditions for social innovation must focus primarily upon a detailed examination of the twenty chosen cities. Nevertheless, it is useful to make a broad comparison of national conditions, because it gives us a sense of the key determinants of social exclusion, of the parameters of local policies and trends, and of the specificity of local conditions. This report is therefore written to be a concise and accessible summary, enabling readers to quickly familiarise themselves with key features and trends.

Specifically, this report will cover:

- Classification and descriptions of the welfare systems;
- Common trends and differences in relation to the selected policy fields of child care, employment and housing.
A number of emerging themes of relevance for most or all countries will be identified, described, and discussed in the report. Future working reports and research publications will address some of the limitations of this report by gathering more data, for example, and by developing and deepening the analysis and the argument.

1. GENERAL INTRODUCTION

In the national reports, the WILCO partners have described and typified the welfare systems in the different countries involved in the study, as well as the multilevel institutional settings in which social policy is shaped. These typologies and descriptions of levels of responsibilities are summed up in the table below. As a point of departure, we have used Esping-Andersen's (1999) typology of welfare regimes, which is currently the most cited typology. Esping-Andersen distinguishes, among western welfare states, between "liberal welfare states" (e.g. the UK), "conservative/corporatist welfare states" (e.g. Germany) and "social democratic welfare states" (e.g. Sweden).

This model presents some limitations for application in the framework of our project. To begin with, it does not include the welfare regimes of the former communist states. Furthermore, while our project focuses on local services, Esping-Andersen's typology is based on income transfer rather than on local services. And finally, this typology describes national models, while our work focuses on a comparison of local rather than national policies. Nevertheless, the model is useful as a recognisable starting-point to frame broad lines of differences between the countries, even if the different countries do not in a simple way fit into the typologies. We have not used the classification in a static way, but have added complementary information in the table below.

The other dimensions that are listed in table 1 describe the structure of the welfare states regarding the administrative levels and degree of centralisation and decentralisation. Administrative levels differ between European countries, as do the functional responsibilities which rest with central, regional and local governments respectively (Denters and Rose 2005) and the significance of the principle of subsidiarity and the role of organisations such as churches. Understanding the embeddedness of local governance within this multi-level institutional setting therefore constitutes an essential pre-condition for the comparison of local welfare systems (see e.g. Wollman and Marcou 2010).
Table 1 - Types of welfare system and levels of responsibilities

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of welfare system</th>
<th>Levels</th>
<th>Centralisation – decentralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>Hybrid welfare model, with Bismarckian and neo-liberal features</td>
<td>Three levels of public administration: - State - Regional government - Local government</td>
<td>High degree of local and regional self-government, which consists of municipalities, towns, counties and the City of Zagreb. Central government is responsible for employment policy. Counties are responsible for services for the elderly. Cities and municipalities are responsible for child care.</td>
</tr>
<tr>
<td>France</td>
<td>Hybrid continental-corporatist welfare model, with growing social-democratic and liberal features</td>
<td>Unitary state with four administrative levels: - Central government - Regions - Departments - Municipalities</td>
<td>Tensions between historical centralisation and movements of decentralisation. Centrally determined main budgets and policy priorities (housing, employment, child care), but with responsibilities and autonomy for regions (employment, training), departments (social and inclusion policies and benefits) and municipalities (child care) to manage the allocation, complete the funds and provide services.</td>
</tr>
<tr>
<td>Germany</td>
<td>Conservative or continental European model</td>
<td>Federalism: sixteen states (Länder) bound together by &quot;co-operative federalism&quot;. County and local governance.</td>
<td>Strong local self-governance. County and local governments are responsible for implementation. Decision-making is the prime task of the federal government, in close co-operation with the &quot;Bundesrat&quot; – a representative forum of the Länder. Cooperation between Länder and municipalities in the policy fields of education, culture, financing and planning of the school system.</td>
</tr>
<tr>
<td>Italy</td>
<td>Southern European welfare model</td>
<td>Five administrative levels: - State: responsible for the definition of general objectives and minimum assistance levels. - Regions: responsible for programming and designing social policies. - Provinces: competencies of coordination and support of local levels.</td>
<td>Pendulum between centralisation-decentralisation. Decentralisation of social assistance, social services, care facilities and early child care to the municipal level. Within regional programming framework, a certain degree of autonomy for provinces and municipalities in deciding what kind of services to provide regarding housing, care and employment.</td>
</tr>
<tr>
<td>Country</td>
<td>Model Description</td>
<td>Structure</td>
<td>Responsibilities and Characteristics</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Hybrid model, with features of conservative and social democratic welfare state</td>
<td>Decentralised unitary state. Three-layer system of autonomous bodies, restricted by higher law: Central government, Provincial government, Municipalities.</td>
<td>Municipalities are responsible for the implementation of national policies in core areas such as spatial development and planning, education, social care, culture and recreation, transport, environment and health care; they have autonomy to decide how.</td>
</tr>
<tr>
<td>Poland</td>
<td>Post communist welfare state</td>
<td>Three-layer system: Central state, Regional government, Municipalities.</td>
<td>Responsibilities at different levels for different target groups. Central government is the main provider of social services. Local governments (as well as NGOs and market actors) are responsible for services to families and children as well as to poor and marginalised people. Central government is responsible for services to the elderly and disabled, regional governments for benefits and services to the unemployed.</td>
</tr>
<tr>
<td>Spain</td>
<td>Southern European welfare model</td>
<td>Federal state with 17 autonomous regions. Five administrative levels: Central government and parliament, Regions with their own government and parliament, Provinces with main responsibility to support too small municipalities, Districts: in some regions, may be responsible for local services, Municipalities: a wide set of responsibilities, compulsory for large municipalities and voluntary for smaller ones.</td>
<td>The regions are in charge of most fields of social policy, except pensions and unemployment benefits, for which responsibility lies with the central government. Regions, under some basic regulations and guidelines set by the central government, run education, health care, social care and active labour market policies.</td>
</tr>
<tr>
<td>Sweden</td>
<td>Social democratic welfare state</td>
<td>Three levels: Central government, County councils or regions, Municipalities.</td>
<td>The Swedish parliament is the supreme political decision-making body. County councils and regions are responsible for health care and regional development. Local authorities are responsible for matters relating to inhabitants and their immediate environment. Local authorities, county councils and regions have a great deal of freedom to organise their activities.</td>
</tr>
</tbody>
</table>
| **Switzerland** | Liberal welfare regime | Federal state comprised of three levels:  
- The Confederation  
- The canton  
- The city | Strong impact of federalism on the shape of the welfare system.  
Federal level guaranteeing social protection to the whole population, including large-ranging social insurances (retirement, unemployment, health, accidents and disability). The cantons are largely involved in the financing and implementation of social policies. Programmes such as social assistance or the family policies are entirely implemented at the local or cantonal level. |
|-----------------|------------------------|---------------------------------------------------------------------------------|
| **UK**          | Liberal welfare regime | Highly centralised system  
Policy divergence between the different home countries.  
National department: Department of Communities and Local Government (DCLG).  
Varied local governments | Powers of local governments are limited, despite attempts at decentralisation. Devolution of some aspects of social policy - generally including health, education and welfare policy; local government; housing; agriculture, fisheries and the environment - to "home countries": England, Wales, Scotland and Northern Ireland. |
2. CONDITIONS IN RELATION TO THE FIELDS OF HOUSING, EMPLOYMENT AND CHILD CARE

In this chapter, we will sketch major features and trends for the three fields the project has singled out. Specifically, we will look at recent developments and how they affect social exclusion. More detailed information and more elaborate references to relevant literature can be found in the country reports.

2.1. Housing

Common features

Housing is a complex good with both capital, consumer and social investment functions (Brandsen and Helderman 2011). It is constructed to last for the very long term, and this means that the supply of housing available consists predominantly of the existing housing stock. Due to the high production costs, only a very limited number of dwellings are added to that stock – on average just a few per cent each year. As a result, the demand for housing often changes much more quickly than the supply. This can lead to significant shortages or surpluses, and this type of imbalance can last for long periods of time. In fact, the supply of housing does not reflect current demand, but rather the demand of decades ago. Changing tastes and requirements are therefore only reflected in the existing housing stock to a limited extent. The considerable investment required and the fact that this is often extended over the long term mean that housing has a function as a capital as well as consumer good. Here, the important factor is the extent to which the market value of the dwelling is passed on. This comes down to the fact that it is possible not only to live in a house, but also to live from it. When the dwelling is the property of an individual owner, the resident shares directly in the increase (or decrease) in its value. When a property is owned collectively, the range of possibilities is greater. If the sum paid by the individual for using the property is independent of any changes in the value of the property, capital profits can also be used to maintain the collective property and make new investments. At the collective level, the capital function can thus be translated into an arrangement that provides maximum security of tenure or cross-subsidisation of tenants.

These basic characteristics of housing can potentially lead to a variety of institutional arrangements. Comparative housing research has often focused on the issue of tenure, i.e. the organisation of ownership and consumption rights (e.g. Harloe 1995). There are major differences in the structure of tenure between European countries. However, home ownership has now become the principal form of tenure almost everywhere (except in Switzerland), even though there are major differences in how dominant it is. In the Southern and Eastern European countries, it is overwhelming (e.g. around 80% in Croatia, Italy, Spain), whereas in Northern and Western Europe, there still tends to be a sizeable stock of rented housing (mostly social rented housing). Rented housing tends to be concentrated in urban areas, which of course makes it disproportionally relevant to our project.

The rise of home ownership has been encouraged by tax breaks (especially in The Netherlands), but has been boosted most strongly by the privatisation of social housing stock, especially in CEE countries in the post-communist phase (Poland, Croatia, East Germany), or through right-to-buy schemes, in Western European countries (especially in the UK). This means that the best-quality public housing has been sold off. Additionally, in a number of countries, tax incentives (national and/or local) have fuelled a construction boom in properties designed for individual ownership. After the collapse of this boom, this has left a lot of empty properties in the cities.
The position and nature of social housing varies more markedly. In Switzerland, there is no social housing and support for low-income tenants takes the shape of subsidising property developers. In The Netherlands, at the other extreme, social housing still covers almost a third of the housing market and stretches across a significant part of the middle-income segment. Other countries are in an intermediate situation: social housing is targeted at the lowest socio-economic stratum, and its size ranges from less than 1% to almost 20%. The smaller the sector, the more likely it is to be regarded as a stigmatised type of provision where social problems cluster, rather than as a socially acceptable type of tenure. In many countries, social housing is a state matter, but in The Netherlands, the third sector is dominant and in the UK, it is gaining ground in this field.

The illegal sector is quite large in some countries, through the strong presence of organised crime in real estate (especially in Italy) or through large-scale illegal renting-out by individual landlords (e.g. Poland and Croatia).

Finally, there is a large variation in how low-income families are supported: forms of support include subsidies or tax incentives for cheap housing as well as personal housing benefits (ranging from a small tax allowance to a 100-per cent coverage).

**Trends**

Especially in the current crisis, but also in the long term, there are a number of common problems and issues, which we will now briefly discuss. As we will see, some appear to be common to all countries, whereas others are specific to certain regions.

**Affordability**

With respect to our target groups, who are at the bottom of the socio-economic ladder, affordability problems can take one of two forms:

- For those who cannot attain home ownership, there is insufficient affordable rented housing to satisfy demand, with long waiting lists for applicants in social housing. There are even stories of people trying to get evicted to become an urgent case on the waiting list. In some cities (e.g. Geneva), general rent levels can be so high that relatively large numbers of people are affected by affordability problems. In countries where social housing is non-existent or privatised, the problems appear to be most acute.
- Those who have attained home ownership increasingly have problems with mortgage payments and with the investments necessary to maintain the quality of their property. This is especially the case in CEE countries, where large sections of publicly-owned stock were sold off to tenants with moderate to low incomes and little access to capital.

These problems existed before, but have been exacerbated by the rise of unemployment and falling incomes in the wake of the economic crisis. Some countries (especially Italy and Spain) have seen a major influx of first-generation migrants over the last ten years, as opposed to other countries where patterns of migration have been more evenly spread. In some countries (such as Poland), there has been significant internal migration to the major cities.

In some countries (especially in Germany, Italy and Spain), families can support entry into home ownership through the intergenerational transfer of wealth. In other countries (e.g. Poland), family capital built up over generations does not exist to the same degree, leaving young people on their own.
In all countries, there are efforts to encourage the construction of new affordable housing, although this is difficult in the current economic conditions, in which housing investment has dropped dramatically. How it is encouraged differs strongly, though. Some countries do it through public channels, others by supporting commercial developers. In some countries, non-profits play a large role; in others, only a very limited one. The lack of affordable housing, in turn, exacerbates existing problems with regard to mobility, quality and spatial segregation.

**Limited mobility**

Affordability problems limit mobility in various ways. They hinder geographical mobility, because low to moderate-income individuals and families can find it difficult to relocate to expensive cities. This lowers the flexibility of the labour market and slows economic growth. Affordability problems also slow down mobility in another way: especially in countries like Croatia, Italy and Spain, with a small share of affordable rented housing, the transition to other life phases (adulthood, old age) can be problematic. Young people are often forced to stay with their parents and delay starting a family of their own. Elderly people must stay in their homes even when they are no longer physically able, which in turn makes the housing market stagnate.

**Loss of quality**

The quality of housing varies to a strong degree. Generally, insufficient maintenance of owner-occupied homes is a problem where individual owners lack the means for proper upkeep. This is of course especially an issue where quality was doubtful to begin with, as in the CEE countries in our project. In Croatia and Poland, a lot of small apartments in cities that were constructed under communist regimes are of poor quality and not considered to be up to contemporary standards. In Germany, this is the case in areas of the former GDR. In other countries, though, quality problems are much less severe.

**Spatial segregation**

To some extent, all countries suffer from social segregation along territorial lines. However, assessments of how bad areas are differ. While few consider their cities to have large "no-go areas" (the French "banlieues" are mentioned frequently), the problem exists everywhere. A difference which can be significant for our research at the local level is the scale of such concentrated areas: these can be large areas, neighbourhoods, or just a couple of blocks. The literature also shows a diversity of opinions on the effects of social segregation and of measures to counter it. What does appear to be clear is that the recent stagnation of housing investment and the growth of poverty have hardened existing territorial divisions.

A key question for future stages of the project is, of course, how this plurality in provision affects opportunities for social innovation at the local level. This can of course only definitively be determined after the intensive city studies have been conducted. However, a first few avenues for investigation have presented themselves, which we will come back to in future reports.
2.2. Employment

Common features

To a high degree, the partner countries of the WILCO project share general developments in the labour market during the 2000s. Such developments include movements towards a "workfare" labour market policy, based on activation and aiming to re-integrate unemployed citizens into the labour market. The activation policies are especially directed towards different segments of the population, namely groups of long-term unemployed and people on long-term sick leave. Other common traits are an emphasis on a "mismatch" in the labour market and the development of programs to better match vacancies with the knowledge and skills of the unemployed. The key objective of active labour market policies is therefore to increase the employability of people.

Active labour market policies incorporate an increasing degree of obligations and responsibilities for citizens. Researchers in many countries describe rising demands on jobseekers for the latter to be allowed to remain in the unemployment insurance system. People must be active (job experience, training, subsidised job), activate their networks and develop their own "employability". Simultaneously, in several countries, the focus on education programmes in labour market policy has decreased, and these programmes are replaced by e.g. apprenticeship programmes. Another common trend that is described in the national reports is a trend toward reductions in the benefits for the long-term unemployed or people on long-term sickness benefits.

Labour market policies of the WILCO partner countries at an overarching level are thus developing in line with the overall ideas of the European Employment strategy; this is also the case in Croatia, which is a non-EU country.

On a policy level, the partner countries thus follow very much the same path. However, how policies are implemented in terms of financing and in terms of measures and programs at the local level differs between the countries, even though some common traits and components can be found also here. Several countries describe an increasing cooperation between local authorities and actors from the public, private and voluntary sectors, creating a more diverse welfare mix. There is a trend toward the "marketisation" of employment services, but to different extents in different countries. In the UK, for example, there is a long tradition of a mixed-economy approach, with actors from the public, private and voluntary sectors involved (Brookes et al. 2011). Sweden, by contrast, has a long tradition of public sector dominance but is opening up for actors from other sectors, and private entrepreneurs are now working as "job coaches" on assignment from the local employment offices (Nordfeldt and Segnestam Larsson 2011). There is also growing collaboration between local agencies; one result of this is the development of "one-stop shop" models.

Trends

The descriptions of problems and welfare challenges in relation to labour market and unemployment also show many common trends among the ten countries. Long-term unemployment is a growing problem in many European countries, and the possibilities to become re-integrated into the labour market differs a lot between short-term and long-term unemployed. Being long-term unemployed, which often goes hand in hand with a low level of education, increases the risk of being excluded from the labour market.

Age, gender and ethnicity are crucial dimensions when it comes to inequalities in relation to the labour market, be it in terms of possibilities to be part of the labour force or to gain a job or in relation to the legal position of the employment, the salary level and the type of work.
All partner countries emphasised growing problems for young people to gain access to the labour market. The statistics of unemployment among young people (aged 15-24) show high figures in all partner countries. Unemployment among young people ranges from 14 per cent in Germany to 25.4 per cent in Italy. Germany and the UK (17.5 per cent) are the only countries below EU average (19.8 per cent in 2009), while the other countries have higher rates (20.5 per cent in Poland, 22.3 per cent in France, 23 per cent in The Netherlands, 24 per cent in Croatia, 25.2 per cent in Sweden). Problems are most severe for young people with a low level of education (with only primary school education) but there are also high unemployment rates among young people with a grade from secondary school.

Another common development trait described in the national reports is the rise of temporary contracts, with until recently as much as one third of people in temporary employment in Spain (Aguilar et al. 2011). The country reports also indicate that it is among the younger employees that temporary contracts have grown the most. In The Netherlands, for example, as much as 49 per cent of the 15-24 worked on temporary schemes in 2009 (Brandsen et al. 2011).

So, when summarising the descriptions made in the national reports of the WILCO partner countries on labour market policies, problems and challenges in relation to citizens’ establishment in relation to the labour market and the overarching administration of labour market services, there are many similarities. But there are of course also significant differences among the countries’ labour markets. The employment rate differs significantly among the partner countries, between 54.1 per cent in Croatia to 77 per cent in The Netherlands.

Other sources of variation will be discussed below. The themes that are taken up here are issues that were discussed and emphasised as important comparative components at group discussions held at the second project meeting, in Barcelona in April 2011. All partner countries describe for example a segmented labour market, with inequalities in relation to gender and ethnicity, as well as discrimination when it comes to immigrated persons’ positions on the labour market. But there are also quite substantial differences between the countries when looking at features of gender and ethnicity/immigration. This will be further developed below. First we point at some similarities and differences in administrative structure.

Administration of labour market services

The overall responsibility for the formulation of labour market policies lies at the national level in most countries, while the implementation and consequently the actual supply of labour market services lie at the local level, and in some countries, at the regional level. The degree of centralisation and decentralisation differs, as does the mix of actors. Researchers in several countries describe trends of decentralisation during the last decades. In Croatia, the employment services are described as rather centralised, with 22 regional offices (Baturina et al. 2011). In France, the unemployment agency is a state body (Fraisse et al. 2011); this state body combines the managing of unemployment benefit schemes and job offers and applications, but the field is undergoing reform towards a larger mix of actors. In Germany, responsibility is shared between federal employment offices and municipalities (Evers et al. 2011). In Spain, the regional governments are the key actors concerning the responsibility for the implementation of the active labour market policy, while municipalities can voluntarily set up their own employment services (Aguilar et al. 2011). In Italy, decentralisation has taken place during the last two decades, and provinces are currently responsible for the management of public employment services (Costa and Sabatinelli 2011); private and public employment services are treated as equals and, if accredited, can compete for the same
public resources (e.g. for regional funds). In The Netherlands, there is a process of decentralisation towards the municipal level (Brandsen et al. 2011).

Several countries also describe a development towards growing involvement of non-public actors in supplying services. In Sweden, for example, local employment offices consult private job coaches (Nordfeldt and Segnestam Larsson 2011). In Poland, a substantial role is described for NGOs, especially for persons outside of the labour market (Siemieńska-Zochowska et al. 2011). In the UK, employment services have been contracted out to a range of public, private and third sector providers - which, according to the report, has led to competition between actors instead of partnership (Brookes et al. 2011).

Women in the labour force and the gender-divided labour market

The labour market is clearly gender-divided. Throughout Europe, women outnumber men in health care and social assistance, education, financial and insurance activities, accommodation and catering. Women are underrepresented in leadership positions and have lower salaries. In Germany, for example, two thirds of low-income workers are female. Women work part time much more frequently than men do, although there are significant differences among the partner countries, from 9.3 per cent of women on the labour market working part time in Croatia to 75.8 per cent in The Netherlands and 79 per cent in Switzerland.

The gender gap in employment rates differs to a quite extensive degree among the surveyed countries, and also within some countries. In Spain, the employment rates for women are lower than for men: 52.2 per cent of women and 64.3 per cent of men work; in Croatia, the respective figures are 48.8 per cent and 59.5 per cent. In The Netherlands, 71.5 per cent of women are employed, compared to 82.4 per cent of men; the corresponding figures are 65.5 per cent and 75.8 per cent in the UK, and 61.8 per cent and 67.6 per cent in Sweden. In most countries, figures of unemployment are higher for women than for men, except in Germany where, since 2009, more men than women are unemployed (8.2 per cent vs. 7.5 per cent). Differences in unemployment figures between men and women are not as striking as differences in employment rates, but are of course related to the rate of women who are part of the work force, which differs between countries.

Ethnicity/Immigration

Overall, the situation of citizens with an immigration background differs from that of citizens that are considered as natives. The employment rate of the immigrated population is lower than that of natives, and immigrants are more often unemployed (this is especially true for immigrant women), have a less stable position on the labour market and earn less. Statistics on employment rates show that immigrants participate to a lower degree than average; in each country, their unemployment rates are significantly higher than the average. It is not unusual that the figures of unemployment among immigrants be twice as high as the average unemployment level in a country. In Sweden, the unemployment rate for immigrants is 16 per cent, compared to 7 per cent for people born in Sweden. In Croatia there are no large groups of immigrants, but the Roma population appears to have difficulties on the labour market and are to a high degree active in employment measures (Baturina et al. 2011).

In France, the total income for non-immigrant households is 46.6 per cent higher than that of immigrant households. Income can also differ a lot according to ethnic group and gender. In the UK, the highest unemployment rate is observed among Black Caribbeans and among women Pakistanis (19.7 per cent).

The general picture thus reveals an underprivileged situation for immigrants, but to draw a more detailed and accurate picture of groups at risk of social exclusion, other dimensions
needs to be considered, such as the country of origin, the time spent in the country of immigration, the level of education, class and gender. Other explaining factors, relating to the immigration country, must also be taken into account: history of immigration, integration policies (and labour market and housing policies), mechanism of discrimination and so forth. There are also differences within countries that we will investigate further in the next step of the project.

Insecure and temporary work

In all countries, there is an informal (black or grey) labour market. The size and importance of this labour market segment seem to differ quite extensively among the surveyed countries; these differences and the lack of knowledge on these informal labour markets make it hard to compare them. The estimates of the size of this labour market segment ranges from 3-6 per cent of GDP in France, at the lower end, to 17 per cent of GDP in Italy and Spain, at the upper end. In Croatia, the size of the informal sector is estimated to amount to around 16 per cent of GDP, usually consisting of informal self-employment in construction and services. Poland’s “grey market” is also estimated to represent around 16 per cent of GDP (Siemienińska-Zochowska et al. 2011). In Switzerland and The Netherlands, estimates suggest that the informal sector is relatively small, at around 9 per cent.

Types of work mentioned in relation to an informal segment of the labour market are construction work, service in hotels, cafés and restaurants, entertainment and seasonal farm work; in France, also services to companies; in Italy and Spain, also domestic help and care for children and the elderly. In Poland, it is common that women work in the so-called grey market in the fields of child care, sewing and trade. In several countries, the informal sector is mentioned in relation to asylum seekers and illegal immigrants. In Sweden, for example, this is the only labour market that is open to paperless asylum seekers.

2.3. The field of child care

This section of the comparative report focuses on the field of child care in the ten countries involved in the WILCO project. Following many research publications comparing the field of child care in European countries (e.g. Pestoff 2008), and building upon the evidence of the most recent developments, presented in the country reports, this section discusses key dimensions and trends in national systems. Additional information on particular aspects of these systems is available through the individual country reports.
National approaches to child care

One of the first emerging themes in the country reports concerns different national approaches to child care. In a way one could identify two complementary dimensions in the material.

The first dimension is related to who is supposed to be responsible for the care of children, simplified here to a choice between the state and the family. In a set of countries – almost the majority - child care has traditionally been regarded as the responsibility of the family. Italy, The Netherlands, Poland, Spain, Switzerland and the United Kingdom could be argued to belong to this group. Spain offers a good illustration hereof; it is argued in the Spanish country report that, historically, "the care for children in Spain has been in the hands of the family, i.e. mainly mothers, supported by female relatives within the extended family network" (Aguilar et al. 2011: 20). There are of course exceptions to this categorisation; for example, it only applies to one part of Switzerland (Kakpo and Cattacin 2011); or some countries (such as Spain and the United Kingdom) are moving away from a family-oriented approach, whereas in others (such as Croatia and Poland), there have been some "pronalaturalistic" tendencies, even though these do not necessarily imply a return to traditional gender roles (Baturina et al. 2011).

In a smaller set of countries, child care is primarily considered the responsibility of the state. Countries such as France and Sweden could be argued to belong to this set of countries. The French country report, for example, states that " unlike other European countries, which have considered that taking care of young children is a private family affair, France has progressively developed a specific and complex family policy since the end of the 19th century" (Fraisse et al. 2011: 19). However, in most countries, the differences are not clear-cut.

The other dimension concerns the focus, or the goal, of child care. Should child care focus solely on enabling, through the care of children, the employment of certain groups in society, or should it also be characterised by an education orientation? This dimension is less explicitly analysed in the country reports, but it would seem that an approach focusing on enabling employment while simultaneously being educationally oriented could be correlated to some degree to the more state-centred approach to child care. According to the official rhetoric in Sweden, for example, national child care aims to simultaneously make it "possible for parents to combine parenthood with employment or studies" and "support and encourage children’s development and learning" (Nordfeldt and Segnestam Larsson 2011: 21).

Child care attendance and age groups

The structure and organisation of child care differ among the involved countries in the WILCO project. A way to analyse the differences is to approach them from the combined perspective of age groups and child care attendance. Most countries namely seem to make a difference between children aged 0-3 and children aged 3-6. The pattern seems to be that child care attendance is comparatively and significantly lower in the 0-3 age group; this is for example the case in Italy and Germany (although a national push to increase attendance is reportedly on the way). Beyond this general trend, significant differences among countries can be observed: in Poland, for example, institutional care only concerns 2 per cent of children aged 0-3; in Croatia, the number of children in the 0-3 age range attending child care is close to 15 per cent; this figure reaches around 38 per cent in Spain and 40 per cent in France.

By comparison, the attendance rate is markedly higher for children aged 3-6. Because (among other reasons) child care for this age group is free, guaranteed, and a legal right, 62
per cent of all children in this age group attend child care in Croatia; institutional care in Poland concerns 60 per cent of all children aged 3-6; the same figure is close to 92 per cent in Germany and 98 per cent in Spain; and nearly all children aged 3-6 in Italy and France are in child care.

Sweden stands as an exception in that child care for children aged 0-3 is not distinguished from child care for children aged 3-6. Indeed, in Sweden, all children are legally entitled to child care, regardless of age; perhaps as a consequence hereof, close to 88 per cent of all children aged 1-5 are in child care.

Another dimension is the issue of part- and full-time. In most countries, institutional child care is used only part-time, often supplemented with non-institutional care of a family character. However, in countries such as Croatia, France and Sweden, full-time child care is possible. Interestingly enough, part of the French child care system is experiencing a movement from full-time to part-time requests.

One additional comment should be made with regard to the age at which children start school. In the UK, for example, school starts at the age of five, even though most children already start at the age of four. Such a pattern affects the official statistics of child care attendance and the possibilities for comparing national situations in Europe. Likewise, children start school at the age of six in both Poland and Sweden, in the latter case in a preparatory format, before starting school officially at the age of seven.

A mix of providers

Another theme emerging from the country reports is the mix of providers in the field of child care. That is, child care is being provided both by public and non-public organisations - municipalities, businesses, and civil society organisations. It seems that this mix of providers can be observed in almost all the countries; it is explicitly addressed in the country reports on Sweden, Switzerland, the United Kingdom, Italy and France. The United Kingdom, for example, has always had a mixed economy in terms of the provision of child care and provision may be located in the public, market and voluntary sectors, organised in the form of informal provision by families, and in some cases provided by employers (Brookes et al. 2011: 27). A group of countries also provide accounts on new initiatives of diversification in the mix of providers in the field of child care. In Switzerland, for example, new initiatives include multicultural child care and company crèches (Kakpo and Cattacin 2011).

The particular mix of providers diverges significantly, not just between countries, but also within each country, depending on region and the children's age range. This is illustrated by Table 2, which broadly categorises countries on the basis of the "major" sector in terms of child care provision – i.e. the sector where, proportionally, most child care is located. The table should be read with due caution: the difficulties in making even such a rough typology show the complexity of comparing child care and the problems in treating it in terms of a single policy field. We refer readers to the country reports for a more subtle overview.
Several countries (e.g. Germany, Italy and Switzerland) are experiencing a trend toward the emergence of public-private partnerships in the field of child care. Another trend seems to be that private sector provision of child care, including the phenomenon of company crèches, is growing. This trend is mentioned in the country reports on Croatia, France, Italy, Spain and Sweden. In the case of Poland, it would seem that the absolute number of providers has been decreasing since the 1990s.

Finally, in discussing the mix of providers, the importance of playrooms in The Netherlands and childminders in France could be mentioned; these are examples of alternative arrangements. Playrooms in The Netherlands differ from more formal child care in that they "appeared to stimulate the social development of children" whereas the former "were intended to enable women to enter the labour market" (Brandsen et al. 2011: 20). Although decreasing over time, as formal and informal formats are converging, playrooms have played and still seem to play a significant role in the field of child care in The Netherlands. Childminders in France constitute one of the most widespread providers in the age group 0-3; they could be regarded as an intermediary form of providers, between the more state-centred approach to child care and the more family-oriented one. As argued in the French country report: "Supporting a high level of childminder provision could be interpreted as a specific institutional approach compared to Scandinavian care systems, dominated by standardised public and collective services, and Southern European countries, where individual care is mainly informal" (Fraisse et al. 2011: 20).

Mainly a local concern

Even though most countries regard child care as a field of national importance\(^1\), as evidenced by the existence of national policies, legal frameworks, and monitoring authorities, among other things, the question of regulating, financing and providing child care seems to be mainly a local concern. This is the case in countries such as Croatia, Germany, The Netherlands, Poland, Spain (0-3 age range), Sweden and Switzerland. In the case of Germany, for example, the local concern is "constitutionally rooted in the principle of subsidiarity, which gives clear priority to local welfare providers" (Evers et al. 2011: 23). The principle of subsidiarity seems to be significant in Switzerland as well (Kakpo and Cattacin 2011) and to a lesser extent in France, Italy and The Netherlands.

A number of exceptions to this pattern can be identified. The state is for example involved in organising and providing child care in France and Italy. The state has also been in the process of taking over civil society and municipal child care facilities for children aged 3-6 in Italy and Spain (Aguilar et al. 2011; Costa and Sabatinelli 2011). More nuanced and contextually sensitive descriptions of the field of child care thus seem to be needed, as the latter is complex in France, Spain and Italy, with several layers of responsibility. Another exception is the case of the United Kingdom, as the "development of child care since 1998 in terms of funding, the goals for provision, and governance is highly centralised" (Brookes et

---

\(^1\) Croatia seems to be an exception in this regard. As argued in the country report, "today we witness an absence of a coherent and clear policy and goals regarding preschool education and care on the national level" (Baturina et al. 2011).
However, the current development path in the United Kingdom seems to be a process of decentralisation, in alignment with the situation in other European countries. Other countries, including Germany, are also experiencing a continued decentralisation wave in relation to child care provision.

A final development to be mentioned here is the move towards a more market-driven approach that can be observed in The Netherlands:

*With the implementation of the Act on Child care in 2005, the government changed tactics: child care was to be fully market-driven. Subsidies were redirected from the supply side to the demand side; parents were given benefits instead of tax reductions. A market-driven approach to child care would have made service providers more responsive to parents’ needs, while competition would have reduced the prices. In this manner, parents were supposed to be free to choose the facility that suited them best. Hence, since 2005, the role of local governments changed, from moderating the market for child care to supervising it.*

*Brandsen et al. (2011: 22)*

While, in such a market-driven approach, child care remains mainly a local concern, it could also be argued to cut through categorisations in terms of national, regional, and local concerns.

**Financing mechanisms**

In regard to financing mechanisms, taking into account all forms of direct and indirect mechanisms for financing child care in the ten countries (including parental leave and child allowances, for example) would be outside the scope of this comparative working report. However, an overview of the direct financing mechanisms of child care providers could be provided. Table 3 attempts to summarise and categorise the main financing mechanisms in a number of involved countries.

<table>
<thead>
<tr>
<th>State</th>
<th>Employer</th>
<th>Parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia, France, Italy, The Netherlands, Spain (3-6 age range), Sweden</td>
<td>The Netherlands</td>
<td>Croatia, Germany, Italy, The Netherlands, Poland, Spain (0-3 age range), Sweden, the United Kingdom</td>
</tr>
</tbody>
</table>

A few comments could be made in relation to the table above. In Sweden, for example, a mix of state subsidies, tax revenues and parental fees finances child care provision. The parental fees are firstly income-related and secondly capped at a maximum fee, regardless of income. In The Netherlands and the United Kingdom, parents finance part of the provision of child care, although the state remits subsidies to the parents. The system of "vouchers" is being used as another mechanism for financing child care. The instrument of vouchers has for example launched an important debate in Switzerland and is being used to a limited extent, targeted at certain groups in society, in Germany, Italy, Spain and the United Kingdom. It could also be noted that, in The Netherlands, the employer has to contribute to financing child care; this country constitutes an exception in this regard.
Differences in access to child care

The way in which differences in access to welfare services relate to various groups in society is an important theme for the WILCO project. The country reports from the different research groups involved in the WILCO project thus provide accounts of various groups with limited access to child care. These groups include the unemployed (Croatia, The Netherlands), single mothers and part-time working mothers (the United Kingdom), families with a single breadwinner (Italy), less affluent people (Switzerland), socially deprived groups (Germany), ethnic groups (The Netherlands) such as the Romas (Croatia), and disabled and chronically ill children (Poland). Attempts have been made, as in the case of France, to reach the most vulnerable groups. It has proved to be difficult, however, to reach groups or provide child care in deprived, urban areas. In addition, groups such as immigrants are not included in such targeted attempts.

An important note should be made on ethnic groups in The Netherlands: as indicated above, parents with an ethnic background in The Netherlands are less likely to use formal child care facilities than indigenous Dutch parents. Some ethnic minorities, however, seem to use child care more often than others. As commented in the country report "more children of Surinamese (35 per cent) and Antillean (45 per cent) descent are placed in formal child care than children of Turkish (15 per cent) and Moroccan (12 per cent) descent" (Brandsen et al. 2011: 25). These differences among the various ethnic groups seem to suggest that cultural preferences may also influence preferences for and access to child care.

The main denominator, however, in terms of access to child care, seems to have more to do with regional differences within each country than with various groups in the population. This has been observed in Croatia, France, Germany (especially along the former East-West divide), Italy, The Netherlands, Poland, Spain, Switzerland and the United Kingdom. In some cases, such as Croatia, Poland or Switzerland, the patterns seems to be that access to child care is better for people living in the cities, whereas other cases, such as Sweden, exhibit a completely reversed situation. Attempts to provide national coverage across the country can be found in some countries, like Poland and Spain.

Additional differences in terms of child care access can be found in a number of countries. Sweden, The Netherlands and Poland, for example, exhibit differences in relation to the educational background of the parents. While the pattern in the latter two countries seems to be that parents without a university education have less access to formal child care, the Swedish country report argues that parents with a university education prefer providers from the private sector over providers from the public sector and civil society.

As a final comment in relation to access to child care, it should be stressed that, in most countries, demand appears to exceed the supply of child care. Explicit estimations of demand could be found in the country reports on France, Italy, Sweden and Switzerland. In the case of Sweden, unmet demand seems to result from the inability of local municipalities or other providers to provide a sufficient amount of child care places, whereas in the case of Switzerland, it seems to result from the fact that child care is too expensive in the current setup. In this context, it should also be mentioned that the French report openly discusses the methodological difficulties involved in assessing child care demand (Fraisse et al. 2011: 21).
CONCLUSION

Our general conclusion is that, while they have generally existed for some time, most social problems have been exacerbated by the economic and financial crisis of recent years. The nature and extent of the problems varies strongly, both between countries, and between major cities and other parts of countries. But it is clear that certain social groups are particularly affected. In our project, we focus our attention on the young unemployed, migrants and single mothers.

Data from all countries show rising unemployment everywhere, but notably growing problems for young people to gain access to the labour market. The statistics of unemployment among young people (aged 15-24) show a sometimes alarming rise, especially in Southern Europe, where it has been observed that there is the genuine risk of a "lost generation". Another common trend is the rise of temporary contracts, again especially among young people. In most labour markets, the participation of women and migrants remains below average, although the differences between countries are strong. Another trend observable in many European countries is a move towards decentralisation in employment services, with a greater mix of (public, non-profit, commercial) providers involved.

While the collapse of the housing market in California was originally a catalyst of the financial crisis, home-grown problems in European housing markets have now become apparent. Over a longer period, home ownership has become increasingly dominant in European housing markets. Some countries (e.g. The Netherlands and Sweden) retain a significant segment of social rented housing, whereas in others (e.g. Italy, Spain) it is virtually absent. In a number of countries, tax incentives (national and/or local) have fuelled a construction boom in properties designed for individual ownership. After the collapse of this boom, there remain a lot of empty properties in the cities. At the same time, for those who cannot attain home ownership, there is insufficient affordable rented housing to satisfy demand, with long waiting lists for social housing.

In the area of childcare, the differences within Europe are extensive. Most countries make a difference between children aged 0-3 and children aged 3-6. Childcare attendance is comparatively lower in the 0-3 age group. Also, in most countries, demand generally exceeds supply, particularly among certain social groups with limited access. Even though most countries regard childcare as a field of national importance, as evidenced by the existence of national policies and frameworks, the question of regulating, financing and providing childcare seems to be mainly a local concern. Access to childcare seems to be even more conditioned by regional and local differences within each country than by social differences. In some cases, such as Croatia, Poland or Switzerland, access to childcare is better for people living in the cities, whereas other cases, such as Sweden, exhibit the reverse situation.

Two general conclusions can be derived from our work. First, issues of social exclusion and welfare are increasingly of a local nature. Whereas much existing research focuses on country differences, major European cities often differ more from the rest of their respective countries than from major cities in other countries. Second, while the problems mentioned above affect large segments of the European population, social problems are increasingly compounded among certain social groups. Contrary to some popular myths, it is the young rather than the elderly who currently face the most serious risk of social exclusion. Recent economic developments have also strengthened existing inequalities based on gender and ethnicity. In the next phase of the research, the members of the WILCO project will examine the social dynamics behind these inequalities and how they relate to local conditions and policies.
REFERENCES


THE WILCO PROJECT

Full title: Welfare innovations at the local level in favour of cohesion
Acronym: WILCO
Duration: 36 months (2010-2013)
Project's website: http://www.wilcoproject.eu

Project's objective and mission:

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

Brief description:

The effort to strengthen social cohesion and lower social inequalities is among Europe’s main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge – and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.
## List of EMES Publications

### Books


### PERSE project Working Papers


---

**ELEXIES project Working Papers**


Other EMES Working Papers


EMES Conferences Selected Papers

This series includes selected papers from conferences (co-)organised by EMES. Papers published in the EMES Conferences Selected Papers do not undergo any editing process before their on-line publication; the aim of the series is simply to make these papers accessible to a large international audience of researchers, scholars, practitioners, policy makers, students and any other person whose work is related, in one way or another, to the third sector. EMES Conferences Selected Papers are available for download in PDF format on the EMES website.

All these papers are available in electronic form at www.emes.net ("Publications" section) and in paper form from EMES European Research Network asbl

Sart Tilman, B33, Box 4 – University of Liege 4000 Liege – Belgium

Price: 5 € (all fees included)