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## European Types of Politico-territorial Organization and Public-private Finance of Social Services of General Interest

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# European Types of Politico-territorial Organization and Public-private Finance of Social Services of General Interest ‡

*Alois Humer*<sup>a</sup>, *Daniel Rauhut*<sup>b</sup> & *Nuno Marques da Costa*<sup>c</sup>

## Abstract

There is quite common understanding of the importance of provision of Social Services of General Interest (SSGI) in the European states. The Charter of Fundamental Rights of the EU and several other official documents like Green Paper and White Paper guarantee every EU citizen access to and availability of SSGI. Nevertheless, when it comes to share responsibility over the delivery, finance and territorial organization of various SSGI, the approaches and practices within the European states highly differ and reflect in some way the functioning of the welfare systems. Taking public service obligation as a starting point does not automatically imply to regarding SSGI production and finance a solely public affair. Rather, this is used to be done in some way of public-private governance and investment arrangements, depending on the concrete SSGI and the societal, political choice upon it.

The aim of this paper is to show a systematic analysis of how European states (the EU 27 member states, the EES-countries Norway and Switzerland, and the EU accession states Croatia and Iceland) cope with the organization of SSGI out of the welfare pillars of education, care, health, labour market, social housing and social transfer schemes. Since SSGI are – in contrast to most economic-technical services – still under national competencies of the EU member states, an analysis will allow a clearer picture of European diversity of politico-territorial organization and public-private finance. Detecting similarities and differences of the various national approaches are leading to a typology of SSGI organization for Europe.

**Keywords:** Social Services of General Interest, public, private, responsibility, finance, territorial organization, Europe

**JEL code:** I31, H75, A14

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## INTRODUCTION

Within the social sciences typologies are often used to classify complex phenomena; the phenomena are classified after types or characteristics to enable comparisons between differing categories. Also welfare systems in different states and regions can be categorised in accordance to their characteristics and similarities (Bambra 2007). Classifications are needed in theoretical science for categorisation and analyses (Danermark et al. 1997). Max Weber invented the *ideal type* which is a model used for identifying the central parts in complex and multi faceted relationships within the social sciences (Moe 1995). Welfare states can be characterised as ideal types when analysing how they function.

In a contemporary understanding of welfare system, the public hand still plays a crucial role but for complete provision and finance of social services of general interest (SSGI), involvement of the private side (commercial profitable as well as civic non-profitable) is integral part for its functioning. Intensity and importance of private involvement is differing along both strands of this analysis. First, some types of SSGI are stronger in public hand and second the respective national welfare systems differ in their practices of private involvement in production and finance of SSGI.

The functioning of the welfare systems in Europe is a central aspect when discussing the EU cohesion policy. The main aim of the territorial cohesion policy is to contribute to a balanced distribution of economic and social resources among the European regions with the priority on the territorial dimension. This means that resources and opportunities should be equally distributed among the regions and their population. In order to achieve the goal of territorial cohesion, an integrative approach to other EU policies is required (European Commission 2011). The territorial and political organisation of SSGI in 30 European states will be in focus as they, in one way or another, play an important role in the implementation of the territorial cohesion policy and represent political action within a welfare system. This implementation happens under the setting of two characteristics of policy. First, Newman and Thornley (1996) distinguish between unitary, regionalized and federalist legal-administrative structures.<sup>1</sup> Second, the functioning of the spatial planning system and practice which is according to the European Commission (1997-2000) classified in four to some extent overlapping approaches

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<sup>1</sup> Newman and Thornley (1996) define five types across Europe, called “families”: the British, the Napoleonic, the Germanic, the Scandinavian and – just in a general approach – the East European.

for EU 15.<sup>2</sup> Farinós Dasí et al. (2007) and Humer (2008) modified and enlarged this four type classification by finding interlinks and mix types in many countries and by trying to apply this classification to the New EU Member States which results in a fifth, temporary group of a *planning system in transition*. To conclude, competencies over organization of SSGI are embedded in certain legal-constitutional structures and planning regimes.

Several attempts have been made to classify the political organisation of welfare systems. The first, and simplest, categorisation was made in the two-type conceptualisation of Wilensky and Lebeaux (1958). They divided the welfare systems into *residual* and *institutional* conceptualisations.<sup>3</sup> Mishra (1984) also advocated a two-type categorisation of welfare models: *differentiated welfare states* and *integrated welfare states*.<sup>4</sup> The latest contribution to the two-typed welfare categorisations was made by Hicks and Kenworthy (2002, 2003); they identify two welfare state regime dimensions – the *progressive liberal* and the *traditional conservative*.<sup>5</sup>

Titmuss (1968, 1974) was the first to use a three-type classification of welfare systems. He simply added the *achievement-performance* model to the *residual* and *institutional* conceptualisations of Wilensky and Lebeaux (1958).<sup>6</sup> The three-type welfare typology was

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<sup>2</sup> Regional economic approach (FR, PT), comprehensive integrated approach (federalist: AT, DE; centralist: DK, FI, NL, SE), land use management (BE, IE, UK) and urbanism (ES, IT, GR); LU being an exceptional case.

<sup>3</sup> The two welfare conceptions were: (i) the *residual* welfare conception, in which “social welfare institutions come into play only when the normal structures of supply, the family and the market break down (Wilensky and Lebeaux 1965: 138); (ii) the *institutional* welfare conception considered welfare services as an integrated part of welfare in an industrialised society. Wilensky and Lebeaux (1958) considered the residual welfare conception to provide a means tested support to particular groups with persons in need, while the institutional welfare conception institutionalised social welfare and catered the needs of the population (Midgley 1997).

<sup>4</sup> The first is characterised by autonomous social policy in free market economies; the latter by a corporatist societal structure. In disagreement with Titmuss (1974), Mishra (1984) places UK and USA in the differentiated welfare model. He also places AT and SE in the same model – the integrated welfare model (Midgley 1997).

<sup>5</sup> Their principal components analyses identify two such dimensions. The first, which they label *progressive liberalism*, rearranges Esping-Andersen's separate *social democratic* and *liberal* dimensions into two poles of a single dimension. Its positive pole is characterised by extensive, universal, and homogenous benefits, active labour market policy, government employment, and gender-egalitarian family policies. CH, DK, FI, NL, NO, SE and UK fall into this welfare regime. The second, label as *traditional conservatism*, is similar to but broader than Esping-Andersen's *conservative dimension*. It features not only occupational and status-based differentiations of social insurance programs and specialised income security programs for civil servants, but also generous and long-lasting unemployment benefits, reliance on employer-heavy social insurance tax burdens, and extension of union collective bargaining coverage. AT, BE, DE, FR, IE and IT fall into this category. The analysis covering 18 countries over the 1980s and 1990s suggest that progressive liberalism is associated with income redistribution and gender equality in the labour market. The principal consequence of traditional conservatism appears to be weakened employment performance (Hicks and Kenworthy 2003). The typology of Hick and Kenworthy does neither contain the East European nor all West European countries.

<sup>6</sup> While Wilensky and Lebeaux studied states in the US, Titmuss analysed European countries. The residual and institutional types in Titmuss' welfare typology was similar to the types of Wilensky and Lebeaux; in the achievement-performance typed welfare model social welfare was characterised as an adjunct to the economy and “the social needs are met on the basis of merit, work performance and productivity” (Titmuss 1974: 31).

further elaborated by Furniss and Tilton (1977), which resulted in a categorisation of a *positive state*, a *social security state* and a *social welfare state*.<sup>7</sup> The most famous three-type classifications of welfare systems are made by Esping-Andersen. The first categorisation results in a *liberal*, *conservative* and *social-democratic* welfare regime (Esping-Andersen 1989, 1990); the second categorisation labelled the welfare regimes as *universalist*, *residual* and *social-insurance typed*.<sup>8</sup> The most recent contribution to the three-type classification of welfare systems is made by Vogel (2002a, 2002b). He divides the welfare regimes into *Nordic*, *Central* and *Southern*.<sup>9</sup>

Some attempts have been made to create four-type classifications of welfare states. Ginsburg (1992) identified the *Social Democratic Welfare State*, *the Welfare State in a Market Economy*, *the Welfare State in the Corporate Market Economy* and *the Liberal Collectivist Welfare State*.<sup>10</sup> The most recent contribution in four-type classifications of welfare states is made by Sapir (2005) who identifies four welfare regimes: *Continental*, *Nordic*, *Mediterranean* and *Anglo-Saxon*.<sup>11</sup> Notably, none of these typologies address the New EU Member States or all West European countries.

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<sup>7</sup> The *positive state* protects the interests of property holders and ensures economic stability. A good example of welfare model is the USA. The state which guarantees a minimum standard of living for its citizens is, in the terminology of Furniss and Tilton (1977), a *social security state*. UK is given as an example of a country within this type. The last model is a *social welfare state*, exemplified by SE. By fostering equality and participation in public affairs, and not only providing a comprehensive set of social services to meet minimum standards of living, the state manages to promote the *well-being* of its citizens.

<sup>8</sup> In the *Liberal welfare regime*, social services are limited, means-tested and stigmatising; the free market rules and there is little labour de-commodification as it is considered to undermine work ethics. USA, Canada, Japan, Australia and CH belong to the Liberal welfare regime. In the *Conservative welfare regime* Esping-Andersen place countries like AT, BE, DE, FR, and IT. This welfare regime is characterised by a moderate degree of labour de-commodification and it considers social welfare as a right of citizenship. Traditional family values and gender values constitute cornerstones of this welfare model together with traditional religious and cultural beliefs. In the third, the *Social-democratic welfare regime*, the labour de-commodification is high. The welfare programs are institutionalised and the government constitutes the primary mechanism by which the welfare of the citizens is secured. DK, FI, NL, NO and SE belong to the Social-democratic welfare regime; UK and IE are not placed in this typology since its welfare system contains three equal parts of the three welfare regimes (Esping-Andersen 1990). Later on Esping-Andersen (1996) places the UK in the liberal sphere of his typology.

<sup>9</sup> By analysing the welfare mix, defined as the configuration of labour market, welfare state and family characteristics as well as the timing and sequences of transition into adulthood, Vogel (2002a, 2002b) finds evidence for three European welfare regimes or welfare clusters, identified as *Nordic* (DK, FI, NL, NO and SE), *Central* (BE, DE, FR, LU and UK) and *Southern* (ES, GR, IT and PT). Sometimes IE and AT are included in the *Central* cluster, sometimes not. Furthermore, AT, IE and NL are sometimes included in the *Southern* welfare cluster, too.

<sup>10</sup> Ginsburg (1992) is critical to Esping-Andersen's welfare regimes and suggests four welfare regimes, instead of the three regimes suggested by Esping-Andersen (1990). Ginsburg does however fail to distance himself from the influence of Esping-Andersen's typology; rather he develops the reasoning of Esping-Andersen's three-type model into a four-type model: the *Social Democratic Welfare State* (SE), *the Welfare State in a Market Economy* (DE), *the Welfare State in the Corporate Market Economy* (USA) and *the Liberal Collectivist Welfare State* (UK).

<sup>11</sup> The typologies by Sapir (2005) appear similar as Esping-Andersen (1990) added with a 'family-model'.

The basis of Esping-Andersen's typology is from before the welfare systems have developed or have been terminated by the transition from an industrial to a post-industrial society; much has happened since 1989, especially the fall of the communist regimes in Eastern Europe and enlargement of the European Union. A number of sub-typologies, e.g. *the South European* type, can be identified, which is something Esping-Andersen also has been criticised for (Elmér et al. 1998). In our point of view, the differences between the three-part typology of Titmuss (1974) and Esping-Andersen (1990, 1999) can be discussed; the countries cluster in a similar way if one looks beyond the semantics and terminology.<sup>12</sup> The differences between the typologies of Wilensky and Lebeaux (1958), Mishra (1984) and Hicks and Kenworthy (2002, 2003) appear also to be semantic.

Most of the New EU Member States were later included in a *Socialist welfare regime* by Esping-Andersen, a welfare regime which has dissolved during the transition to a market economy after 1989. In the (Esping-Andersen influenced) debate it is noted that Czech Republic, Hungary, and Slovenia are developing towards the Liberal welfare regime, while Poland and Bulgaria are headed towards the Conservative welfare regime. The Social-democratic welfare regime seems to attract Estonia, Latvia and Lithuania (Elmér et al. 1998). After the 2008 economic crisis, Latvia's welfare system has faced significant budget cut-backs; its new direction is unknown. The same can be said for Slovakia.

Four general remarks can be mentioned regarding Vogel's welfare clusters (Vogel 2002a, 2002b). (1) The difference between Vogel's welfare clusters and Esping-Andersen's welfare typology is not too fundamental; (2) Vogel's typology gives an ad-hoc impression since some countries are moving between different clusters. Obviously it is difficult to place them in the structure of clusters; (3) The New EU Member States are not included in Vogel's typology since his typology only deals with West European countries; and (4) since one of the explanatory variables is GDP per capita some countries will always be in the top while others will always be in the bottom.

Arrangements of production and finance as well as the territorial organisation of SSGI with regards to welfare systems have received far less attention in research. The aim of this paper is to create a typology of the welfare systems of EU 27, the EES-countries Norway and Switzerland, and the EU accession states Croatia and Iceland on basis of a comparative analysis of the *territorial and political organisation* of SSGI – derived from the five pillars of

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<sup>12</sup> A comparison between the Titmuss' and Esping-Andersen's typologies deserves a study of its own which would go beyond the aim of this paper.

social welfare: education, health and care, labour market, social housing and social transfer schemes. The various ways, how SSGI – still mainly within national competence – can be supplied, financed and organized are expression of the type of a welfare system. We want to show that there exist certain comparable and therefore also distinguishable types of approaches of how to organize SSGI within European states.

## A THEORETICAL FRAMEWORK

### *Consumption Goods Theory*

Among the services and goods that society needs and wants for making its living and covering its basic demands, there can be differentiated between *public* and *market based* services in a classic sense. Samuelson (1954) did an important contribution when he distinguished between *private consumption goods* and *collective consumption goods*. For the first group, Samuelson states a rival character. Private consumption goods can't be consumed unlimited by each individual but if one person consumes such a good, there will be less of it left for another person – e.g. 1 litre of milk. On the contrary, collective consumption goods are quantitatively not limited and don't get less if consumed by one person – e.g. knowledge/education. Out of this argumentation, a general distinction between market based and publicly supplied goods can be drawn. This theory was a starting point for a more detailed debate on the characterization of different modes of services and goods. For example, Marmolo (1999) or Kaul and Mendoza (2003) amongst others reflected and modified Samuelson's theory.

*'The conventional justification for public provision of goods is market failure'*, as Marmolo (1999: 28) summarizes a common viewpoint when it comes to public goods. She instead goes on by claiming collective *'choices determining the publicness of goods'* and that *'the preference for public provision is manifested as a constitutional choice and, as such, not subject to efficiency considerations'* (p.28). The ability of *choice* for society and politics to design a certain service or good as being market or public based is highlighted. *'The choice as to the 'publicness' of a goods is, in fact, one of the broader set of choices that define the role of the government in a democratic society namely the choice that specifies the domain of the productive state. This choice logically precedes market interaction, and, therefore, is not motivated by market failures.'* (p.31).

Similarly, Kaul and Mendoza start their argumentation from a traditional differentiation of goods being private (*rival* in consumption and *excludable* in benefit) or public (*non-rival* in consumption and *non-excludable* in benefit) to come to the point that *'private' can no longer*

*simply be equated with markets, and 'public' with states. Both contribute, among others, to the public and private domains. Moreover, the properties of goods can change from being public or private and from private to public.'* (Kaul and Mendoza 2003: 80). They therefore suggest a distinction between *'these goods' basic or original properties ... and those that society has assigned to them'* (p.80). The more important is therefore not the theoretical character of a service or good but what is socially constructed. Through legal frameworks, trade regulations etc. the public or private character of services and goods can be modified by society if so decided, mostly proceeded via politics.

This means, we can assume that the same types of services – like social services of general interest – are provided and organized in some kind different ways, representing the societal-political intentions and choices of a state.

### *Path Dependency*

The vision of economic evolution is very different in the theory of path-dependency compared to the one lined out by the neoclassical economic theory. In its simplest form, neo-classical economic theory assumes that only a single, stable outcome could possibly be reached, regardless of initial conditions or transitory events. With path dependency, the economic development is different. A standard which is first to a market can become entrenched (Stack and Gartland 2003). Also inferior standards can persist simply because of the legacy they have built up (David 1985).

Recent methodological work in comparative politics and sociology has adapted the concept of path dependency into analyses of political and social phenomena. Path dependency has primarily been used in analyses of the development and persistence of institutions, whether they are social, political, or cultural. One of the most well-known has its origin in the discipline of political science: the critical juncture framework. In the critical juncture, antecedent conditions allow contingent choices that set a specific trajectory of institutional development and consolidation that is difficult to reverse (Collier and Collier 1991). The critical juncture framework has primarily been used to explain the development and persistence of e.g. welfare systems (Page 2006).

The path dependency thoughts can also be traced in economic-history. Gerschenkron (1962) postulated that the more backward an economy was at the outset of development the more certain conditions were likely to occur during growth: consumption would be squeezed in favour of investment (i.e. savings) in countries starting from farther behind. The investments



needed for industrialisation were financed by privately accumulated means in England, through the banking system in Germany and through the state in Russia. Also consumption was financed privately in England, in a corporate way in Germany and through the state in Russia (Gerschenkron 1962). This has created a sort of path dependency regarding investment and consumption in these countries.

Olson (1982) follows the reasoning of Weber (1947) here, arguing that an organisation can retain its power and influence after its original purpose is long gone. Organisations for collective action take a long time to establish themselves, but the longer the period of time they manage to function the deeper they are able to penetrate society.

In this study, we can assume that once the institutions and mechanisms for SSGI are built up the costs for changes will be high. Besides this, we can expect vested interests to obstruct all form of change. SSGI being out of inter- or supra-national competences in Europe therefore are expected to show different, quite persistent structures of SSGI production and finance.

The following hypotheses can be derived from the introductory thoughts and theoretical reasoning above.

*Hypothesis 1:* In line with the *Consumer Goods Theory* we assume that – even having the same prerequisites – same kinds of social services of general interest are provided and organized in different ways in respective European states, representing the societal-political intentions and choices of a state.

*Hypothesis 2:* In line with the *Theory of Path Dependency* we assume that historically grown patterns of welfare – as described by scholars like Esping-Andersen – and governmental-administrative as well as spatial planning arrangements are visible in the current organization of SSGI in the European states.

## METHOD AND DATA

In this paper 26 EU member states are analysed together with two EES countries (Norway and Switzerland) and two EU accession states (Croatia and Iceland) on the basis of one standardized expert questionnaire per country. The data for Bulgaria is incomplete at this moment and therefore excluded. In total 30 countries are included into the analysis. The results presented in this paper basically represent the progress of analytical work of Humer, Rauhut and Marques da Costa (2012).

The aspiration for this typology is to create a quantifiable grouping of states which is replicable in a transparent way and offers the possibility for updating in the future. A multivariate hierarchical cluster analysis on the basis of ordinal scale data enables us to do so. This type of statistical analysis allows the grouping, i.e. clustering, of a list of units – in our case 30 European countries – by relative similarity/dissimilarity comparisons of their attributes. The resulting groups therefore show a maximum of homogeneity within and at the same time a maximum of heterogeneity between them (Backhaus et al. 2000: 328ff). The refined data matrices consist of three dimensions: countries (n=30), social services of general interest (n=9) and the attributes of each SSGI (n=4) per country.

The four attributes are the following. (1) Public responsibility ('R') declares a certain SSGI as being under the competence of national, regional or local level of government or without any state competence. (2) Production ('P') defines from which sources the supply of an SSGI is provided. Here, the range goes from public sector, via provisions by family, household or similar voluntary sources to private commercial sector. (3) Financing ('F') tells about the primary source of funding for an SSGI. Similar to the differentiations set out under attribute 'P', a distinction is made between public financing (through taxes), non-market based/familial financing to private market financing. (4) Territorial organization ('T') finally distinguishes between the ways, in how far policies of certain SSGI are territorial sensitive and in this respect rather territorial cohesive or not. Most SSGI can be organized by territorial policy means and spatial plans. This territorial organization can happen through explicit will and on purpose – e.g. by binding the locations of SSGI to spatial planning documents. Some regulations might indirectly create certain territorial patterns – wanted or unwanted and being aware of it or not – or might be just historically grown, which then expresses as an implicit territorial organization. Further on, SSGI can also lack a territorial organization due to planning practices and political opinion or some SSGI are simply missing spatial character and therefore it's obsolete to tackle them by spatial plans or programmes. Table 1 shows the codes for those four attributes.

In order to ease the variations of single expert opinions a bit and to upgrade the data niveau onto ordinal level, an aggregation of the original coding has been processed. Public Responsibility is set out as ordinal related to scale. Down from national, via regional and local level, an individual micro level of responsibility (family, household, firm) makes up the ordinal ranking. Production and Finance are both arranged along the ordinal row from the poles "public" to "private" with familial/voluntary and similar forms in between, being close

to public (i.e. non-profit) as well as close to private commercial (i.e. non-governmental). Territorial Organization is described in an ordinal scale by its attributes from explicit via implicit to none/obsolete.

Table 1: Aggregated Attributes of the organization of SSGI (ordinal scale)

Public responsibility ('R')	Production ('P')	Financing ('F')	Territorial organization ('T')
1 National	1 only public	1 only public	1 explicit
2 Regional	2 predominantly/mainly public	2 predominantly/mainly public	2 implicit
3 Local	3 predominantly familial/voluntary/other	3 predominantly familial/voluntary/other	3 none or obsolete
4 No	4 mainly/only private	4 mainly/only private	

For the comparative analyses, information on the following 23 services of general interest has been collected (see table 2). The different fields of services represent the five central pillars that are seen as constitutional for a welfare system: education, labour market, health and care services, social transfer and social housing.

Table 2: Researched SSGI

Field of SSGI	Sub-field of SSGI	SSGI
Education	Pre-Schooling	Pre-School
	Compulsory Schools	Primary school Secondary school
	Higher education/ non compulsory	High School/Gymnasium
	Tertiary education	Tertiary School/College University
Labour market	Labour market schemes	Vocational training Job service/ agency
Care services	Child care	Baby cot (<1year) Nursery (<3years) Kindergarten (<5years)
	Health care	Emergency/patient transport Ambulance/rescue centre Hospital Physiotherapy centre
	Elderly care	Retirement housing/ flats Elderly centres/homes
Transfer systems	Pensions Poverty Sickness Unemployment	Pension schemes Economic assistance (poor relief) Sickness schemes Unemployment schemes
Housing	Social Housing	Funding objects Funding subjects

For a fair representation of the five welfare pillars, nine (partly combined) services have been identified for the final analysis. The services on child care as well as on transfer schemes have been qualitatively merged from initially four separated variables (see table 3).

Table 3: Selected SSGI for the typology building

Field of SSGI	Sub-field of SSGI	SSGI
Education	Compulsory Schools	Primary school
	Higher education/ non compulsory	High School/Gymnasium
	Tertiary education	University
Labour market	Labour market schemes	Job service/ agency
Care services	Child care (combined variable)	Baby cot, nursery, kindergarten, pre-school
	Health care	Hospital
	Elderly care	Elderly centres/homes
Transfer systems	Transfer schemes (combined variable)	Pensions, poor relief, sickness, unemployment
Housing	Social Housing	Funding objects

As a starting point for the analyses on a national typology of organization of SSGI, a two-dimensional matrix was built, ascribing the values of the four attributes per SSGI to each of the countries. The empirical material is based upon a questionnaire to 30 national institutions/ experts. Table 4 shows the structure. Important to mention for the later interpretation of results is the fact that the coding of the four attributes of the various SSGI was conducted through the *opinions* of the national experts and – though principally based on – not necessarily directly derived from certain indicators or national statistics.

Table 4: Two-dimensional matrix of attributes of the organization of SSGI

Country	R1	P1	F1	T1	R2	P2	F2	T2	...	...	...	...	...	...	...
AT															
BE															
...															

The method of cluster analysis can be applied to all data levels; besides metric also to discrete (ordinal and nominal) data. Principally, the cluster analysis is based on similarity and dissimilarity of values. It therefore will merge the most similar cases – according to their attributes into groups. Once, 2 cases (i.e. countries) have being merged they will transform into one new case and will not be split again. In comparison to a factor analysis, the results of cluster analysis always show discrete and strictly divided groupings with no overlaps. Hierarchical cluster analysis offers the most suitable procedure among the different variations of this method. It step by step searches for the most appropriate clustering of two cases. Different similarity measurements can be applied, depending on purpose and data level. For

the dataset at hand, the complete linkage approach – aiming at rather equally sized clusters, based on the furthest neighbor method and applicable for discrete data levels – appears more appropriate than others like single linkage resp. nearest neighbor, average linkage, centroid or ward.

#### PRODUCTION AND FINANCE OF VARIOUS SSGI IN EUROPEAN STATES

The four attributes of SSGI organization (presented in table 1) can be subdivided into 2 groups. While the group of public responsibility R and territorial organization T rather describe the hierarchical, territorial policies, the group of production P and finance F express the welfare idea behind SSGI organization. The latter two attributes should be given a special interest in this paper.

Table 5: Production and finance of key SSGI

Key SSGI	purely public		mainly public		familial/voluntary/etc.		private commercial	
	P	F	P	F	P	F	P	F
Primary school	20%	27%	77%	73%	0%	0%	3%	0%
High School/ Gymnasium	7%	3%	90%	97%	0%	0%	3%	0%
University	33%	17%	57%	77%	0%	0%	10%	7%
Job service/ agency	33%	47%	53%	47%	0%	0%	13%	7%
Child care	0%	3%	60%	70%	17%	10%	23%	17%
Hospital	7%	17%	87%	80%	0%	0%	7%	3%
Elderly centres/ homes	7%	3%	47%	33%	3%	0%	43%	63%
Transfer schemes	40%	40%	53%	57%	0%	0%	7%	3%
Social housing (obj. fund.)	43%	40%	40%	37%	0%	0%	17%	23%
<i>average</i>	<i>21%</i>	<i>22%</i>	<i>63%</i>	<i>63%</i>	<i>2%</i>	<i>1%</i>	<i>14%</i>	<i>14%</i>

Table 5 summarizes the results of 30 European states concerning nine key SSGI of the welfare pillars. The picture is very clear. It shows that these key SSGI are mostly purely or at least mainly public produced and financed (ca. 85%). If not public, then in some European states private commercial actors on the market get involved. Within the two categories for *public*, *mainly public* gets three times higher percentage. This means that solely publicly run SSGI are not so common in European states but instead in majority of cases marked side has

at least minor part of the game; say publicly dominated PPP models. Familial or voluntary, i.e. informal, based production and finance is not visible in most of the nine key SSGI, as they are generally of highly formal and institutionalized character in European states. Child care services represent a big exception here, where – as for the other SSGI – funding comes from public sources but when it comes to production of the service, family and voluntary action is quite important though.

Otherwise, the key services of welfare pillars can be placed into two groups. Social transfer schemes, health care and education (to less extend tertiary education) are definitely dominated by public production and even more finance. In a second group, job services, care services and social housing are relatively more influenced by private commercial production and finance.

Across all welfare pillars, production and finance are equally distributed. While private finance exceeds production – i.e. the public side is rather producing the service but receivers or private agents have to pay – in the cases of elderly and social housing, it is the other way round in the cases of child care and job services – i.e. the public side provides funding but the production is outsourced to private side.

For getting a comprehensive picture of the SSGI organization on the basis of European states, the politico-territorial aspects of hierarchical responsibilities and territorial organization will be added to the analysis and integrated via above mentioned method of cluster analysis.

#### TYPOLGY OF ORGANIZATION OF SSGI IN EUROPEAN STATES

Applying the above described hierarchical cluster analysis for the 30 states according to nine key SSGI (see table 3) with four attributes each (see table 1) a typology consisting of three grand types with two to four subtypes appears as a reasonable result. Diagram 1 and map 1 show the distribution of European states to several clusters: cluster 1 (subtype 11: HR, LU, PT, SI; subtype 12: ES, IT; subtype 13: CY, MT; subtype 14: BE), cluster 2 (subtype 21: DK, LV, NO, RO, SE, SK; subtype 22: CZ, EE, FI, IS; subtype 23: AT, CH, DE, FR, LT, PL, UK) and cluster 3 (subtype 31: GR, HU, IE; subtype 32: NL).

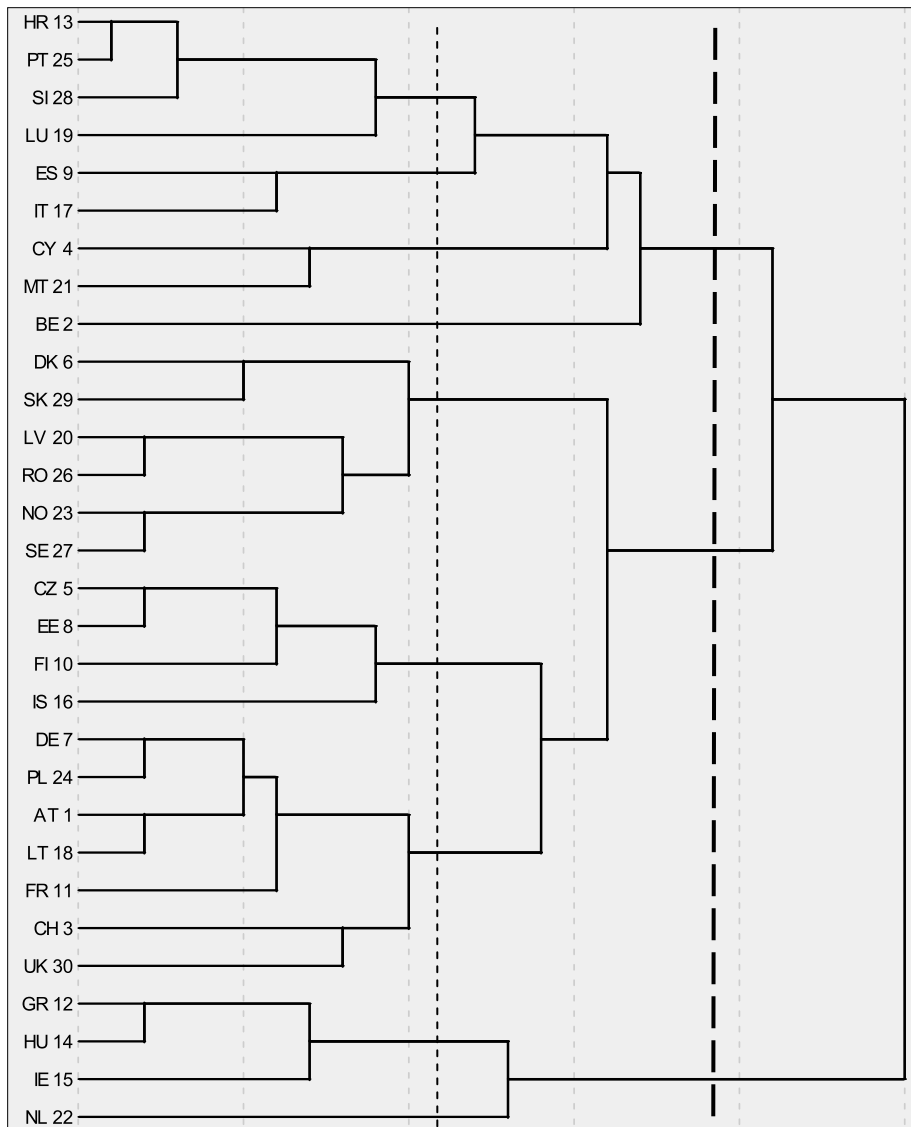
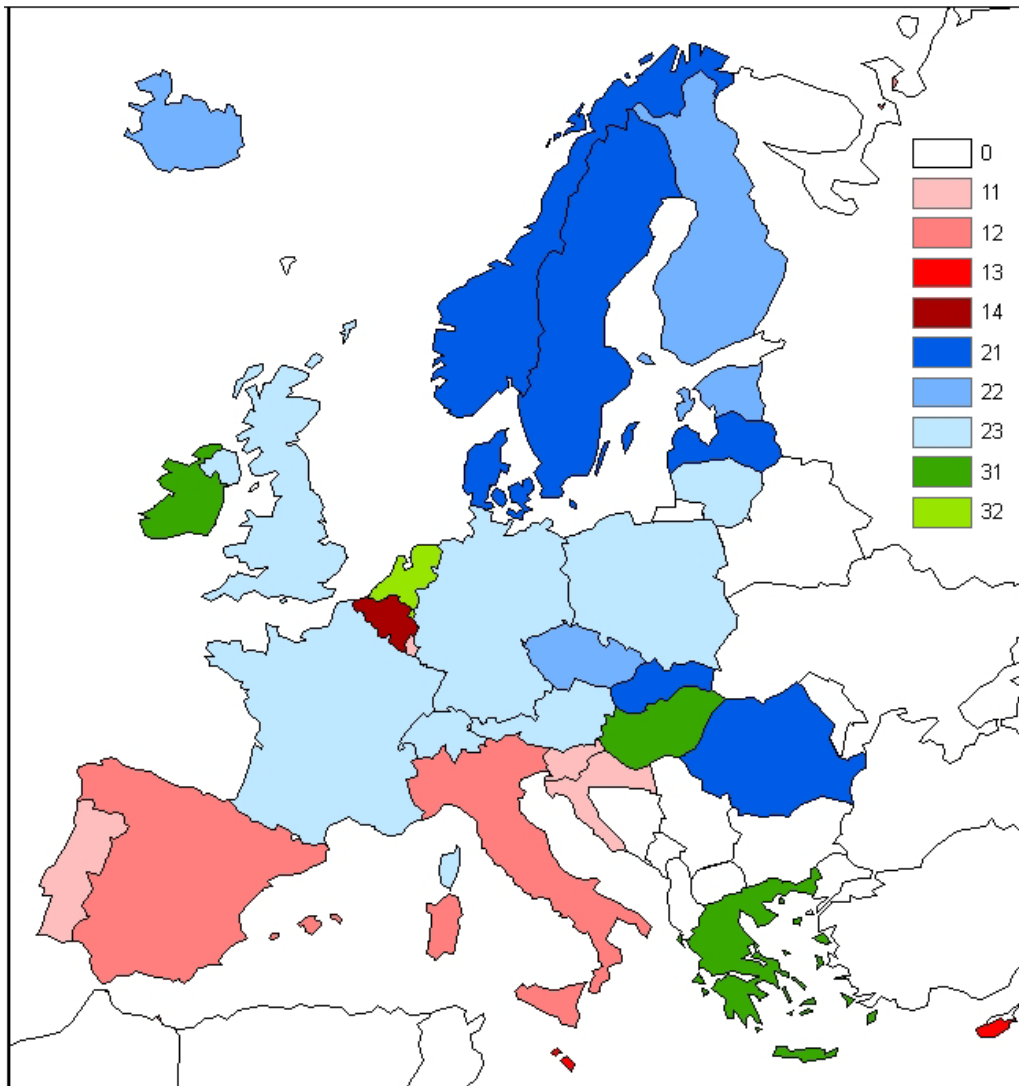


Diagram 1: Dendrogram resulting from the cluster analysis (incl. cuts for sub-types and types)

Cluster 1 (n=9) is consisting of basically Euro-Mediterranean countries plus Belgium and Luxemburg. Cluster 2 comprises more than half of the countries (n=17) and covers Central-east, Central-west and Northern Europe. Cluster 3 is geographically most heterogeneous with countries from Southern, Central and Western Europe.



Map 1: Types and sub-types of SSGI organization of European states (own illustration)

## DISCUSSION

In the following, a data interpretation on basis of the dimensions (1) SSGI and (2) attributes is needed to finally characterize the resulting types and subtypes.

*Education (primary school, upper secondary school, university):* While public responsibility on education is strongly on national level in cluster 3 and mainly also in clusters 11 and 13, sub-national responsibility for primary and secondary level prevails clusters 12 and 23 (regional) and cluster 21 (local). Territorial organization decreases with the level of education. Planning of these services is rather strong in states of clusters 21, 23 and 31. Across all clusters, production and finance is on the public side, only single cases like BE – where the church is an important player – disturb the homogeneous picture.



*Labour Market:* Responsibility is clearly in national hand in clusters 13, 22 and 3, rather regional in clusters 12, 14, and 23 and partly local in clusters 11 and 21. Especially clusters 1 and 3 are lacking territorial planning concerning labour market services. In cluster 23 this is most explicit. Production and finance is generally in public hand with the big exception of ES and IT (cluster 12) where private forces dominate.

*Care Services (child care, elderly care, health care):* While health care is a national matter in most of European states, clusters 21 and 22 have a stronger sub-national influence there. Child care and elderly care is predominantly on regional or even more local level in clusters 12, 14, 2 and 3, clusters 11 and 13 have it on national level. NL (cluster 32) doesn't have real public responsibility when it comes to child and elderly care. Territorial organization is rather strong in health care – esp. cluster 2 – and only implicit or even missing for child and elderly care services. Production and finance of care services sometimes depend mostly on familial voluntary basis (cluster 12) and sometimes on private market (clusters 23 and 32) but again is mostly in hands of the public side.

*Transfer Services:* Besides cluster 14 (BE), public responsibility is always on national level and by character of the service, territorial organization is obsolete. Social transfer schemes as a core objective of state welfare shows the fact that basically in all European states production and finance of this SSGI is mainly or purely public. For some countries like SK, the rising importance of private insurances on top of basic public funding can be highlighted.

*Social Housing:* Here, public responsibilities is in few cases on national level (esp. clusters 13, 22 and 3) but mostly on local level (esp. clusters 11 and 21), territorial organization is generally rather weak as in practice, social housing has to fit in itself into open market housing what makes explicit planning a difficult task.

*Production and Finance:* As already discussed alongside table 5, production and finance of SSGI is predominantly a public matter; in many cases with some private involvement though. Finance of elderly care in clusters 1, 23 and 3 is rather private based same goes for production of this SSGI in clusters 1 and 3. When it comes to child care, the single clusters 14 (BE) and 32 (NL) and also UK show private domination of production and finance. The third SSGI with countable private influence, social housing, has its production and finance in private/outsourced hand especially in countries of clusters 12, 23 and 32.

*Public Responsibility and Territorial Organization:* Generally speaking, national public responsibility is the case for cluster 1 and 3, while cluster 2 comprises the federal and local-dominated state-structures. Of course, the character of the SSGI is sometimes more important than the general administrative structure. E.g. the SSGI of child care or social housing, which are of low-centrality and “close” to the population are predominantly under local competence, despite the actual distribution of state competences. The other way round could be said for e.g. transfer schemes that are of central constitutional and therefore national state matter in nearly every European country. The importance of territorial organization also to some extent depends on the SSGI at hand but generally, a stronger planning approach can be stated for clusters 14, 21 and 23.

*Cluster 1:* In this cluster, the Euro-Mediterranean states are represented and additionally two rather exceptional cases of BE (special because of the influence of non-governmental actors like the church) and LU (special because of the small territorial expansion). High public involvement and rather weak territorial organization of SSGI are principal features. Subtype 12 (ES, IT) cluster very closely also due to their regionalized governmental approach and together with Subtype 14 (BE) breaks up a bit this otherwise national level based responsibility.

*Cluster 2:* The biggest main cluster within this analysis can be subdivided into three subtypes. Clusters 21 and 22 do have public responsibility primarily on local level while for cluster 23 the regional level is more important. When it comes to territorial organization, 21 and 23 are stronger than 22. In terms of production and finance finally, clusters 22 and 23 are more similar (showing more private involvement) compared to cluster 21. So, depending on the single attributes R, T, P and F, always two out of the three subtypes have similarities. All together, cluster 2 represents quite well the features of welfare of a *European social model* and planning approach.

*Cluster 3:* This cluster is very heterogeneous in geographic terms. NL, being a bit further away from the other three members of this cluster, still goes conform to GR, HU and IE in terms of national dominance of public responsibility and non-explicit territorial organization. Production and finance of SSGI is very similar to cluster 23 actually.

## CONCLUSIONS

Importantly to mention is that produced typology of states does not give a picture of the *quality* or the *financial capacity* of SSGI in the various states. The analysis has shown, that the European states can be reasonably classified into several, not totally separated groups regarding the basic approach towards politico-territorial and production-finance based *organization* of key SSGI that represent the welfare pillars of education, labour market, health and care services, social transfer and social housing.

In a concluding step, a theoretical explanation of the resulting clusters will be given.

*Hypothesis 1* can be partly accepted in territorial sense. While table 5 has shown that there is wide conformity about public involvement in production and finance of SSGI – what opposes the hypothesis on a general level –, the final typology pictures that the relative importance of private involvement is not accidentally but typical for certain countries (esp. from clusters 23 and 32). Obviously, societal choices upon the publicness of certain SSGI are answered differently in mentioned clusters in comparison to the other clusters.

*Hypothesis 2* appears to be confirmed on the first view. The “traditional” welfare and planning types of countries – as mentioned by Titmuss, Esping-Andersen, Newman and Thornley etc. – are reflected to big parts in the resulting SSGI clusters. The Euro-Mediterranean states form one type and in a sense of Napoleonic tradition and urbanism planning, also the integration of BE and LU to this cluster 1 can be explained. The huge cluster 2 comprises the Continental (like AT, CH, DE) and Nordic model (like DK, NO, SE) which are both part of the comprehensive integrated planning approach as well as the UK. What is most striking is the missing of a distinctive East-European cluster. Instead, certain New EU Member States cluster with the various subtypes of cluster 2. This leads to the interpretation that in process of transition, the East-European states took the Continental and esp. the unitarian structured Nordic systems as examples instead of inventing an own approach. So in this case, path dependency can be quite confirmed for the Western States but not really for the East European states – besides their preservation of unitarian state structures. Another limitation for path dependency argumentation is this tendency of convergence of and learning between main models of UK, Continental and Nordic which can be interpreted out of cluster 2 as well.

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