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A photograph of a young child sitting in a field of green Brussels sprouts, reading a book. The scene is set against a backdrop of a blue sky with white clouds and a bright sun. The image is framed by a large green semi-circle on the right side.

A third sector in welfare

**Green responses to privatisation
of welfare services across Europe**

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Project coordination:
Marina Barbalata and Beatrice White, Green European Foundation
Frida Johnsson, Cogito
Erzsébet Gergely, Ecopolis
Reyes Montiel, EQUO
Translation into Swedish: Anna-Karin Andersson

Production: Micheline Gutman
Cover picture: shutterstock

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The Green European Foundation – Brussels Office: 15 Rue d'Arlon – B-1050 Brussels – Belgium
Tel: +32 2 234 5 70 | Fax: +32 2 234 65 79 – E-mail: info@gef.eu – Web: www.gef.eu

Green European Foundation asbl: 1 Rue du Fort Elisabeth – L-1463 Luxembourg

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Foreword

Green policies on privatisation of public education and welfare services

In most European countries, the majority of education and welfare services have traditionally been owned and managed by the public sector – the state, regions or local authorities. In several countries there has also been a minor or major sector of non-public welfare, often managed by non-profit foundations and organisations, referred to as the third sector in welfare and sometimes with links to religious congregations. Since the beginning of the 1990s there has been a trend towards a different order, of allowing or promoting the expansion of a privately owned and managed, but often publicly financed, sector of educational and welfare services.

Some of the motives behind this trend have been decentralisation of huge public bureaucracies, reduction of costs and increased efficiency of welfare activities. It is obvious that strong economic players have had a vested interest in a growing private profit-seeking welfare sector. To what extent this is compatible with a Green vision of society and how the green parties in Europe have responded to this development has not been obvious.

This report provides an overview of the policies of several European Green parties regarding privatisation of public education and welfare services. The report also provides an overview of their positions regarding outsourcing of welfare activities funded by tax money to private operators, both profit making companies and non-profit foundations. Green parties in five countries – England, Germany, Hungary, Spain and Sweden – have presented an overview of the political situation in the country and described the positions and actions regarding deregulation and privatisation of the public welfare sector. Is there a connection between the policies on these issues and green

ideology in general? What kinds of policies and motions have been launched, discussed, proposed in different countries by green parties? We have also gathered views and opinions from nine green European parties on the issue, to see if a general European Green policy in this respect could be discerned.

The euro crisis has shown that the organisation and financing of welfare is of overwhelming importance for the development of European cooperation. Demographical changes, low efficiency, rigid bureaucracies, old traditions and strained public finances are creating new challenges. In many countries thousands of small decisions have resulted in a paradigm shift from public to private ownership in the welfare sector, without a democratically legitimised general policy. Public opinion has been taken by surprise and a counter-reaction has emerged in many countries. However, this counter-reaction has several different political colours, some being progressive and left-wing, some being populist and right-wing. We believe that there is a need for a common Green policy concerning the management of the education and welfare sector. Hopefully this report could be the starting point for a more mutual, pronounced and comprehensive Green European policy on education and welfare. With this report we hope to contribute to the Green European discussion on the role of public and private operators in a future Europe.

Marina Barbalata and Beatrice White,
Green European Foundation
Frida Johnsson, Cogito
Erzsébet Gergely, Ecopolis
Reyes Montiel, EQUO

UK: A strong influence

By Karl Palmås



Introduction

The United Kingdom is a key actor when considering welfare provision in the EU. Though it may be a reluctant member of the union, it nevertheless wields a heavy influence by virtue of the fact that UK policies tend to be emulated elsewhere in the world. This holds particularly true for privatisation policies. Indeed, the so-called “neoliberal” reforms that emerged in the 1980s tended to emanate from Anglo-American world, with Thatcher and Reagan widely recognised as the key proponents of such policies. These included deregulation, as well as privatisation of welfare services. They also included Public-Private Partnerships (PPPs), in which the private sector was invited to partner with the public sector, for instance through providing finance for the building of infrastructure.

Another set of policies, emerging alongside the above-mentioned ones, sought to introduce management methods that emulated the private sector. Such New Public Management (NPM) included various forms of performance measurement, but also attempts to introduce the market mechanism inside the public sector. One example of such “quasi-markets” is the internal market created within the National Health Service (NHS) in 1990. This meant that the purchase and provision of healthcare in the UK was split up, so that government-funded general practitioners purchased healthcare from NHS organisations that compete against one another in delivering health services.

Any introduction to the present state of welfare provision in the UK must also cover the notion of “Third Way” politics. In 1997, the New Labour government was swept into Whitehall after a landslide win, ending an eighteen-year Conservative rule. As the Blair government assumed power, it was clear that it would not simply return to “old” Labour politics, in which the state was paramount in delivering welfare services. Blair writes in 1998: “It is clear that while the state has a crucial role to play in the provision of financial welfare, employers, private sector, private-sector financial institutions, trade unions, mutual organisations and friendly societies are all important partners” (Blair, 1998: 15). In other words, the New Labour government allowed the private sector to remain a part of UK welfare provision. Thus, the PPP programme remained in place, and so did NPM policies.

However, as hinted by the quote above, the New Labour government did place a stronger focus on how the voluntary sector might contribute to what has since been referred to as “the welfare mix”. Thus, the early ‘00s saw a fair bit of experimentation with newly designed not-for-profit organisations and social enterprises. New Labour thus introduced a new legal form – the Community Interest Company (CIC) – for social entrepreneurs wishing to establish themselves within welfare provision, and allowed to some NHS hospitals to become foundations that enjoy a greater autonomy in relation to the Department of Health.

Today, discussions on the legacy of the New Labour government tend to focus on the neoliberal outcomes of Third Way welfare reform. For instance, ex-Labour MP and political scientist David Marquand states: “New Labour was committed to market solutions with all the zeal of a convert” (Marquand, 2004: 24). Having said that, one may equally state that even though one can see a continuity between Thatcherism and Blairism, there is also a continuity between New Labour and today’s Conservative-Liberal Democrat coalition. As we shall see in the next section, the role of mutuals and the civil sector remains on the agenda of the UK government.

In what follows, this text will study two policy fields – health and education – in closer detail, outlining recent issues and green approaches to them. Since the policy in these areas has been subject to devolution, the text will focus specifically on England.

Healthcare

The UK National Health Service boasts a proud history, often cited as one of the world’s first systems of universal health care. The ideal of being free at the point of use remains a key principle of the NHS, though some – including the Green Party of England and Wales – would argue that this is under threat. In any case, the organisational forms that are to deliver this promise have changed over time. Aneurin Bevan, the Minister of Health that introduced the institution, has allegedly stated that “the sound of a bedpan falling in Tredegar Hospital would resound in the Palace of Westminster”. This statement reflects the fact that the early NHS was an institution that rested squarely within the public sector. It also suggests that this institution was tightly controlled on the national level of governance. The welfare reforms

mentioned above, led by both Conservative and Labour governments, have caused the NHS to become less tied to the public sector.

For instance, the introduction of PFI has meant that NHS hospitals may now be financed and built by the private sector. In other words, the private sector is now involved in the money that flows through the health system. One further example of such integration is the development of Foundation Hospitals, a policy introduced by the New Labour government. The policy involves letting traditional NHS Trusts (hospital organisations) become more independent from the Department of Health by becoming semi-autonomous foundations. There are at least two objectives of granting hospitals such independence. First, there is the idea that the decentralisation of power – from the Department of Health, to doctors and nurses – might facilitate accountability, innovation, cost savings, and better working conditions. Secondly, since Foundation Hospitals are allowed to retain operational surpluses and borrow money from the private sector, the policy might increase access to funding, as well as instil a cost-awareness in the organisation. Incidentally, these twin aims are not dissimilar from the original aims of Thatcher's privatisation programme.

The Green Party of England and Wales opposes Foundation Hospitals with respect to both of these objectives. First, as outlined in the health chapter of the Policies for a Sustainable Society, Foundation Hospitals are said to increase local control, but “could actually result in reduced democratic accountability given that they will be unanswerable to parliament or local authorities”. Secondly, the Foundation Hospitals policy is “in fundamental opposition to the Green Party policy of the public health service remaining fully funded by public taxation”. This, it is argued,

“...is likely to result in charging for ancillary services (disadvantaging the worse off), the reduction of medical education and training, the non-treatment of specialist or rare illnesses and early discharges. Foundation Hospitals risk undermining the principles of the NHS, creating a two- or multi-tier system of uneven provision. This also threatens de facto privatisation because the amount of commercial borrowing and diversification away from key NHS functions will be governed only by the interpretations of the regulator and not by clear rules.”

The Green Party would thus abolish the policy, and reintegrate existing Foundation Hospitals into the NHS system. This also reflects the wider ambition to curb the “creeping privatisation” of the NHS. There is, however, one part of the NHS system that is predominantly private – the provision of primary care, through General Practitioners (GPs). This part of the NHS is constituted by small-scale private businesses working under exclusive contract to the NHS. The Green Party deems such businesses insufficiently accountable to local people and government, and instead proposes patient-owned co-operatives. Such co-ops would mean that patients and local communities will obtain a stronger voice and ownership of the primary care provision.

The green proposal for co-op-led primary care should be seen in the context of a general orientation towards mutualism in welfare provision (see discussion in the introduction.) The most recent expression of this is the Conservative-Liberal Democrat government's ambition to facilitate the “spinning out” of NHS units into staff-owned, not-for-dividend social enterprises (these enterprises tend to be incorporated as Community Interest Companies, mentioned above). Under the “The Right to Request” programme, which started in 2009, forty primary care trusts, involving approximately 20,000 NHS staff were spun out. Subsequently, the “Right to Provide” programme has turned to NHS Foundation Trusts and social care organisations, enabling them to become mutual spin-outs. The Cabinet Office has set a target of one million civil servants working in staff-owned mutual spin-outs by 2015.

Education

The two major reforms that have reshaped the English school system during the past decade are “Academies” and “Free Schools”. Both policies imply a shift towards schools that are more detached from local authority control. The former policy means that local authority-governed community schools can be transformed into Academy schools, which are independent inasmuch as they don't have to follow the national curriculum and can set their own term times. However, they do follow the same rules on admissions, special educational needs and exclusions. The running costs are covered by the central government, though some of the start-up costs may be provided by private actors. The Free Schools policy

involves the founding of new schools, which are governed along similar lines as Academies.

The previous section suggests that, in the case of healthcare, there is a continuity in Conservative and Labour policies. The same can be said for the development of education policy. Though the current Coalition government introduced Free Schools, and merely inherited the Academies policy from New Labour, it has acted as a strong proponent of Academies. Thus, in mid-2014 nearly 60 per cent of secondary schools are Academies, whereas only a handful of select schools had that status in August 2010. Consequently, local authorities are now considerably less influential in the running of English schools, and while these schools have become more autonomous the Department for Education has become more powerful than ever (McDermott, 2014).

The Green Party of England and Wales are opposed to these policies. The party argues that the addition of these schools have caused the schooling system to become more fragmented. Moreover, due to the diminished role of local authorities, they suffer from a lack of democratic accountability. For instance, in Academies, the Trust or Sponsor is granted inordinate power in the appointment of senior staff and board members. Similarly, the Free Schools programme hands even more power to the Free School providers, granting them the opportunity to employ unqualified teachers or principals with no formal teaching experience or qualifications. Therefore, the Green Party is opposed to creating more Academies and Free Schools, and instead seeks to integrate Academies and Free Schools into the Local Authority school system.

Beyond the issues related to democratic control, the Green Party is also concerned with the financial aspects of Free Schools. Originally, Academies and Free Schools were prohibited from being run as for-profit enterprises. However, during the past year, the Coalition government has allowed some Free Schools to be run as for-profit cooperatives owned by parents, so as to give parents incentives to set up new schools. This policy

suffered an initial setback, when, in early March 2014, the first free school run by a for-profit provider Internationella Engelska Skolan Breckland in Brandon, Suffolk, was placed into special measures by Ofsted (the official body for inspecting schools) because of concerns about poor standards of education. (Vaughan, 2014) Thus, as the Green Party points out in the education chapter of the Policies for a Sustainable Society: “The Free Schools programme takes a disproportionate amount of funding from the main education budget”, and has been embroiled in “controversies in terms of financial mismanagement, staff qualifications, equality of access and safeguarding with some expensive new schools opening with very few pupils”. This, then, is another reason for integrating Free Schools into the Local Authority education system.

Conclusion

This chapter has discussed the healthcare and education systems in the UK, focussing specifically on England. While the UK has been instrumental in spreading the trademark privatisation policies, along with concepts such as New Public Management and Public-Private Partnerships, the tendency dominates the contemporary discussion is the shift towards organisations that are more independent from local authorities. For the Green Party of England and Wales, this represents a threat to the democratic accountability within welfare provision. The party is also sceptical towards the “creeping privatisation” that emerges when publicly funded systems such as the NHS engages in partnerships with the private, for-profit sector. However, it should be noted that such partnerships tend to involve the private sector indirectly, for instance through financing. When it comes to the organisations that deliver services, public or not-for-profit organisations tend to dominate the English welfare systems.

Karl Palmås is a board member of the Swedish green think tank Cogito and Associate Professor in Innovation and Social Change at Chalmers University of Technology.

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Spain: Privatisation in a weak welfare state

By Reyes Montiel Mesa



The mixed model of the Spanish Welfare State

Spain, like Italy, Greece and Portugal, joined the list of countries with welfare states late as result of dictatorships. Social rights such as education, health, pensions, housing, and so on were not recognised until the **Constitution of 1978**, that is, with the advent of democracy. Even the recognition of these rights resulted in the fundamental way of legitimising the political changes that took place in the Spanish transition from dictatorship to democracy, causing the majority of the population to identify social progress with democratic advancement, and *vice versa*.

In contrast to other continental and northern EU members, but much like other southern European countries, the welfare state in Spain is close to the so-called “Mediterranean Model”, characterised by less developed social policies, undeveloped institutions and lower levels of social spending. During the first years of democracy, efforts were made to extend the education and health system so that since 1982 the Spanish model has combined directly managed public resources with private companies for profit and non-profit associations to give a short-term response to the recognition of social rights¹.

The model has remained intact over the years. There have been different legislative reforms and various governments, conservative or socialist, as well as an important process of decentralisation in which the regional and local government are responsible for social issues such education, healthcare or social services. Regardless of the political orientation of the governments or the administration level the system is the same: publicly-funded services and public and private provision.

This non-state management (both for-profit and non-profit) of services is very important in Spain. According to data provided for OECD, Spain is the second country in Europe, after Belgium, with more students in publicly funded private schools (31.7%). The system is decentralised to regional governments but there’s no difference in the role of the private initiative. Regardless of the political

colour of the regional governments, the system combines public services, publicly funded private services and private services.

■ 24.3% of pupils in Primary Level are enrolled in publicly-funded private schools and 10,5% in private schools.

■ 30.6% of pupils in Secondary Level are enrolled in publicly-funded private schools and 3.4% in private centres.

■ 9.4% of pupils in High Secondary Level schooling are enrolled in publicly-funded private schools and 14.3% in private centres.

In 2009, according to the Ministry of Education, Culture and Sports, transfers of the administration for educational matters to private centres, in the form of agreements² and grants, amounted to a total of €5.981m (CC.OO, 2012)³. In 2011 this was 11% of education spending. The formula of the educational agreements or contracts has been justified by all the educational laws either by special needs or by educational pilot Projects in cooperatives. But, finally, the “*freedom of education*”, proclaimed in the article 27 of the Spanish Constitution, has been used as a way to finance Catholic education. The Catholic Church manages about the 80% of the private and concerted schools in Spain. According to **Europa Laica**, in 2011, the Spanish State paid not less than €3.900m to the Catholic Church for these agreements. These schools received fees from families, considered as voluntary fees in theory but not in practice.

The healthcare system is a tax-financed system and it is decentralised to regional governments too. As with education, private initiatives have been in place since the 1980s. For hospitals, 43% are publicly-owned and run, 29.5% are completely private and 27.5% are private but publicly financed and accessible for all. The General Health Act (1986) joins private-general hospitals with singular agreements for the provision of externally-financed health services, prioritising centres and non-profit services⁴, but over time governments, above all conservative ones, have looked for other indirect management formulas to facilitate the

1 **Social Cohesion and the State in Times of Austerity. Country Case Study: Spain.**

Alberto del Pozo and José Moisés Martín Carretero. Friedrich Ebert Stiftung. December 2013.

2 Publicly financed places in private centres through an educative contract.

3 **Financiación de la Iglesia Católica y Gasto Público** – Fundación 1º Mayo – Abril 2012.

4 The Act imposes that the private general hospitals, at their request, area linked with the National Healthcare System according to a *priori* protocol with the following conditions: comparable characteristics, specific care needs and public budgetary availability.

involvement of private companies, especially for-profit companies. These formulas are:

- Special Social Security Schemes for Civil Servants (**MUFACE**), personnel and justice officials (**MUGEJU**) and military personnel (**ISFAS**). They receive private care publicly funded through contracts and agreements.

- Agreements with private hospitals to provide healthcare in certain geographic areas with their own. According to the National Commission Competence⁵, 49% of Spanish private hospitals have patients who are using the public network. 37.7% are non profit organisations like Catholic Church that manage 8.7% of the publicly-funded private sector (39 hospitals), while the Red Cross has seven hospitals under this formula (3.8%) and healthcare foundations have 34 (7.55%),

- With regards to healthcare, the regional governments have basically retained the system of direct management in its various forms, though some of them have “innovated” through indirect managements. The **Alzira Model** is the first example in Valencia. The Alzira Model is a public-private partnership applied to the management of public hospitals through a concessional model. This formula has four principles: public financing, public property, public control and private management. Professionals, users, unions and political parties, except the conservatives in government, had been opposed to this model.

- The concessional model for construction and facilities. Administration “rents” the building for 75 years and makes a rental payment every year. The healthcare management is still run by a public company. The Regional Government of Madrid decided to operate **the construction and operation of eight new hospitals under this model**.

- There is another formula, only implemented in Catalonia, which involves the self-management of healthcare services, called Associative Entities Base (EBA). The EBA professionals are integrated into the public health system to provide primary care services to the population. Each of the EBA units is supposed to take care about the primary care population by partici-

pants in the health district. Currently, there are ten Associative Entities Base that operate in 12 health districts with 350,000 people attending and a cooperative of paediatricians in an area of the Catalanian Pyrenees⁶. ICV is not in favour of generalisation of the EBA system although they support the professional autonomy management. For ICV, the EBA system, even if being a cooperative formula, sets profits objectives in the healthcare management. Instead, ICV believes that the autonomy management encourages the engagement of the professionals without the risks of the EBA systems. Indeed, the system hasn't been generalised.

The same situation occurs in social services. Even in the section of Homes for the Elderly the publicly-financed places in private homes (61.4%) exceed the number of public places (26.1%). 45.4% of the places in Day Centres for people with disabilities are public, 27.6% are private and 26.9% are publicly-funded places in private facilities.

There's no information about the position of non-profit and profit companies in this sector, but the Catholic Church and its entities and others like Red Cross are considered by public authorities as partners, receiving subsidies and fiscal exemptions⁷. There is also a relevant for-profit sector, often related with the provision of certain facilities, such as nursing homes.

All levels of government are responsible for social services and they share the same model: externalisation, where the resources are public but the management is private; agreement, i.e. public places in private centres; and co-payment, depending on the financial circumstances of the user. The percentage of this co-payment can vary from 80% to 60% in nursing homes, for example.

The Greens' position in the Spanish State

Except in Catalonia (with ICV), Greens in EQUO have a short political story, and have therefore they only been present in debates about privatisation in the last three years. Even before EQUO, Greens in Spain only dealt with environmental issues and it wasn't a priority for them. ICV has always been opposed to the privatisation of public

5 *Aplicación de la Guía de Contratación y Competencia a los Procesos de Licitación para la Provisión de la Sanidad Pública en España*. Comisión Nacional de la Competencia, 2013.

6 *The Self-Management model in the provision of public healthcare services*. Mónica Reig and Roger Sunyer. Monograph Public-Private partnerships in the Health sector. Participa Program, ESADE

7 *Una perspectiva de los servicios sociales en España*. María del Carmen Alemán Branchó.

education and welfare services and they have participated in all the mobilisations against it. EQUO, in its short life-time, has held the same position.

Before the economic crisis, the arguments against the privatisation of public service were more “ideological.” For the Spanish Greens, public services are the most effective way to guarantee the equal opportunities for all.

As for the involvement of non-profit initiatives, Spanish Greens broadly support the cooperatives of professionals, especially teachers, associations and NGOs, but don’t have a strong position on it.

Another “non-profit” organisation is the Catholic Church and both, ICV and EQUO, are strongly against its participation in the management of public services in any sector because, first of all, it plays an ideological role in public and private education. The religion class is an option both in public and private education and is publicly financed. The Catholic Church manages 80% of the publicly-financed private schools and is the owner of 58 hospitals. This means that they have about 11,226 places (a 25% share) and they receive €700m for this assistance.

That’s why the Spanish Greens consider the Catholic Church as a “for-profit organisation” with inappropriate values for the management of public services in issues as gender, freedom, dignified death, equality, etc.

After the eruption of the crisis, the debates about privatisation changed: the problem is not efficiency or the short-term response, but the sustainability of social services. One of the main characteristics of the Spanish welfare model is the low percentage in social spending compared with EU, even in moments of great expansion of social services. According to Eurostat⁸, while the average social spending rate in the EU is around 27% of GDP (excluding education), social spending in Spain has been approximately 23% (as of 2011). After 2008, the debate about the Spanish social model has not focused around modernisation or on how to get higher capacity to tackle the social consequences of the current crisis. The key question has been the application of budget-

ary constraints caused by fiscal consolidation and the Stability Pact.

Spanish Green Parties (EQUO and ICV) have opposed these austerity policies, contesting the argument of the unsustainability of public management and denouncing, in some cases, corruption and confusion of public and private interests of political representatives. The process of privatisation in all public areas is intensifying and Equo and ICV are strongly against it.

Education – The Green Tide

In education, Regional Governments are cutting the budgets of public education and intensifying **the presence of the private sector through private investment funds such as Dinamia or Cognita**, and there is the possibility of selling-off of public land to build private schools, as the new General Education Law allows, particularly in **Madrid** and **Valencia**.

The section 0-3 Childhood Education is not mandatory and depends of municipalities and private sector largely. In the private sector, the social cooperative sector has had a strong presence, although at the moment there is some change. In particular, some municipalities are beginning to tender these nursery schools to private companies for profit, removing the cooperative sector from control. In these terms, **the City of Madrid is a clear showing example**, and the case is now in court following action by the cooperatives. The aim of this recourse is to discuss if simply having a cheaper offer is the best argument for outsourcing, instead of educational impact.

Protests against cuts in public education sectors were the first steps of a series of movements called “tides”⁹. In education, the name of the tide is the **Green Tide** because of the colour of the shirts that activists use in public. EQUO and ICV have been an active part of this movement by participating in various demonstrations, including **Ska Keller participating in Madrid on March 27, 2014**.

Healthcare – The White Tide

The largest process of healthcare privatisation has in the Region of Madrid, with attempts to tender

8 **General Government Expenditure in 2011 – Focus on the functions “social Protections” and “health”.** Eurostat Statistics in focus 9/2013.

9 *“That’s why we chose the word tide, We wanted to tell new social debates that challenge the leadership of the traditional left and appeal to the people on the right. We chose the word “tide” because there are nets, ebbs and flows in the water”. Las diez mareas del Cambio. Claves para comprender los nuevos discursos sociales.* Juan Luis Sánchez. Eldiario.es Libros[Roca Editorial. 2013.

six public hospitals out following adjustments in regional budgets. The process also had its tide, called **White Tide**, with a two-fold strategy:

- Social mobilisation, **demonstrations** and campaigns like “**Embrace your hospital**”. The most important action was to hold a **popular consultation** with a share of about a million people.

- The legal action, with the aim of creating legal uncertainty within the process or companies got scared and quitted the competitions.

The strategy was successful and the **Government in the Region of Madrid was forced to stop the process and give up privatisation**. EQUO Madrid also actively participated in the campaign and even had a prominent role in the public denunciation of the collusion of private interests of both companies and policy-makers. The campaign, **#AuditoríaSanitaria**, was launched at the Council of the European Green Party in Madrid in May 2012.

Social Services – The Orange Tide

Although there is little information on it, the presence of the private sector and non-profit initiatives is very important in the provision of welfare services in Spain. In recent years, the key question has been the cuts in the public expenditure, leading to another tide, the **Orange Tide**, but it has not as much impact as the Green or White Tides.

With respect to the indirect management of services by non-profit organisations there is no clearly defined position within Green parties in Spain. Generally, direct management is the position although cooperatives and civic initiatives are well received, even in other fields such as energy, food sovereignty or the use of public spaces.

Conclusions

1. Spain, like Greece and Portugal, only recently attained a welfare system, following the transition from Franco's dictatorship to democracy. Even the recognition of social rights meant the fundamental way to legitimising political changed, meaning the majority of the population identified democracy with social progress.

2. The system of social services, education and health care in Spain is a mixed structure: a model that combines direct public management, as well as both profit and non-profit associations. Regardless of level of government (national, regional or local) or political colour, the mixed delivery system has not changed.

3. Private management (for-profit and non-profit) is very important in Spain. Externalisation (private management of public centres) and agreements (publicly-financed places in private centres) are the main models for welfare services.

4. The profit sector has most benefited, although the Catholic Church also has a relevant role in the area of indirect non-profit management. Long-standing non-profit organisations have worked too such as foundations and NGOs like Caritas or Red Cross. These organisations are seen as partners of the governments, receiving help in form of subsidies and tax exemptions.

5. A key characteristic of the Spanish welfare system is the low percentage of social spending, further aggravated by the austerity policies. Therefore the social debate now is not around modernisation or efficiency but the implementation of fiscal consolidation and the Stability Pact.

6. During the last few years and especially since the outbreak of the crisis in 2008, there has been a sharp intensification of the privatisation progress by cutting social budgets, increasing indirect management of services and shifting traditionally cooperative sectors to the profit economic initiative.

7. Even before the economic crisis, the position of the Greens in the Spanish State has always been in opposition to the privatisation process, but there is still no well defined position with respect to indirect management by private non-profit organisations. However, following the eruption of the crisis, Greens are now opposed to all the privatisation processes caused by the application of austerity policies.

Questions for discussion

- Do the Greens think that the State or the market can solve our problems on their own?
- Are there only two options (public or private) for the public services management?
- Is the profit motive compatible with the public interest?
- Do we share the same definition of non-profit activity? Is it desirable?

Reyes Montiel Mesa is a journalist, projects adviser, patron of Fundación EQUO Foundation and former spokesperson of EQUO.

Sweden: A public sector in retreat
By Frida Johnsson



Introduction

Over the last twenty years, Sweden has undergone a radical shift in the organisation and implementation of welfare. Having initially, been one of the few countries in the West with a welfare system that was almost entirely publicly-managed and financed, competition and choice have now been introduced in a variety of areas and a great number of private providers have entered the welfare sector. For example, the school system in Sweden is now one of the most unregulated and privatised in the world.

The Swedish welfare model of today has three distinguishing characteristics. Firstly, services are mostly publicly funded and accessible to all citizens. Secondly, they are increasingly produced in competition between public, private profit driven and non-profit providers. Thirdly, the possibility of citizens to choose their providers has gained increasing importance.

Compared to other OECD countries, Sweden is among the top when it comes to spending on tax-funded welfare services aimed at individuals as a proportion of GDP, the current rate being about 20 percent. One seventh of these services are provided by the private sector. The proportion is highest in the area of personal assistance, where private providers account for more than half of the production. For most other welfare services the private sector share is between 10 and 20 percent. However, the variation is considerable between different municipalities and county councils. In Stockholm, for example, there are more residents in privately managed nursing homes than in publicly managed ones, while more than half of the country's municipalities lack private alternatives altogether. Following the same pattern, almost half of the primary school pupils in the high income municipality of Täby are enrolled in private schools, while there are more than 100 municipalities (out of 290) that have no private schools at all.

The privatisation of welfare services began in Sweden during the 1980s, with experiments in outsourcing in some municipalities and counties. With the new Local Government Act (Kommunallagen) of 1991, the possibility for municipalities to outsource welfare provision was made explicit. The Public Procurement Act (Lagen om offentlig upphandling – LOU) was implemented a few years later in 1994, which allowed local

municipalities and counties to outsource welfare activities to other providers through competitive bidding. The privatisation of welfare continued to increase rapidly during the late 2000s as the Law of Freedom of Choice (Lagen om valfrihet – LOV) was introduced in 2009 by the conservative government. LOV, in short, entails freedom of establishment for any provider that lives up to the standards set by the municipality or county. The providers have the freedom to design their operations within the regulatory framework, and receive public payment, often based on the number “clients” they attract. LOV is applicable to health-care, care of the elderly and disabled, and for some labor market interventions.

The privatisation of welfare has pertained to both non-profit actors, such as foundations and cooperatives, as well as profit-driven providers such as economic associations or shareholder companies. Initially, non-profit actors held the majority of the private production share of the welfare sector. However, during the last ten years, profit-driven companies and companies owned by private equity firms have come to dominate the private market when it comes to education, elderly care and healthcare.

Privatisation has also proceeded in different ways in different parts of the welfare sector. In the early 1990s, the conservative government, with the support of the Green Party, introduced the possibility for parents to choose another elementary school than the closest one, for their children. This was followed by a legislative change in the school system two years later in 1992, which was called “Friskolereformen” (The private school reform). This reform opened up the market for privately owned and managed schools with public funding through a voucher system, in accordance with the principles set out by the neoliberal thinker, Milton Friedman. The reasons presented for privatisation were primarily freedom of choice – the right to choose one's school – but also the prospect that increased competition between schools would lead to higher quality and more efficient use of resources.

When the Social Democrats ousted the conservative government and returned to power in 1994, they chose to retain the school reform bill and developed it further by giving privately owned schools the same fee and conditions as public schools, but at the same time they forbade schools from charging student fees and denying

admittance to students. Nowadays, all schools in Sweden are publicly funded and the school market is open to both non-profit operators and private companies as long as they live up to the requirements of the Education Act.

In Sweden the management of healthcare is decentralised to counties/regions, of which there are 20 in total. Privatisation of healthcare began early, and already in the '80s there were examples of counties that outsourced certain healthcare operations to the private sector. This became more common after the Public Procurement Act (LOU) was implemented, and an increasing number of counties chose to outsource healthcare to private providers. However, it was first during the 2000s and the introduction of the Law of Freedom of Choice (Lagen om valfrihet – LOV) that privatisation on a larger scale began. Just as with the school system, when LOV is applied, private providers are free to start their own businesses, through for example primary care centers. They then receive payment from the county, as long as they conform to the rules set up by the administration. The reimbursement is usually based on the number of citizens who use the services of the provider, though different kinds of payment models are used. In 2010 the conservative government decided to make LOV mandatory in primary care in all counties, which has further accelerated the privatisation.

Outsourcing through LOU and LOV also applies to care of the elderly and disabled, which is managed by the 290 municipalities. That means that elderly care and care of disabled persons can also be outsourced, although it has up until now been up to each separate municipality to decide whether to implement these laws. There are huge variations between municipalities. More than half of them have chosen not to adopt LOV when it comes to care of the elderly and disabled, while some have completely privatised these areas.

How the Green Party has acted

The Green Party's position on these issues has not been entirely clear. During the 1990s the party advocated the right for the individual to freely choose the provider of welfare services, the importance of diversity among providers and a more decentralised and less bureaucratic welfare system was prioritised. By contrast, during the 2000s there has been growing dissatisfaction within the party toward privatisation and its al-

leged consequences, such as increasing segregation, loss of equality and opportunities for businesses to receive profits for welfare activities. Ever since the party was founded there has been an omnipresent criticism of big business and capitalistic systems where profit is put before environmental and social considerations. A quote from the party program of 1994 reads as follows (translated): "We believe it is important that a business economic approach is not implemented wholesale for all public activities. It is unreasonable to think that health care, child and elder care and education will benefit from a simplified model of competition and profit."

The school system

As mentioned earlier, the privatisation of the school system was initiated with the Private School Reform act in 1991. The model introduced by the conservative government entailed reduced establishment requirements for schools, the possibility for pupils and parents to choose between different schools and equal municipal grants for schools in the form of vouchers that followed each student. The Green Party was not represented in parliament when the reform was passed, but the party had in the previous term of office collaborated with the conservative government to implement these measures.

Before the school reform there were a handful of independent schools that were eligible for government grants. These schools had special educational, ethnic or religious orientations. These were mainly Waldorf, confessional, international and Montessori schools. The school reform opened up the market for more providers to manage schools. At first it was mainly smaller, non-profit foundations or cooperatives that entered the market, but at the beginning of the 2000s a number of major education corporations such as Academedia, Jensen and John Bauer had joined in. These corporations are now amongst the dominant providers in the school sector. John Bauer however recently filed for bankruptcy. Today, 26 percent of high school students and 14 percent of primary school students are enrolled in a private school, and over two thirds of these schools are owned by shareholder companies.

The reason for the Green Party to support this kind of school reform was a dissatisfaction with the lack of other educational ideas and alternatives in school, which in part was explained by

the party's close connection to the Waldorf movement. At the beginning of the 1990s Sweden was marked by having been governed by the Social Democrats for a long period of time, and many felt that the school system was too centralised and uniform. Criticism was aired about the lack of freedom and diversity, and decentralisation was demanded. The Green Party initially advocated that individual schools run by the municipalities should open up for other educational methods and be given increased autonomy. When receiving no support from the social democratic government for this idea, the party instead began negotiating with the conservative parties to create a completely free market for schools. The language in the Private School Reform highlights diversity of providers, other educational ideas and decentralisation as strong motives for reform.

The positive view of diversity of both the providers and pedagogical approaches in the school system has been an important part of Green Party policy and was highlighted in the earliest political programs. A quote from the party program of 1994 reads as follows (translated): "The Green Party wants to see a trend towards more schools with different educational ideas and subject directions. This will increase the possibility of freedom, choice, creativity and local solutions."

However, during the 2000s a debate emerged within the Green Party as to whether the party should change its stance towards private schools. Some reasons for this were the increasing testimonies of a lack of quality in some private schools, the increasing domination of a few large corporations within the school sector and the redistribution of taxpayers' money to profits for these corporations. At the congresses of the Green Party during the 2000s, several motions to tighten the party's stance were debated. For example, there were suggestions for more stringent supervision of private schools, discussions about the right of religious communities to operate schools and the introduction of a municipal veto on the establishment of new schools. A quote from the 2005 party program reads as follows (translated): "We believe that organisational form and ownership without doubt affect a school's content and quality. We want the supervision of all schools to be expanded, both municipal and private schools. Everybody should feel safe that their school complies with rules and objectives established by society. We want to counteract private schools that operate just for profit". In 2013

this critical stance in the party program was further pronounced (translated): "We therefore want to get rid of commercially oriented providers and instead promote non-profit activities in the welfare sector" and "the main purpose of the operation should not be profit, and this should be evidenced by the statutes or articles of association. Any profits shall be reinvested in the business."

After the party program in 2013 was decided upon, some of the leading representatives of the Green Party that had been involved in the free school reforms apologised for the outcome of the reform in an article in one of the national newspapers (translated): "We were there when our party made it easier to start and run independent schools. We wanted to provide space for non-profit schools, run by educators with a passion for education and a willingness to operate in new ways. We did not realise how profit would sabotage the school sector. The school system has in part turned into a market, open to players with great interest to make money."

The big debate in the Green Party has not primarily been about privatisation itself but rather the profit motive – who should be entitled to operate a school and should they be able to profit from publicly funded activities? This also reflects the contemporary debate in the Swedish society. An opinion poll conducted in 2014 by the SOM Institute showed that a majority, 69%, of Swedes felt that providers in publicly funded welfare should not be allowed to profit from these activities. In the 2000s, a greater opposition to privatisation and profit in the welfare has emerged, mostly through trade unions and citizens' initiatives, such as the Network for Common Welfare.

Common arguments raised in this discussion are that the money which constitutes the profit is more needed in the schools themselves, and should therefore be reinvested. Another argument is that the possibility of profit creates incentives that are not aligned with the goals of education. Since the early 2000s, there has been a sharp deterioration in the performance of Swedish pupils in the Programme for International Student Assessment (PISA study), and this has likely influenced the debate. Evidence of quality deficiencies in some private schools has emerged, where in some cases the high levels of profit and cutbacks in educational activities are thought to have been the cause of the decline. Some in the debate have also argued that private schools

have mainly been established in certain socio-economically strong areas and have thus contributed to increased segregation.

There have also been representatives within the Green Party who have strongly defended private schools and their right to profit from their publicly funded activities. Common arguments for this point of view are that the quality of education is not necessarily dependent on ownership and the ability to profit, therefore discussing ownership and profit will lead us away from more important issues like educational quality. They argue that everyone should have the right to choose which school they want to enter, even if it is run by a big corporation, and that politicians should not prevent that freedom of choice. Taken together, private alternatives in welfare would result in lower costs, higher quality and greater freedom for individuals.

The Green Party's parliamentary group submitted a parliamentary bill in 2013, after the new party program of 2013 had been established, which clarified the party's view on profit in the welfare system. The bill puts forward that the surplus created by companies in the welfare sector should always be reinvested to develop the business, and that only companies and associations whose main purpose is not to make a profit should be allowed to operate in the welfare sector.

Healthcare

Healthcare in Sweden is highly decentralised and controlled by regions and counties. The Green Party has gone from being primarily an opposition party in the counties to now being part of the majority in more than half of counties, in coalition with both left-wing and right-wing parties.

Private provision has a relatively long history in Swedish healthcare – the first private medical center opened in the early 1980s in Stockholm. Due to local initiatives in certain counties and national legislation, there has been a large increase in the private provision of healthcare in recent years. In 2009, the center-right government decided that all counties should be forced to introduce a system of freedom of choice in primary healthcare (the legislation mentioned earlier called LOV) which accelerated privatisation. However, regional differences are still significant; over half of all primary care centers in Stockholm are private while in some counties, especially more sparsely populated ones, only have a small number of private providers if any.

The Green Party opposed the introduction of LOV in welfare in 2009, and they also opposed making LOV compulsory in primary care in 2010. Among other things, they objected to the freedom of establishment for private providers and the lack of possibilities to establish specific requirements for providers to fulfill. A quote from a joint statement by the Social Democrats and the Left Party reads as follows: "This leads to a strong concentration of a few international health corporations, difficulties for politicians to control the quality of services, and we have seen many examples of how the quest for the lowest price has negatively affected the recipients of care."

As with the school system, the Green Party has long emphasised the value of diversity and choice in healthcare, supporting alternative forms of treatment, such as the Vidar Clinic, a hospital that offers alternative therapies sprung from anthroposophic medicine. It was first mentioned in the party program in 1994: "According to the Green Party, it should be possible to outsource healthcare to private and cooperative associations, in addition to the public health system. Diversity in healthcare can provide increased choice for patients and improved utilisation of creativity and initiative among staff". However, one can discern an increasing skepticism in the party's attitude during the 2000s, as was the case with private schools. In the 2001 party program it was concluded that healthcare should not be a business, but a well-functioning and equitable welfare institution without profit and that the Green Party was totally opposed to privatisation of hospitals. The latest party program from 2013 is even more critical to profit in healthcare and concludes that the Green Party want to get rid of the commercial operators in welfare for the benefit of non-profit operators. Nonetheless, the party is not against privatisation per se – on the contrary it favours the possibility to choose a provider as long as the providers do not profit from publicly funded welfare activities.

However, a closer look at the actions of local politicians from the Green Party reveals a more complex picture. The conservative government introduced the law of freedom of choice (LOV) in 2009, which forced counties and regions to allow privatisation in primary care. This means that local politicians can't say no to a private provider that wants to establish a new primary care center. This has probably contributed to a more pragmatic view of different providers in healthcare at the local political level. The vast majority of party

representatives are more positive to public and non-profit-driven healthcare, but there are also those who do not make any distinction among the providers. As mentioned before, some argue that ownership is less important than a competent direction based on quality and need. Through competitive bidding it is possible to obtain the best possible quality without the possibility of excessive profit, it is argued. Some local chapters indicate that the publicly-run healthcare businesses have been substandard and privatisation has been a way to improve the quality of healthcare in the region. Several also highlight the economic motivations for privatisation, as they are a way to cut costs in county councils. Some distinguish between primary care, hospitals and specialist care, where the latter two are privatised to a lesser extent and most regions want to keep it that way. Most local party representatives also highlight LOV as an important reform that made it possible for citizens to choose their provider.

There are also local party representatives who believe that ownership matters. Some have tried to steer procurement towards non-profit actors but point out that this is an issue which requires changes in legislation at the national level. There are also local chapters who highlight other problems with privatisation, such as freedom of establishment leading to increasing costs, privatisation only occurring in certain areas, and decreasing equality. All in all, the local representatives seem to have been more pragmatic than ideological when it comes to privatisation of healthcare in the county councils and regions.

Elderly Care

When it comes to elderly care there is no single decisive political reform like the Private School Reform that can be said to have initiated privatisation. The new Local Government Act of 1991 clarified the ability of municipalities to contract private providers. LOU, the Law of Public Procurement, opened up the market for private providers in elderly care through competitive bidding, but the major reform of significance was the Law of Freedom of Choice, LOV. Nevertheless, several municipalities had already introduced a system of choice in elderly care before LOV was established, and there is still notable variation across the country – about 60% of the municipalities have adopted the LOV in elderly care. It is mainly smaller, rural municipalities that have no private provision for the elderly.

In the party programs of the Green Party, older people's right to choose a provider has featured from the early 2000s and on. A quote from the party program of 2001: "When we get older society should guarantee us freedom of choice in terms of housing and dignified care". The importance of freedom of choice for the elderly has been highlighted in parliamentary bills but the party have been critical of the way it has been implemented (translated): "The Green Party think it is good that the elderly are free to make choices in matters relating to care, healthcare and provision of services. But to leave the individual on his/her own to choose between a plethora of providers, as is the case in the big cities, places unreasonable demands on that individual."

At the local level, the party's policy is once again less clear. Some municipalities have chosen not to implement LOV in assisted living or nursing homes, while others have seen LOV and privatisation as an important part in the development of elderly care. Some local chapters want the municipality to operate all elderly care while others prefer to outsource. Most local chapters prefer non-profit providers to profit-making companies and corporations, and are trying different ways to support this development. However, just as in healthcare, it is believed this requires regulation at the national level. Overall, what emerges is a much more pragmatic view at the local level, where decisions are made on a case-to-case basis rather than out of principles. In many cases there are several factors behind a decision to privatise, for example economic problems or substandard municipal operations. There is also the belief that with competent outsourcing one can steer providers towards good quality without allowing the possibility to make profit to impair that quality. Today it is not possible to completely exclude profit-making companies in procurement, according to Swedish legislation.

Interventions for Persons with Disabilities

The Health and Medical Services Act (HSL) and the Social Services Act (SoL) regulate the responsibilities of local government to meet citizens' needs for health and social interventions. People with severe and permanent disabilities may be eligible for special measures under the Act concerning Support and Service for Persons with Certain Functional Impairments (LSS). Examples of services may be counseling and personal support, companion service and personal assistance. LSS came into force in 1994 and together with the

Law on Assistance (LASS) opened up the possibility for private providers to establish themselves and get the same compensation as municipal providers. It is within the area of personal assistance that privatisation in Sweden has gone furthest – today over 50% of the work hours are undertaken by private providers. Privatisation in home care and assisted living facilities has taken off, with about 30% being privately provided, but there are huge variations between different municipalities.

In this area, the reforms have been implemented with an overall political consensus. Thus, there is no statement from the Green Party or any other party at a national level opposing privatisation. However, there are local chapters of the Green Party that have expressed criticism of how this has been implemented. For example, with such a plethora of different assisted living companies it is very difficult to make an informed choice, and for disabled people living in assisted living facilities it can be difficult to change provider if you are not satisfied.

Privatisation within the area of personal assistance differs from privatisation of welfare in general. There are big companies engaged in providing assistance care, but in many cases the patient himself hires an assistant (often a relative or an acquaintance). For other types of interventions, such as the provision of daily activities, providers are mostly non-profit organisations and the public sector – these have not been privatised in such a high degree as personal assistance.

Conclusion and Analysis

The privatisation of welfare in Sweden began in the 1980s but has accelerated during the past ten years, in no small part through the conservative government's introduction of various so-called "free choice reforms". These include the introduction of school vouchers and the Private School Reform that gave equal compensation to all schools regardless of the provider. Various forms of care choices and procurement have been introduced in health and social care. Arguments for privatisation within the Green Party have primarily emphasised the possibility of increasing individual choice, and that there must be a variety of performers with different directions to choose from to make choice meaningful. At the local level, decisions to privatise have often also been made for other reasons, such as poorly functioning municipal services, the need to cut costs and the hope for better quality of care at a lower cost.

Within the Green Party one can sense the shift in views toward privatisation in welfare from the early 1990s until today. At first, the party highlighted positive aspects of privatisation, in the form of increased diversity and decentralisation in a rigid and bureaucratic welfare sector. Recently however, the focus has been on limiting the potential for profit and getting rid of commercial providers in the welfare sector, as evident from the latest party program. This is probably a reaction to a welfare market that is increasingly dominated by a few large companies owned by private equity, with evidence of companies reaping big profits, avoiding taxation and delivering substandard services. The so-called "choice reforms" have not always lived up to the expectations of Green politicians and the freedom to choose between different pedagogical approaches has not been delivered to the extent that had been hoped for. The increasing skepticism towards privatisation in the Green Party is well in line with contemporary public opinion in Sweden, which after several scandals, school bankruptcies and reported negative effects have also become more hostile toward private enterprise and profit in the welfare sector.

However, the discourse at the national level differs in some respects from that of local chapters. Local party representatives tend to be more pragmatic and positive toward private providers. Many local politicians like to focus more on quality of services than on ownership. The majority of local representatives push for more non-profit welfare providers, but many consider this to be an issue for national legislation. Arguments about freedom, such as the right of citizens to choose between providers with different educational directions, are common assertions for privatisation. Problems with increasing segregation, increasing costs and the dominance of a few large profit-driven providers are highlighted as arguments against privatisation.

Still, it can be argued that the Green Party overall has had a consistent stance towards privatisation since the first party program in the 1980s. What has changed is the situation in society. Earlier, it was important for the Green Party to fight for diversity and freedom of choice in a uniform welfare sector characterised by social democratic policies. Decisions made by the last two conservative governments have, however, led to rapidly increasing privatisation and forced competition in more parts of the welfare sector. Nowadays, a lack of different providers is no longer a problem,

but rather the lack of real choice and the fact that large corporations dominate the market of privately produced welfare while smaller non-profit organisations account for a decreasing share is seen as a more significant issue. Criticism of big business and corporate power concentration has always been present in Green Party, since it's beginning in 1982. In other words, there is not necessarily a sign of a change of opinions within the party, but rather an adaption to a development that was not what the party had hoped for.

Today the Green Party is proposing regulations so that all profits must be reinvested into the welfare services. Permission to operate health, welfare and school activities with public funds should only be given to those providers that in their statutes states that their purpose is other than to give profits to owners. Actors with the purpose of distributing profits to shareholders should not be allowed to operate schools, health care or other welfare services and there should be requirements for long-term ownership and transparency.

The Green Party has long proposed initiatives to strengthen the welfare services, including a minimum of staffing in elderly care and investing in more personnel in schools and higher teacher salaries. The Greens say they also want to sup-

port non-profit actors in welfare by increasing government subsidies to them. It has long been much more difficult for non-profit organisations to get loans for investment, the party have therefore proposed a special investment fund to promote access to capital for nonprofit welfare activities. The Greens also want more regulation and control in procurement, including improved reimbursement and working conditions with announces protection in all workplaces.

Questions for discussion

- What is the optimal mix of public and private providers in welfare services?
- Is it right to exclude profit-making companies from engaging in welfare activities such as education, health and social care? What kind of regulation is necessary?
- Is the individual's right to choose more important than everyone's right to an equal education, health or care?
- How can we provide opportunities for greater innovation and diversity in public welfare?

Frida Johnsson is a biologist and former spokesperson for the Green students in Sweden, currently working for the Green think tank Cogito and as a research assistant at Stockholm Resilience Centre.

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Statistics

Facts – The school system

Economy

- 14% of the total tax ratio in Sweden is spent on education.
- To charge fees at school is forbidden (unless it is optional for pupils).

Schools

- 80% of all schools are publicly-managed.
- 20% are managed by private organisations, of which 2% are non-profit and 18% are profit driven (mostly shareholder companies).

Students

- 14% of pupils at primary level are enrolled in a private school.
- 26% of pupils at high school level are enrolled in a private school.

Facts – Healthcare

Economy

- 9.5% of GDP in Sweden is spent in health care (average in OECD is 9,4%) (2011).
- 14% of the total tax ratio in Sweden is spent on healthcare.
- 82% of the total costs of healthcare are publicly funded through county taxation and government grants.
- Self-financing counts for the remaining 18%, a sum that consists of both patient fees and entirely self-funded healthcare.

Healthcare

- 12% of all Swedes have a private healthcare insurance, as of 2014.
- 41% of all primary care centers are privately-owned and managed.

Facts – Elderly care and assistance for people with disabilities

Economy

- The total costs for care of people over 65 years have been estimated to 158 billion Swedish kronor, which is equivalent to 6.5% of Sweden's GNP.
- Out of the total cost for municipalities, elderly care accounts for 19 % and care of people with disabilities is 11%.

Retirement/nursing homes

- 21% of all retirement/nursing homes for people over 65 years of age are managed by private companies.
- 28% of all retirement/nursing homes for people under 65 years of age are managed by private companies.

Assisted living

- 17% of all assisted living services are managed by private companies.

Personal assistance

- 64% of all personal assistance services are privately managed.

Germany: The middle road?

By Frida Johnsson



Introduction

The Germans have traditionally regarded their welfare model as “Sonderweg”, a middle of the road approach between free market liberalism and state-centered socialism. Instead of deciding on national minimum standards for all of its citizens, the social state in Germany consists of a wide range of work-oriented social insurance schemes that contains strong elements of compulsory self-help. Today 26% of the country’s gross domestic product is channeled into public welfare spending, which is higher than the OECD average of 20.7%.

Social insurance agencies are responsible for social welfare and social insurance benefits, while the state is in charge of benefits accruing from the right to social compensation and additional aid. The social insurance agencies include not only pension agencies, health and nursing care insurance agencies but also the employers’ liability insurance associations and accident insurance agencies. They are all financed by the contributions of both employees and employers and are self-governing, but are owned by the state.

Unlike many of the other European countries, Germany does not provide its citizens with welfare services through a centralised state-run system. Rather, it provides health care, pensions, and other social welfare benefits via a complex network of national agencies and a large number of independent regional and local entities: some public, many private and voluntary. Many of these structures date from the nineteenth century and some from much earlier. The German chancellor Otto von Bismarck implemented the first social legislation in 1880, creating the first modern welfare state.

In the mid-1990s, representatives of Germany’s political parties, businesses, unions, and voluntary social services agencies waged a vigorous debate over social policy. At issue was the role to be played by state and nongovernmental voluntary charitable agencies, churches, and other social service providers and how to find a politically acceptable mix of public and private institutions. The privatization of welfare services has increased the last twenty years but varies greatly depending on the kind of service and between the sixteen German Federal States (Länder). Only about 8% of the students in Germany attend a private school, while more than 60% of hospitals are private (for-profit or non-profit) and 98% of

the elderly uses private home care, often a family member or other relative.

Germany also has a sizable nonprofit sector that is marked by strong government support. The prominent position of the nonprofit sector reflects long-standing social policies that incorporated the so-called “principle of subsidiarity,” giving preference to nonprofit over public provision of core welfare services. Thus, in fields such as health and social services, extensive partnership arrangements emerged between the nonprofit sector and the state. In the health sector 37% of the hospitals are managed by non-profit organizations and over 60% of the private nursing homes are non-profit.

The school system

The responsibility for the German education system lies primarily with the federal states and municipalities while the national government plays only a minor role. In 2012 5.3% of GDP in Germany was spent on education, which is less than the average in the OECD countries.

The public schools in German primary and secondary education are generally free of charge and funded by the municipality and the federal states, while the states are responsible for the teachers and the local level for other staff and operating costs. The states also provide local governments grants to balance for differences between municipalities and ensure standardisation.

Optional Kindergarten (nursery school) education is provided for all children between two and six years of age, after which school attendance is compulsory. The system varies throughout Germany because each state decides its own educational policies. Most children, however, first attend primary school (Grundschule) from the age of six to ten. After Grundschule German secondary education can consist of any of the following: Hauptschule (grade 5-9) prepare pupils for vocational education, Realschule (grade 5-10) gives children a broader general education with both theoretical and vocational studies, Gymnasium (grade 5-10) prepare pupils for further academic studies and Sonderschule (special school) for children with disabilities.

At all levels, there are private schools in parallel with the public. This is considered to enrich competition and diversity in educational system. In Germany the constitution (the Grundgesetz),

guarantees the right to establish private schools. Private schools as a substitute for public schools need permission from the state and must refer to the laws of each federal state. Profit is not expressly prohibited by law, but the federal states have to approve all private school applications and profit-making schools are in practice almost never accepted. Overall, between 1992 and 2012 the percentage of pupils in private schools in Germany increased from 6.1% to 8.4%. The proportion of pupils in private schools is highest in Sonderschule (special school), where around 19% attend a private Sonderschule. However, the vast majority of the students still attend state primary and secondary schools.

In the primary sector (grade 1-4) privately maintained schools may only be established on very strict conditions. Their establishment is permitted only where the school authority finds that they serve a special pedagogical interest and no public-sector primary school of that type exists locally. Privately maintained primary schools are therefore the exception; in almost all cases they are either denominational primary schools, Waldorf schools or boarding schools.

In secondary sector (grade 5-10) there are two types of private schools, *Ersatzschulen* (literally: substitute schools) and *Ergänzungsschulen* (literally: auxiliary schools). There are also private *Hochschulen* (private colleges and universities) in Germany, but the term private school is almost never used of universities or other tertiary institutions.

Ersatzschulen are ordinary secondary schools, which are run by private individuals, private organizations or religious groups. These schools offer the same types of diplomas as public schools. Ersatzschulen lack the freedom to operate completely outside of government regulation. Teachers at Ersatzschulen must have at least the same education and at least the same wages as teachers at public schools, an Ersatzschule must have at least the same academic standards as a public school and the basic law also forbids segregation of pupils according to the means of their parents (the so-called *Sonderungsverbot*). Therefore, most Ersatzschulen have very low tuition fees and offer scholarships. However, it is not possible to finance these schools with such low tuition fees, which is why all German Ersatzschulen are additionally financed with public funds. A huge number of Ersatzschulen are maintained by the Catholic and Protestant

churches, which fund their schools to a large degree from their own means.

Ergänzungsschulen are secondary or post-secondary schools, which are run by private individuals, private organizations or rarely, religious groups and offer a type of education which is not available at public schools. Most of these schools are vocational schools. Ergänzungsschulen have the freedom to operate outside of government regulation; they can be managed by profit-making companies and are funded by the sector and by charging their students tuition fees. A large proportion, around 23%, of all vocational schools are privately run.

Pupils must, in principle, attend the local primary school and cannot choose school for themselves. In some federal state efforts are underway to put parents in a position to freely choose a primary school. In Nordrhein-Westfalen since the 2008/2009 school year parents have been free to enroll their child in a primary school other than the one nearest their home. As for the higher school years, various methods are used in different states for admission to secondary education, often in the form of dialogue between parents and schools based on student's school performance. The student and the parents have a statutory right to choose a school, but it does not mean that a pupil has the right to be accepted by a specific school.

The Green party favour private schools and wants to maintain the basic law that guarantees the right to establish private schools in Germany. According to the law a private elementary school shall be approved if the educational authority finds that it serves a special pedagogical interest or if, on the application of parents or guardians, it is to be established as a denominational and inter-denominational school or as a school based on a particular philosophy and no state elementary school of that type exists in the municipality. Today private schools are few in comparison to other countries, only around 8% of the pupils attend private schools in Germany, which are almost all non-profit. Vocational schools are the exception, but they are often post-secondary schools that operate outside the German school system.

The Green party wants to maintain the diversity in the education system and strengthen the private schools and their terms in relation to state schools. In most federal states private schools are financially disadvantaged in comparison to state schools. Subsidies for independent schools

are often around 90% of the amount per pupil of a comparable public school and private schools often don't get any financial support the first years. Several federal states have recently proposed to reduce subsidies to private schools which the Green party have opposed, calling for more equal treatment of public and private schools. But a complete financial equality by the recognition of all costs of a student is not something the Green party advocates, because the public sector must also deliver a comprehensive range of schools in more sparsely populated areas. According to the Green party private schools must be transparent and open to all (without high tuition fees). Parental contributions have to be designed so that there is no segregation according to income.

The educational debate in Germany has not focused so much on private schools but rather the school system itself, where children are separated into different educational systems at a young age. In Germany there is, in international comparisons, a strong correlation between socio-economic and educational status of the parents and the opportunities for their children school development. This is something the Green party have long criticised by proposing a more cohesive school system that promotes equality and lifelong learning.

Health care

Over 11% of German GDP is spent on health care, more than on any other welfare sector and more than the average in OECD. The governments of the federal states are responsible for providing sufficient hospital services. Contents and methods of hospital planning are determined at federal state level and differ substantially among states. The payment of hospitals is organised through a dual financing system. All operational costs which include costs for medical services and accommodation as well as personnel costs are covered through reimbursement contracts between hospitals and health insurance companies, whilst longer-term infrastructure investments are to be financed by the federal states.

Germany has the world's oldest national social health insurance system, with origins dating back to Otto von Bismarck's sickness insurance law from 1883. Today the German public health care insurance system is financed by a payroll tax amounting to 15.5% of a person's salary, with employees paying 8.2% and employers paying for the rest. The public health care insurance system is

operated by approximately 130 competing health insurance funds that are all autonomous, not-for-profit, non-governmental bodies regulated by law. Health insurance in Germany is obligatory for all residents. The insurance funds get contributions based on a prospective risk equalisation formula that takes age, sex and the morbidity rates of several chronic and serious illnesses into account. This means that funds will receive considerably more for patients with chronic and serious illness than for patients with no such long-term or serious condition. The public insurance will not cover all the costs associated with medical services, often there is a small co-payment that patients must pay on top of their payroll contributions. Out-of-pocket payments accounted for approximately 13% of the total health expenditure.

If you earn more than 4,463 Euros per month (in 2014) you can get private insurance and drop state-approved cover. Your insurance needs to be at least as thorough as German public health insurance, which includes provision for chronic disease and elderly care. Around 10% of the population has private health insurance. As health insurance is compulsory, both public health insurance funds and private health insurance companies must accept any applicant. As opposed to the public health insurance the private health insurance is not funded by an income based contribution scheme, instead it uses a risk rated premium system where the old, sick and chronically ill pay higher premiums.

The German health care system has recently undergone a series of controversial changes, implemented in an attempt to improve competition within the health sector and reduce its spiralling costs. The federal state subsidies for health care investments have dropped significantly since the 90s due to budget deficits and at the same time having a growing number of elderly in the country in need of care. The most obvious signs of the ongoing restructuring are a growing number of hospital privatisation. There have been two waves of privatisations so far. The first wave started in the early 1990s following German unification and was very much concentrated on the eastern part of Germany. A second wave started after the year 2000 and covered the whole of Germany. This privatization trend is ongoing and has led to the privatisation of entire university hospitals.

There has been no explicit liberalisation policy regarding the hospital sector. However, the restructuring processes of hospitals in Germany

have been highly politically influenced by several changes in the system of hospital financing which generally promotes the economisation and commercialisation of hospital services. Until the 1990s a hospital in Germany was not able to generate profits, because a hospital was only reimbursed for their actual costs from the public insurances. In the 90s the way of financing was changed: Through the introduction of the so-called DRG system there were introduced fixed prices for any case of treatment, according to the diagnosis and the respecting procedures performed like operations, diagnostic measures etc. If a hospital was able to perform the treatment in a cheaper way, it could make a profit. And this was the start for the wave of privatisation of the health care sector in Germany, which has continued regardless of the political majority.

In the 2010s, the German hospital sector consists of around 2,000 hospitals roughly divided in three categories of private not-for-profit 37%, private for-profit 33% and public ownership 30%. The private hospitals usually operate within the public health system and treat all patients, not just privately insured ones. There has also been a long tradition of non-profit hospitals run by Christian churches, partially funded by the German church tax, and various welfare organisations in Germany, with the first established already in the early 1900s. Patients may freely choose a family doctor, specialist doctor and hospital, but outside the urban areas, choices are often limited. When it comes to primary care the system is very decentralised with most doctors having their own private practice treating both private and public insured patients.

The ongoing restructuring of the German hospital sector has led to the emergence of some major private hospitals companies. Among them there is a group of four large corporations including Asklepios, Rhön-Klinikum, Fresenius and Sana Kliniken which combine nearly one third of all private hospitals. There are also significant regional differences in the share of private hospitals varying from almost 50% in Berlin to still 0% in Saarland. While the number of non-profit hospitals have been stagnant the number of private for-profit hospitals grew by about 90% between 1991 and 2010, whereas the number of public hospitals decreased by 43% over the same period. According to the German public workers Trade Union (VerDi) nowhere in the EU are there more public hospitals for sale. German hospital trusts are the biggest ones in Europe, and no-

where in the EU do governments sell hospitals as large as Germany's – no other country is selling whole university clinics. Much criticism has been directed against privatisation from trade unions and citizens initiative who argue that privatisation has led to a deterioration of the staff, where the personnel in the hospitals are reduced and the salaries are shrinking.

At national level there is no general position from the Green Party rejecting privatization of hospitals. Nevertheless, the Green party favors the survival of hospitals in community sponsorship and are committed to ensuring that they get better conditions, such as more public investment. Municipal hospitals have increasingly problems because many federal states cut their funds for financing investments. In the federal states there are several examples where the Green party have actively battled against privatization of hospitals. The arguments for privatization have often been that private providers have much easier access to private equity in order to finance necessary investments as well as ability to provide health care services in more efficient ways. Arguments against have been the risk of unequal health care, deterioration of working conditions and less democratic transparency.

There is also an ongoing debate regarding the reformation of the health insurance system in Germany. The Green party have criticised the current government for the absence of a long term solution of financing health care. There is a potential risk that an increasing self-financing in health care will be required in the future. The Green party proposes a gradual merging of the statutory and private health insurance in a universal health insurance which include everyone. The universal health insurance shall be jointly funded and include other types of income such as capital, rental of property and profits.

Elderly care

Before the introduction of an elderly-care insurance system in Germany in the 1990s, the need for care was defined mainly as the private responsibility of the family and the elderly were usually cared for by relatives. Germany spends around 1.4% of GDP on long-term care which is less than the average in EU. This could be explained by the fact that a large majority of elderly care is still undertaken by families, often without professional help. Since 1995, long-term care is covered by

a separate insurance scheme, which is mandatory for the whole population and usually supplied by the same carrier that provides an individual's regular health insurance. Long-term care insurance is split between employers and employees at a combined rate of approximately 2% of the salary. Persons without children contribute with a higher rate of about 0.3 % than people with children.

Long-term care insurance benefits are received either in-kind, often through a home care agency, or in cash, which gives patients the freedom to choose their own provision, such as care by relatives. Most providers of long-term care are private, non-profit organisations, frequently based on religious or charitable groups. In 2009, 11.5% of adults 65 years or older received benefits from long-term care insurance, where 24% chose home-based care services, 36% cash payments and a further 34% institutional care services.

The funding of elderly care is handled by the long-term care insurance funds. Insurance companies cover the operating costs of these activities, and the states accounting for the investments. However, the insurance accounts for only part of the financing – the other part is paid by the individual, around 30%. In some cases, the social authorities also contribute.

The regulations on long-term care insurance promoted the entrance to the market of for-profit providers, competition between for-profit and non-profit providers on equal terms and the withdrawal of the public providers. There is a freedom of establishment for care providers but there are certain requirements for those entering the system, in particular the proof that the provider has a qualified carer in charge. When the legally defined conditions are met the applicants receive a licence by the care insurance fund enabling them to provide care services and be reimbursed within the framework of the care insurance. By convention most of these services are carried out by private non-profit organizations. For the entire long-term care sector, including both home care and residential care, profit-making providers account for approximately 40% of the market. Non-profit providers account for 55% of the market, while less than 5% by state actors. However, the trend in recent years has been towards more private profit operators. There is a right to choose care provider, but the availability is based on the assessed need of care. If a care need is identified the elderly person can choose to stay at home

with health and social care services that can be freely chosen, or go to a nursing home.

The Green party was positive when the elderly insurance was introduced in the 1990s which led to better care for all and reduced the family's responsibility for the elderly. Participation and self-determination must be possible for the elderly and care must be based on the needs of the them and their families. To achieve this, the German Greens want to promote alternatives for independent living which offer intensive care and support at home, care and group homes, and residential or multi-generational living, regardless of whether they are private or public or if it is relatives caring or professionals. Greens support self-help for the aged and community-building activities among civil society actors. Care activities for the elderly should be developed in local communities, and decentralization of responsibilities and funding on the local level also helps to strengthen the third sector.

Green responses have mainly concerned financial problems of the system as the proportion of elderly increases in Germany. Increasing numbers of elderly people are living in poverty and insurance systems must be improved alongside health insurance in general. The German Green party promote a so-called "Pflege-Bürgerversicherung" which means that private care (and health) insurance is pooled together into one insurance for all, with no exceptions for anyone not to pay to the public care insurance. Overall, the Green party respond to the increased demands for health care and elderly care with more solidarity, more state aid and better insurance, instead of more privatization as suggested by others.

Conclusion and analysis

Germany has long had a system of both private and public actors operating side by side in welfare; private schools that have special pedagogical interests, doctors having their own private practices, or elderly people choosing their own provision. In recent years we have seen a development towards more deregulation where large public operators become private, often for economic reasons. This is a development that the Green party have problematised and want to solve by providing more funds for welfare, favoring public ownership and civil society actors in first hand and promoting a more unified welfare system equal to all. The latest party platform

from 2013 stated: “Privatisation often creates more problems than it solves. Often it means that we privatise the profits and socialise the losses, and in the end it is the public who bears the risk. Privatisation is only useful in exceptional cases and must be subject to strict conditions.” The greens also suggest in the platform that “We support cities and municipalities that want to provide the services themselves. We want to ensure the economic activities of local communities and promote intermunicipal cooperation.”

To summarise, the most important green principles in welfare politics for the German Greens include: solidarity and equity, decentralisation with local administration and management, democratic influence and transparency, as well as a freedom to choose with a large amount of self determination.

Questions for discussion

- What are the most important green principles in welfare politics? (Equality, freedom to choose, decentralization, democratic transparency, etc.)
- How can we strengthen the third sector in welfare, beyond state run and private (for-profit) managed welfare services?
- Is insurance-funded or tax-funded welfare to be preferred? (what are the advantages, disadvantages?)
- What is a reasonable level of volunteering in welfare (for example, when it comes to care of the elderly)?

Frida Johnsson is a biologist and former spokesperson for the Green students in Sweden, currently working for the Green think tank Cogito and as a research assistant at Stockholm Resilience Centre.

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Statistics

Facts – Education

Economy

- 5.3% of the GDP in Germany is spent on education.
- All public schools are free of charge. Private schools may have tuition fees (but they are very low since the law forbids segregation of pupils according to the means of their parents).

Schools

- 9,8% of all schools in primary and secondary education are private schools, of which two third are run by the churches (2012).
- 23.5% of all vocational schools are private (2012).

Students

- 8.4% of pupils are enrolled in a private school in primary and secondary education (2012).
- 9.2% of pupils are enrolled in a private vocational school (2012).

Facts – Healthcare

Economy

- 11.3% of GDP is spent on healthcare.
- 77% of the total costs of healthcare are funded through public sources, public health insurance and state grants.
- Self-financing counts for the remaining 23%, a sum that consists of both patient fees (13%) and entirely self-funded healthcare, private insurance (10%).

Healthcare

- 10% of all Germans have a private healthcare insurance, as of 2013.
- 70% of all hospitals are privately owned and managed (of which 33% are for-profit and 37% non-profit).
- When accounting number of beds, 50% are found in public hospitals, 33% in non-profits and only 17% in for-profit facilities (in 2013).

Facts – Eldercare

Economy

- Germany spends around 1.4% of GDP on long-term care of elderly.

Retirement/nursing homes

- Of nursing homes (with more than 100 beds) were 29% private (for-profit) and 63% non-profit operators and 8% public operators (2009).

Home care

- 98% of the elderly uses private home care, often a family member or other relative.

Hungary: Transcending the past

By Zoltán Zarándy and Erzsébet Gergely



A number of major social challenges can currently be identified in Hungary. There is increasing poverty, increasing social inequality and a weakening of social cohesion. The aging population faces social security challenges: there are an increasing number of citizens who have not earned sufficient pension entitlements and at the same time there is an increase in life-expectancy alongside a growing demand for health services. At the same time there is an extremely low level of low-skilled labour market engagement. Low-skilled unemployment is one of the most serious problems of the Hungarian economy and society. Employment situations are also problematic in other social groups, including young people, women raising children, and those nearing retirement.

There is continuous pressure on social and child welfare services through a growing demand for a wide range of access and quality for social benefits. Welfare politics needs to tackle regional and social segregation, and action must be taken to tackle discrimination against women and people with disabilities, Roma people, and other minorities. Moreover, welfare politics also has to deal with a worsening housing situation, tackling mounting debt (foreign currency borrowers in arrears and overheads) to maintain housing and aiming to eliminate homelessness. Social and welfare policies can be classified into various elements:

- educational policies;
- health services;
- social security and welfare services;
- housing policy, community services;
- recreational, cultural and religious services.

Legal background

The Hungarian welfare system, particularly in the regulation of the social care system, is highly fragmented. It is problematic that there are so many legal stipulations referring to and regulating dozens of different benefits. However, these legal rules also change frequently due to the political situation in which the government's two-thirds majority allows for constant legislative change.

The regulation of social services is based on two important legislative documents in Hungary. Social services for adults are regulated by the 1993 Act III (the so-called Social Act), while social welfare services for children are regulated by the 1997 XXXI Act (known as the Child Protection Act). The law includes personal care into social services.

These laws however disproportionately impact people with disabilities. Hungary has not taken part in the process of deinstitutionalisation (i.e. structural change within the welfare care system). More precisely, it takes place very slowly and little progress has been made. The first deinstitutionalisation strategy and national government decision was made only in 2011. However, we believe the deadline for changes was far too relaxed. There is a lack of financial support and insufficient perspective, and the resistance of the various players in the healthcare system remains a significant barrier to the implementation of deinstitutionalisation. In addition, the government has backed down from its own initiatives, including the nationalisation of the care sector. The problem is that the availability and management of EU funds is complicated and bureaucratic – almost 95% of all development projects in the welfare sector in Hungary are funded from EU (Structural Funds). Flat taxation means low income and declining services, while the EU is used as a scapegoat if something goes wrong. In the region of Central Hungary, EU Structural Funds cannot be used even though a third of the population lives here.

Financing questions

Hungary's GDP is approximately EUR 100 billion, with 29-30% of GDP allocated to welfare, accounting for 58-60% of the national budget. It should be added, however, that the welfare budget has suffered a significant withdrawal of funds over the past six years following the economic crisis and a neoconservative economic approach by both "left" and "right" politicians. A full percentage point of GDP funding disappeared.

Within the welfare objectives of social security and welfare services target make up around 55% (including all social transfers (80% of the pension), and social services.

Spending on social services is relatively low – the Hungarian government spends cc. 0.5% of GDP (an appropriate amount), while about 3-4% of the population receives the various benefits (food of the day care through a variety of residential homes) on a daily basis.

It should be added, however, that funding is diversified. The state may grant resources (e.g. for social work and home care) and the characteristic of normative financing. In addition, institutions budget support to maintain their own services,

which may be funded through charges – in the case of residential institutions at a rate of up to 80% of total income (typically a pension).

What are the characteristics of emerging trends?

The legislation specifies that the state should provide mandatory services. However, it is important to know that the government contracts these out to fulfil its social service obligations.

Within the social care system – as in other areas – significant service-level differences emerged in Hungary. The reason is that the per capita funding only covers part of the cost: only state funding is not the only type of service and it can not be maintained.

The bigger municipalities can dedicate more social purposes, such as disadvantaged communities, in addition to the larger settlements generally favourable social situation. Small towns and residents of disadvantaged communities are provided with limited access to quality social services, which are worse than the population of large cities. However, due to under-financing of the health-care system overall trend of stagnation, there has been a decline in service quality. The functioning of the institutions have reached their limits, which is true in the case of larger cities as well.

The most important trend is not the privatisation of services. Of course, for certain services, the number of non-profit or for-profit providers started to grow long after the Hungarian change of the political regime in the early 1990s. Elderly care was seen essentially as only the support for pensions. This is observed in all the basic services (e.g. home help) and in the provision of long-term residential services (especially older homes) through a mixture of service providers.

The most important step of the government from 2010 to 2014, having a two-thirds parliamentary majority, right-wing conservative government (Fidesz-Christian Democratic government, 2014) in the field of social services was to maintain public dominance. Despite a government decree in 2011, the National Social Concept, the reforms fell short of the necessary structural changes. The maintenance of public purchases only means that its former municipal services were brought under national control. This nationalisation took place in three major waves, first in specialised

services operating in the maintenance of county governments across the state institutional maintenance centre, and then it came to the metropolitan government institutions. Finally, the missing, state-run specialised institutions have been put on hold. It should be added, however, that due to political considerations, the homeless were one of the only types of service to maintain under local control, and metropolitan nursing homes also remained in the maintenance of the Municipality.

The “nationalisation” process, “Politics Can Be Different” (LMP), can be sharply criticised in three main aspects.

FIDESZ launched the era of “National Co-operation” in 2010 based on its overwhelming parliamentary majority – the increase of state control is explained by disillusionment with Liberal -Socialist market fetishism, the dominance of global multinational companies, and well as an increase in nationalism. The party seeks total dominance over resources, power and voters, using the welfare sector to gradually re-shape political and economic resources and players – rather successfully, in the short term electoral context, at least.

The first criticism of this project is that it results in reduced budgets and thus the cutting of public assets, with the government thereby restricting the scope of services. Social services without democratic control cannot be operated locally – a problem which also emerged in other areas of the nationalisation process – education and culture, health and public sector institutions have also been maintained nationally but in a way that radically restricts the government’s room for manoeuvre.

Secondly, if the state takes away autonomy from local governments or institutions, then in the future local residents, employees, and their families will not have control over and visibility to what is happening in the institutions.

Thirdly, it has been shown that nationalisation was accompanied by a significant removal of services. As a result, the institutions really are on the brink of failure, seen for example in various scandals such as the collapse of bathrooms or lack of cleaning tools in a nursing home). The government has somewhat stabilised the situation, as some of the earlier withdrawals were replaced this year, simply to avoid the closure of institutions.

Education – Trends in private and public service provision

Background – The European Context

The internationalisation of all national social welfare systems in the European Union has been greatly expanded over the last few decades. Internationalisation and the global cross-fertilisation of social and education policies can be observed all over the developed world. In order to understand any national educational or health care development patterns must therefore be compared and contrasted to the international context. Therefore, before one turns to the Hungarian case study on the trends in the shifting Hungarian patterns of service provision in private education one may well turn to the greater European context. This introductory brief overview may also put our international project's case studies into a comparative framework.

The vast majority of european students are enrolled in public schools

In almost all countries across Europe, the great majority of pupils (82%) attend public institutions¹⁰ but in Ireland, Latvia, Lithuania, Romania and Croatia more than 98 % of all pupils are enrolled in public settings. On average, 14% of pupils from primary to upper-secondary education receive their education in private settings (both grant-aided/government-dependent and independent). The highest percentage of pupils in private establishments is observed in Belgium (French and Flemish Communities) where 47.2 % and 62.7 % of pupils attend private grant-aided (government-dependent) institutions. Attendance at private grant-aided (government-dependent) institutions is also widespread in Spain, France, Malta (between 21 and 26%) and the United Kingdom (15.8%). Independent private educational institutions that receive less than 50% of their funding from the public sector accounts, on average, for only 2.9% of enrolments. Portugal has the highest percentage of pupils in independent private institutions (13.4%), followed by Cyprus (12.5%), Luxembourg (8.3%), Malta (7%), and Greece (6.1%). Between 2000 and 2009 in Central and Eastern European countries, the percentage of pupils in private institutions increased by around one and two times, although it must be taken into account that the

baseline figure was very low. However, the greatest increase of pupils in private settings was recorded in Sweden (where the figure almost tripled) and Iceland (where it doubled).

Since 2006, the proportion of pupils in private settings has remained almost constant, with only a slight increase of 1.1 percentage points at European level. This increase was largely due to the continuing raise in the pupils' number in the private sector in Cyprus, Hungary, Portugal, Sweden and Iceland¹¹.

The Hungarian Context up to 1989

For obvious historical reasons, before 1989 market mechanisms and private schools played little role in the Hungarian school education system. During the four decades of 1948-1989, a state-dominated, centralised education model prevailed, and there was hardly any tolerance for any private education institutions. Up to 1988 it was explicitly forbidden to establish private schools or private companies and NGOs. One can argue justifiably, that despite the gradual liberalisation of education policies in the 1985, the issue of introducing private education establishments had a symbolic importance in the overall democratisation process of the political establishment – education policies and the position of private education mirrored the level of transition from a single party system of "Goulash Communism" into a multiparty parliamentary democracy. Schools reflected, and still do, the quality of overall democratic frameworks.

Trends since 1990

Although a gradual management and contents decentralisation came into force following the 1985 School Education Act, the 1989 establishment of the first Waldorf School by the freshly established Hungarian Waldorf Foundation marked the opening signal for a new era in school education. Since 1990, the previously state-dominated centralised school maintenance and management model was radically transformed into a decentralised educational management and school system model – based on over 2000 local governments as new maintainers. In addition, the churches and private companies, private businesses and NGOs also received a green light to establish new schools – which marked the irre-

¹⁰ The notion of a "public" institution refers to state-maintained and funded institutions in this paper.

¹¹ Source: Key Data on Education, EURYDICE, 2012. p.33.

versible end to the Socialist education and school management era. 1989 witnessed a breakthrough in the past 25 years: since the 1990s pupils and their families enjoy the freedom to choose from among the available schools.

In Hungary, all institutions that are not operated by the state are private institutions supported by the state. Such institutions fall into two categories: church institutions and private institutions. Church institutions receive additional per capita support defined by legislation whose amount is equivalent to the average rate of support given by local governments to institutions in the public sector. Private institutions operated by foundations, private persons, associations, for-profit organisations and so on are entitled to additional support if they have concluded a public education agreement with a local government and thus participate in the performance of the local government's tasks.

Since 1989 the role of the market continued to increase in textbook and educational materials supply, educational services and in-service training of teachers, where EU resources generated a massive increase in demand resulting in the emergence and effective operation of many new private service providers. At the same time the state also grew to become a significant direct service provider due to central development programmes financed through EU funding. In vocational training and adult education the development of the educational market gained a new momentum. Parallel to the expansion of market mechanisms the need for standards to guarantee quality also increased. The first decade of the 21st century was a period of expansion and strengthening for the learning industry based (according to its critics) on a fairly over-decentralised and market-based school educational policy environment.

Proportions – The role of private education¹²

In 2009, the number of church and private educational institutions exceeded 20%, while the number of children attending preschool and full-time students in these sectors was 14%.

Time series data show that the growth of these two sectors has been uninterrupted in recent years. Nevertheless, in spite of this growth, the sector of church and privately-run education in-

stitutions is still small; the number of their students is slightly less than 10% of the total number of students. The 2010 amendment of the Act on School Education has brought a change in the distribution of church (and public) institutions, as it made it easier for local governments to hand over institutions to churches for maintenance and operation. Obviously, the effects of the measures are clear – they forced more local governments to give up loss-making schools or schools they do not want to operate for other reasons. In 2009, 363 institutions were operated by churches (6.7% of all institutions). The rate of full-time students (6.3%) is slightly lower than that. The majority of educational institutions operated by churches are secondary schools, and one-third of the students attend secondary grammar schools. More than half (52.3%) of secondary grammar school students attend schools whose structure has been transformed from public (state-run) to private.

In 2009, 736 for and non-profit educational institutions were operating in the private sector (17.3% of the total number of institutions). The rate of full-time pupils was much lower, at around 5.3%. Private schools used to receive only per-capita support from the central budget, but since 2013, they now receive full coverage for their teachers' salaries – although other overhead costs are not covered. This is one of the reasons why such institutions do not offer education free of charge; the amount of the contribution varies to a great degree. As a result, the rate of disadvantaged students or students with multiple disadvantages is lower in the private sector.

The structure of education at private institutions also differs from that of the public ones. The rate of lower-level education (pre-school [ISCED 0], primary school [ISCED 1,2]) is very low; within secondary education, private schools operate mainly in the field of vocational education and there has been an increase in the domain of secondary grammar schools as well. Another characteristic feature is that a large number of pupils participate in basic-level education in arts. The importance of vocational education is underlined by the fact that in 2009 60% of full-time pupils (aged 14-19) attended vocational schools or vocational secondary schools. Moreover, since 2010 the government has aimed to introduce a dual training model, which appears to be successful with large multinational

¹² Source: National Educational Statistical Surveys, Report on School Education 2010, OFI (Educational Development Institute, 2011).

companies such as Mercedes-Benz but is a failure with SMEs (small and medium-sized enterprises) and an incompetent Chamber of Commerce that has ambitions beyond its capacities.

From governance to direct rule – A paradigm shift in education policies since 2010

In 2010 the government launched a massive public policy centralisation model, which included the establishment of an unprecedented centralised administrative and financial regulation. It has a wider political context: the government successfully curbed the resistance of the local governments (especially of the towns over 3000 inhabitants) to preserve the maintainer position and autonomy in school education, and since January 2013 a huge single central agency (KLIK – Klebelsberg School Maintainer Centre) now employs over 150,000 teachers and teaching assistants in over 2,500 schools through 106 Local Educational Agencies – no financial, pedagogical, or HRD (human resource development) autonomy is left to the schools or to local governments – only the kindergartens are maintained by the local governments. For example, Budapest, Central Europe's largest school maintaining city has lost all its schools to the state and as of 2013 runs only a single kindergarten.

This reflects direct political and financial control and dependence – threatening the principles of subsidiarity, educational freedom and equal opportunities through the direct ministerial appointment of school heads and the establishment of a corporatist, top-down National Teachers' Chamber set up in 2013/14.

The reintroduction of a compulsory national inspectorate system poses a skilfully masked and communicated political paradigm shift from subsidiarity and a decentralised school education model based on local decisions and participation into a highly centralised, state-dominated model, where governance is replaced by central rule.

In this wider context, the private sector-maintained schools have the added value of preserving their own governance, autonomy and democratic educational policies. The paradox of recent Hungarian school education policies is that from one of the most decentralised educational governance models in Europe, one of the most centralised state-dominated model has been created – the pendulum swings back.

Fearing the loss of autonomy and remembering old experiences, a great number of local governments and public schools (especially secondary grammar schools) have “fled” back to church-maintenance, into the religious domain of the private sector. This has rational roots: church schools enjoy full autonomy. As long as they follow the national core curriculum they are free to choose textbooks, teachers and get generous and uncontrolled funding from both the church, believers and the state. All schools are entitled to public (state) subsidies. No private schools operate without these. The problem however is that churches get almost double the amount of funding to other schools, and alternative private schools are becoming increasingly dependent on the state as subsidies are now directly tied to employee wages. This means that the state can (in theory) sack any teachers in the near future, particularly after a corporate new teachers union was set up by the government to take control of all state school teachers. Churches will be good partners to eliminate the traditional trade unions – a corporatist Conservative model is in the making.

Although this has preserved the potential of local autonomy on decision-making on textbooks, contents and employment, the choice is regarded as problematic by LMP, Hungary's Green Party, as this choice has come not from the parents or the pupils but from local Conservative politicians, disregarding local traditions and the private consciences and beliefs of local citizens. In addition, there are numerous examples where socially privileged parents – including local decision-makers – have created a church-maintained school as a “safe” segregation “haven” for their children – and voters. This is a catch-22 model, where the fear of ineffective and undemocratic state control on school education pushed a number of schools and local communities into church-maintenance – against the traditions and private conscience of the local citizens.

Privatisation and segregation may also go hand in hand and the provision of reliable quality assurance is sporadic and not standardised – although it can be argued that private schools perform generally better in several national or international tests such as PISA, TIMSS and so on. The correlation (or lack thereof) between the type of school governance, management and ownership and educational attainment could be a valid focus for further international analysis – we hope that in the discussions we can reflect on these issues in more detail as well.

LMP responses and initiatives

LMP has had a coherent and critical view on the right-wing, populist-Conservative government's education policy since its entry into the national and local governments in 2010.

LMP's vision for education chimes with the overall political and social values of Green politics: equity, fairness, participation, democracy, sustainability and the provision of equal opportunities. For LMP, the diversity, impartiality and the provision of free individual and collective choice and access to learning opportunities is an asset, and private educational institutions play an important innovative role in Hungarian school education. therefore their autonomy and their legal and financial governance stability must be safeguarded.

From 2010-2014, LMP advocated the equal and impartial treatment of public and private education institutions, opposing the double-funding for church-maintained schools and calling for increased financial investment for the entire school education sphere (while a massive cut of nearly 20% has been implemented over the last 4 years).

LMP educational politicians and the members of the LMP's educational expert group have constantly emphasised the important role schools as well the entire educational framework play in potentially creating or effectively destroying social cohesion. LMP MPs and local counsellors as well as educational committee members have repeatedly pointed to the significant social abyss between the most privileged and least protected, the rich and the poor in Hungary – and the school systems' catalytic role in making this abyss greater, through funding, discrimination, and a whole range of counterproductive policies on contents, shortened compulsory schooling and a mistaken approach to local governments – taking away autonomy and centralising the educational sector.

A number of LMP proposals were put forward to stop or at least to slow down massive state intervention into the various financial, administrative and academic spheres of school education. Whilst most of these attempts were swiftly overlooked, ignored or brushed aside by the central or local government officials, a few proposals were successful – including the introduction of early day-care centres for kindergartens and the protection of special needs services in various schools and local governments.

For LMP, the provision of diverse educational services is of great value. LMP therefore stands for the protection of school autonomy, educational freedom and democracy in both teaching and learning. In this context, LMP regards private (both non and for-profit) education services as valuable assets in strengthening the innovative potential of the entire Hungarian school education system. LMP has followed a coherent approach to all schools: transparency, anti-segregation and freedom of education regardless of church or other maintainers. For religious education, LMP stands for voluntary rather than compulsory attendance. As for the post 2014-period, facing again a two-third political majority of the ruling Conservative government, LMP continues to take this stand and will represent this position both in parliament and in the local governments in Hungary. The autonomy of local communities must be restated in school education, and the model of good governance based on participative democracy will be supported by LMP.

Zoltán Zarándy is EU educational policy analyst and advisor; member of LMP Education and Social Working Group, and deputy lead of Budapest Education Committee.

Erzsébet Gergely is executive director of Ecopolis Foundation and Research Programme coordinator.

Appendices

Appendix 1

Overview of the Hungarian Education System¹³

In Hungary, schools and kindergartens are established and maintained by the state, local governments, minority local governments, legal entities (foundations, churches, etc.) as well as individuals. The state provides maintainers with a subsidy for the performance of their services.

Administrative tasks and management responsibilities are shared among the central (national) government, local (county and district level) authorities and the education institutions. Overall responsibility lies with the Ministry of Human Resources, which is in charge of education, culture, social affairs, health care, youth and sport. However, school-based VET and adult training is within the competence of the Ministry for National Economy.

Participation in education is mandatory between the ages of 5 and 16.

Pre-primary schools (in Hungarian: óvoda)

In Hungary, most parents regard pre-primary schools as an essential part of education. In spite of the fact that attending pre-primary school is optional (except beyond the age of five), more than 80% of children between the age of three and seven attend such institutions. (From 2014, pre-primary school will become compulsory from the age of three.) Public and private pre-primary schools both make an effort to meet the growing parental demand for extra courses, such as in computer use, language learning or sports activities.

Primary schools (in Hungarian: általános iskola)

All children start their education in a primary school. Traditionally, the primary school has eight grades, but there are some with four or six grades, after which pupils continue their education in another eight-grade or six-grade secondary school of a type of their choice.

General secondary schools

Most pupils who plan to continue their studies in higher education pursue their secondary education in a general secondary school, which provides general education and concludes with the so-called maturity examination. General secondary schools offer four, six or eight-year-long courses and have diverse curricula.

Secondary vocational schools

Secondary vocational schools currently provide general and pre-vocational education at upper-secondary level in grades nine to 12 (or nine to 13 in bilingual and other programmes starting with a “language preparatory year”), and lead to a secondary school leaving examination, which qualifies for higher education entry (ISCED level 3A). After passing such exams, students can also choose to stay in vocational education and training (VET) to pursue further studies in post-secondary non-tertiary education (ISCED level 4C). As a result of the VET Act of 2011, as of September 2013 secondary vocational schools will provide VET parallel to general education from grade 9, leading to a ‘vocational secondary school leaving examination’.

Vocational schools

This school type typically provides general and pre-vocational education in grades nine and ten, normally followed by two or three years of VET. At the end of their studies, students will acquire a qualification (ISCED 2C or mostly 3C).

At the same time, three-year “early VET” programmes providing VET from grade nine were introduced in 2010.

The new VET Act of 2011 provides for the introduction of a new, uniform three-year (grades 9-11) programme. This was launched in some schools in 2012, and as of September 2013 vocational schools can only offer this type of training. As this school type does not award a secondary school-leaving certificate, graduates can currently continue their studies at post-secondary non-tertiary level or in higher education only if they complete three more years of a full- or part-time general education programme in order to pass the sec-

¹³ http://english.tpf.hu/pages/content/index.php?page_id=81

ondary school leaving examination. In the new structure of vocational education, which is to be introduced from 2013, graduates will be able to obtain the secondary school leaving certificate within two years, and even those who do not have this certificate but have passed the master craftsman examination (in Hungarian: mestervizsga) and concurrently have five years of work experience will be allowed to enter post-secondary VET.

Main data of educational institutions by maintenance, 2010/2011¹⁴

Denomination	Local government of settlement	Local government of county	Central budgetary institution	Church denomination	Foundation, natural person	Other	Total
School-sites							
Kindergartens	3,887	51	15	155	176	74	4,358
Primary (general) schools	2,789	118	27	233	94	45	3,306
Vocational schools	230	119	24	35	153	90	651
Special vocational schools	60	77	–	6	6	2	151
Secondary general schools	308	101	18	122	135	192	876
Secondary vocational schools	334	188	35	47	189	146	939
Tertiary education	–	–	29	26	14	–	69
Teachers							
Kindergartens	27,719	172	196	1,158	812	302	30,359
Primary (general) schools	63,545	2,228	1,007	5,051	1,232	502	73,565
Vocational schools	4,807	2,499	312	345	789	562	9,314
Special vocational schools	609	808	–	25	65	11	1,518
Secondary general schools	9,269	2,529	720	3,251	1,346	1,177	18,292
Secondary vocational schools	9,632	5,943	1,024	426	1,943	861	19,829
Tertiary education	–	–	17,848	1,956	1,691	–	21,495

14 http://www.ksh.hu/docs/eng/xtabla/kozokt/tablkozokt10_05.html

Denomination	Local government of settlement	Local government of county	Central budgetary institution	Church denomination	Foundation, natural person	Other	Total
Pupils (in full-time education)							
Kindergartens	313,643	924	1,987	12,450	6,769	2,389	338,162
Primary (general) schools	670,224	10,891	11,015	50,680	9,937	3,822	756,569
Vocational schools	70,205	35,064	2,589	4,127	10,608	6,828	129,421
Special vocational schools	4,246	5,009	–	151	387	23	9,816
Secondary general schools	112,990	29,729	7,650	35,396	9,894	3,041	198,700
Secondary vocational schools	119,255	68,242	7,481	5,496	27,729	12,161	240,364
Tertiary education	–	–	213,580	12,291	14,856	–	240,727

Appendix 2

The Renaissance of Church-Owned Schools

Historically, Hungarian education has always been of high quality. However, it is impossible to sustain high quality education without money. Currently the government is drastically cutting financial resources for education and an old form of Public-Private Partnership (PPP) – church-run schools – are undergoing a renaissance. Over the past few years, Hungary has been in the grips of an extended bout of educational reform which has led to widespread debate and protest.

Ask a church to take it over

A high number of primary and secondary public schools are currently struggling with very serious financial problems. On top of this a new law coming into force in January 2013 states that all schools currently financed by local government must become state-owned and state-financed. A lot of local governments consider this a very bad idea, noting that the state does not have enough money to maintain the current quality of education. Consequently, since the law allows it, local governments are now trying to find alternative solutions, the most popular of which seems to be to find a church that becomes the maintainer (owner and funder) of the school.

At the beginning of the school year 2011/2012, the Catholic Church in Hungary took over 41 education institutions (mainly schools and kindergartens) from local governments while the Reformed Church in Hungary has 12 new institutions, and the Evangelical-Lutheran Church has taken over 6. These numbers will further increase in the coming years. As negotiations are still on-going, there is a lack of exact data but approximately 100 schools have changed hands over the last few years.

These figures do not mean that Hungarians have suddenly become much more religious. What they show is that the takeovers seem good business for (almost) all the parties involved in this real form of public-private partnership. They are good for the churches because they can exert an influence on hundreds of children and try to convince them to follow their respective faiths. They are good for the schools too because by law church-run schools are entitled to significantly more public money than local government-run ones – in fact almost double the sum!

Local government also seems to be advantaged, because under current regulations a church takeover means that the local government can save a lot of money. The overall costs for national government are greater, because of the supplementary grants

for church-run facilities. Yet on the other hand, the movement tailors well with the goals of the government’s education policy, namely to promote ethical and religious education. This goal is apparently worth the money for the ministry.

So who loses out on such a deal? The answer is those students/parents who have no choice but go/send their children to these schools taken over by a church. As many smaller villages have only one school and the closest neighbouring vil-

lage is too far away, such a takeover can represent a violation of the right to unbiased education.

Frequently, the transfer is not good for the teachers either, because they are required to follow religious regulations at school if they want to stay in work, even if they are not believers. This might mean attending religious services or signing a statement about religious ways of living. Unless the teacher agrees, the only way out is to find another job.



Green policies on privatisation of public education and
welfare services: a pan-European survey

In addition to the case studies, a questionnaire was sent out to every Green party in Europe asking if deregulation and privatisation of public welfare services is occurring in the country and if the Green party had launched or proposed any policy regarding privatisation. They were also asked about the Green parties' opinion on privatisation in different welfare sectors and their view on public sector and private organisations (for-profit and non-profit) running welfare services. Below is a compilation of their answers.

AUSTRIA

Georg Maißer, Grüne Bildungswerkstatt

In Austria, there are private institutions in education, healthcare and care for the elderly and disabled. There is currently no push for more privatisation, since it would be very unpopular. As for schools, there are non-profit organisations present, like religious organisations, primarily the Catholic Church.

Austria has a social insurance system that is not officially organised by the state but "self-organised", which meant that for every group of workers, employees or self-employed there was an assurance system only for this group. You can have supplementary private insurance, but not only private insurance – the "self-organised" insurance is obligatory. In health care, there is a large private sector, from doctors in private practices to private hospitals, but they are normally specialised, offering "better service", not necessarily a better medical treatment. It is possible to circumvent waiting lists by checking into private institutions. It is a problem that doctors working in hospitals work privately as well, and they are allowed to use hospital infrastructure for their private patients for a small fee. This is something the Green party have criticised.

BELGIUM (Flanders)

Katleen De Ridder, Groen

In Belgium there is a deregulation and privatisation of public welfare services taking place in education, health care and care for elderly and disabled people.

Publicly funded, privately run schools deliver education organised by private entities. The governing body is often a non-profit organisation. Catholic schools, associated in the umbrella organisation

Flemish Secretariat for Catholic Education play a major role. They represent about 70% of all private schools. Belgium's Flemish government approved a EUR 1.5 billion investment in school infrastructure through public-private partnerships, the first major initiative of this kind. The Flemish Community variant of public-private partnerships in school building allows the government to meet urgent needs in the short run, but also to spread the costs over a longer period.

There is currently a discussion on privatisation in Belgium. For example the company Sodexo recently received the permission to run a forensic psychiatric center for inmates in Belgium. There are a lot of negative comments on this choice, but no experiences yet.

The Green Party (Groen) have the following opinion in their political program: "In the sector of welfare there are more and more other actors besides social-profit actors that are active. In this evolution, it is crucial that every provider of services stand up to the test of 'sustainable undertaking'. Groen wants every provider to live up to the criteria formulated by the Flemish Advice Council on health and well-being: qualitative, socially just, relevant and accessible care. This should guarantee that vulnerable groups are covered and that continuity is guaranteed. The legal form of the provider is less important than the strict conditions that the government applies. The government should watch over these conditions in a transparent and modern way. The government also should continue to taking care initiatives. This is to guarantee the affordability for the weakest groups in society. This demands a local, neighborhood based approach with more space and responsibility for local governments, a re-valuation of the role of the public well-being office and good cooperation with private partners."

The Greens are in favor of small-scale public-private partnerships to build schools. The reason is, over the past few decades, investments in school infrastructure in Flanders have not been sufficient to meet the demands. According to the latest estimates, EUR 1.9 billion are needed, of which EUR 1.4 billion must be financed by the Flemish government in respect of European legislation, compared to the 2005 budget for school infrastructure that was of only EUR 140 million. The regular budget clearly does not provide enough funds to clear the existing backlog of necessary construction work.

The Green Party has allies such as trade unions, associations of non-profit organisations, although some would like the greens to be more explicit in denouncing privatisation.

CYPRUS

Efi Xanthou, Cyprus Greens

Cyprus has a special situation where all welfare services are public and no privatisation has yet taken place. However, plans are underway to create an all-encompassing National Health System, run by a semi-governmental organisation. The goal is for all residents to have access to health care, either at public or private suppliers, by paying a fixed percentage of their monthly wage to the system. Current obstacles are mainly: lack of independent administration structures of the various public hospitals and health centers, objection of the private hospitals (they don't want to adhere to a fixed pricing system) and objection from private insurance companies (this obstacle may be overcome by a current effort to involve the insurance companies in the National Health Organisation structure). The Green party have not yet launched or proposed any policy regarding privatisation of welfare services in Cyprus.

FINLAND

Ville Ylikahri, Vihreät – De Gröna

Schools in Finland are all public, with only a few exceptions, and owners of private schools are not allowed to make profit.

Care for elderly and for disabled is run by local communities. There are only a few private elderly care facilities. Traditionally many NGOs have offered services (cancer association, diabetes association etc.) The procurement laws of EU have caused problems for communities that procure services from NGOs.

Finland has public health care run by local municipalities. Some municipalities procure the service or part of it from private companies. In addition there is a separate private sector which gets subsidies from the state. The system is ineffective. The healthiest people get the best treatment. Finland is now about to change the whole system. Traditionally there have been non-profit organisations, associations and foundations operating in health care but now there are also

private, profit making companies in health care sector. The Green Party have demanded a reform in the health care system, because now we have a confusing combination of public services and partly publicly-funded private services. The government (with greens in coalition) has just decided to start a big reform programme. What the role of profit-making companies will be in the new system is still not decided.

The role of the profit-making companies is something that is under a heavy discussion also within the Green Party, especially when the local municipalities procure doctors or health care centers from private companies. Some studies say it's effective, some say the opposite. We see pros and cons in it. We talk also a lot about how our whole health care system is ineffective and unequal. The schools are not an issue.

IRELAND

Nuala Ahern, Green Foundation Ireland

In Ireland private health insurance is the norm although there is medical provision for all with low incomes. The health care system has always been privatised. The Greens have proposed to make it more publicly funded but that is not the situation at the moment. In fact the state has taken over the health service in a piecemeal way and the development goes in the opposite direction. Health insurance was relatively inexpensive until the last 5 years, and was community weighted, to favor those insurance providers who insured the elderly and chronically ill.

Irish education and healthcare began in the early 20th Century as mainly church provision, with the religious sisters providing a free service for no salary. Salaries were later funded by the state to a great extent, but the hospitals for example were built by the Religious Orders. The care services came from the same model

Private schools in Ireland were mostly convents or run by the Catholic Religious Orders or the Protestant Churches. The Christian Brothers for example provided free schooling for boys, the Mercy sisters for girls. There was state primary education from the 19th century however free secondary education was only introduced in the mid 1960's. Ireland has in practice a mixed system, part private, part public.

NORWAY

Trude Blomseth Thy, Miljøpartiet De Grønne

In Norway there are private alternatives to pretty much all forms of health care; from having operations done to seeing a doctor. These services are a lot faster than public health care, but also a lot more expensive. Often public health care cooperates with private clinics, so that when a patient goes to her public doctor to get a reference to see a specialist she might get an appointment with a private specialist, but pay the same amount as if she went to a public specialist.

In health care, the private actors are nearly only profit-making companies. However there are private non-profits and foundations that work with people addicted to drugs. When it comes to care for elderly there are profit making companies, non-profits and foundations.

There is not an active discussion about privatisation right now on a national level, but in the 1990s and early 2000s it was hotly debated, and there was a huge debate which led to stricter rules and more control after a private profit making company was exposed as having broken workers' rights heavily in 2011 (the Adecco-scandal). It is a topic that always comes back to discussion every now and again. Rødt (a small political party to the far left) tried to make it an issue in the election in 2013 but did not succeed. In the 1990s and early 2000s focus in the debate was mainly on the quality of care – one argument against private companies in these sectors was that we want carers who have time to give good care rather than carers who run around trying to save money. In recent years the focus has shifted towards workers' rights, as the employees often are paid less in private health care/care for elderly companies.

The Greens in Norway have a policy in their party program saying that there must be strong public services, supplemented by private, non-commercial actors.

POLAND

Bartłomiej Kozek, Partia Zieloni

In Poland deregulation and privatisation has taken place within the school system and in health care. Both public care for elderly and disabled are very weakly developed, the sectors being dominated by work performed by household members of the elderly or disabled.

Poland has recently seen a closing of schools, mainly in rural areas, with local authorities giving smaller schools to private NGO's, in large part created by parents to prevent the closures. In health care government regulations are creating incentives for commercialising public hospitals. The motive is they can get rid of their debts if they transfer ownership to a profit-driven company. There is much debate on national level on the privatisation of hospitals. School closures that are given to NGOs are widely debated on a local level.

The Green Party in Poland firmly opposes privatisation of welfare services since the passing of a policy regarding health and education in 2010. They demand these services stay in public hands and the level of their funding relative to GDP expands to the OECD average. The Greens share the same view as trade unions and fight against school closures and they also have the same goal of opposing privatisation of hospitals as the radical left parties and the social-democratic party.

PORTUGAL

Victor Cavaco, Partido Ecologista "Os Verdes"

In Portugal there is an ongoing privatisation mainly in health and education sector. The most recent government decided to shut down primary schools with less than 20 children, in order to solve budget deficits. On the other hand the government is financing private school or giving money to families that put their children in private schools. Cuts and privatisation are also happening within hospitals and health centers.

These issues are a big discussion in Portugal and have led to large demonstrations among teachers. The Green Party has launched some legislative proposals against the privatisation of public services and against their shut down. The Greens have support from trade unions and the public.

ROMANIA

Ciprian Ciocan, Partidul Verde

Privatisation has taken place in several welfare sectors in Romania, but while private education is not so well regarded, the private health sector is a real alternative for the poor equipped hospitals. Most of the time it is run by a profit-making type of company.

Because of Romania's communist past, in the last 25 years privatisation has been seen as the only way to save the economy. Unfortunately, every time this topic appears on public agenda is giving birth to controversies and people are embracing easily radical positions (corporate side vs. nationalistic side). The green party has not proposed any policy regarding the privatisation of welfare service in Romania but prefer private, non-profit foundations or organisations to run welfare services.

Summary and conclusions



Throughout most of the 20th century, the provision of schooling, nursing and care were mainly tasks of public institutions, the state and municipalities, complemented by charitable organisations. From the 1990s onwards, the welfare organisation and the theories applied to improve it changed throughout Europe. In different ways private interests and market models gained entry. It involved services being done by private operators paid or partly paid by public sources, new reimbursement systems, deregulation of public services and customer systems with free establishment for private providers. The reason for this development varies between countries. Deficits in the public finances, especially after the financial crisis, have been a contributing factor. The fact that productivity in welfare services have been lower than in other areas and therefore become relatively more expensive, as well as an aging population that requires more health care and higher demands from citizens for service is other reasons. There have also been purely ideological reasons for deregulation and privatisation, with motives that privatisations can increase quality, efficiency and reduce spiraling costs for welfare.

How Green parties across Europe have responded to privatisation of welfare services is not obvious. We can trace a critical view on privatisation in all European Green parties but it varies with the circumstances in the countries. Below we discuss some of the general principles that can be discerned.

Education

When it comes to education, recurrent green standpoints include: equality, transparency, diversity, decentralisation and the freedom to freely choose school. Both Hungary and Germany highlights the importance of equal terms for private and public schools both legally and financially. Private schools are often disadvantaged in favor of public schools and in some countries also to Church-maintained schools. In Hungary the Green party are fighting for more decentralisation and school autonomy and to stop the conservative government's policies to centralise the whole educational sector, giving little influence to the local governments and citizens.

In many countries such as Spain, Poland and Portugal the Green parties are calling for increased funding for education and are strong opponents of privatisation of schools. Privatisation has often

been part of an austerity policy, where independent private schools have emerged, often with high tuition fees only available to those who can afford it. The Green parties have stood up for a publicly-funded education system accessible to all and privatisation has been criticised for increasing inequality and break down social cohesion.

In England we have seen a development with political reforms to promote private academies and free schools detached from local authority control. The Green party thinks the private schools reduce transparency and democratic openness and wants to integrate academies and free schools into the local authority school system. In Sweden the Green party stand up for the right for parents and pupils to freely choose a school. The Greens also take a stand for non-profit alternatives in education and want to get rid of commercial operators. Sweden is also the only country which gives private schools the same state funding as public schools, through a school voucher system allowing the provider to give unrestricted profits to its owners.

Alongside publicly funded and operated schools the Green parties generally promote private non-profit operators in school such as Waldorf and Montessori schools with a specific pedagogical approach. In some countries, like Spain, the private sector is dominated by schools run by Catholic church, which the Spanish Greens have opposed with reference to their inappropriate values when it comes to gender, freedom and equality. They emphasise the importance of publicly run schools accessible to all. The same view can be found in many other green parties such as the Green party in Norway who wish to have a large public sector supplemented by private non-commercial actors. Belgium is the exception where the Green party have proposed a small-scale public-private partnership to solve the need of investments in school facilities.

Health care

When it comes to health care, many countries have large numbers of private and often for-profit, providers in primary care. In terms of hospital and specialist care, privatisation has entered only at different stages and through different processes. In Germany there is an ongoing debate on privatisation of hospitals; many federal states have found it difficult to finance larger investments and have solved the problem by allowing pri-

vate health companies to take over the hospitals, which the German Greens have opposed by favoring the survival of hospitals in community sponsorship. The German health care system, as well as the Irish and Austrian, is based on a private insurance scheme. The Green party in Germany wants to keep the insurance system but proposes a universal health insurance to make the system more equitable and jointly funded to ensure equal health care for all citizens.

In Sweden the privatisation process is pushed by national legislation of a very market-oriented right-wing government as well as small pragmatic decisions at the local level. Where the Green party has said yes to private health care providers in primary care through procurement, the party have opposed privatisation of hospitals. They also want all profits to be reinvested in the health care operations. England allows private capital for investment and hospitals run by non-profit foundations are entitled to a certain surplus. The Green party proposes patient-owned cooperatives instead of private health centers. Such cooperatives would mean that patient and local communities will obtain a stronger voice and ownership of the primary care commission. In Spain there is a struggle in which right-wing government have sold out health care to deal with the economic crises. This has caused huge demonstrations by employees and unions which the Green party has taken an active part in. Portugal has a similar situation where the greens have launched legislation against privatisation of public services.

In Finland there is a public/private mixture in healthcare, both municipalities and private companies provide care. The system is ineffective where the healthiest people get the best treatment and Finland is on their way to change the whole system. The role of profit making companies is something that is under a heavy discussion within the green party and what role private operators will have in the new system is still not decided.

The Greens in Poland have firmly opposed privatisation of welfare services. They demand these services stay in public hands and that the level of funding welfare increase. In the 1990s privatisation was hotly debated in Norway which has led to stricter rules and more control after a private company was exposed as having broken workers' rights heavily (the Adecco scandal). The greens in Norway have a policy in their party program saying that welfare must mainly be provided through

strong public services, supplemented by private (non-commercial actors).

Important green principles in health care include public funding, the right to equal health care and for important care units such as hospitals not to be privatised. Smaller private doctor practices with a great deal of choice are advocated by some green parties, but others totally oppose privatisation within the health care system. The reason is a fear that care will not be available for all, with higher co-payments and a deterioration in quality of the welfare services and in working conditions of the healthcare staff.

Elderly care and care for disabled

In elderly care, it is common with both publicly operated and private non-profit and for-profit providers in most countries. Christian congregations and nonprofit organisations have traditionally been involved in geriatric care and in some European countries care for elderly and disabled is primarily the responsibility of families.

In Finland, care for elderly and for disabled is run by local communities and there are only a few private elderly care facilities. The Finnish greens as well as the Swedish point out that the procurement laws of the EU have caused problems with communities that wants to buy services like elderly care from non-profit foundations. In Spain, Poland, Portugal and many other European countries care for elderly and disabled are not publicly funded and transferred to family members and relatives. In Germany they have a decentralised system where the elderly can get cash to hire someone for domestic care, often a family member or other relative. The most important green principle is the self-determination of the elderly and the family, not who provides the care. In Sweden elderly care such as elder residents and domestic care is performed both by private companies, municipalities and non-profit organisations. The Green party in Sweden emphasise the elderly and disabled's ability to make informed choices and right to high quality care. If care is provided by a private operator all profits should be reinvested in the welfare service.

Green principles within care for elderly and disabled people primarily concern a more developed and publicly founded welfare system that includes these groups. In many countries care for elder and disabled is often a matter for family,

charity organisations or for those how can afford it by expensive care services from private operators. In the countries that provide publicly-funded care it is not as privatised as in other sectors. For the Green parties it is important to have influence over the care services and how it is performed and by whom. A decentralised system with small scale privatisation is therefore something worthwhile but privatisation on a larger scale involving multinational care enterprises is not advocated.

Challenges for Green parties

In almost all countries, we see cuts in the welfare sector providing challenges for Green parties across Europe. We also see a strong public resistance to privatisation throughout Europe, in some countries through mass demonstrations and in others through petitions among staff, unions, students, parents and relatives. The Green parties want welfare with high quality, available to all on equal terms and financed by common funding. Many Green parties warn that privatisation contributes to divisions in society. To avoid this, funding of the welfare state is likely to be of greatest importance for the greens in the near future. To tackle this the German Green party proposes more solidarity in the funding scheme, where tax on capital, interest rates, financial transactions etc. also shall contribute to finance welfare in the future.

The Green parties also have a desire for decentralisation and devolution of power over welfare. Several Green parties talks about the right for citizens to influence the welfare provision by the possibility of attending schools with different specialisations. In line with that, Hungary points at that the risk of too much government control. There is also a much more negative attitude to publicly operated welfare services in Hungary and Romania with its histories of communist regimes and very state-controlled welfare systems. They highlight private alternatives in welfare as part of a democratic process that can increase transparency, openness and citizens influence.

Besides the criticism against too much religious influence in welfare most greens are in favor of non-profit organisations but it must be transparent and under democratic control. Several Green parties, for example in England, are worried that privatisation will lead to reduced democratic influence where no one can be held accountable. In many countries such as Sweden, Hungary,

Germany, the Green parties wants non-profit organisations to receive more support to engage in welfare activities. Today nonprofit welfare activities are often much more than just a supplement – in many countries the sector is a major provider of welfare services.

For-profit companies in welfare are increasing in all countries, and most Green parties, for example in England, Norway, Portugal, Sweden and Spain are explicitly against this. In Germany, the party advocated public investment instead of large-scale privatisation. In Hungary the Green party regards private (both non- and for-profit) education services as valuable assets in strengthening the innovative potential of the education system. In contrast to other countries, the private schools get little funding from the state and must finance themselves often by high tuition fees. In Romania they have a neutral view on profit-providers, a very negative attitude to public providers but favour non-profit private alternatives in welfare.

There is also a big difference between small-scale private medical practices and deregulation of whole hospitals, where the former the Green parties propose and the latter often oppose. In Finland, the Green party opposes private companies in education but have not decided if they want to participate in a system of for-profit enterprise in health care. Criticisms against for-profits include loss of quality and influence over the service, that the profit motive has led to staff reductions and that market forces do not fit within the welfare system. The Norwegian Greens note that in recent years focus has shifted towards workers' rights, as employees have worse working conditions in private health care and elderly care companies. Several countries also testify that the entry of private companies have led to tighter regulations in the welfare sector.

To summarise, the green principles in welfare services that we can discern includes: democratic openness and transparency, justice and equality, diversity and self-determination (with the right to freely choose school or care provider), publicly and jointly funded welfare and decentralisation with influence and participation for staff and citizens. Green parties are favourable towards public actors, but they must be democratic open and decentralised with a large amount of influence from citizens and local communities. Private providers are not as well seen, some parties would ban them while others feel they contribute to the

diversity and quality of services. It is primarily non-commercial actors, local and community-based, that are promoted by the Green parties.

Greens face major challenges ahead.

■ How can we finance welfare in the future? How do we strengthen the third sector and the public sector in many countries?

■ How do we find ways to regulate the private welfare market?

■ How much of the wealth can be managed by non-profit organisations or volunteer work (the church or the family)?

■ These are among the questions that need to be discussed. We hope that Green parties can learn from each other's experiences and jointly develop a European Green stance on these issues. Green European Foundation provides a natural arena for such a call. Let's use this report as a starting point.



The euro crisis has shown that the organisation and financing of welfare is of overwhelming importance for the development of European cooperation. Demographical changes, low efficiency, rigid bureaucracies, old traditions and strained public finances are creating new challenges. In many countries, thousands of small decisions have resulted in a paradigm shift from public to private ownership in the welfare sector, without a democratically legitimised general policy. Public opinion has been taken by surprise and a counter-reaction has emerged in many countries. However, this counter-reaction has several different political colours, some being progressive and left-wing, and others being populist and right-wing.

This report provides an overview of the policies of several European Green parties regarding privatisation of public education and welfare services. Green parties in five countries – England, Germany, Hungary, Spain and Sweden – have presented an overview of the political situation in the country and described the positions and actions regarding deregulation and privatisation of the public welfare sector.



**GREEN EUROPEAN
FOUNDATION**

1 Rue du Fort Elisabeth, 1463 Luxembourg

Brussels office:

T +32 (2) 234 65 70 F +32 (2) 234 65 79

info@gef.eu www.gef.eu

