

## **Plattform 4– the German Way (Bismarck Modell) from a European Perspective**

### **1.How the German social system developed**

The church social welfare system in Germany – Diakonie - has its real origin in Johann Hinrich Wichern's (1808-1882) efforts, in the middle of the 19th century, to transfer the multitude of private, uncoordinated aid initiatives “into the great unified help which unites all individual aid initiatives in a combined whole” (Wichern). The foundation of the “Central Committee of the Inner Mission” in 1845 took place at the beginning of organized solidarity in Germany. The modern systems of welfare and social solidarity developed as an answer to the consequences of industrialisation, mobilization and urbanisation.

The birth of the social state in Germany is generally considered to have taken place in the year 1881, when Kaiser Wilhelm the first got Reichskanzler to announce his “Social Message” on 17<sup>th</sup> November. The bills which then followed an accident insurance, health insurance as well as old age insurance (Altersversicherung) and disability insurance were then formulated by the leading member of the Central Committee of The Inner Mission, the lawyer Theodor Lohmann. Bismarck's basic idea was also inspired by him: this welfare was one of the “most important tasks of a community which is based on the moral foundations of a Christian nation.” This set in motion a continuous legislation and progression of the basic idea of social security which has continued to this day. The German system was therefore given the name “Bismarck system” in international comparisons, in later time France, Belgium, Austria and the Netherlands followed with the same social order..

The characteristic of this social welfare system has been the social insurance scheme which is based on contributions and achievement and is earning-related. The pressure to achieve individual provision (Eigenvorsorge) has, in over a hundred years of history, meant that most of the population have achieved a safeguarding of their standard of living in case of risk. A social insurance system, which safeguards the standard of living remains – despite the national economic growth visible today – indispensable even in the future, if wealth were evenly spread, the debate on the reform of the social welfare state would look different. Wealth continues to be so unevenly spread that a broad majority in the population at large will not, even in the future, own sufficient wealth to secure it against social risks. A characteristic of this system is also, that supplements to the social insurance system – financed by taxation – were introduced on a considerable scale. It also serves as an answer to the individualisation of people's situations (Lebenslagen), which – especially in the new “Bundesländer” – are exposed to the dangers of excessive debts and impoverishment.

### **2.The Social Constitutional State and the Position of Diakonie**

Bismarck's decision in favour of a social insurance solution was, at the same time, a decision against a state-run solution as was established in England with Lord Beveridge's reforms in the Second World War and as was practised in Sweden since the 1930s. Over 90% of the population is covered today by the branches of the social insurance system, as compulsorily insured (pflichtversichert) employees, as members of their families, as voluntarily insured citizens or as receivers of social benefits. Social aid as the “third column” in addition to insurance and welfare continues the tradition of public welfare and is a social right to which people in need are entitled as soon as self-help is no longer possible and other security systems are no longer applicable. The latest branch is the nursing care insurance scheme (Pflegeversicherung) which came into being in 1994 and which – if nursing care becomes necessary – pays parts of the costs depending on the degree of care (Pflegestufe).

With the creation of the “Social Statute” (Sozialgesetzbuch) at the beginning of the 1970s the attempt was made to systematize the whole area of social law and to make it more lucid. So far roughly 1.250 sections have been declared social law and thus more than half of the whole project has been realised. Diakonie found in the democratic and social constitutional state

(Rechtsstaat) of the Federal Republic of Germany (Grundgesetz Sektion 20 u. 28) the right framework for the provision, over many years, of direct and comprehensive active aid. Diakonie was thus able to play a direct part in the realization of the social state (Sozialstaat). The latter is founded on the proven principles of the rules of industrial and social law within the framework of a social market economy and also on the cooperation between the unions and leading industrial organisations, the trade unions and management, those responsible for social insurance schemes, the "Länder" and communities as well as the free providers of social work and the churches together with the large number of full-time and voluntary workers. The constitutional law is based on a social state which helps the weaker members of society and which organizes participation in economic goods according to the principles of justice with the aim of providing each individual with a human standard of living. Taking advantage of these chances and putting these aims into practice are tasks in which Diakonie has participated without reservation and still participates, but they are tasks which are being called into question today on many sides.

The main characteristic of the German social security system is the dual system of social welfare work according to the subsidiarity principle. Thus, the state authorities - the Federal Government (Bund), the Länder and communities - are not only obliged to cooperate with the representatives of the free charities, but must also give the latter "limited" priority. That means: public authorities must give these charitable organisations precedents in the planning of institutions and in the carrying out of social work and they are, at the same time, responsible for the financial backing of this work. With the coming into force of the Federal Social Welfare Law (Bundessozialhilfegesetz, BSHG) and the Youth Welfare Law (Jugendwohlfahrtsgesetz, JWG) in 1962 the following elements became valid: the obligations of public suppliers to provide services and their overall responsibility while, at the same time, providing a legal guarantee for the continued existence and freedom of free social welfare. An activity is "free", when it is not carried out by regional administrative bodies, in other words: where it is not – in an administrative sense - public law. "Free Charity" means the preventive or remedial direct care (Betreuung) of socially and materially disadvantaged people and it means, that these welfare activities are carried out for the benefit of the general public, and not with a view to making a profit.

The new legislation (1962) also dealt with the fundamental change in the position of those seeking help. A legal right to claim aid (section (2) 4, para.1 BSHG) as well as the right for people seeking aid to choose suppliers of social services (section 3, paras 2,3) were to guarantee the individual and human existence and give prominence to the subjective position of a person seeking help. This individualisation of aid is in accordance with Christian anthropology and constitutes a concretisation of the view of human beings enshrined in the German Constitutional Law (Grundgesetz). In 1967 the Federal Constitutional Court (Bundesverfassungsgericht) confirmed, in its "social welfare judgement" (Sozialhilfeurteil), the proven cooperation between state and free organisations. It was, it said, important to ensure this successful cooperation "in order to achieve the greatest possible success in providing welfare by means of the coordinated deployment of public and private means".

Six leading associations have joined together to form the "Federal Association of Free Charitable Organisations (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege BAGFW)": The Federal Association of Workers Welfare (Bundesverband der Arbeiterwohlfahrt e.V.), the German –catholic- Caritas (Caritasverband e.V.), The German Red Cross (Das Deutsche Rote Kreuz e.V.), the Social Welfare Organisation of the Protestant Church in Germany (das Diakonische Werk der Evang. Kirche in Deutschland), the national Association of the "Paritätischer Wohlfahrtsverband" (an amalgamation of independent charities) and the Central Welfare Office for the Jews in Germany. Today the Free Welfare Association maintains 3.270.536 places/beds in 93.500 institutions. Of these, roughly 60.000 institutions with over 900.000 employees are run by the Diakonie and Caritas. This amounts to almost 75% of all institutions and 80% of all "Free Charitable Institutions". Of these the Diakonie employs 400.480 full and part-time employees.

The benefits service (Leistungsangebot) of the Diakonie within the framework of "Free Welfare" is mainly to be found in the frame set by social policy:

- the largest field of activity is **Youth Welfare** (*Jugendhilfe*) with roughly 1.84 million beds/places and 276.732 employees. Of these, the Diakonie is responsible for 610.600 beds/places with 92.127 full and part time employees.

- Nation wide it runs 1.227 **hospitals** with 220.507 beds and 317.516 employees in the responsibility of "Free Welfare" The Diakonie has 362 hospitals with 112.000 employees. This is a market share of about 12%.

- 89.000 full and part-time employees are active in "**Family Welfare**" and up to 80% of them work in the service of open charity institutions such as local social services (Sozialstationen) and Advice Centers.

Of these, 31.463 are employed by the Diakonie.

- **Old People's Welfare** is gaining more and more important: at present 130.000 full-time and 180.000 part-time employees are working in 15.212 institutions and services.

Of these the Diakonie runs 3.360 institutions with 81.928 employees.

- **Provision for the Disabled** (*Behindertenhilfe*), with 12.449 institutions and services, is highly diversified. The workshops and training workshops (Werk- und Ausbildungsstätten) are also part of this provision.

Of these, the Diakonie runs 2.193 institutions with 61.653 employees. Roughly two thirds of the institutions maintained by the Diakonie are run by about 15 large combines with roughly 55.000 employees. Bethel alone employs 7.543 full- and part-time staff in 117 institutions.

- For **Persons in Special Social Situations (The Homeless, Those with Addictions – Drink and Drug Addicts- Released Prisoners, Asylum Seekers)**, there are 88.021 employees at their disposal with a wide range of services on offer. (Diakonie 12.780).

- In addition, there are 1.586 training, further **vocational training and further education institutions for social and nursing professions**.

The participation of over 2.5 million volunteers and honorary workers gives "Free Welfare" its decisive weight and shows people's – especially those who are active members of the Christian Churches – willingness to commit themselves to helping their fellow citizens.

### 3. The Diakonie in the Crisis of the Social State

Because it is embedded in the system of social state aid, the Diakonie is strongly affected by the present tendency to limit state social benefits. Rationalisation processes in the areas of social work – for instance in nursing the sick, rehabilitation, youth and social aid – need to be carried out or coped with and to a certain extent, they endanger the acceptance and quite often the continued existence of church social work and care . Germany is experiencing a period of big transformations and crises which threaten the new foundations of the social state. In addition to the national dept, un-employment has grown tremendously in all industrial countries and has also gradually become a constant factor. World-wide mega trends are having tremendous and unforeseeable effects. Through the removal of the boundaries in the European unification process, through the disintegration of the power blocs and the disappearance of functioning markets, previous trade relations were dissolved. The former German Democratic Republic (DDR) was, for instance, integrated economically into the "Council for Mutual Economic Aid" (Rat für gegenseitige Wirtschaftshilfe), which was dissolved partly because of the introduction of the Deutschmark in East Germany.

Just as serious has been the effect of demographic shifts: the ageing of societies worldwide; individualisation; the increase of nuclear families and the partial breaking-up of families; the growing number of single-person households. The differentiation and polarisation of life-styles leads to de-solidarisation, linked to the danger of marginalisation of whole groups of the population and it also leads to new problems of social deprivation. These present crises could be solved by Germany as well as other comparable industrial nations, as is shown by national economic data.

But the problem of German unity has quite clearly not been solved. The fact that people in the new Bundesländer – in view of the catastrophic collapse of the economic basis of new livelihoods – did not only preserve new social peace, but, on the whole, achieved an optimistic estimation of their perspectives on life is a fact which they are to speedy, effective and comprehensive introduction of the system of social security according to the standards of the

Federal Republic (Bundesrepublik). Owing to the much higher proportion of earning capacity, especially of women, and long work biographies, these people receive higher pensions and high unemployment benefits; in many cases they are better off than comparable groups in the West. However, these social benefits had to be financed mainly by workers and employees in the West. So far this situation has not been corrected, but it has, from year to year, become more severe. After the new Bundesländer were practically de-industrialized through trusts and through take-overs as well as company bankruptcies, the people there and all the economic recovering processes were practically being drip-fed by the West. "These transfer benefits have been sapping the economic strength of the whole country for years. In the West the power center, the infrastructure and public services are beginning to suffer." (Klaus v. Dohnanyi)

Since the beginning of the 90s the arrangement between state and Free Welfare has been partly revoked by the State mainly for these reasons. "Empty coffers" served as the reason for this change of course. But the European internal market which, amongst other things, has as its aim the abolition of competition-distorting, national regulations by, for instance, supporting the social services of Free Welfare through public funds, is also giving priority to an economisation in social policy. The EU-Commission today allocates just as much importance to social policy within the EU as to economic and employment policy (Europarat, Lisbon, March 2000). The framework for the participation of Free Welfare, or of private social services, is also being adjusted within the context of social security (Daseinsvorsorge) in Europe. The bases for the legitimisation of public support are changing; effectivity and efficiency arguments are gaining greater importance compared to those oriented towards the common goods.

Although the amendment of the BSHG (in force since 1<sup>st</sup> of August 1996) retained the institutional precedence of Free Welfare in the creation of institutions, nevertheless competition with private suppliers has been laid down for services. (Section 93, 2.). The new Children's and Youth Aid Law (Kinder- und Jugendhilfegesetz, in force since 3<sup>rd</sup> Oct. 1990 in the new, since 1<sup>st</sup> Jan 1991 in the old Bundesländer) aims at a stronger orientation towards community life (Lebensweltorientierung) as well as prevention and decentralisation in Children's and Youth Aid. Independent societies and initiatives are increasingly being considered in the allocation of public funds. In the Nursing Care Insurance Law (Pflegeversicherungsgesetz) private and free charitable suppliers have, since 1994, been put on an equal footing and have been put into an open competitive relationship with each other, which is dominated by efficiency points of view. Especially the very widely extended advisory activities of the Diakonie (Debtors' Advisory Service etc) which were partly financed by grants from the Bundesländer and communities, is breaking down in many places owing to the cancellation of grants. The nursing care insurance schemes (Pflegekassen) are expecting a finance disaster in view of the increasing proportion of old people in the population. The competition between suppliers, forced by the state, and the selective support of service functions alone, raises identity problems for the Free Welfare Associations.

#### **4. Where is Social Welfare in Germany and Europe Going?**

This change of paradigm is also to be found in many European states, even though it is related to the existing framework in each case. I would like to pick out three examples: The social work of the British Welfare State, for instance, has for a long time been developing into an impenetrable network of highly differing welfare services, whose new structure is gradually becoming apparent. Increasingly, local authorities are acting only as buyers of social services or as agents. Social work itself is increasingly being carried out only by voluntary organisations, charities or other private enterprises.

If one goes back to experiences with the "Economie Sociale" in France, it becomes evident that this concept is strongly based on a state centralism which is still practised in France today. The state can and will allocate tasks or hand over areas of responsibility to the free associations and organisations. The reticence of church social welfare representatives in France, which is often not understood by Germans, can be understood in as far as there has always been an ever-recurring danger of the State passing as the areas of responsibility which it finds "unpleasant" to free organisations and associations and not taking care of the corresponding financial

framework for carrying out these tasks. Behind this there also is a fiscal and institutional distrust of all sorts of societies.

In Scandinavia, especially in Sweden, the Communities are overburdened with expenditure social benefits. Thus, in the meantime, a split between individual communities and regions and an increasingly stronger town-country divide with regard to social development has become apparent. More and more communities are subjecting social aid – as well as social work as a whole- to purely fiscal-politically motivated decisions. The outcome will depend on whether , beneath the the Swedish welfare system, a substructure of charitable, church or other associations develops which carries out “ersatz aid for the poor”, in other words, or whether a welfare-mix develops which can prevent social isolation and impoverishment.

The Diakonie in Germany is at a crossroads. So far it has been imbedded in a system of aid “which has increasingly been granting state social benefits in an economic, one-sidedly professional, bureaucratic, institutional and authoritation way without allowing any involvement and participation by those affected.” The enormous expansion of social services also led, in the Diakonie, to an increasing differentiation of social professions with clear legal standards, quality requirements and correspondingly high salaries and social standards analogous to the “Öffentlicher Dienst”. Networks of institutions were formed to foster medical, educational and professional rehabilitation as well as the training and further education of suitable, qualified staff. New requirements such as quality safeguards, economic and social management led to a further professional differentiation. The decision to help is, today, less a matter of the heart, of morals or mutual aid than a matter of the methodical training and the interpreting of programmes, the carrying out of which one is occupied with for a limited number of working hours.” (N. Luhmann, 1973). In many areas of Diakonie there is no room for volunteers or honorary workers. Through the narrow specialized treatment of problems and different situations in people’s lives, those in need of help are only looked after selectively. Social aid is in danger of being colonised by the systematic world. That is why efforts which work towards a new community-oriented (lebensweltlich) acquisition of social involvement and solidarity deserve attention.

Some theses I will give to this point:

1. The discussion about the future of social work is, today, moving towards a change in perspective. So far social work has not, on the whole, become active until the social problems of those affected (families, children, youth, elderly people, the homeless, poor people) have become apparent social services usually work professionally and problem-orientatedly on solutions for individual cases, what is lacking are long-term, social – space, comprehensive and therefore target-group –dependent approaches to solving problems such as the building up of social networks which make social support effective in a manner both preventive and curative and rehabilitative.
2. The one-sided orientation towards professional social work should in future be replaced in favour of a broad spectrum of voluntary involvement in social work channelled by professional workers. Thus can only be achieved by a return to community- type forms of help.
3. According to the principles of the Independent Living Movement, the emphasis is on achieving the aim of independent living for those affected. This includes a personal budget, personal assistance, neighbourhood of integration and a wide range of easily accessible services within the frames of community care.
4. From this wider perspective there arise a great number of new tasks and fields of activity for citizens’ commitment and voluntary social services, including the sphere of social learning in local church communities. The willingness to help is an intrinsic characteristic of human beings created by God. It can, indeed, get lost or be fostered. Fostering in the sense of social and church social welfare learning – beginning at school – is today a central task which is being rediscovered.
5. This way local communities with their diaconal mission can become a pillar of diaconal and social work. Neighbourhood helped, diaconal household communities can be established. Assistance teams for the individual care of severely handicapped people can be formed, models for integrative Kindergarten and schools for the handicapped and non-handicapped can be tried

out and supported. The homeless can be looked after within the community. Fellow human beings in nursing houses (Pflegeheimen) can be visited and certain nursing tasks be delegated.

## **5. The Churches shared Responsibilities for European social Policy.**

It is often pointed out, that external observers gain the impression that the similarities of the social systems in Europe are greater than their differences. Whereas exact research shows that every country has its own distinctive structure. Since the challenges with regard to ageing process, the fight against impoverishment, the expansion of the health care systems, employment promotion, changes in family life, etc. have similar characteristics and anywhere the adaptations and changes will mean that the social geography of Europe will have to be re-defined accordingly. This increasing convergence will be the taste of the 21th century. Only recently the former EU commissioner for employment and social affairs Anna Diamantopoulou states that an “activating European Social Model” must make it its task to distribute fairly the fruits of economic performance and to enable all human beings to have a share in the new Europe and to participate actively in it. The European Council of Lissabon in March 2000, with regard to social policy: “In accordance with the subsidiarity principle, a completely decentralised approach will be taken in order that the Union , its member states, the regional and local levels of government, as well as the social partners and civil society may play an active part in many different ways.”

The new open method of coordination also helps the member states to improve their social policy on the basis of exchanging proven practices. The Council and the Commission agree on common principles and aims as well as timetables for achieving their aims. The observation of progress on the basis of common indicators allows a comparison of national strategies and better cooperation.

But, at the same time, it is the task of the church to ensure that the “Activating European Social Model” is filled with life. The human dignity and social justice, as laid down by the EU-Charta of Fundamental Rights, should be made the guiding principles of policy. To achieve this, the churches need to try out new forms of cooperation and to make their influence felt.