IS1102 **SO.S. - Social services, welfare state and places**

Social Services and Territorial Cohesion
Are social services particularly vulnerable to cutbacks during an economic crisis?

Einar Øverbye
Erika Gubrium

Oslo and Akershus University College

Working Paper No. 8
WG1 Transversal Readings Series

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COST Action IS1102 SO.S. COHESION - Social services, Welfare State and Places

The restructuring of social services in Europe and its impact on social and territorial cohesion and governance

In the last 20 years social services have experienced significant restructuring throughout Europe, involving cuts in public funding, devolution (from central to local governments), and externalisation (from public to private providers). Among the reasons for such changes have been stressed the fiscal crisis of the State (on the supply side) and the need to ensure greater efficiency, wider consumer choice and more democratic governance (on the demand side). Although relevant research is available on such processes, the recent global financial crisis and the awareness that, among services of general interest, social services are a major vehicle of social and territorial cohesion have brought social services back on the EU agenda.

The Cost Action IS1102 – operational from 2012 to 2015 – has brought together institutions carrying out research on these themes in different nations, from different disciplinary points of view, and with different emphases, with a view to jointly assess the effects of the restructuring processes, from 5 perspectives: a) efficiency and quality; b) democratic governance; c) social and territorial cohesion; d) training and contractual conditions in social work; e) gender and equal opportunities. The Action has provided a structured comparative context to share and valorise existing knowledge with the purpose of disseminating findings at the local and international scale and identifying inputs for a European social policy platform.

Some of the output of the Action is published in the form of *COST IS1102 Working papers*, freely available for consultation on the Action's website. While acknowledging the key role of the Cost Programme in general – and of the IS1102 Action in particular – in favouring the production of these papers, the responsibility of their contents remains with the authors.

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Einar Øverbye and Erika Gubrium

ABSTRACT

The paper presents the first results of a study developed in the context of the COST Action IS1102 'Social services, welfare state and places', on the regulatory trajectories and the current organizational frameworks of Social Services across ten European countries. Organizational changes in the form of devolution, outsourcing and increased reliance on vouchers are common trends across countries regardless of how hard they have hit been by the crisis. Social services that were expanding before the crisis, such as childcare, have been better able to withstand retrenchment. The crisis appears to have sped up changes in European social service designs that were already present before the crisis. We argue that the crisis may have provided an impetus for political "retrenchment or expansion coalitions" established prior to the crisis, to press their agendas forward.

*A draft of this paper was presented at the American Sociological Association 108th meeting *Interrogating inequality – linking micro and macro,* New York, August 10-13 2013.

1. Introduction

In 2009, the economic crisis led to severe GDP contractions in several European countries. The crisis has led to cutbacks in welfare provisions. Have social services been hit particularly hard? The paper investigates arguments for and against this assumption, and investigates if empirical material collected through Work Group 1 (WG 1) in the EU-funded COST Action IS1102 - Social Services, Welfare State and Places[1] - can help investigate this assumption.

1.1 *Are there reasons to believe that social services are particularly vulnerable during an economic crisis?*

Below are three suggestions that this is likely to be the case:

a) Social services usually have weaker legal protection than other parts of the welfare state, in particular weaker than pensions (which tend to be partly contribution-based or pseudo-contribution based). It makes sense to assume that politicians will cut first where it is least likely that their cuts may be challenged in the courts.

b) To the extent that social services are targeted at the weakest and most destitute, they have less political clout – and represent smaller voter groups – than beneficiaries of larger welfare programs, or welfare programs that have a less clear redistributory profile. Again, earnings-related pensions are a relevant contrast, since such benefits serve larger and more well-to-do segments of the citizenry.

Both a) and b) may also reflect a more marginalized positions of some of the target groups receiving social services, representing what many may regard as the "less-deserving poor"(such as substance abusers). This may further reduce the political cost to cut these services and benefits. This is not the case with regard to all small groups however. For example, services for the born or young disabled go to a small group, but this group most likely enjoy high legitimacy in all countries.

c) The responsibility for social services is often devolved to local governments, and financed through government revenues at this level. Local governments often rely heavily on property taxes to raise revenue. The economic crisis has particularly hurt property prices, and this then reduces property revenues, starving local governments of funds. This is less the case with welfare items that are typically a central government responsibility. Again, pensions are a relevant contrast since they are usually provided by the central government. Add to this the argument that trade unions and employer's federations often sit on the Board of Directors of pension schemes and may have "veto power" over cutbacks. No similar formal set-up provides non-state actors with veto power in the case of social services.

The importance of the last factor may have increased in the decade before the crisis, as European governments have increasingly devolved welfare responsibilities to regional or local governments (Kazepov 2010). If so, this may possibly be seen as a negative, unintended consequence of a well-

[1] While acknowledging the relevant role of the national and regional reports produced in the COST Action IS1102-Social services, welfare state and places as sources of inspiration and information for our work, we take sole responsibility for the interpretation put forward in this paper.

intended government reform: to enhance local democracy by giving local governments more responsibilities. To the more sinister-minded, it may alternatively be seen as a devious blame avoidance strategy on behalf of central governments.

1.2 *Are there counterarguments?*

There are at least two arguments suggesting that social services may on the contrary escape severe cutbacks:

a) Social services are often targeted at the poorest and most destitute, which is in itself an argument for shielding these services more against cutbacks than is the case for welfare benefits (not to mention other government items) directed to more well-off constituencies. The weakest and most destitute have by definition fewer private resources to help them muddle through if governments cut their services. Based on a "do first things first" argument, politicians may therefore put extra effort into securing funding for social services.

There is overlapping consensus between liberal, Christian-democratic, social-democratic and socialist ideologies with regard to shielding the poorest. If these ideals (elite-ideologies) matter in politics, rather than only raw attempts to peddle to the material self-interests of the majority of voters, one would expect that efforts exist to maintain funding for services targeted at the poorest. Voters themselves are not immune to such arguments (ideals) either; there may even be votes to be had by a "let's at least shield the poorest from the crisis" argument.

b) Since the poor and destitute usually comprise fairly small groups (at least before the crisis really started to bite), there is not much money to be gained by cutting their services. Thus the "small constituency" argument works both ways – it may make it less politically costly to cut services for the poorest, but it also makes less sense to cut such services in the first place, since cuts will not really save a lot of government revenues.

1.3 *Should the hypothesis be further qualified?*

Both sets of hypotheses are based on a premise that "social services" share basic communalities. This is not necessarily the case. Social services are a more heterogeneous group than health services or education services. Their vulnerability to cutbacks is therefore likely to vary. The diversity of social services is illustrated by Martinelli and Sarlo (2012), who differentiate six main categories and three benefit/service types, resulting in 6x3=18 categories of social services (Figure 1).

Figure 1. A typology of social services, with examples.

	Services and interventions rendered to people from own premises and/or at the domicile of users, including home services	Institutional delivery, i.e. residential, semi-residential or daycare centers where services are provided to users while staying at the premises	Transfers in the form of money or vouchers, lump-sum or periodic, means-tested or flat-rate, and sometimes in kind (equipment and goods) rather than cash [note: technically not "services", but nonetheless often administratively subsumed under the social service-label]
Family and minors	Home-based daycare, child abuse and family counselling, foster home services	Crèches/daycare centers, kindergartens, after-school daycare, crisis centers for abused family members, treatment centers for child abuse victims, institutions for orphans	Child benefits, parental leave benefits, care-at-home benefits for those not using subsidized kindergartens, special tax-financed benefits for single parents
People with disabilities	Tax-financed personal assistants, home care and	Institutions for severely disabled	Vouchers for personal assistants, free or subsidized equipment (in-kind: crutches,

	nursing, employment services		wheelchairs, specially adapted cars), services to adopt the home for disability (removal of thresholds, etc.), benefits to buy extra equipment or private services, benefits to caring relatives, subsidized employment
Elderly	Home care and nursing, transportation services, home meals,	Institutions for the elderly	Free or subsidized equipment, services to adapt the home for disability, benefits to buy extra equipment or private services, benefits to caretaking relatives
Alcohol and drug abuse	Poly-clinic counselling and treatment	Treatment institutions	Free syringes in supervised "needle rooms", free or subsidized drugs (e.g. methadone)
Immigrants	Social work counselling, information services, employment services	Day-based integration programs	Tax-financed integration benefits (linked to participation in integration programs), rental subsidies or subsidized (public) housing, subsidized employment
Poverty and social exclusion	Social work counselling, employment services	Day-based training programs	Traning benefits (linked to participation in training programs), general social assistance benefits/ minimum revenue, subsidized (public) housing, subsidized employment

Source: Authors' compilation, based on Martinelli and Sarlo 2012.

This diversity suggests several additional hypotheses that strongly qualify any discussion of effects of the crisis on social services writ large. First, some services listed in Figure 1 relate to life situations that a majority of the population may realistically expect to encounter. Examples include kindergartens (most people hope or expect to raise children), home care and nursing for the elderly (most people hope or expect to grow old), parental leave benefits and flat-rate child benefits. Others relate to life situations that only a minority are likely to (or hope to) encounter. Examples include services for the born disabled, crisis centers for victims of domestic violence, or services related to alcohol and drug abuse. Still others relate to problems encountered by groups that the population majority does not belong to; the main example being immigrants.

Following the first set of hypotheses, one should assume that politicians will be more wary to cut back services that a majority may realistically want to use themselves at some stage in their life (such as kindergartens or elderly care), rather than services only a minority assume they may need (such as drug counselling and therapy), and even less services targeted at groups they simply cannot belong to (such as immigrants). Some groups representing minorities may also be stigmatized within the broader public eye (public perception/media portrayal) and so may be easily seen as less "deserving" of benefits in times of crisis. On the other hand (following the counter-hypotheses), since such groups are usually small, perhaps politicians do not see a major point in cutting such services, since there is little revenue to be saved anyway.

Second, and again reflecting the discrepancy in status among varying target groups, some services lend themselves easily to social-investment justifications, others less so. Scholars increasingly emphasize the social investment-aspect of social policies, while redistribution-arguments are put in the back seat (see Morel, Palier and Palme 2012). Some social investment arguments are straightforward (kindergartens boost human capital among the young); some are more convoluted (unemployment benefits serve as automatic stabilizers and also foster a better match between the supply and demand of labor).

One should expect politicians to be more reluctant to cut social services they believe have strong social investment-effects. If so, kindergartens, after-school day care etc should be less exposed to cutbacks than services without a similarly straightforward social investment-aspect. This argument should make old age pensions *more*, rather than *less*, exposed to cutbacks, since there are fewer social investment-arguments linked to old age pensions.

An added argument would be that the ageing of the population will put great pressure on public pension systems in the future if benefits entitlements are not cut back. Perhaps politicians use the "crisis-consciousness" created by the economic crisis not to perform a general retrenchment of the welfare state, but rather to speed up a restructuring of the welfare state - by expanding services for families with children, while cutting back on pensions.

The above is a version of the "benefit of crises" argument (Diamond and Liddle 2012). Crises offer political elites with a social investment-agenda an opportunity to speed up changes they want, but have not been able to push through in quieter times. A crisis creates a "something must be done" atmosphere among the general public, and implies that politicians who have radical solutions have an easier time getting acceptance for their restructuring proposals than in times when the economy is not in crisis.

The above argument may nonetheless be turned on its head: In times of crises, the army of the unemployed swells, and in older age cohorts the demand for pre-retirement benefits (and generous pension benefits) may swell with it – creating a larger constituency opposed to cutbacks.

Third, some services fit nicely with what can be labeled "the great gender transformation" (GGT)[2] – that is, the tendency everywhere that an increasing percentage of women join the labor force. The great gender transformation increases a popular demand for parental leave benefits, kindergartens and after-school day care everywhere. Extra demand spurred by the GGT dovetails with social investment arguments; a potentially very potent political mix. Other services do not benefit from a similar powerful coalition (overlapping consensus) between flint-eyed economists concerned with economic growth (who tend to regard increased female labor force participation with benign eyes since it implies an increased division of labor), and feminists concerned with gender equality and full social participation. Traditional conservatives (usually strange bedfellows to feminists) are sometimes part of this overlapping consensus, being concerned with low European fertility rates and positive to the potential pronatalist consequences of expanding parental leave, kindergartens and the like. In 2011, European fertility varied from 1.3 (Malta, Portugal and Slovakia) to 2.1 (Ireland) children per woman (gapminder.org).[3]

Fourth (and related to the above), studies of trends in social provision up to the crisis in 2009 show retrenchment of old-age pensions, but expansion of family-related benefits and services. In *elephants on the move*, Karl Hinrichs (2008) mapped the many ways pension entitlements have been curtailed. This implies that powerful political "pension retrenchment-coalitions" already existed before 2009. It can be assumed that established retrenchment coalitions are continuing their work in the new "benefit of crises" environment. Indeed, several countries have cut pension indexing and scaled back pension entitlements after the crisis (Missoc 2013).[4]

Alternatively put: when a crisis hits, the most exposed benefits and services are likely to be those where a political retrenchment coalition existed already before the crisis, implying that the "costs" to establish a retrenchment coalition had already been "paid". Conversely, the services least likely to suffer retrenchment are those where a political *expansion coalition* already existed, i.e. a mix of political parties, interest organizations and the like, who for various reasons (overlapping consensus) were bent on further service expansion, or at least would not tolerate severe cutbacks.

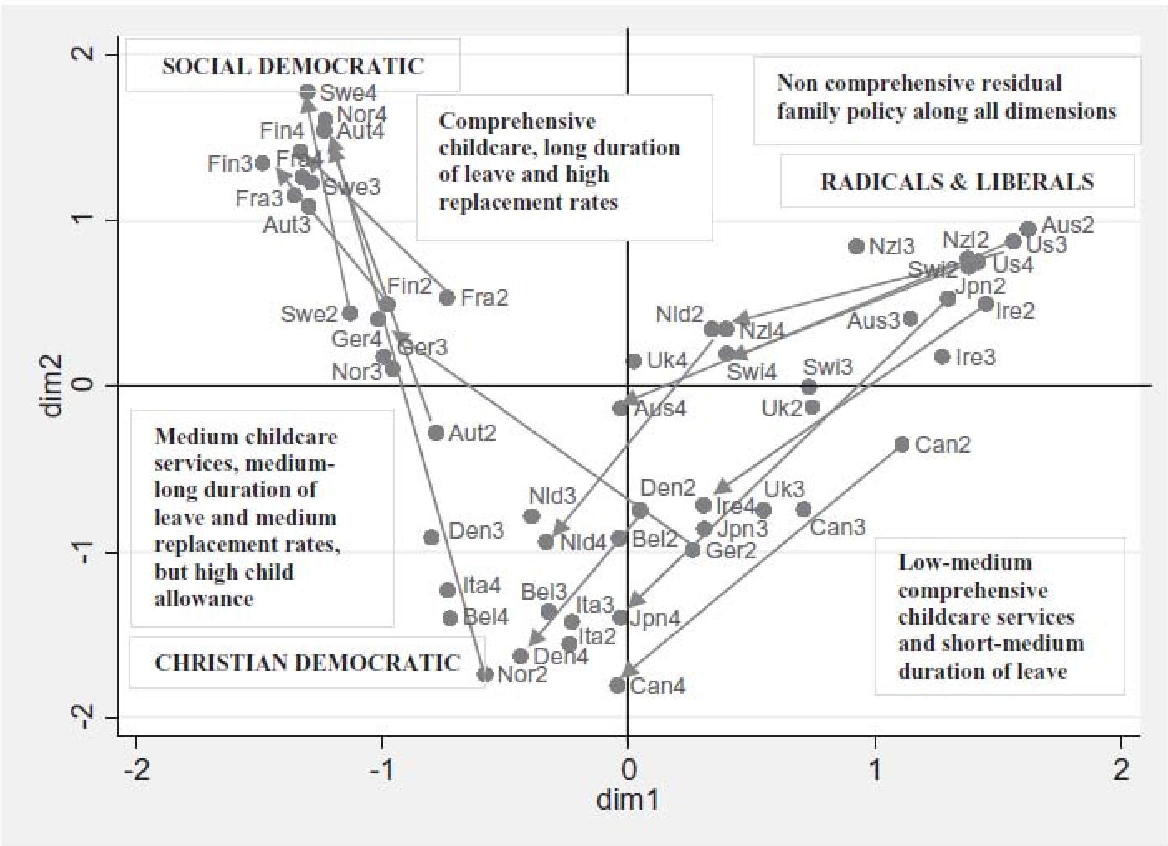
2 With a nod to Karl Polanyi
3 2.1 children per woman is necessary to keep the populations table in the long run, in lieu of net immigration.
4 URL http://ec.europa.eu/social/main.jsp?catId=815&langId=en

Is there an established political expansion-coalition with regard to family benefits? A paper by Ferragina, Seeleib-Kaiser and Tomlinson (2012) suggests so. The paper shows that family-related benefits and services had been expanding in (at least) 14 European countries during the decades 1980s, 1990s and 2000s. The pace of expansion varied – with Sweden as the leader and Ireland as the laggard. But the tendency was the same in all 14 countries: toward expansion (see Figure 2). The common trend is an indicator of established "service expansion coalitions" before the crisis hit (see also Morgan 2012).

If the "retrenchment/expansion coalition already exists"-hypothesis is correct, we should expect the crisis to have speeded up the restructuring of the welfare state away from old-age provision to family services and provision; or at least to imply far less retrenchment of family-related services than of old-age pensions. However, this pertains to family-related services that a majority is likely to use; not necessarily to family-related services that are only used by small groups (victims of domestic violence, the born disabled and so forth).

Figure 2. Family policy over three decades. Adopted from Ferragina, Seeleib-Kaiser and Tomlinson (2012)

Multiple Correspondence Analysis family policy over three decades, 1980s, 1990s and 2000s (Model 3)



Source: Authors' elaboration.
Note: Finland 2 represents the position of Finland in the 1980s, Finland 3 in the 1990s and Finland 4 in the 2000s and so forth for the other countries.

Three more hypotheses deserve mention. *First*, some social services dovetail with increased public concerns that massive immigration (which has characterized many European countries from the late 1970s onward) will lead to civil and political unrest. Politicians can be sensitive to more-or-less violent protests, which may lead them to prioritize welfare programs that can boost integration. This was arguably a motive behind welfare policies already when Otto von Bismarck initiated the birth of the modern welfare state in Imperial Germany between 1880 and 1890. Integration programs for new immigrants, as well as efforts to increase kindergarten enrolment among immigrant communities, may deliberately or as a side-effect foster integration. This hypothesis leads in the exact opposite direction from the hypothesis that services for immigrants will be particularly hard hit (because the majority may not regard immigrants as "our" people). On the contrary, according to this hypothesis integration programmes should be more sheltered from cutbacks than other welfare programs, since there is a higher risk of violent protests among immigrant communities than among more docile groups who suffer marginalization.

Second, a crisis does not always increase demands for services; in some cases it may reduce demand. High unemployment may mean that more women stay at home and engage in informal service provision, such are rearing children. Thus possibly reducing the demand for kindergartens. A crisis is less likely to reduce demand for services that demand a high level of specialized competence, such as child protection services. If this is correct, services that require a high level of professional training should be less exposed to cutbacks.

Third, not all social services are funded from local government revenues. For example, the main German scheme for providing nursing services to the frail elderly is through social insurance (*Pflegeversicherung*). This is a quasi-contributory national (federal) system, not a tax-financed system provided by local governments. Perhaps social services funded from a national level are more resilient to cutbacks than services funded from local governments. Service providers financed from the national government do not have to worry that lower property values will squeeze local government revenues.

Adding further institutional detail to the above hypothesis, funding by local governments is not the same thing everywhere. For example, the rapid expansion of kindergartens in Norway from the 1980s to the 2000s (Nor2 - Nor 3 - Nor4 in Figure 2) was brought about through earmarked grants from the central government - grants local governments received only if they used the money to fund kindergartens. By 2011 almost all earmarked grants were merged together in a large "block grant" (which supplements local taxes). However, before abolishing earmarked grants for kindergartens, the government in 2005 introduced a law stating that local governments are legally obliged to provide kindergartens to every family living in their area. In this fashion, the central government ensured that local governments would continue to give priority to kindergartens - relative to services where the legal obligation of municipalities to provide services is less clearly specified.

2. Different degree of crisis – different social policy response

The crisis has been more severe in some countries than others, and retrenchment is likely to be related to the severity of the crisis. Table 1 uses GDP growth and the annual unemployment rate as two yardsticks to measure the severity of the crisis across selected European countries.

Table 1. Eurostat. Statistical annex of European economy. Spring 2012.

		2008	2009	2010	2011	2012	Difference in unemployment 2009-2012
Belgium	GDP	1.0	-2.8	2.3	1.9	0.0	
	Unemployment	*7.0*	*7.9*	*8.3*	*7.2*	*7.6*	*0.6*
Germany	GDP	1.1	-5.1	3.7	3.0	0.7	
	Unemployment	*7.5*	*7.8*	*7.1*	*5.9*	*5.5*	*-2.0*
Greece	GDP	-0.2	-3.3	-3.5	-6.9	-4.7	
	Unemployment	*7.7*	*9.5*	*12.6*	*17.7*	*19.7*	*12.0*
Spain	GDP	0.9	-3.7	-0.1	0.7	-1.8	
	Unemployment	*11.3*	*18.0*	*20.1*	*21.7*	*24.4*	*13.1*
Italy	GDP	-1.2	-5.5	1.6	0.4	-1.4	
	Unemployment	*6.7*	*7.8*	*8.4*	*8.4*	*9.5*	*2.7*
Malta	GDP	4.1	-2.7	2.3	2.1	1.2	
	Unemployment	*6.0*	*6.9*	*6.9*	*6.5*	*6.6*	*0.6*
Austria	GDP	1.4	-3.8	2.3	3.1	0.8	
	Unemployment	*3.8*	*4.8*	*4.4*	*4.2*	*4.3*	*0.5*
Portugal	GDP	0.0	-2.9	1.4	-1.6	-3.3	
	Unemployment	*8.5*	*10.6*	*12.0*	*12.9*	*15.5*	*7.0*
Slovakia	GDP	5.8	-4.9	4.2	3.3	1.8	
	Unemployment	*9.5*	*12.0*	*14.4*	*13.5*	*13.2*	*3.7*
Finland	GDP	0.3	-8.4	3.7	2.9	0.8	
	Unemployment	*6.4*	*8.2*	*8.4*	*7.8*	*7.9*	*1.5*
Czech rep	GDP	3.1	-4.7	2.7	1.7	0.0	
	Unemployment	*4.4*	*6.7*	*7.3*	*6.7*	*7.2*	*2.8*
Denmark	GDP	-0.8	-5.8	1.3	1.0	1.1	
	Unemployment	*3.4*	*6.0*	*7.5*	*7.6*	*7.7*	*4.3*
Hungary	GDP	0.9	-6.8	1.3	1.7	-0.3	
	Unemployment	*7.8*	*10.0*	*11.2*	*10.9*	*10.6*	*2.8*
Romania	GDP	7.3	-6.6	-1.6	2.5	1.4	
	Unemployment	*5.8*	*6.9*	*7.3*	*7.4*	*7.2*	*1.4*
Sweden	GDP	-0.6	-5.0	6.1	3.9	0.3	
	Unemployment	*6.2*	*8.3*	*8.4*	*7.5*	*7.7*	*1.5*
UK	GDP	-1.1	-4.4	2.1	0.7	0.5	
	Unemployment	*5.6*	*7.6*	*7.8*	*8.0*	*8.5*	*2.8*
Macedonia	GDP	5.0	-0.9	2.9	3.0	1.7	
	Unemployment	*33.8*	*32.2*	*32.0*	*31.4*	*31.0*	*-1.2*
Iceland	GDP	1.3	-6.8	-4.0	3.1	2.1	
	Unemployment	*3.0*	*7.2*	*7.6*	*7.1*	*6.4*	*3.4*

Greece has experienced negative GDP growth each year since 2008. Spain, Italy and Portugal have experienced negative GDP growth tree of the last five years. If changes in the level of unemployment is a reliable indicator for the demand for social expenditures, the largest increase in demand for unemployment protection and related social services took place in Greece, Spain, Portugal and Denmark (among the countries listed in Table 1). Germany by contrast experienced a reduction in unemployment in the period.

Countries experiencing GDP contraction can react by also cutting social spending (in an effort to reduce public debt), or on the contrary to boost social spending to compensate for increased hardship, and to stimulate demand (cf. the "automatic stabilizer effect" of social spending).

Among OECD countries discussed in this paper, eight reported GDP per capita contraction of 4 percent or more in the period 2008-2012 takes as a whole (Table 2). These were Greece (-15.02), Italy (-7.39), Iceland (-6.69), Spain (-6.19), Portugal (-5.47), Denmark (-5.36), Hungary (-4.73) and Finland (-4.46). Of these only Hungary cut social spending as a percentage of the (shrinking) GDP, but in Iceland and Greece the increase in social spending was very modest (0.6 and 0.8 respectively).

As shown in Table 1 all countries experienced GDP contraction between 2008 and 2009, but some recovered fast. In the period 2008-2012 taken as a whole Slovakia (+4.50) Germany (+2.74) Sweden (+2.53) Switzerland (+1.13) and Austria (+0.18) had net growth (Table 2). These countries at the same time increased social spending as a percentage of their (expanded) GDP, the increase varying between 0.7 percent (Sweden) and 1.9 percent (Switzerland and Slovakia).

In terms of changes in public social spending, Denmark and Finland pursued the most countercyclical social expenditure policy in the period, expanding the share of public social expenditure as a percentage of their (shrinking) GDP by 3.7 percent. Together with Belgium they were the biggest social spenders in 2012, with public social expenditure varying between 29.0 and 30.5 percent (Table 2).

In sum: European countries were differently affected by the 2009 GDP contraction, and those affected reacted differently with regard to cutting, maintaining or boosting public social spending.

Table 2. Change in public social spending 2009 -2012

	Public social expenditure as % of GDP		GDP per head, USD, constant PPPs (reference year 2005)	
	2012	% change from 2008	2012	% change from 2008
Greece	26.3	0.9	22287 (2011)	-15.02
Italy	28.1	2.3	26349	-7.39
Iceland	16.4	0.6	33967	-6.69
Spain	26.3	3.4	26576	-6.19
Portugal	25.0	1.9	20830	-5.47
Denmark	30.5	3.7	32303	-5.36
Hungary	21.1	-2.0	17053	-4.73
Finland	29.0	3.7	31818	-4.46
UK	23.9	2.1	32713	-3.90
Czech rep.	20.6	2.5	23783	-2.31
Belgium	30.0	2.7	32920	-2.02
Norway	22.1	2.3	47580	-1.93
Austria	28.3	1.5	36257	+0.18
Switzerland	20.3	1.9	39683	+1.13
Sweden	28.2	0.7	35167	+2.53
Germany	26.3	1.1	34751	+2.74
Slovakia	17.6	1.9	21324	+4.50

Source: OECD social expenditure data base and OECD StatExtra.
http://www.oecd.org/social/soc/socialexpendituredatabasesocx.htm
http://stats.oecd.org/Index.aspx?DatasetCode=SNA_TABLE1

3. Spending on social services

Welfare transfers (in particular pensions), health and education services are usually bigger expenditure items than social services. We do not have data on spending particularly on social services after 2009, but Table 3 shows the situation in the countries under study between 2001-2008 and as the crisis hit in 2009.

Table 3. Spending on other services that health and education services as % of GDP, 2001, 2008 and 2009.

	2001	2008	2009	2009 spending as % of total social expenditure 2009
Sweden	8.1	8.2	8.8	29.5
Denmark	7.7	7.5	8.5	28.2
Finland	4.2	4.9	5.6	19.0
Norway	5.5	4.7	5.5	23.6
Germany	3.9	3.9	4.2	15.1
UK	3.5	3.8	4.2	17.4
Belgium	3.4	3.2	3.5	11.8
Greece	3.1	3.0	3.5	14.6
Iceland	2.9	3.0	3.2	17.3
Switzerland	2.1	2.1	3.0	14.9
Spain	2.0	2.6	2.9	11.2
Austria	1.8	2.2	2.6	8.9
Hungary	1.9	1.6	1.7	7.1
Portugal	1.2	1.2	1.5	5.9
Italy	1.5	1.4	1.5	5.4
Slovakia	1.1	1.1	1.3	7.5
Czech rep.	1.8	1.1	1.3	6.3

Source: OECD social expenditure data base http://www.oecd.org/social/soc/socialexpendituredatabasesocx.htm

The Nordic countries (except Iceland) come across in Table 3 as "social service welfare states". This is in line with previous research (see Castles 2004). They spend more than others as a percentage of GDP, but also relative to other types of social expenditure. In 2009 Sweden spent 8.8 percent of GDP on social services, in contrast to 1.3 in the Czech republic and Slovakia. Sweden leads also if social service spending is measured against other social expenditures: 29.5 percent of public social expenditures were spent on social services. Italy is at the other end of the distribution, spending only 5.4 percent of public social expenditures on social services in 2009. The huge spending on social services in the Nordic countries is related to the high percentage of women in the labor force. Social service spending on kindergartens and elderly care in particular has made it possible for women to enter the formal labor market on a full-time basis, while at the same time increasing employment opportunities in professions where women dominate. The social service spending pattern was quite similar in 2001 and 2008. All countries reported modest increases between 2008 and 2009, when GDP contracted.

The amount of spending varies not only depending on entitlements, but also depending on the number of applicants. To use pensions as an example, spending on pensions as a percentage of GDP increased prior to 2009 (Morel et al 2012). Taken by itself this would suggest increased generosity on behalf of governments. However, as pointed out by Hinrichs (op.cit), pension entitlements were reduced in many countries in the same period. A retrenchment in pension entitlements can be masked by increased influx into the pension system (including preretirement schemes), if one relies on spending measures only.

We need an *entitlement database* in order to differentiate between changes in spending due to changes in entitlements, and changes in spending due to an increase/decrease in the number of beneficiaries. With regard to social transfers, Lyle Scruggs has compiled a comparative welfare entitlement database providing entitlement data up to 2011 for 13 European countries.[5] Nothing similar exists in the case of services.

A social services entitlement database is more challenging to construct than a social transfers data base, since it is more difficult to decide what "entitlement" implies with regard to services than

[5] URL: http://www.nsd.uib.no/macrodataguide/set.html?id=7&sub=1

with regard to transfers. Perhaps the *length of the queue* when applying for a kindergarten or a nursing home; or *how large a percentage* of the applicants that are turned down; or *the size of user fees*. Or alternatively, measures of service quality, such as the *number of children per kindergarten personnel*, or the *number of visits home carers perform* on average during a week.[6]

Since social services (as illustrated in Figure 1) are very diverse, we further need separate measures for each social service. Without separate data on separate services we are not able to investigate the more fine-grained (qualified) hypotheses referred earlier, concerning which services that are vulnerable to cuts, and which that are resilient to cutbacks (or have even been expanded).

The purpose of this admittedly slightly depressing run-through of methodological problems is to illustrate the daunting task of constructing truly *comparative* data on how social services have fared during the economic crisis. However, not having the best data available does not mean that there are no good data out there that can throw light on the many hypotheses presented earlier. The best should not be the enemy of the good. How far does the information gathered through Work Group 1 in COST IS1102 take us in this regard?

4. Impact of restructuring and crisis

The national profiles produced in WG1 contain two types of data that are of help. First, they include accounts of changes in social services after 2009, captured through the question "The impact of restructuring and the crisis". Second, they include information about the delivery system of services (which government level is financially responsible, etc.) that may indicate if social services are particularly vulnerable to cutbacks. Table 4 presents the first type of data.

Table 4. Changes in social services after 2009. From WG1 national reports (*).

Belgium	Increased focus on integration of welfare services; increased liberalization and managerialism in the provision of services; increased focus on client participation and on the duties of clients; increased coordination between federal, regional and local policy levels. (Raeymaeckers and Dierckx 2012)
Germany	Increased childcare coverage with a particular focus on opening hours; parental leave and parental benefits expanded in 2007; increased coverage gap between east and west German Länder/regions (east German Länder being in the lead). 2008: Massive federal subsidies for childcare expansion, plus statutory entitlement for place in daycare center from the age of one, to be effective from 1 August 2013. Expansion of public childcare for under-three-year-olds 2008-2011: all children enrolled. (Mätzke 2012)
Greece	Cuts in pensions and salaries have reduced disposable incomes, particularly among lower income households. As a result, paying for elderly care, either at home (for a migrant woman carer) or in an Elderly Care Unit, is no longer an option for the majority. Public social services for the elderly have been cut both in range and quality, linked to personnel cuts and deteriorating working conditions. Major re-organisations of the "architecture of local government" affect the geography of supply of elderly care. Cuts also affect the operation of NGOS (with the possible exception of the Church), since they receive reduced grants and face difficulties in finding donors. The burden of elderly care lapses back to female family members, where many are likely to have become unemployed as a result of the crisis – therefore "readily available" for the caring responsibilities they have fought to re-arrange. Rising needs for social programs addressed to elderly, youth, special needs persons, poor, immigrants, chronic ill; spending cuts and no secured founding for "help at home" and kindergartens' programs, no new personnel hiring and lay-offs of non-permanent employees; less formal recipients of public social care (people losing insurance rights due to unemployment); ongoing process of privatization (mainly through voucher schemes introduced) of social services for children, elderly, training for unemployed. Informal (familistic) care capabilities limited further. From the social workers' point of view: insecurity for social workers in all areas of

[6] Yet another alternative could be to use vignettes to determine which services are available to those with similar needs across countries, and include retrospective questions to capture the effect of changes over time, including effects of the crisis (Kazepov 2010).

	public and private services results in a "blurring" of the distinction among providers and recipients of social care, creating subsequent changes in the professional ethics of social care. New ideas and practices have appeared about "social solidarity from below" initiatives; yet they still remain mostly at an experimental stage – reinvention of safety nets. (Konstantatos, Vaiou and Zavos 2012)
Spain	Catalonia: 2009 (effective 2011): introduction of 4 weeks parental leave exclusively for the father. 2011: budget cuts in public transport for young people; elimination of "baby checks" and aid related to birth and adoption; elimination of rent subsidies to young people; contributions of pensioners to health care system (with cap). Valencia: Expansion of childcare support, particularly in the form of vouchers. (Deusdad 2012)
Italy	Revenue and spending competences among government levels reorganized in the period from 2000 in the direction of increased fiscal federalism, a process that slowed down after 2009. From 2009 to 2012: Drastic cuts to the National Fund for Social Policies (FNPS, created in 1997 to equalize social spending between regions) and other national funds for specific social groups. No significant differences are observed between subdomains (e.g. families and children, elderly, disabled, substance abusers, migrants) as linear budget cuts throughout all social and care services were implemented, i.e. not larger cuts for "less deserving" subdomains (Martinelli and Sarlo 2012; Sarlo et al. 2012; Martinelli 2012).
Malta	Gradualist restructuring. Gradualist growth in welfare. No shocking cuts or privatizations. First ever budget cuts in social care in 2012. (Pace and Bezzina 2012)
Austria	2010-11: Introduction of means-tested guaranteed minimum income in all provinces, albeit at different levels of benefit. 2012: Long-term care allowance for special groups (provincial employees, social assistance recipients) is abolished and all recipients instead covered by the same federal long-term care allowance system (introduced in 1993). 2012: set-up of national fund for social care service to secure expansion of social care services across provinces and local governments. The federal government is also engaged in an acceleration of the expansion of childcare services. Introduction of agreements between federal state and provinces to provide a minimum framework for social services concerning quality and quantity In case of childcare, elder care as well as activation of recipients of the Means-Tested Guaranteed Minimum Income access to Jobcenter's services. (Leibetseder & Mätzke 2012)
Finland	a) Increased efforts to control costs, according to some commentators resulting in reduced service quality. b) Extension of childcare, but stricter targeting of elderly care. c) Increased regional inequalities; creeping "fiscal federalism". The crisis is putting pressure especially on care for older people. The debt of both the government and the municipalities has grown and the real cost of the ageing of the population has not been for the most part realized yet. Government's deficit has a drastic effect on municipalities as the government cuts down the state subsidies for municipalities, which are already in a difficult financial position. Significant differences between municipalities in terms of quality of services, coverage and the range of provided services. (Kroger & Leinonen 2012)
Romania	Might be temptation to balance the budget by sending foster children back to biological parents where maltreatment occurred, and to reduce treatment and intervention aid for these families. 2011: Social assistance for all Romanians introduced (EU rules) (Ionescu & Neculita 2012)
Sweden	Demand on municipalities to cut public expenditures. (Knutagard and Brokking 2012)
Macedonia	Cash benefits for children have evolved positively across time (since passing of first child protection law in 2000), but are deemed as insufficient. 2009: National law on social protection. (Tevdovski 2012)
Iceland	Mainstreaming and de-institutionalization of disability services since 1990s. 1st January 2011: all disability issues devolved from the state to the municipalities. Services transferred are group homes, half way homes, special support in sheltered homes, special support in independent living, day service for disabled people (not work), short-break homes for disabled children and support families for disabled children. 2012 action plan states that user-led personal services will be introduced no later than 2014. Funding is shared between national and municipal level. Municipalities are presently under pressure to reduce costs. (Gudmundsson & Sigurdardottir 2012)
Switzerland	Unemployment insurance and insolvency compensation (AVIG) 2011: increased contribution rates, stricter terms of access, reduction in benefits esp. for insurance holders under 25. Hardly any increase of unemployment and recipients of social welfare. No direct influence on public finance. Strong Swiss francs with disadvantages on export industry and tourism. Financing problems of occupational fund (due to stock exchange developments rather than entitlement cutbacks), but no direct effects on social services. (Fluder, Ruder & Hauri 2012)
Norway	2010: major reform of pension system, introducing adjusting benefits according to cohort mortality estimates for cohorts born after 1958 (assumed to bring annual benefits down). However, no retrenchment with regard to social and care services. Managerial reforms similar to Belgium.

(*) WG1 National reports are available in the COST Action IS1102 website at http://www.cost-is1102-cohesion.unirc.it/

The level of detail and the services examined in Table 4 varies. Also, changes after 2009 are not necessarily responses to the crisis, since they might have taken place in any case. Obviously, this is particularly likely to be the case in countries where the crisis has been mild or non-existent (see Table 1 and 2). With those caveats, here are some suggested generalizations:

a) Childcare (daycare and kindergartens) has been sheltered from cuts. There is also continuous expansion in many countries. Most notably in Germany, but also in Austria and in some Spanish regions (Valencia). Italy also seems to be "on the move", owing to a recent national investment plan for daycare, although since 2010 coverage trends are stalling (Sarlo et al. 2012). Countries report to have approached "full coverage" at least for those above age three. Expansion in Germany is not particularly surprising, as the crisis in Germany has been rather mild. It is more noteworthy that expansion (or at least avoiding cutbacks) has taken place also in Spain and Italy. However to the extent that user fees are charged, the economic crisis may indirectly reduce the demand for daycare, as poor young households will then have more problems paying the fees. Besides, increased youth unemployment may imply that more young mothers raise their children at home, further limiting the demand for childcare (although this is speculation – we have no data showing if demand for daycare is correlated to the huge increase in youth unemployment.)[7]

b) Care for the elderly has experienced retrenchment, or at least to stalled expansion, in countries hard hit by the crisis. Greece and Italy report direct cuts in such services. However, at least in Italy provisions for 'non-self sufficient' elderly have been maintained. This is partly related to the fact that care for the elderly in Italy is overwhelmingly ensured through a cash benefit scheme, rather than in-kind services, with clear eligibility – and entitlement – criteria, that have so far made it difficult to cut back (Martinelli 2012).

c) Several countries report increased regional inequality in the wake of the crisis (Finland, Romania, Macedonia, Greece, Italy); a reminder that a crisis does not hit all areas of a country to the same extent. Table 3 indicates that the crisis has heightened tensions between rich and poor regions – a "new" impact factor not mentioned in the battery of hypotheses presented earlier.

d) Devolution to regional and/or local governments, increased managerialism and other new public management devices (such as targets and performance measures and outsourcing), plus increased concern about coordination (joined-up government, whole-of-government, governance) comes across as a trend everywhere. This tendency is likely to be independent of the crisis. It is mentioned also in countries where the crisis has been mild or non-existent, such as Belgium and Norway, and it has been a general feature of government reforms across all EU countries (Diamond and Liddle 2012).[8]

e) Links are established between receiving cash transfers and accepting to use activation- or integration-services (so-called "active conditionalities"). In particular with regard to social assistance claimants and immigrants. Belgium reports a change in this direction and it is evident also in Norway, Finland, Sweden, Denmark and Germany.[9] This is a common trend across EU countries (see Bonoli 2012).

[7] People are also known to postpone having children during a crisis, further limiting demand for childcare.

[8] New Public Management ideas represent "semi-processed goods" in the sense that they must be translated into practice in a specific political and administrative context. This translation process (implementation process) will vary depending on the organizational set-up that was there in the first place, plus the institutional power structure that goes with it. It is far from certain that managerialism means the same on the ground in e.g. Danish and Italian old age care.

[9] Notice also the French 2004 introduction of Revenu minimum d'activite, meant to replace Revenu Minimum d'insertion.

4.1 Division of financial responsibilities

Let us investigate if social services are mainly tax-financed and primarily a local government responsibility, which is likely to make them more vulnerable. Table 5 sums up WG1 with regard to the financial structure.

Table 5. Division of financial responsibilities for social services. From WG1 national reports (*).

Belgium	Funding for social assistance split between national and regional governments (not local governments).
Germany	a) Child care services: shared between state, NGOs, municipalities, and in some Länder parents (user fees?) b) Long-term elderly care: social insurance. c) Unemployment benefits: federal budget or insurance contributions. Unemployment services: for-profit organizations, municipal and municipal/federal labor agency.
Greece	Funding for elderly care: mainly for-profit and informal hired help (implies: out-of-pocket financing), the Church (charity) and contributions from other family members. Employment of paid informal carers, made possible by influx and low pay of women migrants since the early 1990s. Pensions play a key role in the different options for care arrangements by individual elderly persons and families. Involvement of the state in the provision of direct services is marginal, usually related to different CSFs (Community Support Frameworks) of the EU. Such services include Home Help and Tele-Assistance Programs, residential care (in nursing homes) and Day Care services (KAPI and KIFI). The voluntary sector, which includes several institutions of the Greek Orthodox Church, operates part of the Elderly Care Units (MFIs) and a limited number of other facilities. Private Elderly Care Units (MFIs) is an area of private sector involvement, which has grown since the 1980s and offers services of varying quality, following the fees charged. In childcare: Mainly/only family care. 2010: Major restructuring of local governments. From 1. January 2011, 1034 municipalities were reduced to 370 municipalities. Regional level consisting of 76 prefectures abolished and replaced with 13 elected, regional governments. Reorganizes regional/ municipal government) and includes provisions on local social policy: New municipalities assume the responsibilities of the (former) Prefectures in providing benefits, licensing and supervision of care institutions (for childcare, elderly or disabled persons). Local social policy to be practiced through a special "social policy unit" and a single “welfare enterprise” to be formed in each municipality.
Spain	Catalonia 2010-12: Several new, regional laws concerning child protection (against abuse), elder care and care for people with disabilities – illustrating that regions use their separate, legislative power with regard to social services. Valencia 2008: Resolution between the national government and the Valencian government to develop a cooperative framework for the establishment and funding of protection for dependent persons (people with disabilities). Funding (childcare) split between state, regional and local governments, but primacy of regional government. Almost universal coverage above age 3. Overall situation characterized by absence of comprehensive legislation, lack of budget of the different Autonomous Communities [regional governments] and diversity of funding sources; duplicity of agencies and initiatives; and regional inequalities.
Italy	Funding still comes mainly from several separate, national funds established 1997-8 and 2006-7: FNPS (the largest, now drastically cut); FNA, FNPF. Some funding also comes from the national health care system. In 2009 77% of the social service budget of Italian municipalities came from own resources (about 60%) and from the national and regional governments (about 30%), whereas the rest came from user fees (10%) and from the national health system (13%). In the same year the largest share (40%) went to the ‘family and minors’ subdomain, followed by ‘persons with disabilities’ (22%) and ‘elderly people’ (20%). At a distance were the ‘poverty and social exclusion’ domain (8%), ‘immigrants’ (3%) and ‘substance abusers’ (1%). Large regional variations in expenditure on social care were observed: Southern regions spend significantly less and also collect significantly less in user fees. Financing of childcare services is similarly shared between government levels with national funds playing an important role. Uneven regional coverage and user fees up to age 3; free of charge and higher coverage above age 3. 2010: pilot programs for extending coverage ages 2 and 3, including some fresh money. But despite devolution of responsibilities for organization and delivery of social and care services to municipalities, a strong centralization of financial resources at the level of regional governments remains, which disempowers municipalities. (Martinelli and Sarlo 2012; Sarlo et al. 2012; Martinelli 2012).
Malta	Several initiatives to merge agencies responsible for different social care recipients, including creating stronger links to related education and health agencies. Welfare is run by central government. Local government small (average population only 6,900 per locality); often cooperates in minor ways such as facilitating applications employing part time welfare workers, cooperating with local initiatives of central government and other entities.
Austria	Childcare services: Split funding between state/federal and regional/county governments for above-3 years old; full funding by federal government for under-3 years old. Elder care: 2/3 federal and 1/3 province (or fixed amount for provinces). Municipal/local finances uncovered costs. Plus part of the income of the user (user fees) – including (in some provinces) part of the assets of recipients, and part of the incomes of close relatives. Services for the unemployed: Split funding between provinces and Employment Service Agency (federally funded). Extra funding from some municipalities.

Finland	Elder care: State and municipal taxes plus user fees. 2009: Municipalities allowed to introduce vouchers in the distribution of municipally funded social and health services.
Denmark	2007: Number of municipalities reduced from 271 to 98.
Romania	Child protection services: Variety of sources. County council, state budget, local councils, authorization fees, program funding (international donors?). Amount of funding from the three government levels not clearly regulated; in practice often dependent on state budget. Local community share often not paid, requiring County [regional] Councils to increase their funding effort. Estimated cost of child services varies greatly from one county to another. Large discrepancies between counties. In some cases expenses are applied for and negotiated with the County Council on a weekly basis. (WP 1 data provided up to and including 2003 only.)
Macedonia	Process of decentralization set in motion from 2004. No regional level of governance. Funding for childcare is split between central and municipal level.
Iceland	2011: Care for disabled people devolved fully to local government level, including funding
Switzerland	Social and care services for families: Legal responsibility of Cantons (regional governments). Wide variety of funding arrangements between Cantons. Federal Law on Financial Assistance to some extent counters uneven provision between Cantons. Social services and care for the elderly: Big differences between Cantons.
Norway	Merger of national social security agency and national employment agency starting 2005-finalised 2010. Municipalities are financially responsible for the provision of most social and care services, including social assistance (a cash benefit). Municipalities finance services (and other responsibilities) through own taxes, supplemented by block grants from the state. Block grants are awarded according to a "cost key" designed to capture differences in social service outlays in the different municipalities (differentiating the block grant according to the percentage of elderly, people with disabilities, children, new immigrants, single parents and so forth residing in the municipality).

(*) The authors are the same as those listed in Table 3. WG1 National reports are available in the COST Action IS1102 website at http://www.cost-is1102-cohesion.unirc.it/

Table 5 shows that social services are not the financial responsibility of local governments everywhere – although there has been a move in this direction. State and regional governments are heavily involved in the financing mechanism in many countries. Contribution-based financing – and user fees – often co-exist with tax financing. Funding arrangements varies between countries but also *within* countries, depending on which social service one is investigating. This illustrates the heterogeneity of social services.

In conclusion, social services are not similarly exposed to cutbacks in all countries. In addition to differences depending on the severity of the crisis there are also differences with regard to the structural vulnerability of social services. There is no common pattern of organizing and financing social services across European countries.

4.2 *The regional dimension of cutbacks*

A new factor emerging from Table 4 and 5 is that the vulnerability of social services may vary depending on the system of regional redistribution. Two aspects of regional redistribution systems are important. First, if an institutionalized system of regional redistribution existed before the crisis, or if regional redistribution took place more on an ad hoc-basis. Second, to which extent a "fiscal federalism" coalition existed before the crisis.

With regard to the first dimension, the level of institutionalized regional redistribution varies between countries. Some countries had established formalized regional redistribution systems long before the crisis, for example Norway and Switzerland. In other countries, in particular the new democracies, the internal state structure (the system of regional and local governments) was established fairly recently – probably implying weak institutionalization of regional redistribution arrangements. This appears to be the situation in Macedonia, where regional redistribution sometimes takes place on a monthly or even weekly basis (Table 4 and 5). In some of the older democracies, the internal state structure has been dramatically redesigned before or during the crisis: this is the case in Greece and to some extent in Denmark. This does perhaps also imply weak (or shaky) institutionalization of regional redistribution systems, although we lack data on these arrangements. Still other countries were in the process of redefining the relationship between central and regional governments before the crisis. This may suggest that previous institutionalization of regional redistribution arrangements was in flux. This characterizes Italy and Spain (perhaps also Belgium). Ceteris paribus weak institutionalization of regional redistribution arrangements should make it easier for wealthy regions to limit redistribution to poorer regions during a crisis, since it is more difficult to break up an institutionalized system than a system where redistribution is more ad hoc. This implies that social services in poorer regions should be more vulnerable to cutbacks in times of crises than social services in richer regions.

Second, some countries had a "fiscal federalism" coalition among wealthier regions before the crisis hit. Established coalitions are likely to intensify their efforts during a crisis. It is presumably easier to limit transfers to poorer regions if wealthier regions have already established pressure in this direction than if they have to build up pressure for limited redistribution from scratch after the crisis hit. When even rich regions face problems, their determination to keep more of their tax money for themselves intensifies. Italy is a possible case here. However, a counter-argument can also be made: A crisis also increases the determination of poorer regions to fight fiscal federalism and press for more, rather than less, regional redistribution. Notice that in Italy, fiscal federalism actually slowed down after 2009 (Table 3). Thus it is not obvious that heightened regional tensions will always provide the richest regions with better opportunities to keep an increasing part of (dwindling) revenues. It depends on the political clout of various regions, on the strength of the federal level, and - as stated above – how and to which extent the "rules of the regional redistribution game" have been institutionalized, if at all.

Incidentally, fights over transfers from rich to poorer regions within a country have an EU-parallel in regional fights over transfers between EU countries. On an EU level, post-crisis Germany and other (mainly North European) member states negotiate with crisis-ridden member states about the size of transfers, and the conditionalities attached to them. EU has a quite limited institutionalized regional transfer system compared to long-established federal states such as the US (Diamond and Liddle 2012). The lack of an institutionalized EU system of regional redistribution (similar in size to US transfers between states), intensifies the fight for ad-hoc transfers between EU member states in times of crisis, perhaps threatening the EU as such.

5. Concluding remarks

As illustrated in Figure 1, social services represent a heterogeneous group of services. The purposes behind social services are more diverse than health services or education services. The only possible sort-of common denominator is that most social services are alternatively provided primarily by women, usually informally in the household.

An aspect of the great gender transformation, which could be observed across Europe before 2009, has been a shift away from informal, family-based provision of social services to paid provision. The forms of paid provision has varied both within and between countries: sometimes services are publicly provided; sometimes through regulated markets (with or without subsidies); and sometimes through an informal market – such as the Italian *badanti* , low-paid and often illegal immigrant women (Martinelli 2012). Cutbacks in publicly financed social services, coupled with stagnation or reduction in private incomes, leads to a reduction in paid employment to provide such services. It either implies less provision, or a return to informal, family-based provision. The latter means a return to traditional gender roles, argued to take place in Greece (Table 3 and 4).

The purpose of this paper has been twofold. First, to present the smorgasbord of possible factors that makes different types of social services vulnerable to cutbacks. Second, to see if the material collected through Work Group 1 in COST Action IS1102 sheds light on the various hypotheses. Table 6 sums up the hypotheses discussed in the paper.

Table 6. Factors likely to influence the vulnerability of social services to cuts

Factors influencing the overall risk of cuts in social services:

- How severe is GDP contraction?
- Has overall social spending been increased or reduced in the aftermath of the crisis?

Factors influencing which services are most vulnerable:

- Did an «expansion coalition» exist before the crisis? (kindergartens)
- Did a «retrenchment coalition» exist before the crisis? (pensions)
- How strong are legal entitlements?
- Are services financed centrally or locally?
- Strong or weak(er) social investment-arguments?
- Targeted at the poorest and/or most vulnerable?
- «Worthy» versus «less worthy» claimant groups?
- Large/small constituency?
- Are services particularly targeted at immigrants?
- Do services foster increased female labor force participation?
- Does service expansion dovetail with pronatalist arguments?
- Is demand increasing or decreasing during the crisis?

Factors influencing to which extent services in poorer regions are particularly vulnerable:

- Is regional redistribution weakly institutionalised?
- Did a «fiscal federalism» coalition exist before the crisis?

Further investigations of how various social services fare during the ongoing economic crisis could concentrate on similar services (or services serving similar target groups) across countries, since the importance of the factors described may vary from one service to the next. It should in any case be sensitive to the regional dimension, since the internal state structure – and corresponding regional power structure – varies between European countries.

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The paper presents the first results of a study developed in the context of the COST Action IS1102 'Social services, welfare state and places', on the regulatory trajectories and the current organizational frameworks of Social Services across ten European countries. Organizational changes in the form of devolution, outsourcing and increased reliance on vouchers are common trends across countries regardless of how hard they have hit been by the crisis. Social services that were expanding before the crisis, such as childcare, have been better able to withstand retrenchment. The crisis appears to have sped up changes in European social service designs that were already present before the crisis. We argue that the crisis may have provided an impetus for political "retrenchment or expansion coalitions" established prior to the crisis, to press their agendas forward.

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