Part II
Urban Contexts for Local Innovations

Chapter 2
Urban Governance and Social Innovations

Sandro Cattacin and Annette Zimmer

How do social innovations come to the fore? Are they exclusively based on the entrepreneurial spirit of change makers? And what makes social innovations work? Can a solid business plan make innovations sustainable? In other words, does *survival of the fittest* also hold true for social innovations? From this Darwinist perspective, social innovations are perceived as *new products* geared towards addressing new societal needs in competitive markets.

We question whether this perspective, based on microeconomics, really helps us understand how social innovations emerge, are further developed and finally integrated into the repertoire of welfare politics at the local level. Instead, we argue that, particularly at the local level, the emergence, development and firm establishment of social innovations constitute a political process whose outcome is highly dependent on both a decisive set of environmental factors, including coalition building, and specific constellations of actors. From our point of view, social innovations are highly embedded in their environment.

And indeed, environments differ significantly. Research has demonstrated that some environmental factors, like freedom, diversity and density of contacts, are correlated with innovation (Evers et al. 2014). That is why cities have always been places of innovation (Cattacin 2011). But the innovative capacity of cites differs, and we think that these differences are related not only to the factors mentioned but also to strategies and dynamics linked to government decisions and lobbies in the economic and social spheres. In particular, analyses of *social* innovation have to take into account these decisions and these actors. European cities, which are at the centre of our analysis, stand out for their diversity in terms of government set-up, social-policy traditions and local political cultures.

S. Cattacin (✉)
Department of Sociology, University of Geneva, Pont d'Arve 40, 1211 Geneva, Switzerland
e-mail: Sandro.Cattacin@unige.ch

A. Zimmer
Institute of Political Science, Westfälische Wilhelms-Universität Münster,
Scharnhorststraße 100, 48151 Münster, Germany
e-mail: zimmean@uni-muenster.de

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Hence, we argue that social innovations have to be analysed against the background of their specific contexts or, to put it differently, that social innovations at the local level are the outcome of a political process and as such a reflection of city-specific (welfare) cultures—the institutional perspective—and local governance arrangements—the political perspective. These city-specific settings create both opportunity structures and constraints for new ideas and concepts that are put forward by agents in alliance with like-minded persons and *brokers* and which develop into locally embedded social innovations.

Although European cities are renowned for their specificity, their local traditions and their particular flair, the rich empirical material we have collected within the framework of the European project Welfare Innovations at the Local Level in Favour of Cohesion (WILCO)[1] allows us to identify groups of similar urban-governance arrangements.

This chapter provides portraits of these *arrangements*, which constitute the bedrock on which social innovations are built, based on a comparative analysis of governance and social innovations in the 20 cities included in the project. Doubtlessly, characterising specific constellations and hence developing a typology of governance arrangements that might enable, foster or discourage processes of social innovation constitute a courageous undertaking. We are aware that the governance arrangements we identify do not do justice to the complexity and variety of governance constellations to be found in European cities. But the typology of constellations we lay out here may be helpful for researchers of urban governance as well as policymakers trying to give meaning to the puzzling world of new ideas and approaches grouped together under the umbrella term *social innovation*. The typology may also help us better understand why some social innovations face a tough time being accepted and integrated into local welfare politics.

Of course, we have not developed the typology out of the blue. The four specific governance arrangements we identified are the outcome of in-depth analysis of the rich empirical material that researchers from ten different countries collected from Amsterdam to Warsaw.[2] From a methodological point of view, we took advantage of various distinct streams of research and theory building. In particular, we have drawn on the results and the repertoire of theoretical approaches put forward by urban sociology, and especially comparative urban governance, policy analysis and welfare research. We specifically tried to link together recent approaches in urban sociology and local governance.

The first section of this chapter outlines the theoretical approaches we refer to in order to develop a typology of different urban governance arrangements in core

[1] For details on the project see www.wilcoproject.eu and the first publications of this EU-financed comparative project in Ranci et al. 2014. The project involves 20 European cities from ten different countries, namely Stockholm, Malmö, Birmingham, Dover, Milan, Brescia, Barcelona, Pamplona, Warsaw, Płock, Zagreb, Varaždin, Berlin, Münster, Lille, Nantes, Amsterdam, Nijmegen, Geneva and Bern.

[2] Data were collected from various administrative and political documents linked to debates in local parliaments, local newspaper articles, interviews with stakeholders and focus groups organised with the intent of clarifying stakeholders' diverging or shared positions.

welfare domains. The second section describes how we analysed and systematised the empirical data in order to develop our typology of four urban welfare governance arrangements, and it offers an analysis of the *common trends* throughout Europe that trigger the need for social innovations in urban settings because established social-policy routines and welfare services no longer meet the demands and needs of major parts of the urban population. The key third section describes the four ideal types of urban governance arrangements. The conclusion summarises our findings and discusses the nexus between the identified urban governance arrangements and the emergence and development of social innovations in European cities.

2.1 State of the Art: The Governance Approach

In recent years, the social sciences have moved away from simplistic one-size-fits-all analyses and increasingly turned towards more complex and multi-layered methodological approaches. A textbook example of this trend is the shift from the study of *government* to the study of *governance*. Indeed, the concept of *governance*, first used by scholars of international relations, has become ubiquitous in the social sciences (Levi-Faur 2012). From an analytical point of view, *governance* stands for *horizontality* in the sense of non-hierarchical modes of co-ordination, steering and decision-making, in which, in contrast to classical top-down *government*, new constellations of actors are involved, among them, besides government officials, stakeholders such as representatives from civil-society organisations and the business community. As such, *governance* is used as synonymous with *regulation through networks of agents*, which constitutes a third mode of coordination besides *market* and *hierarchy* (Powell 1990).

But *governance* is not restricted to describing how decisions are made; the concept also involves a structural component, the limited set of options that are embedded in a distinctive local culture. A *governance arrangement*, therefore, encompasses the constellation of actors in a given setting as well as path dependency, or the prevailing and hence limited set of choices that are inherent to a particular urban context. Simply speaking, *urban governance* constitutes the set of rules by which a city operates. However, urban governance arrangements are not simply a set of rules imposed by local politicians and government officials; instead, they are the outcome of complex coalition-building processes through which core values are framed, and in which multiple stakeholders are involved. Urban governance arrangements are highly influenced by local traditions and cultures, and they are embedded in and hence affected by multi-layered institutional settings, including supranational frameworks, specific national administrative structures (federal or unitary state, self-government) and particular local and national welfare regimes (Ferrera 2005).

The ubiquitous use of the concept of *governance* has created a situation in which urban sociologists unanimously declare that it is very difficult and perhaps unrealistic to comprehend most recent developments in urban settings and cities through

any single orientation or theoretical framework (Blanco 2013). This is particularly the case in the field of comparative urban studies. Although the so-called classical schools of urban sociology (Lin and Mele 2012), with their focus on the analysis of urban structures, processes, changes and problems, are still acknowledged as an important point of departure, they are no longer exclusive points of reference. Instead, recent scholarship in urban sociology favours multifaceted approaches that build on various traditions and models that previously enjoyed a stand-alone position and were treated as distinct paradigms (Mossberger and Stoker 2001).

2.1.1 The European-City Approach

For analyses of how cities cope with current challenges and try to reconcile social and economic policies, urban sociologists nowadays turn to what is called an *integrated approach* to urban governance (DiGaetano and Strom 2003) that builds on different theoretical perspectives and combines distinctive methodological approaches (DiGaetano and Strom 2003; Kazepov 2005). In their seminal and widely cited article "The European City", Häussermann and Haila identify four theoretical traditions of urban sociology, each of which provides useful insights into *urbanism*. In particular, they refer to the work of Georg Simmel, the Chicago School, political economy and the "global city" perspective. However, they advise against trying to ground empirical urban studies in a single "abstract urban model" (Häussermann and Haila 2005, p. 43) such as those developed by the Chicago or the Regulation Schools. Instead, in accordance with the work of Bagnasco and Le Galès (2000), they underline the specificity of the European city.

In the tradition of Max Weber, Häusermann and Haila argue convincingly that we must acknowledge the special features of European cities that make them distinct from cities in other parts of the world. The most important feature of the European city is its multi-faceted character. In the words of Bagnasco and Le Galès, European cities are simultaneously "political and social actors and […] local societies" (Bagnasco and Le Galès 2000, p. 3). Hence, in contrast to cities in other regions, European cities traditionally constitute stand-alone arenas for policymaking, although there are significant differences with respect to the degree of autonomy European cities enjoy from their respective national governments.

In particular, since the heyday of industrialisation and urbanisation in the nineteenth century, the so-called social question has always been a central topic for European cities (Isin 2008, p. 273). In Europe, the welfare state began locally within internal city borders. Since then, the guaranteed provision of public services by city governments has emerged as a further key feature of the distinctiveness of European cities (Kazepov 2005, p. 13). Finally, citizens' involvement in urban affairs, either through local self-governance or via civil society and its broad spectrum of organisations and initiatives, adds an additional facet to the specific character of the European city. But despite these distinguishing characteristics, European cities also display an impressive variety. Here regional differences and hence cultural

aspects come into the picture. As Häussermann and Haila have correctly remarked, in Europe there are "remarkable differences between cities with different welfare regimes and different political-institutional and cultural contexts" (2005, p. 50).

2.1.2 Analysing Urban Governance

In our WILCO research, we have focused on conceptualising the European city while simultaneously acknowledging the empirical variance among European cities and in particular among cities within any given country. Drawing on the results of studies of policy analysis and urban governance, a key point of departure is the recognition of the embeddedness or nestedness of governance arrangements (Granovetter 1985) within complex environments. In accordance with DiGaetano and Strom (2003), and in line with comparative policy-analysis studies (Kazepov 2008), we differentiate between the following (Fig. 2.1):

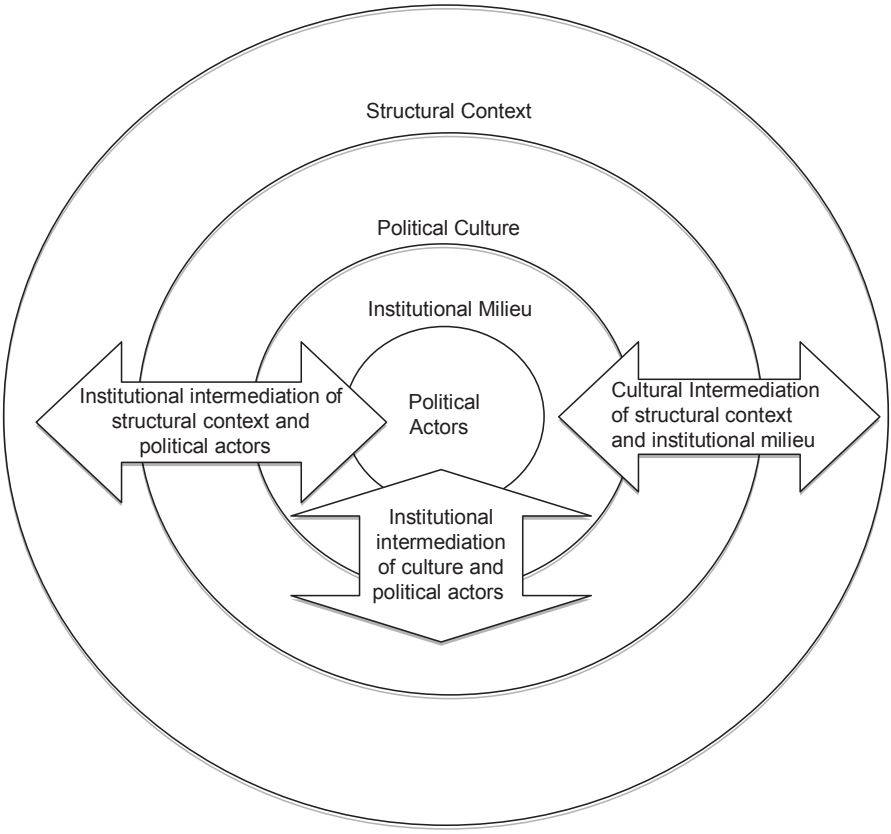

Fig. 2.1 An integrated approach to urban governance. (Source: DiGaetano and Strom 2003, p. 373)

- The institutional context of administrative structures and state organisation
- The welfare-regime context in which the local welfare regime is embedded
- The local political culture as an expression or outcome of specific norms and values

These environmental parameters serve as the background or—to put it differently—set of coalition-building opportunities for actors who aim to develop and stabilise social innovations as remedies for current social problems. At the same time, however, these institutional structures or parameters might also significantly hinder social innovation. In particular, metropolitan cities, thanks to their cultural and ethnic diversity hubs for innovativeness and productivity (Florida 2005), are not necessarily prone to making social innovations sustainable by integrating new concepts and ideas into the repertoire of local welfare politics.

2.1.3 Urban Welfare Governance Arrangements

In order to understand the multiple challenges faced by cities, we developed an analytical scheme that makes it possible to reconstruct why specific decisions were or were not made. We tried to identify the agents that contest social policies and propose a new way to handle them—through policy brokers that mediate between different coalitions' values and orientations—but also to comprehend the values, politics, technical constraints and especially expert discourses that have been developed by local *epistemic communities* (Majone 1997). The latter define the core ideas of what good local welfare practices are, i.e. what successful or innovative efforts to combat social inequality or encourage social cohesion look like. Epistemic communities are not only responsible for the coherence of local discourses regarding how policies should be implemented or problems should be interpreted but also related to other networks of specialists and stakeholders, which creates convergences between cities and policies at all levels of regulation (Ferrera 1996).

There are at least two approaches to analysing core values. The first is that of Sabatier, who assumes that there exist coalitions of values (or belief systems[3]) and power relationships between these coalitions in specific policy areas or constellations of actors (Sabatier 1998, 1999). A coalition is a discursively coherent group that produces intersubjectively shared realities or truths, which are then reflected in the group's discourses and in documents.

[3] According to Sabatier, building on the philosophy of science by Lakatos (1970), a belief system is made up of three strata: the *deep core*, a set of normative axioms (what is fair, values such as freedom, defence of equality rather than preservation of status differences, etc.); the *near core*, which is about policy-oriented approaches and consists of general choices regarding the relevant patterns of intervention; and *secondary aspects*, which consist of instrumental decisions and the search for relevant information to implement specific public programs.

The second is the approach of Jobert and Muller, who analyse public administration's global and sectorial value orientations, which they call *referential*[4] (Jobert and Muller 1987). Value orientations can be found easily in official public administration documents and debates in the local parliament that also reflect coalitions. We have tried to combine these two approaches by not only describing general and sectorial orientations, or configurations of coalitions of differences, but also focusing on the coherences and contrasts between majorities and minorities, and between the public administration's general and sectorial orientations.

2.1.4 Social Policies at the City Level

Cities are changing from a hierarchical model of governance to a heterarchical (Willke 1992) one, with many centres of decision. This change can lead to the horizontal integration of actors in the city, synergies between the producers of services and even solidarity in the city if the different actors are recognised as producers and if their resources can be combined.[5] But this combination can take different forms, as indicated by studies on the alternative orientations of the local welfare state in the areas of social and health services (Blanke et al. 1986). For a given orientation to be successful, the actors involved have to recognise each other's relevant role in the creation of a workable urban society. But in relation to disadvantaged neighbourhoods or vulnerable individuals, it is clear that only capability-building policies lead to the creation of new (and autonomous) resources.

As Donzelot and Estèbe argued in their significant work on the *état animateur* (or *enabling state*) in French suburbs, the shift from a paternalistic to a capability-building policy helped improve living conditions in these neighbourhoods (Donzelot and Estèbe 1994). Urban development policies for these areas provided a kind of self-governance that empowered the powerless—although one may wonder whether this outcome was the product of a planned strategy on the part of the enabling state or just an accidental side effect.

In any case, this policy was discontinued in the 1990s—as a result of financial cutbacks, and not because the policy had failed. As a consequence, and as many authors have pointed out, living conditions once again deteriorated (Kokoreff and Lapeyronnie 2013). In other words, incorporating the resources of the poorest people requires that they have the opportunity to develop their own resources—an

[4] We aim to understand the *referential* of the local welfare system, that is, the set of beliefs, values and technologies shaping how participants deal with social inequalities at the local level. More precisely, the referential refers to three dimensions: cognitive, normative and instrumental. The cognitive dimension regards how people interpret and define the problems that should be solved; the normative dimension is about values taken into account in the definition of problems and the implementation of measures to resolve them; the instrumental dimension regards the principles of action through which plans and programs to solve problems considered relevant or legitimate are separated from those that are considered illegitimate.

[5] See Evers on the logic of "synergetic welfare mixes" (Evers 1993).

opportunity they generally take advantage of. This is an investment strategy that has been well documented by Sen's analyses on the building of capabilities (see, e.g., Sen 1992).

This political strategy of social responsibility is not necessarily opposed to a city's economic-growth strategy. The *growth machine* (Molotch 1976) needs social policies to be effective as an *innovation regime* (Häussermann and Wurtzbacher 2005). That is why our analysis was sensitive to the relationship between economic and social policies.[6]

2.2 Twenty Cities Compared

Based on these concepts and on the empirical analysis of 20 cities, we have developed a series of variables that reflect the political context, coalitions, orientations and values in the area of social policies and the context in which social policies are produced.[7] These variables are at the core of the empirical analysis in each of the 20 cities (Cattacin et al. 2012) and have been treated as independent variables whose specific constellations explain why social innovation takes place. In particular, in both the case studies and this comparative analysis, we have focussed on variables able to describe the political context, value orientations and conditions of social-policy production.

The political context has been measured with the following variables:

1. Local government making intercity competition a top priority. With this variable, we measured the intensity with which governance is oriented towards growth and the attraction of elites (Molotch 1976).
2. Rescaling and deregulation policies at the national level. This variable measures the pressure on cities from national decisions to take responsibility for social policies (Kazepov 2005).
3. Political coalitions governing the city. With this variable, we measured the size of a coalition governing the city. It informs us about the strength of decisions taken by urban governments.
4. Social democracy or economic liberalism as the dominant orientation. This variable identifies the general reference system in the city.

[6] Traditionally, economic and social policies were thoroughly interwoven. As outlined in Esping-Andersen's seminal *The Three Worlds of Welfare Capitalism* (1990), capitalist economies and social policies developed concurrently with the welfare state, which either buffered the negative side effects of economic development or even facilitated economic growth by providing the necessary resources or supporting a business-friendly culture (Kaufmann 2015).

[7] The 20 cities were part of the WILCO project and chosen heuristically with the idea to represent the different parts of the European urban landscape. Each country is represented by two cities, permitting to verify the impact of the nation-state but also the autonomy of cities inside a national and international legal framework. A secondary criterion was the presence, in these countries, of experienced research groups known by the research leaders of the WILCO project.

5. Co-operation or confrontation between social and economic lobbies at the local level and the attitude of the economic lobbies towards social welfare. This variable measures the level of conflict or co-operation between economic and social interests (Häussermann 2008).
6. Strong external political influence on the local level regarding social policy (in particular through the policies of the European Union (EU) and the European Social Fund). This variable measures the independence of the city in developing solutions to social challenges.

The value orientations in the area of social policies were operationalised with the following variables:

7. Orientation towards individual responsibility and empowerment. This variable indicates how social policies adapt to differences in the population through measures to individualise services, and how far social policies diverge from old schemes of resource scattering.
8. Prevention policies and social investments. This variable measures whether cities are proactive in recognising social problems. It allows identifying cities that have a systematic approach towards social policies.
9. Changing or stable social-policy orientations. This variable measures cities' orientations towards innovation in regard to social policies.

The context of the production of social policies was summarised through three key variables:

10. Federalism and local autonomy. This variable measures the independence and financial autonomy of the city from national social policies. It also measures the strength of the local welfare state.
11. Co-decision logics of local welfare-state institutions (participation in networks of actors) and co-operation with non-profit organisations in the production of social policies.
12. The dominant welfare mix. This variable measures the degree to which the production of social policies is distinguished by logics oriented towards the state or society (non-profit organisations).

In all cities, qualitative and partially quantitative data have been collected, permitting us to describe the different ways in which social policies and social innovations are produced and how they are embedded.[8] The data concerning the 12 variables are largely descriptive and were interpreted in various meetings involving the authors of the individual city reports until we arrived at a consensus concerning a general classification of each city through a simple scheme of representations of the values. Following the logic of the qualitative comparative analysis (QCA, see Ragin 1987) we dichotomised all variable values as 1 or 0 (some disputed cases received the value 0.5). The result was a sort of truth table indicating the combination of the presence or absence of specific characteristics from the above-mentioned variables.

[8] City reports are available on the WILCO project's website: www.wilcoproject.eu.

In the first step, all variables were eliminated that indicated the same value. These variables describe common trends for all cities (presented in Chap. 4.1), while the other variables describe the configuration specific to each city (see Table 2.1).

For general information about the data collection during this part of the project, we refer the reader to the introductory chapter. For specifics on the data collection and sources for each of the 20 cities and for the city chapters in this volume, we refer to the city reports available on the project website www.wilcoproject.eu.

The comparative analysis then tried to simplify the results of the truth table in different ways. First, it isolated variables that have the same or similar values (in Table 2.1, they are in italics); they probably influence social policy outputs but are not likely to determine key differences between cities. Second, it reorganised the table in a simplified way by putting forward similar constellations of variables. Table 2.2 indicates the final result of this reorganisation. Similar variables are excluded and cities with similar constellations or the same constellation are grouped. Four groups with similar constellations of variables resulted from this analysis.

Third, analysis had to address why certain cases are similar but nonetheless differ on some crucial variables. In Table 2.2, we identify four constellations and some varieties inside the constellations, which concern Varaždin, Geneva, Nijmegen, Plock, Warsaw and Zagreb (the explanatory differences are indicated in light grey). For the cities of Eastern Europe, we undoubtedly found that the explanation for the specific constellation of variables that places them in a given group is the strong influence of the EU on local social policies. Concerning Nijmegen and Geneva, the presence of a coalition government (the first variable in the table) is explained by the logic of the political system, which favours coalitions (Kriesi 1996). It is less easy to explain why Geneva is in the second group even though it is embedded in a strong federalist context. Patricia Naegeli, in her chapter in this book, explains this specificity through Geneva's political orientation towards France. Naegeli argues that Geneva uses federalism to organise decision-making and policies according to a hierarchical, state-oriented logic, putting it nearer to French cities. Finally, we had to make sense of these groups and argue for a typology.

2.3 A Typology of Urban Governance

Analysing our 20 cities, we focused on common trends and main differences. We were interested in particular in a constellation of variables used to develop a typology, more than on causalities, that were hard to postulate for such extreme differentiated realities. Nevertheless, in the conclusion, we describe some elements that seem to indicate some kind of relation between a governance style and the potential for social innovation.

Regarding the common trends, all cities are experiencing major challenges and transformations in their attempts to improve the competitiveness of their economy without exposing the population to increased social threats. In the area of social policies, the driving forces are related to the competition between cities in the context

Table 2.1 Conditions for social innovation at the urban level. (Source: WILCO project 2014—city reports)

Variable	*Intercity competition*	*Rescaling*	Coalitions	Social democrats/liberals	Conflicting lobbies	External influence	*Individual responsibility*	Prevention	Change	Federalism and local autonomy	*Co-decision*	Welfare mix
Variable num.	*1.*	*2.*	3.	4.	5.	6.	*7.*	8.	9.	10.	*11.*	12.
Values Cities	*Strong: 1 Weak: 0*	*Strong: 1 Weak: 0*	Yes: 1 Small: 0.5 No: 0	Sd: 1 Lib: 0 Mix: 0.5	Co-op.: 1 Conflict: 0 Middle: 0.5	Strong: 1 Weak: 0 Middle: 0.5	*Strong: 1 Weak: 0 Middle: 0.5*	Strong: 1 Weak: 0	Strong: 1 Weak: 0	Strong: 1 Weak: 0 Middle: 0.5	*Strong: 1 Weak: 0 Middle: 0.5*	State: 1 Civil society: 0
Amsterdam	*1*	*1*	1	0.5	1	0	*1*	1	1	1	*1*	0
Barcelona	*1*	*1*	0.5	0.5	1	0	*1*	1	1	1	*1*	0
Berlin	*1*	*1*	0.5	0.5	0	0	*1*	1	1	1	*1*	0
Bern	*1*	*1*	1	0.5	1	0	*1*	1	1	1	*1*	0
Birmingham	*1*	*1*	0.5	0	0	0.5	*1*	0	0	0.5	*0.5*	1
Brescia	*1*	*1*	0.5	1	0.5	0.5	*0.5*	0	0	0.5	*0.5*	1
Dover	*1*	*1*	0	0	0	0.5	*1*	0	0	0.5	*0.5*	1
Geneva	*1*	*1*	1	1	0.5	0	*0.5*	0	0	1	*0.5*	1
Lille	*1*	*1*	0	1	0.5	0.5	*0.5*	0	0	0	*0.5*	1
Malmö	*1*	*1*	0	1	0.5	0.5	*0.5*	0	0	0	*0.5*	1
Milan	*1*	*1*	0.5	0.5	0	0.5	*1*	1	1	1	*1*	0
Münster	*1*	*1*	1	0.5	1	0	*1*	1	1	1	*1*	0
Nantes	*1*	*1*	0	1	0.5	0.5	*0.5*	0	0	0	*0.5*	1
Nijmegen	*1*	*1*	1	1	0.5	0	*0.5*	1	0	0	*0.5*	1
Pamplona	*1*	*1*	0.5	0	0	0	*1*	0	0	0.5	*0.5*	1
Plock	*1*	*1*	0	0	0.5	1	*0.5*	0	0	0	*0.5*	1
Stockholm	*1*	*1*	0	1	0.5	0.5	*0.5*	0	0	0	*0.5*	1
Varaždin	*1*	*1*	0	0	0	1	*0.5*	1	1	0	*0.5*	1
Warsaw	*1*	*1*	0	0	0	1	*0.5*	1	1	0	*0.5*	1
Zagreb	*1*	*1*	0	0	0	1	*0.5*	1	1	0	*0.5*	1

Table 2.2 Grouping similar constellations: Towards a typology. (Source: WILCO project 2014—city reports)

Variable	Coalitions	Social-democrats/liberals	Conflicting lobbies	External influence	Prevention	Change	Federalism and local autonomy	Welfare mix
Variable num. Cities	3.	4.	5.	6.	8.	9.	10.	12.
Amsterdam	1	0.5	1	0	1	1	1	0
Barcelona	0.5	0.5	1	0	1	1	1	0
Bern	1	0.5	1	0	1	1	1	0
Münster	1	0.5	1	0	1	1	1	0
Varaždin	0	0	0	1	1	1	1	0
Berlin	0.5	0.5	0	0	1	1	1	0
Milan	0.5	0.5	0	0	1	1	1	0
Brescia	0.5	1	0.5	0.5	0	0	0.5	1
Geneva	1	1	0.5	0	0	0	1	1
Lille	0	1	0.5	0.5	0	0	0	1
Malmö	0	1	0.5	0.5	0	0	0	1
Nantes	0	1	0.5	0.5	0	0	0	1
Nijmegen	1	1	0.5	0	0	0	0	1
Plock	0	0	0.5	1	0	0	0	1
Stockholm	0	1	0.5	0.5	0	0	0	1
Warsaw	0	0	0	1	0	0	0	1
Zagreb	0	0	0	1	0	0	0	1
Birmingham	0.5	0	0	0.5	0	0	0.5	1
Dover	0	0	0	0.5	0	0	0.5	1
Pamplona	0.5	0	0	0.5	0	0	0.5	1

of the diminishing strength of the welfare state at the national level (as underlined by Kazepov 2008, 2005). Cities have been forced to increase their economic attractiveness by social challenges. If cities are not able to handle social problems, not only do they no longer attract new investors but existing investors also disappear, together with innovative elites (Häussermann et al. 2004).

In this context, the national welfare state not only finds it difficult to respond to urban social problems from the financial point of view, but it is also limited by the complexity required by policy answers. The regional and urban levels thus appear best suited to provide adequate services for complex social problems. There is no new front between national and urban levels, but there is a rearrangement of the welfare state, in which, as in the nineteenth century, the local (and in particular the urban) level becomes increasingly important (Reulecke 1995).

In this context, it is not surprising that cities in federal states (like Bern or Münster) have fewer difficulties in responding to these challenges or that cities' room for manoeuvre depend on their economic strengths (as with Geneva and Nijmegen) and their political relevance. The contrasting figures are cities in unitary states that exhibit poor economic performance or that are marginal in their country or region. In our sample of cities, we find this weakness in Plock (Poland), Varaždin (Croatia) and Pamplona (Spain).

2.3.1 Major Policy Trends in the Governance of Social Challenges

These shared driving forces produce similar policy results, to a greater or lesser degree. Thus, common to urban policies in the area of social problems is the idea of

enablement: people, agents and networks must be helped to become as autonomous as possible. The legislative framework for such policies must be flexible in order to permit the continuous adaptation of policies, following evaluations and experiments. Consequently, urban social policy is characterised more by pragmatism than by ideology or populism. In particular, the orientation in concrete situations opens a field of compromises and consensus, but also possibilities for preventive thinking. Four specific common trends in the governance of social challenges can be highlighted: co-production, a capabilities-based approach, decentralisation and territorial focalisation:

- Co-production indicates the growing model of partnerships between public, for- and non-profit organisations found in all 20 cities (for the concept of co-production, see Verschuere et al. 2012). The common trend indicates a transformation from state- or economy-driven urban governance to the co-production of policies and services.
- Investment in individual capabilities is the second common trend in these cities. It can take different forms, like individual accountability for solving problems, help to empower people to help themselves and orientations towards differences and capabilities. The trend has clearly moved from a perspective that focuses on welfare recipients to one that focuses on persons and person-centred services.
- Common to all cities is also a focus on democratic decentralisation. Instruments like participatory projects and mechanisms in neighbourhoods open public administrations democratically. The trend is away from a hierarchical decision-making system towards forms of co-decision-making.
- A final trend concerns the ways problems are addressed. In the cities we analysed we noted tendencies to focus less on groups and more on situations and territories, that is, to analyse concrete contexts before intervening and to act preventively through urban planning instruments and neighbourhood involvement. The general trend is away from specific problem orientation towards the search for a better quality of life in the city, for the wellbeing of inhabitants and visitors (commuters or tourists).

Beside these common trends, the 20 cities are characterised by some major differences concerning the ways in which social policies are tailored and related to urban governance.

2.3.2 Urban Welfare Governance

Working with the data gathered in the WILCO project makes it possible to understand how social policies are situated within each specific city's logic of governance. Our 20 cities certainly have common features, but they differ in the ways in which social policies are ideologically and practically justified. Following the process of typologising presented before, including temporal dynamics and information about values and policy choices, we have identified four kinds of regimes characterised by different relationships between social and economic policies at the city level.

The first type of governance can be called the *governance of co-operation*, which is characterised by the continuous search for synergies between economic and social policies. The political consensus is fragile, but it stabilises ambivalences in the city's driving coalitions around the idea of the innovative or creative (Florida 2005) city. The coalition's major orientation is towards fostering urbanity as a project and as a way of life, bohemian and innovative, open to differences and responsive to marginality. Through urbanity—and this is the guiding hypothesis of this type of governance—economic dynamics can be improved. From the organisational point of view, this governance style privileges welfare-mix solutions. Values that all actors share are the idea of urbanity, pragmatism and efficiency. Ideologies are secondary in the definition of policy priorities. Examples of this governance style are Amsterdam, Bern, Münster, Barcelona and Varaždin. Varaždin's orientation was developed following guidance from the EU.

The case of Münster, analysed by Christina Rentzsch in this book, illustrates these synergies between social and economic interests. A tradition of subsidiarity that developed in the shadow of the Catholic Church is characteristic of Münster's social-policy tradition. Similarly to Geneva, Münster, a mid-sized town in northern Germany, is embedded in a federal system that assigns many duties and responsibilities in welfare and social-policy areas to the local level. In accordance with the tradition of a conservative welfare regime, public–private partnerships, in particular with non-profits, are a further hallmark of social-service provision in Münster. Since the city used to be economically better off than many towns in northern Germany, and specifically in the Ruhr region, Münster is well known for its high standards regarding the provision of social services. Core beliefs regarding the importance of social policy in creating a liveable city are deeply embedded in Münster's Catholic tradition and have always been supported by the Christian Democratic Union, which remains the most important political force in the city. Although the dominant role of the Christian Democrats has been increasingly challenged since the 1970s, first by the Social Democrats and nowadays by the Green Party, neither the Social Democrats nor the Greens follow a neoliberal course questioning the necessity of policies trying to safeguard social cohesion.

But does the tradition of subsidiarity combined with a conservative party in power provide a fruitful ground for social innovation? The answer, based on the results of our empirical work in Münster, is yes. However, the "yes" comes with a question mark, indicating that the city provides space for social innovation but must still overcome hurdles and avoid risks. In a nutshell, it is not easy to make social innovations sustainable in Münster. In particular, two requirements must be met. First, if the innovation is developed or at least significantly supported by the municipality, there is a high chance that it will be accepted. Second, from a marketing point of view, the innovation has to be framed and advertised according to rationales that are developed and shared by an inner circle composed of the city's most relevant stakeholders. Interestingly enough, starting in the late 1990s Münster initiated its strategic development process, titled City Marketing, with the aim of making the city more attractive to high-potential investors, specifically in the areas of housing and upscale retail.

Today, there are two core beliefs that are widely shared by Münster's business community, chief administrators and key representatives of the two major parties. The first is an "investment frame" according to which any policy has to pay off in the long run. Hence also in the area of social policies, any initiative has to either be an "investment", for example in human capital, or aim at enabling the respective individual, group or local community to become self-sustainable. The second is a so-called prevention frame, according to which action, in particular in the area of social policies, should be taken at an early stage in order to prevent a downward development. Thus, the two frames correspond and are related to each other. In order to attain legitimacy, social innovations have to be in accordance with both.

However, social innovations also have to be initiated and promoted by "the right people" in town. The results of the WILCO project show that there is a relatively small circle of stakeholders in Münster who meet regularly in the various roundtable and working-group settings initiated by the municipal administration in which crucial policy issues covering a broad range of topics are discussed. Indeed, the local parliament long ago stopped being the central forum for decision-making. Since Münster's business community is very homogeneous, consisting primarily of retailers and representatives of saving banks and insurance companies, the municipal administration constitutes "the spider in the net": it sets the agenda and promotes new initiatives. Newcomers—social entrepreneurs that are not mainstream and do not belong to the inner circle of decision makers—find it difficult to be acknowledged and accepted in Münster and to have their proposed social innovations validated. Hence the city is characterised by a co-operative governance arrangement as regards social innovation, but innovative concepts and new ideas have to make their way into the "inner circle" of decision makers in Münster in order to be heard and recognised.

The second type of governance, called *governance of growth*, gives priority to economic policies. The orientation is anti-urban, and politics are strongly influenced by economic interest groups. This *growth-machine* orientation (Molotch 1976) privatises social problems as individual faults. Pamplona, Dover and Birmingham are examples of the predominance of this kind of governance. Birmingham in the UK, analysed in this book by Nadia Brookes, Jeremy Kendall and Lavinia Mitton, is a fine example of a city that follows this model in its attempt to reconcile social and economic policies. In the nineteenth century, the city used to be the "workshop of the world". Even today, Birmingham's political and welfare culture is consistent with the paradigm posed by Adam Smith, according to which a vibrant economy is the most effective underpinning for community development. Accordingly, governance of growth assigns social policy a subordinate role. In the case of Birmingham, this subordinate role is consistent with the tradition of a liberal welfare regime in which the market constitutes the prime source of individual wellbeing. Hence, as Brookes, Kendall and Mitton argue, "the city council has focused over the years on the promotion of local economic development, and the two policy priorities of economic growth and labour market activation and social inclusion have usually been dealt with separately".

Additionally, Birmingham constitutes a textbook example of how a city that is embedded in a unitary state is not in the position to develop visionary social policies that are independent from those of the central government. Instead, the city, in particular in the area of social policy, follows a stop-and-go policy of investment and retrenchment in lockstep with the policy directives and money that emanate from London. Against this background, innovations in the area of social policy are generally small-scale initiatives that have a realistic chance of becoming sustainable if they encompass a "market dimension" and are based on an entrepreneurial concept that safeguards at least some financial independence from London. The overall shift from traditional big-industry managerialism to the current entrepreneurialism of the service and creative industries might provide Birmingham with the ability to reconcile its governance tradition with the demands of today's local economies. However, the social innovations that emerge from this environment are not likely to be able to surmount the decisive problems faced by a large segment of Birmingham's population that is not well educated and does not have the skills to work in the increasingly important creative sector. Therefore, it is most likely that the divide between rich and poor, and hence between the entrepreneurs and workforce of the new economy on the one hand and those who continue to identify with the way of life of the old working class on the other, will grow further and will not be significantly addressed by small-scale social innovations that largely translate into the production and provision of social services for specific constituencies.

The third type of governance, called *governance of social challenges*, gives priority to social-policy orientations in the production of services. Economic dynamics are handled parallel to social policies and are neither related to nor in conflict with them. This governance arrangement follows more traditional social-welfare policies in which the local state plays the primary role in the production and distribution of services. Political parties and party politics define this more paternalistic orientation in the area of social policy. Shared values are solidarity and the social responsibility of the state. Cities like Malmö, Stockholm, Geneva, Lille, Nantes, Nijmegen, Brescia, Zagreb, Warsaw and Plock are examples of this kind of governance. Concerning Zagreb, Warsaw and Plock, we find again that the EU is the dominant partner in defining this governance style.

In Sweden, Malmö is an interesting case study regarding social innovation. Similar to Birmingham, Malmö used to be a major industrial centre. But in the 1970s, the city was hit hard by the downturn in shipbuilding. Rising rates of unemployment and the deterioration of urban areas were some of the results of this development. Since then, Malmö has had to struggle with societal and economic difficulties that are not very common in Sweden. Furthermore, Malmö's population, probably due to its geographical location vis-à-vis Continental Europe, had always been comparatively heterogeneous. When transnational migration started to intensify, Malmö developed into the most popular destination for immigrants to Sweden. At least one third of the citizens in Malmö were not born in Sweden. In some parts of the city, more than 80 % of the residents are of foreign origin. Again, this is very unusual for Sweden. From an institutional perspective, Sweden, much like the UK, is a unitary

state, but unlike in the UK, Swedish local communities enjoy a larger degree of independence from central government because public administration in Sweden is modelled after Germany and its tradition of local self-government (Gustafsson 1988).

Against this background, the central topic addressed in the contribution by Ola Segnestam Larsson, Marie Nordfeldt and Anna Carrigan to this book is whether, how and to what extent Malmö's urban governance arrangement turns to social innovations in order to tackle the city's decisive problems and societal challenges. Again, the results of the empirical research conducted by the Swedish team in Malmö highlight a significant degree of path dependency in local politics and urban governance. There is no doubt that the city council attempted to attract new industries and shift Malmö's economy from the "big industry" of shipbuilding to services in the areas of education, the arts and culture. In Malmö, like elsewhere in Europe, urban economic development is synonymous with establishing a service-, science- and arts-oriented industry.

However, similarly to Birmingham but for a very different reason, the city's master plan of rebuilding the economy does not allow much space for social innovation. Certainly, from a political point of view Malmö stands out for continuity. Very much in contrast to the rest of Sweden, social democracy has not been abandoned in Malmö since the recession in the 1980s. This decision translates into a situation in which norms and values that have always been linked to social democracy, such as "social justice" and "fighting inequality", continue to have a strong impact on local politics in the city, thus keeping neoliberal thinking, which has definitely gained ground in Sweden over the few last decades, at a distance. The public sector and hence the local government still perceive themselves as responsible for addressing social problems in Malmö, which the authors of the chapter characterise as "a city of many welfare projects". However, there is some space for social innovation, as the chapter also demonstrates. And again, the projects are in line with the Swedish tradition of empowerment since they are put in place with the aim of integrating citizens into the labour market. But in contrast to the past, integration is not achieved in the traditional way, through education. Instead, the innovative aspects of the projects—the social innovations—consist of on-the-job learning and the embedding of education and training within an entrepreneurial approach towards societal problems.

A similar situation can be found in Geneva. Naegeli's contribution provides an in-depth analysis of the multi-layered governance structure of welfare policies in the city and the greater metropolitan area of Geneva. In many respects, Geneva, when compared to other Swiss cities, constitutes a deviant case. According to Naegeli, Geneva, highly influenced by the French tradition of generous welfare benefits, looks back to a legacy of state-oriented welfare policies that have always been backed by a coalition of leftist parties in power in the city's municipal council. Although politics in the cantonal parliament have always been dominated by centre-right parties, cantonal and city levels have never been in disagreement regarding the core values of the welfare domain. Solidarity, a society of opportunities and equality

constitute the key features of a value set that is shared by parties across the political spectrum. According to Naegeli, key players largely agree on core values, but they differ significantly regarding how they should be put into practice. The left favours state action and a more or less top-down approach of social-policy implementation that does not leave much space for innovative approaches. The conservatives are more in line with the Swiss tradition of subsidiarity, which favours bottom-up approaches that preferably include non-profit organisations, civic engagement and citizen participation.

Since Geneva is one of the most affluent cities in Europe, support for social projects is not a controversial issue. As Naegeli argues, there are many social programs and a multitude of actors and providers of services that "constitute a labyrinth of local welfare organizations". However, the availability of resources and the complex set of actors do not translate into a promising and supportive situation for social innovation. The reasons for this stalemate are at least twofold. First, the political and business communities are more or less disentangled in Geneva; the two do not have much in common. Accordingly, social and economic policies are not interwoven; they each follow a separate road. The social domain therefore has developed into a prime domain of party politics. Second, the political arena in the city of Geneva is dominated by the left, which favours low-profile social innovations enacted primarily within state services. In sum, the city follows a more traditional approach towards social policy that addresses social challenges primarily through publicly funded programs and services.

Finally, we have identified a fourth, conflictual, type of *governance of social and economic challenges*. In this governance arrangement, the combination of a weak local government and strong economic and social interest groups creates conflict between economic and social investments. The value orientation in the area of social policies is a conflictual one, with an opposition between a social and an economic lobby. Each social policy creates a debate between individualism and individual responsibility on the one hand and solidarity and collective responsibility on the other. Berlin and Milan are examples of this conflictual governance arrangement.

In the last few decades, Berlin has developed into one of the most attractive cities in Europe. Why? Why, in particular, do youth from all over Europe come to Berlin as a location to study, to live and to party? Benjamin Ewert, who emphasises the path dependency of urban governance and urban development in Berlin, addresses this issue. In a nutshell, his chapter argues that Berlin—due to its special situation as a border city in the middle of Europe, where two very distinct political systems and ideologies used to meet—provides plenty of space for different lifestyles, new projects and what Germans called "alternative" orientations. Ewert portrays the former West Berlin as a bohemian city in which the arts and culture flourished during the Cold War and where artists from all over the world used to work and simultaneously look for the experience of living in a so-called "frontier city".

The specificity of West Berlin during the Cold War was made possible by a very generous transfer system of public subsidies. Until the breakdown of the Soviet bloc, almost everything in Berlin—jobs, rents, theatre tickets, etc.—was subsidised

by the German Federal Government. In terms of urban governance, this benevolent situation translated into a decoupling of the city's social and economic politics. Or, to put it differently, for a long time the ability to attract business was very limited in West Berlin, in particular due to the logistics of a city situated very much in the Soviet bloc. Therefore, confronted with a declining population, the prime goal of West Berlin urban politics was to keep the city attractive for newcomers, students and members of the so-called creative class of artists and bohemians. However, with the fall of the wall, the geopolitical situation of Berlin changed significantly. The city is again the capital of Germany. Even today, it lives on public subsidies, although support from the federal government has been reduced continuously since the 1990s. Confronted with many societal challenges, the government of Berlin, similar to other cities, started an economic development program in which the creative industries—arts, culture and fashion as well as so-called lighthouse projects—play a decisive role.

Similarly to Malmö, however, urban governance in Berlin was and continues to be influenced by ideas and concepts from the left, social democracy included. With some interruptions in the 1980s and 1990s, the Social Democratic Party has been in power in Berlin. The research under the umbrella of the WILCO project has focused on the district of Friedrichshain-Kreuzberg, with a population of more than 270,000. Friedrichshain-Kreuzberg is still perceived as one of the bohemian hotspots of Berlin. The district government continues the long-standing tradition of the left being in power. Currently, the district is governed by a coalition of the Green Party and the Social Democrats. But the Left Party also has a traditional stronghold in Friedrichshain-Kreuzberg. This situation translates into a policy orientation in which social policy issues play a significant role, and in which the more traditional social policy orientation of the Social Democrats is combined with the more participatory and entrepreneurial attitude of the Green Party. But in sharp contrast to former times, resources are scarce, and the ability of the ruling coalition to significantly support social innovations with public money is therefore limited. Furthermore, in sharp contrast to former times, Berlin has become very attractive for investment, particularly in the area of housing, which for decades was a real "no go" for investors because of what was then a declining population.

In sum, Berlin is still perceived as an El Dorado for "cheap living" and creative work. This image is supported by the Berlin government and in particular by the district government of Friedrichshain-Kreuzberg. However, due to fiscal constraints, Berlin increasingly faces difficulties in living up to its image. The tradition of urban governance in which social and economic policies are largely de-coupled leads to the paradox that Berlin is still perceived as the metropolis of societal innovation and bohemianism while it is simultaneously becoming increasingly similar to other big European cities, where the flip-side of economic prosperity is increasing poverty and social exclusion.

Milan, analysed in this book by Giuliana Costa, Roberta Cucca and Rossana Torri, provides another interesting case study of this conflicting relationship between economic and social challenges. In this city, social policies have shifted sig-

nificantly during recent decades. The Italian centre of banking and commerce used to be known as a "benevolent" city with a long tradition of social policies aiming to safeguard social cohesion. The social domain was also perceived as necessary to a striving economy. "Milanese citizenship" translated into a situation in which residents of Milan could count on the provision of social services and welfare programs that were exceptional in Italy.

However, at the beginning of the 1990s the attitude towards social issues significantly changed in Milan. The local government struggled with far-reaching corruption scandals that challenged the then widely accepted image of Milan as the place in Italy "where business and ethics went hand in hand". Moreover, left-wing city governments were followed by centre-right coalitions headed by mayors from Berlusconi's party. Accordingly, the city significantly changed its attitude towards "the social". Social policies were no longer perceived as an investment in the future of the young generations of Milan, but instead as having a negative impact on the economic development of the city. The move away from classical social policy was intensified by the fiscal crisis and the need to introduce austerity politics. At the same time, rent and housing costs increased steadily, in particular in the centre of the city, while the local government simultaneously abandoned a housing policy that did not exclusively address the needs of the middle class but also provided affordable housing for less well-off members of the community.

At the turn of the millennium, a new coalition came into power that was and continues to be of a more leftist orientation and which has tried to replace the restrictive social policies of the past with a new approach focusing more on social cohesion, citizen participation and a renewed social-policy agenda. However, times have changed significantly. Against the background of fiscal crises and decreasing support from the regional and federal governments, there is not much space for either social innovations or social policies that genuinely make a difference. What the current government tries to achieve is in accordance with a policy approach found all over Europe. So-called lighthouse projects, currently the Expo, are implemented with the goal of both attracting investment and improving the image of the city. However, these high-profile endeavours are increasingly out of reach for large portions of the Milanese population, who struggle to make ends meet. In other words, governance in Milan does not address social and economic issues simultaneously. Instead, the local government tries to promote the economy, and it takes action in the social domain only if there is a significant challenge, as can be seen clearly in the area of housing. The social innovation in this policy area, which is described in the chapter by the Italian team, strongly builds on a public–private-partnership approach. The policy is made possible through the initiative of a large Italian foundation. Hence, this path of innovation shows some similarities to those in big cities in the USA—Harlem in the 1980s and Detroit today—where private-sector foundations provide the seed money for innovative policies.

2.4 Conclusion

The urban welfare model as it has been developed since the Middle Ages in Europe is challenged by different contemporary tendencies. First, and most obviously, cities' approaches to social policy have to react pragmatically to the retrenchment policies of the national welfare system—as Grymer had already observed in the 1970s (Grymer 1979). Responsibilities are handed down to the local level, and problems, generally related to forms of new poverty, are visible.

Second, these social problems are rarely included in the general social-security systems of the national level and need to be addressed through social policies. Therefore, the urban level is also the primary place in which new social problems appear, and it is also the level that is forced to find solutions for them. The general trend towards a more diversified society—including marginality and other social problems that come with this diversification—finds its multifaceted reality in the city. Marginalised groups of all kinds, and not only a rich elite, are attracted by the promise of the city as a place for self-realisation and freedom (Cattacin 2009).

Finally, cities are confronted with the double task of meeting the demands by international mobile elites to produce an urban climate of well-being while dealing with crime attracted by that same climate. As wealth and poverty become concentrated in cities, municipal governments are challenged by the need to create social policies to compete for the rich.

The 20 cities analysed here are confronted with similar problems and challenges. Social innovations constitute just one tool to adjust their urban policies to changing conditions. Despite very different settings, the social innovations identified and researched in our project show many commonalities, as described in Chap. 9. The involvement of civil-society actors, the co-production of services, mixed financial arrangements and the rediscovery of the spatial or better urban dimension of social policy initiatives are just some of the characteristics of current social innovations. This chapter has focused on urban governance as a premise of any policy development. We have specifically asked whether and how urban governance may facilitate or hinder the development and sustainability of social innovations. We have worked with the hypothesis that context matters, and that the political, cultural and institutional dimensions of a given setting therefore have to be taken into account when analysing the emergence and establishment of social innovations.

The results of our analysis are mixed. There is no one best solution. But our analysis indicates that urban governance embedded in a federal system seems to facilitate the emergence and sustainability of social innovations because the local level is in a position to address social challenges independently. A strong tradition of local self-government constitutes a highly suitable environmental condition for social innovation. The same holds true for subsidiarity as a policy approach through which to address societal problems with the support of non-state actors, preferably civil-society organisations. Local governance arrangements that make use of subsidiarity to organise social services are comparatively more receptive to social innovations proposed by social actors. In contrast, countries with a top-down and government-based tradition of social-service provision, which constitutes one of the

key characteristics of a social-democratic welfare regime, are rather reluctant to accept and integrate new initiatives into their repertoire. Finally, coalitions of core actors that share common norms and values acknowledging that capitalist economies have to take the social into account in order to be sustainable are also conducive to social innovation. Interestingly, it does not really matter whether these core values are based on a social-democratic or a conservative tradition. The difference between the two traditions translates into a difference in the instruments and tools used, as the examples of Malmö and Münster clearly indicate.

Although social innovations are necessary tools for the reform and adaptation of the welfare state to the new societal challenges of our century, we also have to address at least one caveat. The social innovations we analysed are all small-scale initiatives; they are not related to citizen rights. By and large, they have not been thoroughly integrated into urban policies. Therefore, we have to be sceptical of expectations that social innovations are the one and only solution to the difficulties and problems of our mature welfare states and capitalist economies.

At the same time, the results presented here indicate that urban (and local) welfare is becoming increasingly important in dealing with social challenges. There is also evidence of common trends in the way social issues are tackled. An interesting result concerns the way cities from countries recently integrated into the EU shape their social policies. In these cities, policy prescriptions (and financial support) from the EU play a primary role in the production of concrete social policies—while the other cities experiment more with bottom-up and local solutions. The question arises of how sustainable imported solutions are in comparison with endogenous ones.[9] An answer to this question would require longer-term monitoring, which could be based on dimensions and insights from our project.

However, this comparative analysis also opens other questions that we can only discuss briefly in this chapter. First of all, identifying contexts more open to social innovation, as we have done, can be interpreted as a recommendation to change the way policies are created in specific contexts. But this is only partially true. The reality we analysed indicates a link between the wealth of a given city and its way of handling social policies. Social innovation is probably easier if there is a context of liberal experimentation, but also if there is a government orientation towards funding such innovation. But if money is scarce, how can a government promote a more economically and socially sustainable city? As Gerometta et al. argue, we think that the first step has to be forms of self-organisation and civil-society initiatives (Gerometta et al. 2005) that can be the engine for a better quality of life—which is the foundation for the attractiveness and economic development of a city. It would be an error to think that the opposite approach—improving economic performance in a socially hostile context—has the same consequences because the flexibilised economy, based on mobility and creativity, needs more than money. In other words, there is an intimate relationship between the new growth-oriented city and social policies and social innovations that promote economic development

[9] This question is not a new one as the discussion of the *imported state* by Badie, who analysed how Algerian institutions suffered from French domination, shows (Badie 1987).

while adequately responding to social challenges that cities—and no longer the national welfare state—have to deal with.

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Chapter 3
Everybody on Board? Opportunity Structures for Social Innovations in Münster

Christina Rentzsch

3.1 Introduction

In 2004, Münster received the international LivCom Award acknowledging the town as the *Most Liveable City in the World*. [1] Since then, the city has merchandised this image within and beyond the region (Hauff and Heineberg 2011; p. 5). The middle-sized town of Münster with its around 300,000 inhabitants is a flourishing city: immigration surpasses emigration, the large administrative and academic sectors provide employment opportunities for the well educated, and the overall eight universities and their approximately 50,000 students buffer demographic change. Simultaneously, the prosperous socio-economic situation of Münster is enveloped by a conservative-Catholic culture, emphasizing solidarity with weaker members of the society and referring to subsidiarity as a key policy principle.

This chapter addresses the questions of how social innovations emerge in Münster and how they are embedded within the city's governance arrangement. The analysis focuses on two major policy fields best reflecting Münster's specific governance arrangement: labour market and housing policy.[2] After an overview of administrative structures in Germany and specific city traditions (Sect. 3.2), the chapter

[1] The following article is based on research carried out as a part of the WILCO project from 2011 until 2014 in Münster. The author is very grateful to Patrick Boadu, Danielle Gluns, Thorsten Hallmann and Andrea Walter.

[2] The study and its data collection—conducted over the course of 4 years (2007–2011)—consisted of the following elements: interviews with politicians, administrative employees and civil society organizations at the local level; a detailed analysis of documents produced by the city council and the council's committees; an analysis of major articles of the leading local newspapers on selected issues, and for labor market policy an additional local magazine; several focus group interviews; as well as an analysis of the election programs of all relevant parties for the local elections in 2004 and 2009.

C. Rentzsch (✉)
Institute of Political Science, Westfälische Wilhelms-Universität Münster,
Scharnhorststraße 100, 48151 Münster, Germany
e-mail: christina.rentzsch@uni-muenster.de

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analyses Münster's governance arrangement (Sect. 3.3) and addresses the topic of who makes things happen in the city in terms of coalition building. There is a strong focus on the interdependence between governance and social policy discourses. Despite some caveats, Münster is a city whose administration is inclined to open windows of opportunities for the implementation of social innovations (Chap. 4).

3.2 Münster's Embeddedness in Germany's Governance Arrangement

3.2.1 Cooperative Federalism, Self-government and Subsidiarity

In international comparisons, Germany stands out for a specific type of federalism: Sixteen states (*Länder*) are bound together by "co-operative federalism" (Scharpf 1976), a multilevel governance arrangement of interrelations between the federal, regional and local level, in which responsibilities are divided according to tasks and policy fields. Thus, German municipalities are not independent administrative units but embedded in a system of administrative regulations, inaugurated by the *Länder* and the federal government. Simultaneously, German municipalities look back upon a long tradition of self-government. Elections to the local parliament take place every 5 years, and local politicians enjoy a certain leeway of how policies are enacted. Albeit in close cooperation with the local administration, local parliaments guarantee the participation of citizens in local politics (Bogumil and Holtkamp 2006).

Furthermore, Germany is particularly noteworthy for neo-corporatist governance arrangements (Schmitter 1974), in which civil society organizations and associations (*Verbände*) traditionally play a key role in the policy process, bridging the different territorial levels (local, subnational and federal) of the country (Zimmer et al. 2009). Legitimated by the principle of subsidiary neo-corporatism at the local level translates into a situation in which civil society organizations or non-profit organizations (NPOs) are the prime providers of social services (Dahme and Wohlfahrt 2011; Evers et al. 2011a).

3.2.2 Münster: Desk of Westphalia—City Profile

Situated close to the Ruhr area of Germany, Münster has never been an industrial town, characterized by an entrepreneurial spirit and a governing elite of internationally oriented businessmen. Instead, in the nineteenth century, the town became the host of a Prussian Military Base and developed into a stronghold of the Prussian Provincial Government. Today, the legacy of history is still strongly in place. There

are numerous public and semi-public administrative units operating in Münster, such as the Regional Government or the Pension Insurance Institute for Westphalia-Lippe, a sub-district of the region of North Rhine-Westphalia. Until very recently, the British Rhine Army had their headquarters in Münster. Today, it only hosts the German Netherlands Corps, and soldiers no longer impact the culture of the city.

Against this background, Münster enjoys the image of being the "Desk of Westphalia" (cf. Heineberg 2011; p. 268), a city in which blue-collar workers are more or less absent and where civil servants play a decisive role in city politics. The presence of numerous institutions of higher education such as Münster University, Münster Polytech, the University for Public Administration or the University for the Police adds to the picture of a city dominated by middle-class inhabitants, most of them being civil servants. All in all, the public sector constitutes the most important economic force in the city. Public sector dominance is hardly balanced by a class of merchants who similar to other traditional European cities and former trading posts today still run their shops in the centre of the picturesque medieval old town that constitutes the prime tourists attraction in Münster.

Besides its long tradition dating back to the Middle Ages and times of the former *Hanse* and its middle class, civil servant population, Münster is famous for being a stronghold of Catholicism in the North of Germany. Indeed, Münster used to be the centre of the Catholic counter-revolution at the beginning of the nineteenth century. The famous Graf von Galen, who raised his voice against the rule of Hitler in the 1930s, served as Archbishop in Münster. Since the late nineteenth century, Münster has been a stronghold of political Catholicism, in particular the *Zentrum* Party during the German Empire and the Weimar Republic, and the German Christian Democratic Party after 1945.

3.2.3 Winds of Change

The legacy of Roman Catholicism, the impact of the surrounding rural area of Westphalia and the dominance of civil servants led the Christian Democratic Party to be the most important political force in the city. However, since the 1990s, new political forces, the Green Party and the Linke, have significantly challenged the conservative milieu of the city. Both were able to build constituencies within the post-materialist academic milieu in Münster.

In the 1990s, for the first time in Münster's political history, the Christian Democrats were not in power for one electoral term. Since then, the Mayor has been a Christian Democrat again. However, the directly elected conservative Mayor does no longer enjoy a comfortable majority in the city parliament; instead, he has to govern with shifting majorities of which a so-called clandestine coalition with the Social Democrats turned out to be the most stable government arrangement. The grand coalition in disguise reached its peak during the late 1990s and the early 2000s, a period in which Münster embarked on a new approach of city development that slightly departed from classical neo-corporatism. Besides traditional civil soci-

ety players, a broad spectrum of groups and constituencies were addressed and welcomed to participate in a long-term consultancy process. The outcome was a master plan for city development, closely combining city development and city marketing.[3]

The master plan highlights the necessity of becoming a city attractive for investments from local and regional business communities. For the first time in Münster's post-war history, city development became a central issue based on a strategic plan for long-term investments and projects. Besides its novelty, however, the master plan also links up with Münster's tradition as a middle-sized town and European city looking back to a subsidiary tradition of taking care for constituencies in the community who need help and public support. From an institutional point of view, the master plan encompassed the establishment of a new unit within the town hall, "Münster Marketing". Münster Marketing is an independent organization hosted by the city administration and hence located in the town hall. Since its foundation in the early 2000s, Münster Marketing has developed into a very influential player within the city. Like "a spider in a net", the chairwoman of Münster Marketing is highly connected and therefore able to monitor any development within the city. The central task of Münster Marketing is to get relevant stakeholders around the table whenever a new initiative or a new project is about to start and inaugurated in Münster. Due to its peculiar organizational setup, Münster Marketing enjoys excellent contacts within the city's administration, the political sphere and the local business community. As such, Münster Marketing constitutes an institutionalized symbol for the Münster-specific "governance of co-operation".

3.3 Münster's "Governance of Cooperation"

As outlined in the previous chapter (Cattacin and Zimmer 2015), governance of cooperation is characterized by the continuous search for synergies between economic and social policies. Although the search for investments constitutes the driving force of city politics, actors in Münster are sensible not to lose contact with the social domain. The underlying rational of action is pragmatism combined with efficiency. Actors in the city search for practical solutions for today's problems without giving up an investment-focused policy orientation. As outlined in the following section on "innovations" in the areas of housing and labour market policies, there seems to be a division of labour with regard to economic and social policies. Social policy is by and large considered to be the prime responsibility of public and hence the city's administration, while business issues are primarily taken care of by the business community. Moreover, Münster's governance of cooperation is inclined to empower citizens in order to make them fit for the market and hence to be able to help themselves.

[3] Stadt Münster 2004: Integriertes Stadtentwicklungs- und Stadtmarketingkonzept Münster (ISM) Münster-Profil, Leitorientierungen und Leitprojekte. (http://www.muenster.de/stadt/stadtplanung/pdf/Vorl118_04_und_Erg.pdf).

This attitude is very much in line with the subsidiarity tradition of Münster in the welfare area. Overall, Münster's governance of cooperation tries to follow an encompassing approach of bringing people with similar problems together in order to work out most practical solutions. The city continuously attempts to balance its investment orientation of the city, taken up in the late 1990s and working with the paradigm of the city as "a growth machine". It refers to a "preventing frame" that is highly supported by representatives of the political parties, members of the city administration and civil society actors, including members of the local clergy. In the following, this chapter will first focus on the investment frame, which is linked to the "growth machine" paradigm; in the second step, this frame will be juxtaposed in opposition to the "prevention frame" of Münster's cooperative governance coalition (the following chapter is based on WILCO report 4, Boadu et al. 2012).

3.3.1 Münster as "Growth Machine": The Investment Frame

The "deep core" of the local coalition system is a frame of municipal management that invests all its resources in improving the city's capacity for enhancing local (economic) growth and growth sustainment. Moreover, growth is perceived as the main factor for the wellbeing of citizens and for the city development. The frame originates from the theoretical premises described by Harvey Molotch in "The City as a Growth Machine" (Molotch 1976), which argues that growth should be an essential imperative. The central conditions for growth are defined as follows:

1. A high level of competitiveness for companies and citizens with other cities, achievable through the improvement of both hard and soft site factors
2. A high level of attractiveness attained by means of city branding or marketing with a focus on high quality of life and a special lifestyle, as well as a "festivalization" of city policies: the concentration on highly marketable, prestige projects and actions (Häußermann and Siebel 1993)
3. An approach to city management that creates a market-friendly environment, thus making the city a viable target for private investment and enabling its effects to benefit the whole community

Since Münster fits these criteria perfectly, it presents a good example of "the city as growth machine". This general orientation significantly influenced local discourse and translated into the establishment of an investment frame widely considered a success story in Münster. Over the years, it has gained increasing acceptance by a broad coalition of different actors, resulting in a relative stability of the frame since the early 1990s. It continues to be perpetuated by political subsystems in Münster within a wider coalition system. Apart from superficial modifications in rhetoric and action, the frame remains stable. "Münster Marketing", the "Initiative for a Strong Inner City", a lobby group of Münster's merchants, the traditional guild of merchants *"Kaufmannschaft"* and of course the municipal department for the promotion of the local economy *(Wirtschaftsförderung)* support the investment frame.

However, in the welfare domain, it is counterbalanced and complemented by a very different frame, which originates in the subsidiarity tradition of the city.

3.3.2 Münster a City Based on Subsidiarity: The "Prevention Frame"

"We should be careful and avoid that people, kids included, are faced with difficult situations in their lives. Instead of simply letting things happen, we should be preventive and start to empower people as early as possible", the chairwoman of the Children and Youth Department of Münster stated in one of our interviews. The quote nicely encompasses the central idea of policy action before a significant problem comes to the fore. The idea of avoiding problems by providing citizens with tools and skills to help themselves is embedded in both political traditions most prominently influencing politics in Münster, Social Democracy and Christian Democracy, influenced by subsidiarity. Interviews conducted under the framework of the Welfare Innovations at the Local Level in Favour of Cohesion (WILCO) project showed that the empowerment argument of the prevention frame was primarily referred to by members or representatives of the Social Democratic Party (SDP) in Münster. Their reference to the prevention frame was linked to considerations of equality, life changes and justice. Representatives of the Christian Democratic Party also turned to the prevention frame, in particular to legitimize social policies.

However, the underlying rationale they referred to it was quite different. In a nutshell, they pointed to a cost argument, claiming that it is cheaper to invest in prevention now than to have to pay more for removal of the damage. Hence, a somehow economic logic is also inherent to the prevention frame. In Münster, the prevention frame is referred to in various social policy fields, surpassing the classic welfare or social policy toolbox. Under the *Leitmotiv* of the prevention frame, policy measures aim to ensure that all groups and individuals are empowered to participate as successfully as possible in the market. Hence, the two dominant policy frames in Münster counterbalance each other. However, at the same time there is a slight bias in favour of the investment frame because prevention policies might also be inaugurated and put in place using the vocabulary of the investment frame.

3.3.3 The Policy Coalition

As indicated earlier, Münster is a very homogeneous city. Results of the WILCO project highlight that poverty and unemployment are not significant issues in Münster. Furthermore, the city counts among the very few in the region of North-Rhine Westphalia with a growing population. The number of unemployed citizens is below the country's average rate of unemployment. The same holds true for the number of migrants. Indeed, the population with a migration background is very

limited in Münster. Furthermore, due to the attractiveness of the University, many citizens with migration background came to Münster in order to study. They stayed and started professional careers. Since big business is almost absent in Münster, homogeneity constitutes a characteristic feature of the city. Furthermore, some business entities are indeed semi-public institutions, such as a quite influential saving bank or a major insurance company. Against this background, it does not come as a surprise that numerous circles and semi-public initiatives in Münster are serving as forums for discussion and policy deliberation. There is also significant overlap between the different groups and round tables that constitute a semi-public discursive sphere in the city.

In summary, Münster is run and governed by a relatively small circle of engaged citizens, members of the city administration and representatives of merchants, civil society organizations and the two churches. The closeness of Münster's elite circles has been the subject of various studies (Termeer 2010; Schwalb 2011; Paulsen 2015) that unanimously testified to the significant importance of the city or municipal administration. The important role of the administration has been further strengthened in recent years due to the fact that the Mayor, simultaneously head of the city government and chairman of the municipal administration, is directly elected by the local population and therefore enjoys a significant legitimacy.

However, homogeneity and a culture of making politics in small circles also have flip sides. As a newcomer, it is not easy to get access to those circles in the city where "fat cats keep in touch". Indeed, homogeneity with respect to gender, class and, in particular, age was also the most significant characteristic of members of the respective policy coalitions identified under the framework of the WILCO project. During the time of the investigation, individuals mostly ran the city in their late 50s or mid-60s, irrespective of their background (political parties, business community or local administration). In summary, this generation shares the same ideas and concepts. It is tied together by a common culture of a time when Germany started to emancipate itself from the post-war period. It is also this very generation that is responsible for the gentrification of the inner cities.

Also, this generation supports a classical divide between economic and social policy. Not surprisingly, the majority of innovations identified in Münster by WILCO were initiatives by the municipal administration, implemented through network governance or governance of cooperation between municipal administration and "outsiders", that is members of the respective policy coalition. In order to highlight the decisive role of the city administration for innovations in the area of social policy, two innovations identified in Münster as part of the WILCO project will be portrayed in the following section beginning with a brief outline of the policy fields labour market and housing (The following chapter is based on WILCO report 3, Boadu et al. 2011).

3.4 Governance Structures, Discourses and Innovations in Münster's Labour Market and Housing Policy

3.4.1 Labour Market Policy in Münster

Compared to neighbouring regions and Germany in general, the labour market situation in Münster is significantly better. Unemployment is relatively low, even for disadvantaged groups such as migrants and adolescents; the presence of nearly 50,000 students gives employers the possibility to recruit candidates from a vast pool of flexible, young and well-educated people interested in marginal part-time employment. Although Münster is not known for a long philosophy of local labour market policy[4], a local labour market initiative was founded specifically targeting young adults; *Arbeitsmarktinitiative Münster* was launched during a social democratic and green party majority about 20 years ago. At that time, a number of youth training centres were started by the city or NPOs, but the conservative majority in Parliament largely reduced public spending on local labour market policies from 1999 onwards. The European Social Fund (ESF) and/or the State of North Rhine-Westphalia now fund initiatives formerly financed by the municipality. The ESF is an important financial pillar of local labour market projects.

Besides the two major public institutions responsible for labour market policies (Federal Agency for Employment and its local Jobcentres), the third sector and private organizations play a role in the provision of labour market programmes and activities as well (see Evers et al. 2011b/WILCO WP2 County report Germany). In Münster, the welfare associations of the churches are active in the field of labour market policy, that is *Caritas* and *Diakonie*, as well as local associations, initiatives and foundations. They offer personal advice and support on site, especially for specific groups of people, such as young adults or refugees[5].

Additionally, relations between different actors in local labour market policy are institutionalized in the Advisory Board of the Jobcentre, which performs an advisory function for the municipality but does not have any decision-making power. Although this board is a legal requirement, it was given additional weight in Münster, asking various actors to serve on the board with the aim of assessing local labour market policy. The Jobcentre's Advisory Board consists of 16 regional representatives from the field of labour market policy from administration, civil society and political parties; it becomes increasingly involved in the development of local

[4] As the parliamentary leader of the Social Democratic Party (SPD) states: "Economic and social policy is not made in Münster's town hall. This can be seen in the mentality of local politics handing over labour market policy to the private sector; the economy that is responsible for creating jobs." Interview with the parliamentary leader of the SDP in Münster.

[5] One prominent example of a civil-society-driven project of collaboration between various actors in the field of employment policy is the MAMBA network, focusing on the qualification of refugees and other migrants with a legalized residency status.

labour market strategies in order to develop innovative approaches for the integration into the job market.[6]

Structural Change: *Optionskommune*

In Germany, the Federal Agency for Employment and its Jobcentres, local units taking care of the "hard-to-place" unemployed, is in charge of the implementation of labour market policies. However, the federal government provided an option for local governments to partly take over obligations and duties of the Federal Agency for Employment. Hence, the municipality was offered the possibility to integrate the local Jobcentres into their social service profile. This was decided by competitive process on the basis of careful testing of proposals handed in by the respective communities. Once decided positively, the community was awarded the title *Optionskommune*, the respective city becomes responsible for placement and job search of long-term unemployed.

The application for becoming *Optionskommune* was prepared in 2010 by the city administration, in particular by the Department of Social Affairs, without consulting many other constituencies. External expertise was called upon to highlight the advantages of the *Optionskommune*, but these documents only circulated within the administration. Nevertheless, the local parties supported the application for the *Optionskommune* because they hoped for a more purposeful, responsible and cross-linked local labour market policy. *More purposeful* means that in future local administration and policy-makers would deal with city-specific problems and federal funding would be used for different employment measures in Münster. *More responsible* implies that success or failure of certain measures would be evaluated locally, and that cooperation with subcontracting private or nonprofit partners would become more trusting and binding. Third, a *more cross-linked* labour market policy means improving the integration of social policy, educational policy, childcare and integration policy.

A municipality that "opts out" entrusts the local level with responsibility for the arrangements of local labour market policy and the allocation of federal funding. The introduction of this model constitutes a compromise between state and federal levels after the significant labour market reforms (the so-called Hartz laws) were approved in 2005. Jobcentres are responsible for payment, profiling and case management of unemployed clients as well as for helping them to access additional services such as childcare or debt counselling. Additionally, in order to increase employability, jobcentres have their own budgets at their disposal to pay providers responsible for the placement of unemployed people.

Labour Market Policy as "Investment in the Future?"

There is a broad consensus on the need to promote Münster both as part of a region and as a city in order to attract a broader spectrum of investors. This consensus

[6] "Well, the composition of the advisory board included many different providers of job creation measures, counselling centres, the university, economy and chambers, and the social sector was strongly represented as well." Focus group interview II: District executive director of the Paritätischer Wohlfahrtsverband. Original quotation: *Also die Besetzung des Beirates […] waren ganz viele Beschäftigungsträger, waren Beratungsstellen, waren sicherlich auch Universität, Wirtschaft und also die Kammern, aber der soziale Bereich war relativ stark vertreten*.

follows the belief that new jobs will be created if the region can attract more investment and the relocation of companies, and thereby help to overcome unemployment. Münster thus relies on "lighthouse projects" to erase the obsolete image of "Münster as an administration town". In order to achieve this, the instrument of benchmarking has been increasingly applied in the field of labour market policy.

Despite the dominance of the investment frame, several groups in the field of labour market policy follow the prevention frame, arguing that one should "become active before the damage has been done" instead of supporting individual "problematic cases".[7] Youth unemployment in particular requires a specific focus on prevention, since young people have limited access to the local job market. Youth unemployment (especially during the transition from school to work) is a topic widely discussed in politics—by the administration, local media and in party programmes. Young people are considered to be one of the only groups given continuous care. Moreover, prevention in the sense of furthering education also meets the future demand for skilled employees.

With the transformation to *Optionskommune*, a shift of responsibilities occurred. Proponents of the *Optionskommune* highlight the opportunity to play a more active role as a municipality in the field of labour market policy and to tap into the potential offered by the good connections between public and private actors in the city. Building on experience and close networks with local businesses and employers, many local public actors expect to be able to organize more effective and efficient labour market integration to establish better ways of taking care of the unemployed and to achieve a stronger focus on preventative work. However, there remains one caveat. People taking administrative decisions, as one informant states, unfortunately "do not speak the language of the people concerned. Not only do they not know how to address them, they do not speak their language".[8] Maybe the recently introduced advisory board will be able to break up these traditional lines of actions.

Optionskommune: An Example of Innovative Labour Market Policy

The *Optionskommune* follows the concept of subsidiarity, stating that the authority least centralized should handle matters. This concept fits into the overarching structure of the German welfare state and Münster's main paradigms. As an innovative *approach*, it allows a different perspective on the unemployed: unemployment is not seen as an individual failure but mainly a structural problem. The development towards *Optionskommune* can be seen as an answer to these structural problems, as it brings social policy and the labour market together. The *Optionskommune* thus follows an empowerment approach: "We are moving away from taking care of the unemployed on the basis of software tools and towards the individuals and their

[7] Interview with the head of the Section for School, Advanced Training, Economy and School, Occupational Qualification. Original quotation: *Mehr und mehr bemühe man sich darum, aktiv zu werden "bevor das Kind in den Brunnen gefallen ist"*.

[8] Focus group interview II: Head of the "House of the Assistance to the Homeless" (*Haus der Wohnungslosenhilfe* = facility of the Bischof-Hermann-Stiftung for the support of the homeless). Original quotation: *Und auch nicht die Sprache [der Betroffenen, C.R.]. Nicht nur Ansprache, auch nicht die Sprache*.

histories"[9]. Essentially, this model follows a decentralized approach: it assumes that if the Jobcentre is a local institution, which relies on local expertise and networks, it will be better situated to take care of the unemployed than the Federal Employment Agency. The Jobcentre allows addressing users in more individualized ways, eventually placing more people in paid labour.

Local authority is also trying to decrease bureaucracy in the Jobcentres for the benefit of clients since it improves the focus on individuals and their specific situations. It also supports the idea of giving caseworkers enough room to make independent decisions in favour of the individuals. Altogether, the *Optionskommune* offers more freedom to use other more flexible and sustainable instruments in addressing users than the former model.

Even though this innovation is an instrument situated on a metalevel, it provides the context and structural framework for strategic and sustainable social innovations within the local welfare system. It can be considered a basic precondition to pursue integrated local social policy that enables the administration to incorporate labour market policy into their local governance approach. The most challenging goal in this process was to bring together different participants, since they "spoke different languages. People working in social policy and the labour market area used the same words but told different stories. Working together on labour market policy while focusing on the various target groups was not possible in the past […] Being connected by the opting-out model is very valuable."[10]

Therefore, the most innovative aspect of *Optionskommune* is the "chance of social policy and labour market policy in the city welding together". *Optionskommune* opens up a potentially multipurpose scope for integrated approaches addressing social problems. Splitting funding between several social stakeholders is another positive outcome and a reason why the model seems to be a win-win situation for both the administration and social service providers. However, whether the *Optionskommune* Münster will be successful in providing jobs more efficiently will depend heavily on the availability of local networks between the administration and the local labour market.

[9] Interview with the head of the Social Department of the municipality. Original quotation: *Sie nutzen nun einen anderen Beratungsansatz, der darauf beruht, einen Fall nicht mehr nur auf Basis von Software zu bearbeiten, sondern das Individuum mit ihrer oder seiner Geschichte anzuerkennen*.

[10] Focus group interview IV, Chief executive of the Paritätischer Wohlfahrtsverband. Original quotation: *Man hat verschiedene Sprachen gesprochen. Die Sozial- und die Arbeitsmarktmenschen. Die haben diesel-ben Worte genutzt aber was anderes erzählt. Das gab es früher nicht. Dass man zielgruppenorientiert an der Arbeitsmarktpolitik [gearbeitet hat, C.R.]. […] Da sind dann auch alle Beteiligten durch die Option organisatorisch gebunden an einem Tisch. Und das ist sehr wertvoll*.

3.4.2 Housing Policy in Münster

Sexy Münster

From an investor's point of view, Münster is a highly attractive city. The population is growing and the average income ranks above average—building or buying flats and houses in such a rich, growing city allows for successful businesses. However, what happens to those who are financially less equipped in a city with rent rates similar to those of Munich or Milan? It is becoming increasingly difficult for low-income inhabitants to find affordable housing in Münster. Therefore, financially disadvantaged people only find flats by chance or among the rare offers of social housing associations. Nevertheless, providing sufficient social housing has not been a major issue for administration and politics in the last 10 years. The number of affordable social housing has significantly declined; new social housing is more expensive than old flats from the 1950s or the 1960s. But even those disappear rapidly as they are being converted into modern condos. Particularly in the centre of town, newly constructed buildings are chic, demonstrating wealth and prosperity. While in Münster's centre flats have undergone large value increases, housing situations in several suburbs are desolate. Gentrification of the city centre and selected investments in some suburbs resulted in a segregation of unemployed and working poor in social hotspots.

Similar to labour market policy, the role of local governments in housing policies is quite limited. Housing has become a key area of business interest in Germany. Policy interference has almost always been exclusively based on indirect policy instruments, mostly incentives through tax benefits decided at federal or regional level of government. Hence, besides investing in government-owned housing stock or selling municipal building sites, the municipality does not enjoy much leeway for policy action. Key responsibility of municipalities in housing policy in Germany is planning in terms of issuing zoning plans instead of building. Nevertheless, similar to other cities, Münster has worked out a strategic document for its housing policy. First initiated in 1993 and subsequently updated, Münster's "Local Action Housing Program" is also the result of a round-table-based process of deliberation. Representatives of various constituencies were involved but the Department of Housing and City Development continues to play the key role. A further key player of municipal housing policy in Münster is *Wohn + Stadtbau*, a housing association (planning, construction, selling and renting out) which is 100 % owned by the city of Münster. As already indicated, in the area of housing there is a forum of communication, chaired by the Head of the Department of Housing and City Development who is also the official representative of the Mayor. The forum titled "Housing in Münster" was founded in 2004 as an initiative of Münster's administration. The working group exchanges information and provides political consultation, which means it is not in a position to make appeals or decisions for any political measures on housing. Since the group's purpose is to establish trustful working conditions, meetings are not open to the public.

Hotly Debated—Housing Policy

Although housing policy was always a topic for Münster's local politics, it is not clear if and to what extent the continuous problems of demand, high prices and growing segregation will become the focus of policy measures in the future. The anticipated problems, as well as the problematic focal points, illustrate the pressing need to address Münster's housing situation, since social division is becoming more and more visible. The city and politics are regarded as having little influence and steering competences in the housing policy field. Nevertheless, some experts in parties and administration recognize the growing pressure in the housing market and stress the necessity to act. This is why they work closely together in order to show that a cooperative governance arrangement exists in housing policy as well.

The well-established coalition system gives the impression of homogeneous opinion. Yet, this coalition is composed of the main agenda-setters, who aim for market provision whenever possible, *and* the local stakeholders, who propose "prevention strategies". Initially, the coalition sought to start an economic cycle in which the city would become more competitive in the acquisition of private investments in the local (high-end) housing market. The rationale was that this would provide economic growth and wellbeing to the entire community. Additionally, these new investments would raise the overall prestige and attractiveness of the city and spur new investments to keep the cycle going. Based on these assumptions, an important part of the city's self-conception derives from the promotion of a high standard of living and attractive housing options, prominently featured in the city's marketing efforts. Judging from the continuous and detailed coverage of such projects in the local media, larger and smaller urban development projects are of high interest to the local public. But housing and urban development issues are also debated rather fiercely in the city council and in its subcommittee. However, the market does not take responsibility for lower incomes. The dominating belief is that everyone will benefit from this development via "trickle down" effects.[11]

Focus on recent housing debates, which were mostly open to the public, shifted away from initiating growth and development towards a discussion about the effects of a high demand for commodities on the housing situation itself, namely (1) that affordable housing is rare and hard to acquire for socially disadvantaged citizens, (2) that rents (for housing and business) are too high for healthy growth in the sector and (3) the acknowledgement that certain "neglected" neighbourhoods do not share positive growth and development effects. These effects are generally accepted as facts (cf. Breckner 2010; Holm 2011). Nevertheless, some still argue that rising rents are in fact an indicator for the success of the current municipal approach. On the contrary, others say that the municipality is not in a position to effectively influence the situation due to the structural characteristic of the housing field. Other

[11] "The housing market works by itself because demands are high. For the lower income section we have the city-owned housing association "Wohn + Stadtbau". But also if there is construction for the higher income section, other housing units will become available for the lower section and benefit the market as a whole" (Interview with the chief editor of the *Westfälische Nachrichten* in Münster).

advocates within the coalition claim that the city would have been able to do more in order to increase affordable housing yet gave up its prospects for action mostly due to budgetary restraints or voluntarily in favour of market provisions:

> […] All important projects in the last years have been investors' decisions. Basically, we did not put a municipal project through since the Municipal Library. Those were projects implemented by private investors or by the Catholic Church, not by the municipality. And I think that is a huge danger in a city with that kind of financial volume.[12]

The housing field also reflects the city's dominant discourse structure: Housing policy is mainly seen as an instrument for growth. The investment frame is again the dominant frame whereas social aspects play a minor role. Because of Münster's political culture, important decision-makers have always been vigilant about prohibiting developments that might seriously endanger the social balance in the city. This argument leads to a request for a more "sustainable" growth (prevention of market failure) and a call for caution about endangering the city's attractiveness through social cleavages. Since it is agreed upon that disrupting the city's social balance should be avoided, the need to improve the situation in already neglected neighbourhoods with reactive measures is relatively undisputed in the political arena and the general public.

In this context, several experts refer to "healthy mixes", understood as a mixture of different social groups inhabiting an area. They assume that if there is no such mix, people will be less likely to identify with their neighbourhood and owners will not invest in the housing stock as it may not pay off. "Sustainable neighbourhood development", a preventative "spatial" social policy, does not seem to be heavily disputed within the city context. A general need for sustainable neighbourhood development, a "healthy mix" of inhabitants and the need for affordable living spaces seem to be widely acknowledged by all actors involved, although the means to reach these goals are not agreed on since they are based on different problem analyses. In consequence, the question of how the lack of affordable housing shall or could be countervailed is clearly the main line of public political dispute in the field. With regard to local political actors, the controversies run along traditional party lines, between investment and social perspectives. The administration's role is criticized since it sides with market proponents, emphasizing that public housing cannot create enough affordable accommodation (Völker 2011).[13] Local authorities think it is more "useful to support lower income tenants with accommodation allowances."[14] The strength of the market thus remains the dominant line of argu-

[12] Focus group interview I: member of the state parliament of North Rhine-Westphalia for the Christian Democratic Party.

[13] Karin Völker (2011) Wohnraum wird immer teurer—Stadt Münster setzt auf freien Markt. ("Housing space is getting more expensive—The city of Münster bets on the free market"). *Westfälische Nachrichten*, 16 September. http://www.wn.de/Muensterland/2011/09/Zahl-der-Sozialwohnungen-nimmt-ab-Wohnraum-wird-immer-teurer-Stadt-Muenster-setzt-auf-freien-Markt. Accessed 20 March 2015.

[14] Dr. Winfried Michels, Institute for Settlement and Housing at the Münster University.

ment, which means that members of the administration and other actors remain convinced that "the market works" (cf. Uplawski 2009).[15]

Innovative Housing Policy: Osthuesheide

Osthuesheide is a neighbourhood consisting of several blocks of apartment buildings. Constructed by a private company, the housing stock was once inhabited by members of the British army. As the apartments were gradually sold to private investors or individual owner-occupiers, a "circular and cumulative process of degradation"[16] started: The low standard attracted mainly tenants and owners with fewer resources and necessary investments were omitted. In consequence, several apartments became uninhabitable; poverty and a high fluctuation of residents have become symptomatic of this area.

The fragmented ownership structure and lack of financial capacities of many owners were identified as the main obstacles for further private investment. Legally, only owners' associations (WEG[17]) are able to make decisions on major investments. Therefore, three associations were formed; two associations decided in favour of investments but the third and largest association lacked a majority.

The administration took on a significant role throughout this process. In the first step, the municipality tried to use social work to counteract the negative housing situation and reputation of Osthuesheide, which resulted in very limited success. Consequently, owners were identified as the main addressees of public efforts: Financial investors should be either forced to invest by majority decision or driven to sell their flats, whereas individual owner-occupiers should be convinced of joining the pro-renovation fraction and be assisted with the financial burden.

The core of the innovation Osthuesheide was the moderated process that followed, initiated by the municipality in two of the associations with a high share of owner-occupiers. The general aim was to foster decisions for renovation without the municipality's further financial engagement.[18] The municipality developed three financial options to meet the needs of heterogeneous ownership.

Despite this involvement, the direct intervention of the municipality was limited to improving the quality of the surroundings and changing the name of the neighbourhood in order to improve its reputation. The city's initial plan to purchase units was soon considered inappropriate, as owning only a low number of flats would not

[15] Klaus Uplawski (2009) Konfrontation in der Wohnungspolitik—Markt funktioniert (nicht) ("Confrontation in housing policy—the market (does not) work(s)"). Member of the Office for Urban Development, Urban and Traffic Planning. *Westfälische Nachrichten*, 28 May. http://www.wn.de/Muenster/2009/05/Nachrichten-Muenster-Konfrontation-in-der-Wohnungspolitik-Markt-funktioniert-nicht (accessed: 20.03.2015).

[16] Title of a public protocol of the city council.

[17] WEG = *Wohnungseigentümergemeinschaften* are associations of all owners of an apartment building or a housing estate. In yearly assemblies, they decide upon, for example, renovation/modernization measures, contributions to a maintenance reserve fund, etc.

[18] The aim of the renovation was not only to improve the living situation of existing tenants but also to attract new and well-to-do inhabitants to the area. The common catchphrase "to create a (healthy) social mix" was found with some variations in several council debates, some party programmes and a number of WILCO-related interviews.

generate sufficient influence. There were also concerns that the municipality could be in danger of being legally liable in the event that owners' associations were unable to repay their debts. In order to avoid this, a separate company was founded as a subsidiary of the communally owned Wohn + Stadtbau, *"Wohnungsgesellschaft Große Lodden* (WGL)*"*. This company was commissioned to buy flats in order to gain a (in the end successful) majority share in the third association, where both the need for investment and the number of flats owned by corporations were highest. The close connection between the established public housing company and the new company allowed obtaining a substantial loan for renovations, since Wohn + Stadtbau offered other houses as guarantees.

Both the moderated process and the renovation in all three associations represent a governance innovation in Münster. Interventions in the ownership structure of neglected neighbourhoods were never executed before, especially not to such a high degree in terms of financial volume. But the representatives of the WGL and the Municipal Office for Housing disagreed about the discursive shift in Münster's local housing policy. According to the representative of the Municipal Office for Housing, a long-term re-communalisation of housing stock is unnecessary. Furthermore, it would suffice to take up an intermediary role, for example, neglected blocks could be bought and resold to private owners based on a contract that included obligations regarding the future development of neighbourhoods. This underlines the predominance of market mechanisms in combination with a certain level of municipal control. This reliance on market mechanisms was only broken up in the "single case Osthuesheide" due to the fact that state and reputation of the neighbourhood was threatening the overarching image of Münster as an attractive location for private investments. This worry activated a broad number of stakeholders and led to the acceptance of public intervention. Most of them consider the Osthuesheide renovation programme as highly successful and sustainable solution to the underlying problems (The following chapter is based on WILCO report 5, Boadu et al. 2013).

3.5 Windows of Opportunity for Social Innovations in Münster?

Which factors determine the success of the innovations "Optionskommune" and "Osthuesheide"? *Firstly*, drivers of the innovations had access to the local "coalition system" and argued in accordance with dominant investment and prevention frames. A network of supporters was easily established. *Secondly*, the social entrepreneurs who promoted the innovations were members "of the club", the elite network of those representatives of the local parties, the administration and the business community in Münster. Finally, in both cases, in-house lobbying within the local administration proved to be the most efficient path to success. In both cases,

it was the administration taking action, establishing a network of support and also safeguarding the necessary resources.

Although both innovations proved to be sustainable, their emergence and development was not the result of a democratic process, but heavily backed by a network of the Münster elite instead. Furthermore, both innovations were the results of top-down approaches initiated and put forward by the administration. Hence, one must admit that cooperative governance in Münster is pretty much a "closed shop" affair: homogenous groups of people sharing similar values and ideas what the city should look like and which direction it should develop. These members of the "club" are involved in different areas of social, economic and political life in Münster, a fact that further strengthens the coalition system and turns it into a quite sustainable and powerful governance arrangement. The "coalition" dominates the local discourse to such an extent that anybody who wants to accomplish something must accommodate the distinctive rationales of the investment or prevention frame. Hence, Münster provides a nice case study and textbook example for analysing the discursive turn in policy analysis. There is, indeed, the possibility to become a member of the "club"; however, he or she has to act and more importantly talk and argue in accordance with the discursive hegemony. Therefore, Münster is inclusive because getting people around the table and trying to get as many constituencies involved constitute a traditional trait of the city's governance arrangement, but at the same time, there are a very few "fat cats" in Münster who are continuously in touch and who indeed govern the city.

Also, Münster can be characterized as a city in which the local welfare system is based on a coherent way of addressing social problems, referring to network-based solutions that include various actors of the society. Therefore, Münster does use various opportunities in order to become and stay a successful city—as long as one speaks the language of the dominant coalition.

Considering such a coalition system on the one hand and having a very specific (welfare) tradition in Münster on the other hand, the question arises how new ideas and social innovations can evolve when everything seems to be decided within a somewhat established "closed shop"?

The answer is that, in general, Münster is a city in which social innovations have a good chance of flourishing. However, such innovations only pick up speed in specific contexts. The general welfare frame has profound implications for social innovations since they are context-specific and embedded in a wider social, economic and political context (Moulaert et al. 2005). The context opens the windows of opportunity for social innovators and social entrepreneurs. It establishes the conditions these actors encounter and can thereby promote or inhibit new ideas.

Yet, "context" also means local governance arrangements. Four different dimensions are identified that characterize these kinds of arrangements and that stand for a specific type of urban governance. Münster represents an example of the dimension of "governance of cooperation", characterized by a general orientation towards innovation in politics and economics. Particularly, the search for synergies between economics and social policies to foster the urban character of the city functions as

a guiding principle. From the organizational point of view, cooperative solutions between all local actors (administration, economy and civil society) are privileged in this search process. All actors involved broadly accept cooperation as the leading principle for city matters, resulting in the approach that "the more allies unite for a specific city matter, the greater the chance to push something through".[19] This governance arrangement supports the implementation of innovations and allows "another way of cooperative work could be established".[20]

Apart from the overarching logic of the discursive frame and governance arrangements, several other conditions must be fulfilled before social innovations can be implemented or even stimulated. The *first* condition concerns funding. Original idea and conditions must attract the interest of sponsors in the project. Sponsors have to be market-compliant, which means that they must comply with the lines of argument found in either the investment or the competitiveness discourse. They have to understand that this represents the dominant basis for decision-making. The *second* condition concerns legitimation, which means that basic legitimation for social innovation is given and accepted by the people involved. Referring to our results from the policy fields we analysed in Münster, an innovation is accepted as legitimate if it is presented within the investment frame. The *third* condition involves the aspect of appeasement: Any social innovation that challenges the dominant frame will only be supported if the innovators give up some of their resistance against the frame in exchange for financial or advocatory sponsorship. The support granted then serves the appeasement of possible opposition and is considered a win-win situation for all parties involved. Finally, the *fourth* condition concerns a pragmatic approach towards solving problems at the local level. Social innovations in Münster need to demonstrate a hands-on approach towards perceived problems. This relates to tangible target groups, deprived districts and so on, while more visionary approaches hardly have any chance of success.

The closed-shop mentality, the local welfare discourse with its focus on city growth, local governance arrangements, several conditions that have to be fulfilled to introduce social innovations as well as specific characteristics of local labour market and housing policies—all these dimensions can be found in Münster and must be considered in order to decide whether the initiation of social innovations is fostered or obstructed within the city. Hence, these dimensions create the context that opens the "windows of opportunities" for concrete social innovators and social entrepreneurs.

[19] Focus group interview II, original quotation: *Je mehr Bündnispartner sich zu einer Thematik zusammenschließen, desto eher ist die Chance, Dinge auch durchzusetzen*.

[20] Focus group interview III, original quotation: …*aber es ist eine andere Art der Zusammenarbeit [eingezogen]*

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Chapter 4
Inertia, Clearings, and Innovations in Malmö

Ola Segnestam Larsson, Marie Nordfeldt and Anna Carrigan

As social innovations move into the political limelight of many welfare societies, scholars are debating the underpinnings of such an appreciated phenomenon (e.g. Evers et al. 2014). Some argue that social innovations are primarily established as the result of the innovative nature of individual entrepreneurs (Hansson et al. 2014; Fagerberg 2006). The chapters of this book, in contrast, focus less on these types of micro-level explanations and more on how social innovations are connected to local welfare governance and politics (Cattacin and Zimmer 2015). With the support of a policy coalition framework (Sabatier 1998, 1999), local development and the formation of social innovations are studied in relation to local power structures and discourses. Hence, linkages are identified between particular social innovations and the local contexts that have served as fertile grounds, and research findings presented in this book highlight the centrality of these local contexts for how these innovations have developed as projects and processes (compare with Evers et al. 2014). Thus, the main approach in this book is to analyse the degree to which social innovations are embedded in their local welfare environment.

This chapter contributes to the overall focus of this anthology in two ways. Firstly, we will present a case study of the city of Malmö that will serve as an illustration of how urban governance arrangements provide structures for social innovations and where Malmö is categorized as an example of the governance of social challenges (Cattacin and Zimmer 2015). By governance of social challenges, Cattacin and Zimmer imply an urban governance arrangement in which state-oriented initiatives in coordination with private non-profits develop social policies and could serve as a fertile environment for social innovations. The governance of

O. Segnestam Larsson (✉) · M. Nordfeldt · A. Carrigan
Ersta Sköndal University College, 100 61 P.O. Box 11189, Stockholm, Sweden
e-mail: Ola.Segnestam-Larsson@esh.se

M. Nordfeldt
e-mail: Marie.Nordfeldt@esh.se

A. Carrigan
e-mail: anna.carrigan@esh.se

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social challenges also implies that economic dynamics are handled parallel to social policies, the local state plays a primordial role in the production and distribution of services, and shared values are solidarity and the social responsibility of the state.

Secondly, this chapter also contributes to the debate on social innovations by arguing that one also needs to pay attention to the relationship between inertia, clearings in local contexts, and innovations in trying to understand the underpinnings of social innovations in local welfare regimes. While the policy coalition framework highlights how social innovations are connected to local development, power structures, and discourses (Sabatier 1998, 1999), we combine the framework with the concepts of inertia and clearings in order to explain the particular empirical and analytical results of the city of Malmö. Research on social and organizational change reveals somewhat paradoxically that inability and unwillingness to change may result in clearings being identified or opened in the social landscape in which innovations may develop (Ahrne and Papakostas 2001, 2002). In other words, rather than arguing that social innovations come to the fore as a result of the quality of certain individuals or being locally and socially promoted by various policy coalitions, we put forth that innovations may also emerge in clearings as a consequence of inertia among the various policy actors. The argument will be supported by a theory on how the establishment of new organizations contributes to social change—here adopted to the phenomenon of social innovations—and illustrated with case studies of social innovations in the local welfare regime of the city of Malmö in Sweden (Nordfeldt and Carrigan 2013; Segnestam Larsson and Carrigan 2013).

Specifically, in addition to describing the local welfare regime and a set of social innovations in the city of Malmö, the chapter analyses the different types of clearings that proved fertile for developing the highlighted three social innovations. The main conclusion is that it could be argued that ideological inertia enabled a shadowed, a guarded, and an abandoned clearing to provide time and space for a neighbourhood programme, an incubator, and an employment and empowerment project to develop as social innovations.

4.1 Inertia, Clearings, and Innovations

Before presenting the local welfare regime and a set of social innovations in the city of Malmö, the relationship between inertia and innovation is discussed. Inertia and innovation are often regarded as opposites in the literature. One classical example of such a position is how Schumpeter talked about creative destruction (Schumpeter 1987). Periods of change are short and dramatic and are preceded and followed by longer periods of stability, and new innovations replace old structures by making the old structures disappear (cf. Bell 1974; Castells 1996; Giddens 1990). Ahrne and Papakostas, in their book *Organisations, Society and Globalisation* (2002; see also Ahrne and Papakostas 2001)[1], argue instead that there is a strong interdependence

[1] Translation by the authors.

between inertia and innovation, and that innovations do not have to be destructive in order to be established.

The assumption that inertia and innovations are interdependent does not imply total stability, however, as societies, sectors, and organizations change slowly, oftentimes along paths already laid out (Stinchcombe 1965). In understanding inertia as a driver to innovation, it is therefore useful to distinguish between the inability and the unwillingness to change or adopt quickly (Ahrne and Papakostas 2001, 2002). Inability may be understood in terms of constraints related to and competition over scarce resources, established decision processes, and in the inability to perceive the possibility or need for change. One source of inability to change could be related to resources. The collective resources of, for example, an organization enable it to accomplish its activities. At the same time, however, they set limits for what an organization can do and how things can be done. Unwillingness could be more related to vested interests, ideological or cultural factors, and a fear of change. Unwillingness to change could, for example, be argued to be typical of many civil society organizations whose members will not accept too obvious deviations from the original ideology.

Rather, inertia makes innovation possible as a consequence of spaces—or what we prefer to refer to as clearings—being identified or opened in the social landscape, and therefore enabling resources for new innovations and organizations to emerge. According to dictionaries, the word *clearing* has several meanings, one of which is defined as a tract of land within a forest or other overgrown area from which trees and other obstructions have been removed (Collins dictionary 2012; p. 79). In this chapter, the concept of clearings is used in a similar fashion, but to denote spaces between existing organizations and projects in a social landscape. The reasoning behind the concept of clearings is that the social landscape is not completely covered with organizations or projects. The space between the boundaries of different organizations may be wider or smaller, but there will always be some space. Such spaces, however, may become the site of other organizations, projects, or—as in the case of this chapter—innovations. Analytical opposites of clearings in a social landscape could be processes related to organizations, projects, or innovations being crowded out (Markovits 1988) or organizationally "outflanked" (Mann 1986; p. 7).

It is the existence of these clearings that makes it unnecessary for new innovations to attack and destroy old structures in order to establish themselves, as innovations in these clearings can develop to differing degrees independent of the old structures. In order to illuminate relations between inertia and innovation, a framework of different types of clearings could be distinguished (Ahrne and Papakostas 2002; p. 113). The framework is used in this chapter to analyse the relationships between inertia, types of clearings, and innovations.

Free clearings	Protected clearings
New	Guarded
Old	Regulated
Constructed	Shadowed
Abandoned	

First of all, a difference needs to be made between free and protected clearings. When it comes to clearings that are not protected, that is, free clearings, there are varieties, such as old clearings that have existed for a long time without being occupied by organizations. We can think of old clearings in terms of unemployment or in terms of people having spare time for potentially organized activities such as politics or sports. There are also new clearings that may evolve. The development of technologies could serve as an example where new technical possibilities have opened up clearings in the social landscape. Abandoned clearings emerge when old established organizations move or rationalize their activities, where old castles turned into conference centres could serve as examples. The final variety of a free clearing is constructed clearings. We can think of cities providing infrastructure such as roads or electricity in order to prepare the ground for new enterprises or construction.

In the case of protected clearings, guardians and regulations could keep the existence of a clearing open, but protected. It may be because of ideological, legal frameworks, or moral commitments against such things as organized prostitution or child labour, or political commitments against certain kinds of business activities such as privately run labour exchange. There are also shadowed clearings, when, for example, new innovations or structures grow in the shadow of old organizations by using their resources or by being physically protected. Examples are student organizations that grow in the shadow of universities or even new enterprises.

According to scholars Ahrne and Papakostas (2001, 2002), the different types of clearings interact in various ways with inertia in the form of inability or unwillingness to change. The existence of free and unoccupied clearings could, for example, be considered as a case of inability to even see the possibility of entering such as clearing. Moreover, in protected clearings, established organizations may often be aware of such possibilities but are unwilling to engage in them or preventing others from innovating.

In this chapter, we will analyse the case of social innovations and the local welfare regime in the city of Malmö in relation to inertia, clearings, and innovations. However, it should be mentioned that rather than to argue that the existence of clearings in a social landscape has a causal power in itself, we believe that analysing innovations in relation to existing structures and organizations with the support of the concept is, firstly, a way to illuminate mechanisms of inertia in general and, secondly, a way to understand other and additional mechanisms that somewhat paradoxically proved fertile for developing social innovations in various forms of structures. As such, clearings and inertia enable us to interpret the relationships among social innovations and local welfare regimes differently.

4.2 A City of Many Welfare Projects

In order to situate and understand the welfare regime in Malmö and the role of social innovations in addressing lingering and emerging social problems, the national welfare structure and tradition in Sweden first needs to be briefly introduced, as

there are strong links between the national and the local level with a well-defined division of labour in relation to social welfare.

Sweden has become a textbook example of a welfare state based on a large public sector, high taxes, and universal welfare services (Vamstad 2007). As an illustration, Sweden has spent a larger percentage of national income on welfare services than any other country in the world (Ginsburg 2001). One reason for this could be the shared consensus on the importance of the welfare state in Sweden by both Social Democrats and bourgeois governments, regardless of their ideological differences. Described as "a peculiar fusion of liberalism and socialism" (Esping-Andersen 1990; p. 28), salient dimensions—that taken together could be said to define the welfare state of Sweden—include, for example, the principles of universalism and de-commodification of welfare services. Ensuring same rights for blue-collar and white-collar employees, one universal insurance system works for all in accordance with earnings. In terms of family policy, the welfare state takes preventive measures to render the costs of family life into a social matter and encourages independence from family (Vamstad 2007). Free of charge education from elementary school to university is another important part of the Swedish welfare system.

Similarly to the national level, the city of Malmö has a long history of being ruled by the Social democratic party, and since 1994, the Social democrats have been in majority or have been able to retain their influence by entering into coalitions with the Left and the Green party (Segnestam Larsson and Carrigan 2013). The dominant values impregnating the welfare regime could therefore be argued to be traditionally social democratic. For sure, statements found in the political party program for the Social democrats present the local welfare system as an instrument for fighting inequalities and an instrument that is closely connected to values such as social justice, class, equality, and sustainability (Social democratic party program 2012). Moreover, class differences and other inequalities are believed to constrain individuals and the overall society as well as causing society to "drift apart" (2012; p. 8). The local welfare system is also linked discursively to concepts such as democracy and empowerment (Green party program 2010; the Left party program 2012). There is also consensus among the various actors on the importance of local welfare for the citizens and that citizens should have the ability to influence the organization of local welfare.

Clear influences deriving from the national level pertain not only to the political ideologies but also to the actual organization of the welfare regime at the local level (Nordfeldt and Segnestam Larsson 2011). When the development of the Swedish welfare state accelerated after the Second World War, the parliament and the government at the time decided to continue that tradition by placing a great deal of the responsibility for public services with the local authorities (Vamstad 2007). As a consequence, the local authority in Malmö is responsible for a broad range of facilities and services, entitled to levy income taxes on individuals, charge the citizens for various services, and legally obliged to provide certain basic services, such as education, care for the elderly, primary health care, social welfare benefits, local leisure activities, and the city district libraries (Segnestam Larsson and Carrigan 2013). Affecting the local welfare system in Malmö is also nationally organized but locally located employment offices, regionally organized hospitals and healthcare

centres, as well as the regionally organized public transportation system (Nordfeldt and Segnestam Larsson 2011). In addition, the local welfare system includes local companies and other service and industrial companies requiring more business-like organizations. The city of Malmö also has a long history of civil society engagement.

4.3 Towards a Welfare Society

However, having introduced the particularities and stability over time in the Swedish welfare state and the welfare regime in Malmö, recent times have witnessed a number of changes with far-reaching consequences. Economic reforms, privatization, and deregulation over the past 30 years have altered the structural foundation of the welfare state in Sweden (Hvinden and Johansson 2007; Vamstad 2007; Nordfeldt and Segnestam Larsson 2012). With strained budgets and unsolved social problems, central and local governments have been struggling to find urban governance arrangements and sustainable solutions to these challenges.

Some of these solutions have included the introduction of management models and principles into the public sector, sometimes dubbed as new public management, in order to make the welfare production more effective and results oriented (Green-Pedersen 2002; Vamstad 2007; Nordfeldt and Segnestam Larsson 2012). Other solutions have pointed to the need to focus on and include the citizen in the production of welfare services by, for example, providing the citizen with more options and the ability to influence the governance and services offered (Hvinden and Johansson 2007; Pestoff et al. 2011). National and local governments have also been looking to the for-profit and the non-profit sectors to participate in the production of welfare services, challenging the previous preferences and ideological considerations for the public sector as the sole service provider (Rothstein 1994).

One outcome of these changes of a more discursive and political character is that the term welfare state is more and more considered as an antiquated leftover from the early phases of the Swedish welfare regime (Vamstad 2007). Many, politicians as well as academics, would like to replace the term with a new concept, focusing more on the welfare society. This phrase would according to its proponents imply a broader view of welfare that would include both public and non-public providers, but also formal and informal welfare activities (Nordfeldt and Carrigan 2013). It is within the context of the changing welfare society that one should interpret the awakening political interest in social innovations and social investments, at both the national and local levels, as a potential tool for addressing social problems and achieving social cohesion.

In addition to move from a welfare state to a welfare society, the local welfare regime in Malmö has also been affected by a number of changes taking place within the local economy (Segnestam Larsson and Carrigan 2013). On a more general level, following a period of social and economic stagnation during the 1970s and the 1980s, with more than 35,000 people leaving Malmö, the city has made attempts at transforming itself from an industrial city to a knowledge city (Salonen 2012).

Today Malmö could be considered a demographically dynamic city. Young people move to Malmö to study or to work, and there is both regional and transnational migration to the city. Important factors in the transformation of Malmö are a set of large-scale initiatives, including the establishment of a university college in the middle of the city and the economically important Öresund bridge to Denmark, establishing an economic and social region that transcends national borders (Salonen 2012; Stigendahl and Östergren 2013; Segnestam Larsson and Carrigan 2013).

4.4 Lingering Social Problems

Despite ambitions to simultaneously reinvent the welfare regime and the local economy, lingering social problems remain, however, and new social tensions have arisen in the wake of the social and economic transformations.

Malmö has for several decades struggled with severe social problems, such as high unemployment, high costs of social benefits, and growing segregation (Nordfeldt and Segnestam Larsson 2012). The level of employment is lower in Malmö than on average in Sweden, and there are significant differences between people born in Sweden and outside of Sweden, leading to a higher degree of social exclusion and growing differences in living conditions among social groups (Stigendal and Östergren 2013). To these recurrent social problems, a list of growing problems could be added. Income inequalities have indeed increased in Sweden overall, but since the year 2000 income inequalities have grown more in Malmö than average in Sweden. The dynamic, demographic character of the city has also resulted in a higher degree of illegal immigrants and inhabitants outside of the workforce and the welfare system than in other Swedish cities (Salonen 2012).

In interviews with politicians and civil servants in the city council, a set of social problems were highlighted, including unemployment and segregation (Segnestam Larsson and Carrigan 2013). According to interviewed representatives, poverty is affecting people's health, life expectancy, and could be considered a matter of life and death (e.g. interviews 5 and 6). Child poverty is also part of the discourse on local welfare and the proposed main problems. Another major problem in the city of Malmö is believed to be unemployment, in general, and youth unemployment, in particular (e.g. interviews 4, 5, 6, 12, 13, and 16).

> We have had an enormous arrival of people to Malmö from other parts of Sweden and we have not been able to catch up. That is simply the case. We have not been able to catch up with this influx of people and we have not been able to identify job opportunities to the degree that would have been needed (Interview 13).

A third major problem area, as constructed by the policy discourse on local welfare, is segregation. Several of the respondents talked about the so-called million program areas in relation to the perceived problem of segregation (e.g. interviews 1, 2, 6, 9, 12, and 13). One of the respondents talked about a clustering of problems due to segregation:

> We have many geographical areas in which the population differs greatly from the average population in the city when it comes to participation on the labour market, results in school and so on. It is the concentration of problems in these areas that is the real challenge to the local welfare system (…) It is the housing situation that creates this kind of segregation. And as problems create more problems, these areas are, in a way, their own problem creator (Interview 12).

The interviewees also argued that a growing number of people have become excluded from the national social security system, for example, due to recent changes in regulations at the national level, among other things.

4.5 The Necessity to Act

An integrated part of the discourse on main problems in local welfare is the perceived necessity to act in relation to the formulated problems (Segnestam Larsson and Carrigan 2013). Traditional solutions proposed by politicians, public sector representatives, and civil society actors include to promote education and employment to battle poverty (Nordfeldt and Segnestam Larsson 2012). In accordance with the traditional welfare state ideology, employment is also considered to be important for social reasons and integration, constructing employment as the welfare solution to many, if not all, social problems.

Considering the gravity of the arising and enduring social problems, there is also an increasing awareness in Malmö of the need to find new solutions, outside of the paths already laid out (Segnestam Larsson and Carrigan 2013). Sweden in general and the city of Malmö are struggling with various issues related to welfare and all actors agree on the need to reform existing structures and to be open to new ideas, values, and instruments (e.g. Green party program, Social democratic party program, interviews 4, 6, and 11). As put in one of the interviews related to employment: "We have to think differently to get the citizens into the work force, we cannot keep on with the old" (Interview 6). One example of a proposed solution in Malmö is that several actors agree on the need to collaborate among different sectors in society (Interviews 4, 6, 11, and 14). Accordingly, the Green party writes in its party program:

> It is essential that the municipality has adequate resources in social services so that each person gets the help they need. At the same time, the non-profit sector carries out fantastic efforts and cooperation between the municipality and civil society is essential for creating a social safety net that works for everyone (Green party program 2010).

Other actors, such as the Swedish Democrats, concur:

> With a clever design and marketing, we believe that many kind-hearted people living in Malmö are willing to make an effort in order to raise the quality of life for the old in our municipality and to support the many times hard working personnel in home care (Swedish democratic party program 2010).

Another answer to the increased level of collaboration and need for new solutions is spelled civil society. According to civil society representatives, there is a general

lack of knowledge regarding the role of civil society and what it has to offer (Interviews 3, 8, and 14). At the same time, there is agreement that new opportunities for civil society organizations in the development of local welfare should be created. The Left party argues that "associations and other organizations must be regarded as important review instances on political decisions" (Left party program 2012; p. 3).

One of the most talked-about solutions, however, is social innovation (Segnestam Larsson and Carrigan 2013). Innovations have been, and still are, mainly perceived to concern the launching of new products, inventions, and technical development in the minds of most politicians and practitioners in Sweden. Welfare development has, by tradition, not been considered as innovative (Rønning et al. 2013). Innovation within the field of social welfare is nevertheless a recently awoken interest in some parts of the Swedish context (Hansson et al. 2014). The phenomenon of social innovation has consequently been made a key discursive node in the policy arena regarding local welfare in Malmö (e.g. Stigendal 2012). Representatives also argue that social innovation should be considered a cross-political concept in terms of its social and economic values, as it is hoped to attract people and organizations from various ideological backgrounds and positions (Interviews 2, 5, 12, and 16).

4.6 Three Social Innovations in Malmö

A limited set of social innovations could be identified in the local welfare landscape of Malmö during the time of the research project (Evers et al. 2014; Nordfeldt and Carrigan 2013). Three examples of innovative activities will be described below. These innovations are of different size and composition and include a broad neighbourhood program, an incubator that at the same time is considered as a social innovation and a promoter of other social innovations, and an employment and empowerment project.

Starting with the broad neighbourhood program, "Områdesprogrammet" is a program aiming at revitalizing certain districts in Malmö out of socioeconomic stagnation. The program focuses primarily on creating more jobs and enhancing the living conditions first and foremost for the people living in selected districts. The program is organized into five "resource groups", focusing on city development, culture and recreation, the elderly, youth, and the labour market, and economic growth. The main innovative feature of the Områdetsprogrammet, according to the involved actors, is that new solutions are sought through collaboration. In this context, collaboration seems to imply engaging and cooperating with the people living in the selected areas—as partners and co-producers, challenging the municipal administration to work cross-administrational, and encouraging cross-sectoral cooperation among civil society organizations, companies, universities, and landlords, among others. Accordingly, involved participants highlight the importance of collaboration, working with existing means within existing infrastructures, and finding new solutions.

Moving on to the incubator example, Coompanion Incubator serves as a greenhouse for young and unemployed people and is financed by the European Social Fund. The target group is claimed to be challenged, inspired, and educated, and motivated by the Coompanion Incubator to set up their own business, be it private or organized as a cooperative. Only young and unemployed people registered with and directed by the national employment office are eligible for support, however, and it is the officer at the national employment office who decides whether or not a young unemployed person should be offered the support. The incubator could also offer the service of acting as an employer and managing mundane administrational tasks, enabling the individual to focus on the business idea. The combination of two features could be argued to function as the innovation in this example: the greenhouse service and the focus on a particular target group, young and unemployed people.

Finally, the employment and empowerment project, Yalla Trappan, is described as a labour-integrated social enterprise. The idea behind the project derives from an initiative financed by the European Social Fund that focused on women's entrepreneurship, integration, empowerment, education, and equality, and was later made permanent in the shape of Yalla Trappan. Today, the overall aim of the project is to provide work for women who otherwise would have had severe difficulties entering the labour market. In terms of activities, the project provides the local community with a conference centre, a coffee shop, a restaurant, a design and craftsmanship studio, and catering and cleaning services. The target group is offered employment and employment training in the various activities organized by the project in addition to Swedish tuition and education in health care. The project is organized as a cooperative enterprise. In terms of innovative features, the main contribution to the field of social innovations could most likely be linked to the focus on a particular, previously ignored, target group in combination with the project being organized as a cooperative enterprise.

The three highlighted social innovations in Malmö address social problems of political interest: stagnation, unemployment, and segregation. Common features across the three social innovations include training, entrepreneurship, empowering individuals, and collaboration among various actors and organizations. Portrayed in in this way, the three social innovations could be argued to represent new ideas and new ways of addressing social problems in the local context of Malmö (Nordfeldt and Carrigan 2013). Using the framework developed by Evers et al. (2014), these innovations could also be seen as focusing on the strengthening of individuals by, for example, investing in capabilities rather than targeting deficits, and by bridging the gaps between professional services and people's life worlds. At the same time, when approached from the perspective proposed in this chapter, it could be argued that these innovations have developed in clearings, rather than being the outcome of certain enterprising individuals or being embedded within and supported by the legal and administrative framework of the overall welfare regime of Malmö.

4.7 Fertile Clearings for Social Innovations

We put forth that the three social innovations emerged in clearings as a consequence of this unwillingness to change in the local welfare regime. Using the framework presented earlier in this chapter (Arhne and Papakostas 2001, 2002), we analyse and identify in this section the different types of clearings that proved fertile for developing the neighbourhood program, the incubator, and the employment and empowerment project.

Starting with the neighbourhood program, Områdesprogrammet, it was said that the main innovative feature was that new solutions were sought through cross-sectoral collaborations. This feature could serve as an indicator of a free and perhaps a new clearing, in which collaboration could have functioned as the technology that enabled the clearing to evolve. However, the fact that involved actors highlighted the importance of cross-administrational collaboration, in addition to the processes taking place within existing structures and with existing resources, instead indicates a protected clearing. Based on these features, we argue that the clearing making the neighbourhood program possible was a shadowed clearing, that is a case of a social innovation growing in the shadow of old and established structures, in an area that will allow the social innovation to grow by using resources from the existing structures.

Moving on the Coompanion Incubator, the existence of funding from the European Social Fund would indicate a free type of clearing in the local welfare landscape, open for this and other social innovations to access and use as a resource for development. However, similar to the complexity of the neighbourhood program, a particular dimension of the Coompanion Incubator suggests that this instead was a protected clearing. The fact that only young and unemployed people registered with and directed by the national employment office were eligible for support, in combination with the officer at the national employment office deciding whether or not a young unemployed person should be offered the support, insinuates that the clearing should be regarded as a guarded clearing. The interpretation is therefore that the national employment office has recognized this clearing, but for various reasons has an interest in keeping it relatively closed by preventing anyone to enter without the consent of the office. Hypothetical reasons for guarding the clearing could be due to ideological or moral commitments or that the national employment office may feel threatened by the Incubator and therefore is trying to protect itself.

Finally, with regard to the employment and the empowerment project, Yalla Trappan, we argue that this is a case of a free clearing due to the existence of funding from the European Social Fund and the reliance on serving the local community. Having interpreted it as a free clearing, the question remains regarding the type of clearing. As the target group is described as previously ignored, we would argue that Yalla Trappan has emerged in a clearing abandoned by the local authorities. When organizations move or rationalize, all kinds of resources may be left behind, including people, and such resources may become the resources of new social innovations and fit better into their form of organizing. In other words, as the local authority in

the traditions of the welfare state has a responsibility to serve this group, but has stopped these activities for various reasons, the clearing could best be described as abandoned rather than new, old, or constructed.

The three highlighted social innovations could be described to have emerged in different types of clearings: shadowed, protected, and abandoned. Having analysed and identified the relationship between clearing and social innovations has allowed a discussion on mechanisms of inertia. It has also enabled a different interpretation of what types of clearings that proved fertile for developing these social innovations in the local welfare regime in Malmö. However, were all clearings the result of the same type of inertia, or were there other forms of inertia in play?

4.8 Ideological Inertia in Malmö

As outlined in this chapter, deregulation within the field of local welfare, a political interest in alternative providers, and a high degree of self-governance at the local level would seem to provide plenty of opportunities for social innovations (Nordfeldt and Carrigan 2013; Segnestam Larsson and Carrigan 2013). The description of the local policy context in Malmö would also indicate a favourable local context for social innovations to flourish. Surely, there is a shared view on the need for new solutions in local welfare, various actors agree on which social problems are most pressing, and there seems to be a political consensus with regard to the centrality of social innovation as a concept and practice. At the same time, given the relative lack of the number of social innovations as well as the negligible social impacts to date, it must be acknowledged that there exist elements in the political and social welfare landscape of Malmö preventing these and other innovations to grow. By adopting the concept of inertia and distinguishing between the inability and the unwillingness to change (Ahrne and Papakostas 2001, 2002), this section argues that these elements in the local welfare regime of Malmö could be interpreted as an unwillingness to change in the form of mainly political and ideological factors.

Even though there is agreement on which social problems are most pressing, one significant element of inertia is disagreements among the different actors and coalitions in Malmö regarding the methods and instruments to be used to address these social problems. As social innovation could be considered a method for addressing social problems, the political and ideological disagreements affect the possibilities for social innovations to take place.

Two points of disagreements related of relevance for social innovations are described here (Segnestam Larsson and Carrigan 2013). Starting with the role of the market and social innovations in local welfare, most political parties in Malmö seem to agree on the importance of creating a supportive institutional environment for private actors, entrepreneurs, and innovations in order to promote, for example, more employment opportunities (Social democratic party program 2012; Green party program 2010; Conservative party program 2012; Liberal party program 2010). However, with regard to local welfare in particular, the coalitions disagree

on the role of private actors. The Left party does not recognize private actors at all, including civil society organizations, in local welfare.

> These so-called voluntary choices are many times a way to put the responsibility for the structural problems on the individual; if you have chosen incorrectly, you are to blame. Choices that presume that there are winners also presume that there are losers in our society. It often has the consequence that those who are well off are even better off and those who are struggling are worse off—we will get a divided city. A policy of privatization is marketed as choice. Welfare should be conducted without losers, be free from speculation and be distributed according to each and everyone's needs (Left party program 2012; p. 10).

The political parties on the right, on the other hand, would like to encourage more private actors. Here follows an example from the Liberal party program:

> More competition. It is the municipality's responsibility to finance its duties. It is also the municipality that should ensure that you, the citizens, will get value for your money. However, it is not a mandatory task for the municipality to produce the welfare services. Private contractors can often do this better and less expensively. The Liberal Party in Malmö wants therefore to procure all municipal operations that do not constitute core municipal activities. (Liberal party program 2010; p. 8)

A related matter to the role of the market in local welfare concerns the role of financial profit as well as for-profit organizations. Both the Social democrats and the Left party have taken a hard stance against financial profit in local welfare in contrast to the opposing right wing political parties, making the funding of social innovations restricted.

Regarding the role of local welfare in the redistribution of resources, it would seem as if the Social democrats and the Left party construct the welfare system as primarily an equalizing tool (Social democratic party program 2012; Left party program 2012), whereas the right-wing parties focus more on using the local welfare system to motivate unemployed to enter the labour market (Conservative party program 2012; Liberal party program 2010). An example of the conflict over the redistribution of resources and the role of local welfare concerns the case of child care fees. When the Social democrats and the Left party decided to cut the fee for child care for the poorest households in Malmö, the opposition argued that lowered fees should not be distributed in such a fashion that they might conflict with motivation to enter the labour market. This example illustrates well the conflict over the role of local welfare in redistribution, as the opposition focused on the consequences for the level of employment in the area, whereas the majority focused child care as a tool for creating more equal living conditions. Moreover, the disagreement regarding redistribution of resources affects the possibilities for social innovations in general to develop, as no or very limited resources from the local welfare regime system were made available for the described three social innovations.

We interpret the disagreements on the role of the market and the redistribution of resources in the local welfare regime as an unwillingness to change rather than an inability to change. As described in section 4.1 of this chapter, inability may be understood in terms of constraints related to and competition over scarce resources, established decision processes, and in the inability to perceive the possibility or

need for change (Ahrne and Papakostas 2001, 2002). Even though the disagreements could be regarded as a competition over scarce resources, we believe that the disagreements also could be interpreted as an unwillingness to change related to primarily ideological factors. Acknowledging and understanding these types of political and ideological disagreements concerning the role of local welfare would enable us to explain the relative lack of a significant number of social innovations and the negligible social impacts to date in Malmö.

Hence, from an analytical point of view, it could be argued that social innovation as an idea, value, and instrument should be regarded as challenging established traditional welfare notions based on social democratic ideals in the city of Malmö, as inherent values are more related to a liberal political perspective on citizens, organizations and society (Segnestam Larsson and Carrigan 2013). Examples of these values include the focus on the individual as a focal point and the positive views on cross-sectoral collaborations and partnerships. Even though actors across the political spectrum seem to agree on the notion of social innovation and its role in reshaping current local welfare regimes, ideological inertia in the form of an unwillingness to change significant rules and regulations surrounding the welfare regime prevented more social innovations to emerge.

4.9 Shifting Scenery

This chapter has described the local welfare regime and a limited set of social innovations in Malmö in the context of an urban governance arrangement that could be categorized as the governance of social challenges (Cattacin and Zimmer 2015). In addition to highlighting common features and ongoing social and economic transformations, the chapter has analysed and identified the clearings (shadowed, guarded, and abandoned clearings) that proved fertile for developing the highlighted three social innovations. The overall ambition, however, has been to contribute to the debate on the origins of social innovations. Rather than arguing that social innovations come to the fore as a result of the quality of certain individuals or being locally and socially embedded, we have put forth that innovations may also emerge in clearings as a consequence of inertia, in the case of Malmö in the shape and form of an unwillingness to change due to political and ideological factors. This ideological inertia resulted somewhat paradoxically in clearings being identified and opened in the social landscape in which the three innovations could develop.

By having analysed how different types of inertia generated different clearings in Malmö, we have also provided a tentative and an alternative answer as to why social innovations emerged rather than established structures having addressed the identified social problems. In this way, we can see how the ideological inertia of the local welfare regime could be considered a precondition for and not an obstacle to the innovations. Hence, social innovations do not have to destroy the old ways of producing social cohesion in order to access resources, and the result may very well be an increased density of projects, organizations, and structures with new combinations

of old and new forms and changing patterns of interconnections (Ahrne and Papakostas 2001, 2002). In other words, Malmö may yet witness a shifting scenery where many old forms and ingredients may be recognized, but in new constellations.

Approaching social innovations from the perspective of inertia and clearings has enabled us to interpret the relationships among the identified social innovations and the local welfare regimes in Malmö differently. It has also initiated a discussion on how ideological inertia related to a shadowed, a guarded, and an abandoned clearing proved to be fertile for developing the three identified social innovations in the city. As such, it would seem as if one of the main recommendations stemming from this chapter would be that politicians and practitioners, wishing to promote social innovations as an instrument for social cohesion, also would have to fuel more ideological inertia in existing structures, as inertia could be considered one of many significant preconditions for change.

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Chapter 5
Birmingham, Priority to Economics, Social Innovation at the Margins

Nadia Brookes, Jeremy Kendall and Lavinia Mitton

5.1 Introduction

Birmingham is located in the West Midlands region of England and after the industrial revolution became the 'workshop of the world', an economically important manufacturing centre (Aldred 2009). Today, Birmingham is the regional centre for business, retail and leisure. It is the largest city in the United Kingdom (UK) outside London and has a growing population of just over 1 million inhabitants. It has the youngest population of any major European city, over half the population is aged less than 35 years, and it is significantly diverse in terms of ethnic composition. Over half of Birmingham is within the most deprived 20% of England and nearly 40% is in the most deprived 10% (Department for Communities and Local Government 2010). Local government for the city is the metropolitan authority of Birmingham City Council, the largest local authority in the UK made up of 40 wards (administrative/electoral districts).

Birmingham differed from many other large English local authorities following the second world war as these tended to be dominated by the Labour Party (Di Gaetano and Lawless 1999). In Birmingham, control of the city council moved back and forth between Labour and Conservative administrations until 1984 when a period of 20 years of Labour Party control began. The 2004 local elections resulted in no political party with an overall majority and the Conservative Party and

N. Brookes (✉)
Personal Social Services Research Unit, Cornwallis Building, University of Kent, Canterbury, Kent CT2 7NF, UK
e-mail: N.K.Brookes@kent.ac.uk

J. Kendall · L. Mitton
School of Social Policy, Sociology and Social Research, Cornwallis Building, University of Kent, Canterbury, Kent CT2 7NF, UK
e-mail: J.Kendall@kent.ac.uk

L. Mitton
e-mail: L.Mitton@kent.ac.uk

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the Liberal Democrats entered into a governing coalition. The Conservative leader of the council used the term 'Progressive Partnership' to describe the coalition, but over time Conservatives from within and outside Birmingham publicly accused the Conservative group of teaming up with the Liberal Democrats to pursue 'quasi-socialist' policies (Birmingham Post 2011). Following the 2012 local elections, in a widely predicted result, the Labour Party won control of the city council once again.

Regardless of which party was in power, the city council fostered a cooperative relationship with the local business community. This strengthened in the 1980s with joint efforts to protect Birmingham from the negative economic effects of swift industrial decline. Also, at this time the Conservative central government did not support a central role for local authorities in local economic development, and partnership with local business was a way to circumvent this. For the past few decades Birmingham has pursued a pro-growth agenda and this has been described from different perspectives by several authors, particularly in the period between 1984 and 2004 when the Labour Party controlled the Council. For example, the validity of the distributional consequences of growth-orientated economic development policies, in particular property-led approaches, have been questioned (Loftman and Nevin 1996), and the relationship between urban governance and industrial decline has been explored (Di Gaetano and Lawless 1999).

This chapter focuses primarily on the period from 2004 and begins with an examination of the values and orientations influencing social policies, followed by an analysis of what this means for social innovation, with a focus on labour market and housing and urban regeneration policy. In the final section, findings are brought together to illustrate how Birmingham as an example of a 'governance of growth' regime (see chapter on urban governance and social innovations) leads to social innovation 'at the margins'.[1]

5.2 Context and Governance of Social Policies

To understand the interplay between welfare policies and social innovation it is necessary to understand the local context in which these occur. Several important factors are highlighted here which have had an impact on the local situation, including the endurance of the pro-growth agenda, the importance of partnerships, the influence of central government, the role of devolved decision-making and the recent financial crisis.

[1] The source material for this chapter included nine interviews with civil servants, policymakers, representatives of the third sector and independent observers (plus a further eight connected to innovative projects within the city). Documentary analysis was conducted of: relevant local newspaper articles (2002–2012, 1493 sources), national newspaper articles relevant to the local situation (2002–2012, 354 sources) and minutes of council meetings and other documents/reports (2005–2012, 147 sources).

The Enduring Pro-Growth Agenda

In the early 1980s Birmingham experienced industrial decline alongside deep recession and this had a lasting influence on the city's political thinking (Di Gaetano and Lawless 1999). Both main political parties made strong commitments to a pro-growth agenda with the aim of reviving Birmingham's economic performance. This agenda was an overlapping set of strategies which included those to preserve manufacturing and diversify industries, city centre regeneration and training and employment (Birmingham City Council 1989). The Labour administration that came to power after the 1984 local elections supported and protected the council leader who took forward plans to develop an international convention centre, an idea initially proposed by the previous administration. This convention centre was the start of what became to be known as the city's 'prestige project', a strategy to regenerate the city centre. The administration subsequently planned the financing and implementation of other projects such as retail and office developments. Council civil servants were willing participants in this style of council decision-making as it enabled the projects to move forward with minimum disagreement and disruption. It has been suggested that this policy agenda resulted in a focus on economic growth rather than delivery of services and has been examined (and often criticised) by various academics, most notably Loftman and Nevin, and in the local press.

As Di Gaetano and Lawless (1999) describe, in 1993, a power struggle within the Labour group led to a new leader for the city council, who initially tried to replace the pro-growth policy with a 'back-to-basics' agenda focusing on education, social services and housing. Fewer resources available for economic development as a result of central government directives led to a focus on welfare areas. Despite this, the pro-growth coalition ensured that economic development remained a key element of the city's policy agenda and there were still a number of large-scale development projects after the change in leadership. There were several reasons for this; a central government initiative, City Pride, brought the Labour leaders into increased contact with business leaders which in turn led to a closer working relationship. Also, within the Labour leadership there was a wide range of views on economic development, and several prominent Labour politicians actively supported the pro-growth agenda. Lastly, the pro-growth coalition had become deeply rooted in Birmingham's governance arrangements. The Labour leadership and the pro-growth supporters came to an understanding where each publicly acknowledged the importance of the other's policy priorities.

The developments in Birmingham began under a strong Labour council who had a solid economic development and regeneration strategy. Albert Bore, council leader between 1999 and 2004, chaired the Economic Development Committee of the council throughout the whole period which contributed to continuity of local economic development policies. From 2004, the deputy leader of the council, a Liberal Democrat, was a millionaire entrepreneur and also a member of the growth coalition in the city. However, the new leadership was less embedded in the partnerships of the city and their approach 'less pro-active and decisive in getting things done' (Coulson and Ferrario 2007). However, the 'prestige project' still continued

with city centre projects such as the redevelopment of the main railway station and the building of the largest library in Europe taking place.

In 2012, following the Labour victory in the local election, Albert Bore was once again leader of the city council. His election campaign focused very much on the local economy, boosting local jobs and businesses such as: a new standard for achievement for schools to educate and train children for the skilled jobs of the future; fast-track plans for 6000 private sector jobs on derelict manufacturing sites; a requirement the £ 7.5 billion spent by public services supports local jobs and businesses; and new Birmingham housing partnerships to build affordable homes, creating jobs for local people (Labour Party 2012).

'Closed' Partnership Arrangements

'Partnership' has been a key feature in city council documents and a part of governance arrangements in Birmingham from the early 1980s. A partnership approach was seen as necessary for the delivery of the economic regeneration agenda, especially in the years when Conservative central government policies were largely unfavourable towards local government involvement in this. The overall view was that in Birmingham there were and are many organisations willing to collaborate with each other but not ready to give up their position and act in a secondary role. Organisations such as the council were dominant as they had clear roles, resources available to them, evidence of being able to deliver on plans and were seen as representative of Birmingham. Therefore, Coulson and Ferrario (2007), for example, have described the institutional framework in Birmingham as having a core of dominant organisations with a number of less powerful ones at the margins.

The city council is the central organisation in the city and has been an innovator in terms of the partnership approach; it has had a seat on almost all local partnerships and promotes and supports their effective working. For many years, this was a relatively 'closed' partnership of existing local political and economic power holders. However, this power dimension has evolved, a focus away from physical regeneration nationally, where the council had a significant role, to social issues that has meant that many other organisations have had a key role to play. The significance of Be Birmingham (the local strategic partnership) is an example of this with its role in implementing national programmes, and highlighting and co-ordinating discussions locally about an 'inclusive city'. The influence of the third sector has been described as relatively weak with the relationship with the city council compared to a 'parent and child', but currently there was acknowledgement amongst local actors that this was improving.

Central Government Influence

Social policies in the UK tend to be centrally driven and funded, although there is often scope for local government to influence how these are implemented locally. After the Conservative government (1979–1997), urban regeneration programmes and initiatives were funded by resources allocated to partnerships on the basis of competitive bidding from local authorities through funds such as the City Challenge Fund and Single Regeneration Budget. This gave social issues a more prominent role and community participation entered the policy discourse. The new Labour

government (1997–2010) maintained the focus on community involvement and promoted a 'joined up' approach to urban regeneration, and central government funds were allocated on the basis of need. Birmingham has had a wide range of these regeneration and renewal programmes and initiatives over the years targeting both the city centre and neighbourhood areas. The Coalition government (2010–present) greatly reduced the funding available for existing programmes from 2010 and phased out the initiatives of the previous national government which impacted significantly on the city's ability to continue welfare projects.

Devolved Decision-Making

In 2003, the Labour group took a decision to devolve some services and governance; devolved decision-making at a local level or 'localisation' was and is seen as the most effective way of defining social problems and coming up with appropriate solutions. Localisation in this context means giving local areas more freedom to design services according to local needs and priorities, services such as leisure, housing, neighbourhood advice, libraries and youth and adult services. In the following year, the political party in control of the council changed and the governing coalition did attempt to introduce a version of devolution at various points in their administration. Alongside this, in 2005 disturbances occurred in certain areas of Birmingham partly as a result of racial tensions which resulted in the council focusing on efforts to engage certain communities with the democratic process. There was a process of capability-building to help the dialogue between the council and the affected communities to lead and shape local programmes to address social issues. It was not until 2008 though that responsibility and budgets for a number of services were devolved to district committees across the city (11 then 10). However, locally there was a view that the policy 'lost its way' as no real decisions were made about changing the way services were delivered such as using the third sector or basing provision on established local priorities. The loss of funding from central government for neighbourhood management was seen as one of the reasons for this as these council employees based in local areas had initially supported the process.

In 2010, there was a consultation about continuing with local decision-making and retaining executive powers with district committees, and all parties were keen to pursue the existing model. The Labour Party since their return to power in Birmingham has set out their intention to 'reinvigorate' localisation, and restructuring of the council included a return to having a local services directorate with a framework to deliver localisation. The aim is for 80% of council services to sit out with the district committees. This is taking place in the context of a national government localism agenda which as one council officer stated is about "community-led interventions and the state not being so necessary".

Social Inclusion

In 2010 and 2011, a number of factors came together which led to issues of social inclusion being brought to the fore in a way they had not before. Be Birmingham raised concerns about the continued existence of significant inequalities across the city after the publication of the Closing the Gap report (Be Birmingham 2011); in 2011 disturbances once again occurred in Birmingham, and unprecedented budget

cuts were announced which would inevitably impact on local residents. Despite the urban regeneration of the city centre it was acknowledged by all political parties that inequality still existed and lasting change for people living in Birmingham's most deprived neighbourhoods had not been achieved.

As a result of this, in 2011 the then deputy leader of the governing coalition asked the Bishop of Birmingham to lead a 'commission' to look at social inclusion. The Be Birmingham executive commissioned the Social Inclusion Process project with the aim of developing a new approach to raising aspirations and the quality of life of the most disadvantaged communities and neighbourhoods. When the Labour Party took control of the council they stated their intention was to make this their "number one priority" and one interviewee held the view that,

> The attitude of the previous administration in Birmingham was to turn a blind eye to some of the, not necessarily the visible signs of the inequality, but some of the causes that sat behind it. And there was a political discomfort, if you like, in addressing what some of those things were. I mean we come from a slightly different position of being prepared to have an open discussion about why these inequalities are created and the root causes behind them.

The Social Inclusion Process has been widely acknowledged as a success in terms of starting a dialogue between a wide range of organisations and individuals across Birmingham, many of whom had not had this opportunity before. This is a move away from the more 'closed' partnerships of the past to a more inclusive engagement with other local actors, but at present is still relatively marginal. Various actions and recommendations have been made which could have a direct influence on the local welfare system and how it operates, but it remains to be seen whether any lasting impact can be made without resources behind it.

Austerity

As with all local authorities in the UK, the majority of the city council's income comes from central government. In the light of the national Spending Review by the current Coalition Government in 2010 and the accelerated reduction in the structural deficit, the current financial challenge facing the city council is to save approximately £ 300 million by 2014/2015. Birmingham City Council spends around £ 3.5 billion each year, about half of this is ring-fenced by central government or has statutory constraints (such as protecting the welfare of children) which means that the burden of savings will fall more heavily on certain areas of council services (such as social care, leisure facilities and economic regeneration) and on the council workforce (Birmingham City Council 2010a). In combination with the wider recession and the return to power of a leader who has always championed local economic development, this could mean there is potential for a continuing focus on economics rather than a broader social policy reform agenda.

5.3 What Does Context Mean for Social Innovation?

As mentioned earlier, the centralised nature of government in the UK means that most social policy is determined at a national level. Local authorities such as Birmingham are responsible for providing services to local residents such as education, social care and building planning permission. Direct responsibility for local housing policy does lie with the local authority but for other areas such as employment strategies this is more of a 'caretaker' role. With reference to the wider social policy framework described, this section highlights the two policy areas of the labour market and housing and regeneration, and the opportunities or space this provides for social innovation.

Labour Market Policy

Birmingham has unemployment rates twice the national average and in some areas over 50 % of the working age population are not employed. The city also has the highest youth unemployment (those between the ages of 18 and 24) nationally. In some areas of Birmingham, unemployment has been an issue for two decades or more and there is recognition that this is a generational issue, as one council officer stated,

> It is a generational issue now, it's not just that they are unemployed, but the parents and grandparents have been unemployed.
> Or more likely locked in a cycle of periods of unemployment and periods of low paid insecure work and then back into periods of unemployment again.

Birmingham has been affected more than other cities by the recession, with welfare benefit claimant count rates rising faster and to higher levels than in other cities. A structural weakness in skills and a relatively high dependence on manufacturing are thought to have contributed to this.

The two policy priorities of economic growth and labour market activation or social inclusion have usually been dealt with separately; for example, the city council and business stakeholders adopted an entrepreneurial model for infrastructure projects, but this may also have a knock-on effect of job creation. Access to labour market or social inclusion initiatives have been area-based, targeted at individuals, time-limited and conceived and funded by central government, but implemented at a local level.

The pro-growth emphasis can be illustrated by the comment of one council officer,

> A key driver for Birmingham under any administration has been access to jobs and that means both an investment in skills for the population but also actively creating jobs and then connecting people to those jobs.

To address the decline in employment in traditional sectors this was linked to the regeneration strategy led by the city council. This aimed to encourage knowledge intensive professional services and also sectors involved in the visitor economy such as tourism, conferencing, hospitality, leisure and retail. However, many local residents lacked the skills to access the new jobs created in the service sector and these were increasingly filled by commuters in from neighbouring areas (Brookes et al. 2012). In 2008, it was still acknowledged that one of the challenges for the

city would be ‘maintaining growth in an increasingly knowledge-based economy without leaving behind a significant proportion of local residents’ (West Midlands Regional Observatory 2008). Birmingham was seen as good at creating jobs but not necessarily for people in those wards where unemployment sat at a higher level.

The new Labour administration still has a focus on job creation, promising to create thousands of jobs and tackle ingrained unemployment and poverty on a journey to make Birmingham the ‘enterprise capital of Britain’. The leader of the council has said that his priorities are jobs and enterprise, helping to get 52,000 unemployed Birmingham residents into work. New economic growth zones are to be created, which are likely to benefit from incremental tax funding schemes (Birmingham City Council 2013).

In terms of labour activation strategies, these are largely a function of national government. Delivering labour market integration in a ‘different way’ is not seen as possible without central government support financially. Employment strategies are a web of interlinked programmes and funding streams, and this complexity is due to the national agenda governed by more than one government department. In Birmingham, local activity has been co-ordinated by JobCentrePlus and the Learning and Skills Council, national organisations with local delivery arms. The council has a small budget in comparison to the other organisations, but has been the accountable body for a number of funding streams and therefore decisions as to how money is spent locally (usually through Be Birmingham). All three have been brought together through partnership arrangements.

Various central government initiatives aimed at the most deprived areas have been implemented through the city council in Birmingham since 2000, with either employment as their sole objective or one amongst others. For example, the Neighbourhood Renewal Fund (2001–2008) did lead to strategies for local employer engagement and access to employment and training but comparatively little of the locally determined spend was directed at employment targets. The most common approach was support for local voluntary organisations helping people who were out of work. The Single Regeneration Budget (2000–2007) included a number of innovative job creation and employment and skills projects focused on particular areas of the city. Unemployment did fall in the areas covered by the Single Regeneration Budget but also the number of jobs available fell with the continued decline of the manufacturing sector.

The Working Neighbourhoods Fund (WNF 2008–2011) resulted in the local coalition using the resources available to set up a cross-agency Integrated Employment and Skills model as the basis for employment support across the city and to fund projects targeting different groups and needs. The council, Learning and Skills Council and JobCentrePlus all signed up to this new way of commissioning and delivering services for the unemployed at a neighbourhood level. This was seen as a risky and radical strategy as it involved a major change to existing practice taking the focus away from a city-wide approach to contracting services locally.

The projects funded through the WNF covered a wide range of activities to support people to work. The Worklessness Innovation Fund set up through the WNF provided small grants for feasibility studies, demonstration projects and innovative actions. Projects had to contribute to the outcome of increasing employment

and reducing poverty through targeted interventions to reduce worklessness in the most deprived neighbourhoods in the city. A total of 40 projects were supported and evaluation of the fund highlighted that it had been successful in trialling and developing approaches with a focus on the nature and quality of interaction with clients. Ultimately, with the withdrawal of both the WNF and resources for neighbourhood management, this approach was not sustained beyond 2011, and represents the last time local innovative activity in this area was directly supported on this scale.

In 2009 and 2010, elected members across all parties expressed concern that after regular updates on strategies and approaches to tackling unemployment and large amounts of money spent since 2007, they were still unclear as to the impact this had made (Birmingham City Council 2009). One initiative instigated by the central Labour government, the Future Jobs Fund (a subsidised employment scheme) was widely believed to be a success in Birmingham. Around 2000 young people, 45% of whom went on to unsubsidised employment, benefited from the initiative. The national Coalition government abolished the Future Jobs Fund programme against the recommendations of the council. The current Labour administration has plans to recreate this with resources drawn together from a variety of sources (a recommendation which came out of the Social Inclusion Process). This was widely reported in the local press. As the Council Business Plan (Birmingham City Council 2013) indicates,

> We…are putting together £ 15 million of funding for our Birmingham Jobs Fund, to support employers taking on young people and give additional training and support to young people themselves. With such bold initiatives we are showing what we can do by working in partnership with others who share our aspirations for the city.

The initiatives and funds provided by central government to support areas with high unemployment have been both a facilitator and a barrier for the innovation 'journey' in Birmingham. These initiatives have resulted in opportunities to fund a large number of locally selected, innovative, 'successful' projects which would not otherwise have occurred. However, ultimately the innovative projects funded have been small-scale and time limited. Some of the social innovations were perceived as a success but were still vulnerable; once grant funding was withdrawn there was no mainstreaming of services after each programme finished. These were low risk for the council to test out but alongside this they could only have a limited impact due to scale and were responsible for their own plans for sustainability beyond the life of the programmes. This was not always easy for the large number of third-sector organisations who ran these projects where services were linked to contracts or grant income.

Housing Policy and Urban Regeneration

Birmingham is one of the largest social landlords in the UK with a long tradition of large-scale local state provision of housing services. It is currently responsible for 65,396 dwellings, holding 17% of the housing stock of the city. Registered social landlords (RSLs, or third-sector housing associations) currently hold 40,579 dwellings across 40 providers, the largest being Midland Heart. The council has a strategic role as well as a regulatory and house-building function. The council has

a long history of working in partnership with the local housing sector through the City Housing Partnership, comprising the council, housing associations, voluntary organisations and the private sector. At a national level, the Housing and Communities Agency and the HomeBuy Agency provide finance and co-ordinate the low-cost homeownership schemes. Regeneration of the physical environment and housing policy has often been intertwined.

With regards to social housing, in 2002 Birmingham decided to pursue the stock transfer policy option promoted by the national government to enable access to private finance and to pass management of its stock to housing associations. The reasons for this were a significant backlog of outstanding repairs and structural problems and a significant capital debt, but no resources to meet these commitments. The national government inducement of cancelling existing capital debts and allowing the replacement landlords to borrow capital was attractive to Birmingham politicians and council officers. However, when balloted tenants rejected stock transfer by two-to-one and although the Labour leader of the council was in favour of this, there were many within the Labour group overtly opposed to stock transfer. The 'no' vote was seen as the result of weak political leadership, insufficient trade union support for transfer and a lack of faith by tenants in proposals, mainly unconvinced by assurances about the extent of housing demolition and future rent levels (Daly et al. 2005).

The current challenge for Birmingham's housing policy is that the city's population is increasing and is projected to grow by 100,000 residents to 1.1 million by 2026. In total 90,000 additional households will be formed due to this and other demographic changes (Birmingham City Council 2010b). With the average city income insufficient to buy an average priced property, there is collective recognition that additional social and affordable housing is needed across the city. Demand for social housing significantly outstrips supply and in 2012/2013 there was a waiting list for council housing of over 30,000 applicants. This has been a growing trend since the 1980s.

In terms of house-building, a conducive climate for new private housing development was created from the 1990s through a link to the physical regeneration of the city centre, and residential development grew slowly but steadily in subsequent years (Barber 2007). This city living strategy was a significant driver for change in Birmingham's housing markets. More than 9000 homes, 85% for private sale were completed between 1995 and 2007 and there was evidence that these were adding to the diversity of housing options for middle- and high-income earners. However, city living remained a narrow market, dominated by young professionals, investor purchasers and rental occupation. The fact that no affordable housing was planned as part of this city centre regeneration strategy to encourage the creation of a new housing market was criticised by some local politicians.

The major debate in Birmingham, particularly since 2008, has been around the provision of affordable housing. The economic downturn resulted in a slowing down of the housing market, a major drop in house building and a more challenging environment for those seeking mortgage lending. A reduction in private-sector development activity and investment and the restrictions on public- and private-

sector funding were seen to be affecting the provision of affordable housing. Local media reported frequently about the 'housing crisis' and included several reports about a group 'Justice not Crisis' who occupy derelict buildings in protest at the lack of affordable housing. For a number of years, the coalition council had sought to maximise receipts from land sales to assist with programmes such as the national Decent Homes Programme (which stock transfer was meant to support). Some observers thought that this was resulting in less land available for social and affordable housing developments. These claims were strongly refuted by the coalition Cabinet Member for Housing and the Birmingham Social Housing Partnership.

Regeneration activities in Birmingham received funding from the national Labour government from the late 1990s, the New Deal for Communities (1998–2008), Single Regeneration Budget (2001–2007) and Neighbourhood Renewal Fund (2001–2008). The Housing Market Renewal Pathfinders (2002–2011) focused on housing in particular, a controversial scheme of demolition, refurbishment and new home-building which aimed 'to renew failing housing markets in nine designated areas of the North and Midlands of England' including Birmingham (Cole and Flint 2007).

Regeneration in Birmingham was viewed by some local politicians and the press as having to a large extent ignored the social and community aspects. In some areas of Birmingham there was evidence of progress in physical change but not in 'bottom-up' economic development, the social and community aspects and the connecting of these to the physical changes taking place. The approach was very much embedded in what has been described as the 'old style', with a focus on land and property interventions, securing funds and driving projects through (Barber and Eastaway 2010). This traditional approach which suited the city well in the past was embedded in local governance structures, and policymakers found it hard to work differently. Innovations were therefore only modest in scope. This way of working was also less helpful in delivering the 'place-shaping' role given to local authorities with the aim of creating places where people want to live, work and do business in collaboration with local communities.

Specifically in relation to housing, traditionally the housing associations were considered to be the house-builders. However, the coalition council moved to a more interactive exchange between the public and private sector to encourage house-building, supported by innovative practice in financing and planning. The council devised a way of delivering affordable but high-quality new homes that limited financial risk through the formation of the Birmingham Municipal Housing Trust (BMHT). Properties on BMHT sites were a mixture of council homes and those for outright sale built on council-owned land. An innovative financial model was developed in consultation with contractors that reduced up-front costs and reduced uncertainty over planning permission. Planning consent for each site was gained and paid for by the council before tenders were invited so potential partners could tender risk-free financially. The houses were then built on council-owned land with an agreed number of properties on each site allocated for social housing. Payment for property land was delayed until developers sold the homes and on a plot-by-plot basis. This model still operates in the city and has won awards for its innovative approach. However, the scale of house-building through BMHT will not

solve the issue of the need for homes required alone. Outside of this there has been small-scale innovative activity within the local housing sector but limited in scope.

The current Labour council set out its vision for housing in Birmingham (Birmingham City Council 2013),

> Our vision is to make individuals and families proud to live in Birmingham in a decent home at a price they can afford, enjoying stability whether they rent or buy.

To achieve this vision the council states it will: provide new affordable homes; aspire to provide decent homes for all; introduce a new deal for council tenants; give people a say in the future of their communities; and focus on homes and jobs. Various council statements and documents have given their support to innovation and creative thinking in housing policy but this has yet to translate into social innovation in this area.

5.4 Summary and Conclusion: Innovation at the Margins

This chapter has described a governance system in Birmingham that over the decades has been rooted in a pro-growth strategy. This resulted in an environment not typically conducive to large-scale social innovation. The impact of history is of great significance with the devastating impact of recession and deindustrialisation that started in the 1980s, and that still continues today, influencing the policy and practice of actors in the city. The major, lasting innovation in the city is partnership working seen as essential to deliver the economic regeneration agenda. This occurred in Birmingham long before it became part of popular policy discourse in the UK. This partnership approach was characterised by a focus on economic priorities and comprised a closed group of business and political leaders; however, over time there has been a shift to more inclusive engagement.

The situation in Birmingham reflected the change in urban policy described by Harvey (1989) as a shift from managerialism to entrepreneurialism. The city council has focused over the years on the promotion of local economic development and employment growth and to a lesser extent on the provision of services. However, the council has always seen economic development as also serving the objective of improving the quality of life of its citizens. Therefore, policies do not always show a clear cut divide between social and economic policy.

In terms of employment strategies the focus has been on economic development and job creation but this has also been influenced by central government which has direct responsibility for activation policies. Innovative practice has been supported locally but only where this has been possible through central government resources; once this has been withdrawn the majority of projects cease to exist. The loss of a consistent integrated approach to employment and skills pioneered by Birmingham and other small-scale, promising projects is linked to this withdrawal of resources which has occurred due to not only the end of national programmes and austerity measures but also a change in national political outlook. The current local political

leadership will need to find ways to use existing resources more creatively if any innovative activity is to be supported as cuts to public spending are set to continue.

The huge housing problems in Birmingham mean that large scale social innovation would be required to make any impact on this. However, there is little evidence of social innovation in housing and regeneration policy apart from the award-winning BMHT which whilst successful in its current form is too small in scale to meet demand and therefore has limited impact. One local actor did highlight the fact that the housing sector more generally is not known for its innovative capacity so there may be wider issues at play.

To conclude, the situation in Birmingham describes a case of urban governance where solutions to social problems were stated in terms of economic priorities. Innovation does occur but very much at the margins, through opportunistic and short-term support for small-scale projects usually through national funding streams. Looking to the future, devolved decision-making was seen by local actors as a potential vehicle for innovation at the (very) local level. This approach had not been without its difficulties over the years and so was not perceived as a solution that would happen 'overnight'.

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Chapter 6
Social Policies and Governance in Geneva: What About Social Innovation?

Patricia Naegeli

6.1 Introduction

The governance of the Swiss welfare state is marked by the principle of subsidiarity (Bütschi and Cattacin 1993), which favours private initiative before state action and according to which tasks are divided between the three territorial levels: the Confederation, the cantons and the municipalities. The result is *multilevel governance* (Scharpf 1994), both hierarchically within the state and, in principle at least, horizontally between all the welfare organisations involved (public and private for and non-profit; see Cattacin 1996). Until the mid-1970s, *federal* social policies and insurance were marginal, social benefits were mostly in the hands of private, subsidised non-profit associations and social insurance was private and mutualised by working sector, ideology or religion. From 1975 to 1985, when other European countries were already cutting social benefits, the federal welfare state caught up and finally *normalised* its position within the rest of Europe (Cattacin 2006, p. 50). So, if in Switzerland basic social insurance[1] has been progressively introduced and centralised (Gilliand 1988, pp. 39–58), following the principles of subsidiarity and federalism, the federal state determines through legislation a minimum level of social protection, giving the cantons and municipalities a great degree of freedom to improve and manage their own social policies.[2] This *path dependency* (Merrien 1990) results in significant cantonal autonomy and gives rise to huge differences

[1] For an overview of the adoption and implementation of social insurance legislation in Switzerland, see Gilliand (1988, p. 58).

[2] In Switzerland, cantons and municipalities have a high degree of autonomy, particularly in areas such as education, healthcare and social policies. As a result, social policies can be very well developed in a canton or kept to the minimum level required by the Swiss Confederation. But it is precisely at the local level (cantons and municipalities) that innovation can be implemented most easily. An example of the division of powers between the federal and cantonal levels in social policy matters can be found in Armingeon et al. (2004, p. 22).

P. Naegeli (✉)
4, av. du Simplon, 1225 Chêne-Bourg, Switzerland
e-mail: Patricia.Naegeli@unige.ch

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in social benefits throughout the country (Armingeon et al. 2004; Höpflinger and Wyss 1994).

As argued by Cattacin (1996), it is exactly this local autonomy—a result of Switzerland's federal structure, according to which the national territory is divided into 26 cantons—that makes possible innovative social policies at the local level. According to Bertozzi and Bonoli (2003), this cantonal freedom makes it possible to match local social needs and territorialised social policies. In their words:

> While the federal structure of the state may have hindered the development of certain social policies, it has also fostered innovation at the local and cantonal levels as well as adaptation with respect to the social needs of territorial units. (Bertozzi and Bonoli 2003, p. 13)

So Swiss cantons should have enough room to manoeuvre to adapt their social policies to particular, territorialised needs. The major question of this chapter is whether this cantonal autonomy, particularly with respect to the *governance of the social*, really does lead to the implementation of innovative social policies.[3] As an example, we analyse Geneva, which is known for its comparatively generous social policies (Höpflinger and Wyss 1994, p. 55, IDHEAP/BADAC 2010a, b, c, d, e[4]), and which, as a city-canton,[5] has a particularly large degree of autonomy in determining its social policies. In the case of Geneva, references to the "local level" mostly apply to cantonal measures rather than city ones, for reasons that will appear throughout this chapter. We explore whether Geneva's governance arrangements tend to favour or disfavour innovative social policies and which elements appear to hinder their emergence. As was underlined in Chap. 2 (Cattacin, Zimmer), by governance arrangements we mean the outcome resulting from complex processes that involve a multitude of actors (the state, non-state organisations, the market) and which have to be understood in their context (the institutional context, the context of welfare governance arrangements and the local political culture). It will become clear that Geneva's governance of the social policies, embedded in its context, tends to place the state and its administration, especially state councillors and civil servants, as the legitimate provider of social services. But this state orientation is only possible with

[3] What we mean by innovation will be defined later in this chapter.

[4] Statistics on the website of the IDHEAP/BADAC (Institut des hautes études en administration publique/base de données des cantons et des villes suisse) show that the Canton of Geneva, in comparison with the other 25 cantons, has high expenses for culture and social activities (6.41 % of public expenses, rank 1) and social security (23.18 % of PE, rank 1) (IDHEAP/BADAC 2010a); has the second-highest per capita expenditures, after Basel-Stadt (IDHEAP/BADAC 2010b); has the second-highest income inequality (a Gini coefficient of 0.45) (IDHEAP/BADAC 2010c); has, together with the Canton of Zug, the second-highest number of additional social benefits (IDHEAP/BADAC 2010d); and is the administration with by far the highest number of subdivisions (105 services for 7 departments, rank 1) (IDHEAP/BADAC 2010e). It is important to notice that while Geneva consistently ranks second in many of these measures, the first place is not always occupied by the same canton.

[5] Geneva is both a canton and a city. The Canton of Geneva encompasses 45 municipalities and 476,000 inhabitants in a territory of 282 km^2. The city of Geneva is the most important municipality in the canton, with 195,160 residents. Its territory measures 15.9 km^2 (statistics for end of 2013). See Swissworld and Département fédéral des affaires étrangères (2014) and Ville de Genève (2014a). It is for this reason that we argue that the city is almost the canton and vice-versa.

the support of non-profit organisations,[6] which are heavily subsidised and whose demarcation from the public sector is often unclear. Furthermore, the importance of political parties in Geneva's political culture and the influence of the republican model of neighbouring France, where power tends to be concentrated, may partly explain our findings. Economic actors are excluded from this state-orientated welfare system. As a result of these factors, we hypothesise that social innovation is above all incremental and that when it does occur, it does so due to a certain consensus among the implied actors. Indeed, despite political differences, the idea of working against poverty (what stakeholders call "solidarity") seems to be, together with "personal responsibility", the key deep core *value*, and the necessity of imposing it mostly top-down justifies the state orientation. This basic consensus on this fuzzy concept of "solidarity" was emphasised by our interviewed stakeholders and is in line with our own observations.

This chapter was written within the framework of the European project Welfare Innovations at the Local Level in Favour of Cohesion (WILCO). It includes a wide range of sources: political debates in city council and the cantonal parliament, the political programmes of most important parties, local newspaper articles, grey literature, statistical data provided by the public administration, 12 semi-directed interviews with local stakeholders[7] and two focus groups to clarify diverging or shared positions regarding local welfare.[8]

The chapter is divided into five parts. First, we will introduce the main challenges in Geneva's governance and identify the general tendencies of its local welfare governance arrangements. Second, its local welfare state and social policies will be situated in the Swiss context. Third, hypotheses concerning Geneva's main actors in the field of social policies will be developed. Sabatier's approach (Sabatier 1991, 1998), which assumes the existence of coalitions of values, and of power relationships between these coalitions, leading to majorities and minorities in specific policy fields, will guide Part 3.[9] More specifically, emphasising the importance of political parties within these coalitions, the balances of power over the last 20 years will be described. Fourth, an examination of the actual programmes of the main political parties and interviews with local stakeholders will reveal the core values of the local welfare state, while specific issues in the fields of unemployment and

[6] By non-profit organisations we mean organisations that provide welfare benefits but which are also an essential "[…] 'public space in civil societies' […] at the intersection between the state, the marketplace and the informal sector" (Evers 2000, p. 567).

[7] For more information about the interviews, please see footnote 62.

[8] I would like to thank the following people who have collaborated with me on the WILCO project: Nathalie Kakpo, who did part of the field- and deskwork in Geneva; Sandro Cattacin for his critical and pertinent input; and Maxime Felder for his support and comments during the writing of this chapter. I would also like to thank Christian Jöhr of the Social Service of the City of Geneva, who was a helpful discussion partner regarding concrete issues in the city, and all persons who agreed to be interviewed during this research.

[9] This approach assumes that the cities' policies are influenced by a constellation of actors, namely policymakers, fieldworkers, scholars, civil servants and journalists, who share a common belief system (values, problems and perceptions) and are capable of acting in a coordinated way.

childcare will strengthen our understanding thereof and permit us to define value coalitions. Fifth, we will question Geneva's capacity to innovate in the area of social policies and examine whether its *governance of social challenges* results in innovative social policies or the preservation of the status quo.

6.2 Geneva's Challenges: Multilevel Governance and Multiple Territories

Geneva is part of one of the most dynamic regions in Switzerland, situated at the extreme southwest of the country. Home to several international organisations, an important banking sector and quality business services, as well as world-class research centres, including the European Organisation for Nuclear Research (CERN), Geneva is definitely an important international player in the globalised economy.

This aspect of the "International Geneva", oriented beyond Switzerland's national borders, is emphasised by local stakeholders and Geneva's city marketing and goes hand in hand with its geographical location, which is almost *outside* the country (Cattacin and Kettenacker 2011). Indeed, Geneva is situated at the very edge of Switzerland, sharing only a 4.5-km border with the rest of Switzerland but a 103-km border with France.[10] Notwithstanding its economic and international importance, the canton occupies a somewhat marginalised position within the country, and it is common to hear that Geneva is not "really Swiss", whatever that might mean.[11]

This assumption is reinforced by the fact that Geneva's main social challenges are not contained within the logic of borders and concern the whole metropolitan area of 918,000 inhabitants,[12] namely the *Grand Genève*, which includes neighbouring France and the Canton of Vaud (District of Nyon). At the end of 2013, cross-border workers, officially defined as "non-Swiss" people who live in neighbouring France and work in Geneva, numbered 68,800. This is one quarter of all the cross-border workers in the country.[13] It is interesting to note that the high numbers of Swiss who live in neighbouring France, often clandestinely, are not included in these statistics.[14]

Geneva's social challenges are de facto supra-regional, although the logic of governance remains strongly territorialised, confined to the municipal and cantonal levels, as a result of which there is no territorial authority to solve important challenges such as delays in the construction of more public transit, traffic problems and the enormous problem of the lack of affordable housing. This incongruence between

[10] Source: Ville de Genève (2014a).

[11] Source: Der Spiegel (1985).

[12] Source: Grand Genève (2014a).

[13] (Office cantonal de la statistique — OCSTAT/Département des finances 2013).

[14] In 2009, two out of three new immigrants to France were Swiss (Grand Genève 2014a). But most of them do not declare that they live full-time in France and therefore do not pay taxes where they live, a significant problem for the French municipalities concerned.

the nature of the problems, which are cross-border and regional, and the problem-solving structures, which are strongly territorialised, is not unique to Geneva, of course, and it is especially common in states with different relatively autonomous and powerful levels of government, as is the case in Switzerland. According to Klöti 1985, p. 13, 17, this situation can result in steering and legitimation problems in urban policies and conflicts of interest between the different levels of government:

That is why urban policies have to be able to handle a conflict of interest between supralocal requirements and local needs. Above all at the level of the agglomeration, there is no authority that can intervene in a regulatory and coordinator manner (Klöti 1985, p. 17).

In the case of Geneva, a Grouping for Transfrontier Co-operation[15] was officially created in 2012 for the purpose of governing the *Grand Genève*. It is an autonomous body under Swiss public law with legal personality and its own budget, and it is charged with realising projects within the Franco-Vaud-Geneva conurbation and deal with regional challenges. But uncooperative local authorities and regional governments on both sides of the border confront this grouping and, most importantly, by the rise of the populist MCG (Geneva Citizens' Movement),[16] which leads to an "anti-cross-border workers" attitude, the most recent example of which is the recent popular vote against a cross-border construction project.[17]

While *Grand Genève* must remain in our minds when we speak about Geneva, this chapter focuses on the Canton of *Geneva*, which includes 45 municipalities, including its most important, which is of course the City of Geneva.[18] Geneva's unusual way of doing politics and governing its "small" territory, where the canton is almost the city and vice versa, is often pointed out by other parts of the country, which more or less explicitly criticise Geneva's multilevel governance, where no one really knows "who does what" and that "wouldn't exist if Geneva weren't so rich", as stated in a Bernese newspaper article (Chapman 2012).

Indeed, the same newspaper article refers to a crucial point in Geneva's multilevel governance—disagreements between cantonal and city governments on important political issues—and the ability to block important (cantonal or city) projects by exercising the municipal or cantonal right to a veto, for instance, for construction projects, not least because of NIMBYism.[19] While tensions often crystallise between the city and the canton, the canton's 44 other municipalities also represent

[15] Groupement de coopération transfrontalière (GLCT; Grand Genève 2014a).

[16] In Part 3, we will discuss birth and rise of this political party.

[17] In the aftermath of the Swiss popular initiative on 9 February 2014 (accepted by 50.34 % of voters), which requires the introduction of immigration quotas (60.9 % of Geneva's population voted against it), the canton's population voted against financial participation in a cross-border parking construction project, following the arguments of the MCG, which is opposed to any financial investment on the "French side" (De Weck 2014; La Tribune de Genève 2014).

[18] For more details, please refer to footnote 5.

[19] "More formally, Not In My Back Yard (NIMBY) refers to the protectionist attitudes of and oppositional tactics adopted by community groups facing an unwelcome development in their neighbourhood" (Dear 1992, p. 288); see also Kübler (1995), who analysed these kinds of strategies in the field of urban drug policies.

important political and financial constraints, even if their powers and financial resources are less important than in other Swiss cantons.[20] The consequence is that important projects may be paralysed, sometimes for decades,[21] which is evidence for the argument that Geneva is stuck in a *joint decision-making trap* (in the sense of Scharpf 1985) that makes it difficult, because of cantonal or municipal "veto coalitions" (Czada 2003, p. 183), to overcome the status quo. According to Czada, a government's ability to solve (social) problems rapidly (Czada 2003, p. 197) depends on the interplay of three dimensions: the degree of agreement between political parties, the degree of corporatism and the nature of constitutional veto structures. In his opinion, Swiss democracy compensates for the threat posed by potential vetoes by producing strong legislative majorities, which has resulted in a political landscape that has been stable for many years. But this stability can also be endangered, as has been the case in Geneva (see Part 3 on the evolution of political forces). Furthermore, difficulties related to multilevel governance also interfere with what we call the *governance of the social* and the provision of social services and benefits. Indeed, overlapping services between cantonal, city and municipal administrations, coupled with the multiplicity of private, above all non-profit, organisations, makes it difficult to even identify governance arrangements and service providers in this sector. The analysis of 120 qualitative interviews of vulnerable migrants who were or had been in touch with local welfare services in the 20 cities of the WILCO research[22] indicates clearly that a multitude of (overlapping) services significantly discourages (vulnerable) people from claiming social benefits and leads to mistrust of the public administration (Cattacin and Naegeli 2014).[23] Furthermore, services have also been criticised for not being able to address complex life situations resulting from intersecting problems, which may increase the risk of multiple discrimination (Hankivsky and Cormier 2010).

In Geneva, duties have been split between the canton, which is responsible for individual social assistance, and the municipalities, which are responsible for "communitarian" and collective problems. For instance, the canton provides basic financial and *individual* social assistance through the *Hospice Général*, an autonomous public institution that was created in 1535 and is mandated by the canton.[24] These financial benefits are sometimes supplemented by the City of Geneva through its own *Social Service*, meaning that a resident of the City of Geneva may receive a greater social allowance than someone who resides in another municipality within

[20] According to a newspaper article, the allowed budget for the municipalities constitutes less than 20% of all public expenses in the canton, which, according to Mabut (2014), is very low for Swiss municipalities.

[21] For example, after 50 different proposals since the nineteenth century, plans to create some kind of link between the two shores of Lake Geneva (traversée de la rade) have still not been implemented. See, for instance, Francey (2014).

[22] For a description of the research, please refer to footnote 7.

[23] If we add mistrust of public administrations to the mentioned overlapping services, which result in the feeling that one is lost in a labyrinth of welfare organisations, it is easy to understand why vulnerable people (in this case vulnerable migrants) may simply avoid claiming social benefits.

[24] In the Swiss context, this is an exception; social assistance is usually provided by municipalities.

the canton. Furthermore, the municipal *Social Service* works from the perspective of proximity to and the prevention of social problems and has developed a territorialised "communitarian" approach that aims to reinforce social cohesion.[25] As a result, a multitude of actors constitute a labyrinth of local welfare organisations, mostly non-profit organisations. Aware of the overlapping public services between the canton and the city, the current cantonal government has decided to disentangle its duties from those of its 45 municipalities (Mabut 2014; Moulin 2014), a task that it wants to complete in close cooperation with the *Association of the Municipalities of Geneva* and its representatives. A first technical report has just been published (Groupe de travail technique (GTT) 2014), whose purpose is to assess the current situation. According to this report, there are 12 main areas in which there is significant overlap, including social services, where it is not always clear which duties belong to the municipalities and which to the canton because "the distinction between these two fields of public action is difficult to make, because every community social action aims finally to improve the social and economic situation of individuals" (Groupe de travail technique (GTT) 2014, p. 8).[26]

Our interviews with 12 local stakeholders and two focus-group discussions have shown a relatively clear consensus in the political arena regarding the necessity of keeping a strong local welfare state and on the view that it is the responsibility of the state (and e.g. not the private sector) to help vulnerable people. We may assume that this *state-oriented welfare mix*[27] is specific to Geneva in Switzerland, which is known to correspond to a hybrid conservative-corporatist model with liberal tendencies, according to the classical typology of Esping-Andersen (1990, pp. 74–77), or to constitute a "compromise between Liberalism and Socialism" (Möckli 1988, p. 27). Indeed, for a long time the Swiss welfare state has been considered a *welfare laggard* (Bonoli and Mach 2000, p. 140), especially regarding health insurance (which only became compulsory in 1996), family policy and long-term unemployment benefits. But this *welfare laggard* reputation has to be taken with a grain of salt. Indeed, Möckli (1988, pp. 24–25) has shown the pioneering character of some social and political laws, for instance, laws regarding the social protection of children in factories (1815)[28] and the first Swiss factory law of 1877, which introduced

[25] One of the innovations selected for study by the WILCO project was one of the organisations involved in implementing this "communitarian" work at the city level, namely the UAC (Union for Community Action), which is located in four areas of the city and whose principal aims are to connect relevant associations with interested civil-society participants and, therefore, to reinforce collective action through better coordination and networking (City of Geneva 2014).

[26] Original quotation: "La distinction entre ces deux champs d'action publique pour sa part reste malaisée, toute action sociales communautaire visant au final à l'amélioration de la situation sociale ou économique d'individus" (Groupe de travail technique (GTT) 2014, p. 8).

[27] By welfare mix, we mean the interplay of public and private (non- and for-profit) organisations in the steering, planning and providing of social welfare services, or "the combination of different actors and sectors involved in coproducing welfare programs, services and/or goods" (Oosterlynck et al. 2013, p. 19). To examine the welfare mix is also to examine the diversity of the organisations involved.

[28] The two pioneering cantons were Zurich and Thurgau, which were the first jurisdictions in Europe to pass legislation in favour of child labourers in factories, although it did not have any

the 11-h day, pioneering legislation for continental Europe. And more recently, as Cattacin (2006, p. 49) has demonstrated, the 1970s were a decade of growth for the Swiss welfare state, in contrast to other European states, which had already begun cutting their social spending by then. Furthermore, the specificities of federalism result in complex cohabitations between public and private structures, between the state, the economy and civil society (Cattacin 2006, p. 50), which can lead to the belief that the welfare state at the federal level is weak. But the author underlines that today the Swiss federal welfare model, rather than being an exception, has become an international reference point for individualisation and *activation* processes:

The transformations of *welfare pluralism* in Switzerland in recent years have resulted in the fact that it no longer is an exception, retarded, particularly complex or catching up, or reveals a counter-tendency, but has instead become an international reference point for the individualisation of responsibilities, the activation of citizens and even the strengthening of incentives and the moderation of the different welfare providers (Cattacin 2006, p. 69).[29]

Also, Swiss pensions and unemployment benefits tend to be generous in comparison with those of other European countries (Bonoli and Mach 2000, p. 140). As regards innovative and pioneering social policies, in short, Geneva once had the reputation of having both.

6.3 Pioneering Local Welfare State?

According to a newspaper article in the *Neue Zürcher Zeitung*, Geneva was once "a future-oriented laboratory for Switzerland […]" (Büchi 2012). It was the first canton, together with the Canton of Vaud, to introduce the right to vote for Swiss women in 1959, long before it was introduced at the federal level in 1971 and in other cantons. According to the same article, Geneva also had progressive urban planning and the most generous social policies of all the cantons, thanks to its expanding financial sector. But the article also claims that Geneva's potential for innovation has run its course, and that "today, the Republic of Geneva is only a shadow of its former self" (Büchi 2012).

Even if it seems true, at first glance, that Geneva has actually lost its force to propose future-oriented projects and policies, some recent examples regarding Geneva's pioneering[30] social policies can still be found. Indeed, in 1991, Geneva was

impact (Möckli 1988, p. 24).

[29] Original quotation: "Les transformations du welfare pluralism en Suisse durant ces dernières années en font aujourd'hui non plus un cas exceptionnel, retardé, particulièrement complexe ou encore en récupération en contre tendance, mais une référence internationale en ce qui concerne l'individualisation des responsabilités, l'activation des citoyens ou encore l'incitation et la modération des acteurs producteurs de bien-être" (Cattacin 2006, p. 69).

[30] Of course, what is pioneering in a certain context is not necessarily so in another. In this example, the context is the Swiss Confederation. We will return to this point when defining precisely what we mean by social innovation.

the first and only canton to introduce the right for undocumented children to go to school (Halle 2011). In 2001, it implemented maternity leave at the cantonal level, while it was only adopted federally in 2005, exactly 60 years after a right to maternity leave at the federal level was inscribed in the constitution, and this only after having been rejected four times by popular vote. Even so, federal maternity leave benefits are quite minimal—14 weeks of paid maternity leave at 80% of the last salary—and address only working mothers or those who are at least registered with the unemployment office.

This example illustrates the function of the federal state: It intervenes only when it has to fulfil shortcomings in cantonal regulations and when broad coalitions at the national level demand its support to implement social policies that are not developed enough at the cantonal level (Cattacin 1996). Indeed, as said before, social policies are mainly managed at the cantonal and city levels, the three levels—federal, cantonal and municipal—cohabitating in *multilevel governance*, based on the constitution and history of the Swiss Confederation, which is directly linked with the principle of direct democracy, and which itself requires negotiations between all actors that could potentially, and easily, launch a referendum against new laws. The *path dependency* characteristic of Switzerland[31]—the decentralisation or *rescaling* of social policies—seems to be common to most European countries, according to Kazepov:

As a reaction to the crisis of the welfare state, reform processes—in their double meaning of vertical and horizontal subsidiarisation—produced a steady shift from a vertical towards a horizontal coordination of social policies, which finds its ideal level of implementation in the local dimension. Despite the fact that these tendencies are common to most European countries, the development and institutionalisation of the new governance arrangements do not converge. On the contrary, the results of these processes of change seem to produce a territorially structured diversification […]. This diversification varies according to socio-economic context and institutional arrangements, with all the specificities this might entail: from a high degree of freedom of the *Comunidades Autonomas* in Spain, the Länder in Germany or the Cantons in Switzerland, to the relatively low intranational differentiation in France (Kazepov 2010, p. 49).

But this cantonal jurisdiction over social policy does not explain why Geneva's social policies often exceed the minimal federal level and tend to be generous by Swiss standards. In their article "Swiss Worlds of Welfare" (Armingeon et al. 2004), the authors explain the significant variation in cantonal *welfare regimes* by socio-economic variables and above all by the degree of urbanisation, which seems to be positively correlated with the election of left-wing parties, which favour a state-oriented welfare policy. According to the authors:

[31] The Swiss Constitution, which was adopted in 1874, did not grant any jurisdiction over social policies to the federal state. In 1890, a popular vote made it constitutionally possible for the first time for the Swiss Confederation to create national social policies through legislation. This vote was a key moment in the establishment of a national welfare state, which became increasingly powerful. This constitutional change resulted in the adoption in 1911 of the first national health and accident insurance (implemented in 1914 and 1918, respectively), and in the adoption of the old-age pension in 1946 (implemented in 1948). See (Gilliand 1988, pp. 55–57) for details.

Urbanisation is obviously a major socio-economic explanatory variable for cantonal social security systems. Left-wing power is strongly and positively correlated with urbanisation (0.64): the more urban a canton, the higher the share of left-wing parties in government. On the other hand, the more rural a region, the better the odds for centrist parties (correlation with urbanisation: −0.54). In contrast, the power of right-liberal government is not significantly related to urbanisation. Hence, one could argue that urbanisation is the major background variable explaining both worlds of welfare and the political strength of the left in Swiss cantons (Armingeon et al. 2004, p. 39).

Accordingly, Geneva's high degree of urbanisation should tend to favour left-wing parties and could therefore explain the state-oriented development of social policies. Moreover, Armingeon et al. (2004) categorise the Canton of Geneva as a social-democratic regime for three out of four of their selected variables,[32] emphasising that it is one of the only cantons to possess a somewhat coherent welfare regime. It is also the only one that can be classified as social-democratic in the country (Armingeon et al. 2004, pp. 34–35).

6.4 Actors and Power Relations Around Social Policies

These interrogations raise the question of who are the actors who define social policies and the values behind them. According to Neidhart (1970, pp. 287 ff., 294, 313) and Kriesi and Jegen (2001), direct democracy implies that political projects are largely debated in the administrative or pre-parliamentary arena and that these debates have to integrate negotiations from all kinds of actors to avoid the launching of a referendum against the proposed law or project. So direct democracy often implies the finding of a consensus between the implied actors, and sometimes, when the debate is very conflictual, we can speak about a compromise rather than a consensus. According to Sabatier (1991, 1998), the actors are constituted in competing *advocacy coalitions*[33] within a policy subsystem[34] that share a common belief system organised around *core values* and *secondary aspects*. Within the *core values*, he

[32] The four variables are employment, education, taxation and social security.

[33] "An advocacy coalition consists of actors from many public and private organizations at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules of various governmental institutions to achieve those goals over time" (Sabatier 1991, pp. 151; 153). These coalitions develop power relations, which result in the emergence of majorities and minorities. Another definition is provided by Kriesi et al. (2006, p. 342): "[…] at a given moment, in a given subsystem, we are likely to find a limited number of coalitions with varying influence on the political processes within the subsystem. […] Coalitions can be composed of one type of actor only (homogeneous), or they can incorporate different actor types (heterogeneous)."

[34] "A subsystem consists of actors from a variety of public and private organizations who are actively concerned with a policy problem or issue, […] and who regularly seek to influence public policy in that domain" (Sabatier 1998, p. 99).

distinguishes the *deep core*, meaning fundamental normative and ontological axioms, from the *policy core*, which are the strategies used to achieve the core values. Furthermore, Sabatier argues that the coalitions and core values remain relatively stable for a decade or longer and are therefore difficult to change. So policy learning most often only applies to the *secondary aspects*, which comprise a multitude of instrumental decisions that are necessary to implement the policy core. Kriesi et al. (2006, pp. 342–343), building on Sabatier's theory regarding advocacy coalitions and the *power distribution* between them, add the idea of a *relational perspective* on the policy process. According to this theory, power is either fragmented or concentrated, and the type of interaction is characterised by the predominance of conflicts, bargaining or cooperation.

Of course, these policy-specific power structures are determined by the macro-political context, meaning, among other things, the extent to which political actors are induced to co-operate informally (related to the distribution of power) and the policy phase, assuming that the type of interaction becomes more conflictual in critical policy phases. The power relations vary from one policy domain to another. According to Kriesi et al. (2006), Switzerland's distribution of power is clearly fragmented and interaction tends to be cooperative rather than conflictual. But this does not mean that consensus democracies cannot be conflictual or bargaining as well, depending on the political issue involved.

Based on these theoretical findings, we assume that in Geneva, with respect to direct democracy and the *welfare mix*, which includes by necessity a fragmentation of power, state actors (state/city councillors and the related civil servants, often themselves members of political parties) *and* political parties are the dominant actors in determining local welfare policies. Therefore, they have a strong impact on defining the welfare state's core values. If, following the principle of subsidiarity, non-profit organisations play an important role in welfare provision and are part of the debate, we expect their core values to largely be in line with those of the state, not least because of the important state subsidies they receive. In other words, we hypothesise that the above-mentioned groups dominate the advocacy coalitions that shape the core values of social policies, and that their goal in public debate is to link themselves with state-oriented welfare services, which develop from the values defined by them. In turn, we assume that the presence of this "strong" welfare state legitimises the predominance of political parties and state actors in public debate, leading to a sort of virtuous circle in which fundamental changes in values, and therefore in policies, are difficult to make. Following this logic, we assume that policy innovation therefore tends to be incremental, remaining within the existing logic of state orientation.

Finally, we may also attribute the predominance of political parties and stakeholders from the public administration to the influence of neighbouring France, where power is more centralised. In this sense, Geneva presents a certain concentration of power and conflictual and ideological debates between political parties that

challenge state-centred administration and its stakeholders, sometimes leading to political deadlock.[35]

Following these assumptions, it is first necessary to examine the development of political forces in Geneva over the past two decades. We may then apprehend the core values of the local welfare state, especially in the fields of unemployment and childcare.

6.4.1 Canton of Geneva: From Two Coalitions to Three (and a Half)

As said before, Geneva has two elected assemblies: a cantonal parliament and a city council.[36]

The cantonal parliament *(Grand Conseil)* comprises 100 members who are elected by popular vote for 5 years,[37] according to a proportional-representation electoral system. At the city level, the 80 members of the city council *(Conseil Municipal)* are elected every 4 years. There has been an important evolution in the constellations of power within these two legislative bodies over the past two decades. Regarding the composition of the Grand Conseil, between 1993 and 2001, there were only two (mutually opposed) coalitions: the *Entente* (centre-conservative parties, including the Liberals, the Radicals[38] and the Christian Democratic Party) and the Alternative (left-wing parties, including the Socialists, the Greens and the Labour Party, the latter becoming the Left Alliance[39] between 1993 and 2001). Traditionally, except in

[35] Examples of political deadlock are the linking of the two shores of Lake Geneva (footnote 22) and the expansion of the main railway station, which provoked lively debates and mobilised the inhabitants of the area behind the railway station; see, for instance, Pasteur and Armanios (2011). But also in Geneva, there is a desire for more political pragmatism and less ideology. One example is the recent cross-party group, which includes members of all political parties except the Swiss People's Party (UDC), to start a pilot project to regulate the consumption of cannabis through Cannabis Consumer Associations; see, for instance, Zünd (2014).

[36] Of course, all the other 44 municipalities also have their own city councils.

[37] The mandate can be renewed indefinitely. Before the introduction of the new cantonal constitution in 2013 (accepted in October 2012), members were elected for 4 years (République et canton de Genève 2012a, Arts. 80–81; Arts. 101–102).

[38] The Liberal Party and the Radical Party merged and became the Liberal-Radicals in 2013, after having lost four seats in the 2009 elections (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2013a).

[39] The Labour Party sat in the cantonal legislature from 1945 to 1989. In 1989 it was renamed the Left Alliance and gathered various far-left coalitions (for instance Solidarités and Independants). The party changed its name again in 2005 to the Ensemble à Gauche. It continues to group various far-left coalitions and sometimes struggles with internal divisions. Together with the Greens and the Socialists, it constitutes the so-called Alternative, in opposition to the Entente. It is interesting to note that the Ensemble à Gauche was absent from the cantonal legislature between 2005 and 2013. For more information, see the official statistics of the canton (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2013a).

the 1997 election,[40] the centre-conservative parties have always held a majority in the cantonal legislature. But since 2001, the legislature has also included the clearly right-wing Swiss People's Party[41] (UDC: *Union Démocratique du Centre*), and from 2005 on the Geneva Citizens' Movement (MCG: *Mouvement Citoyen Genevois*), which bases its programme on the protection of Geneva's residents from the "invasion" of cross-border workers. This new party made a dramatic entry. Between 2005 and 2013, it increased its seats from 9 to 20, and it also placed one member in the cantonal executive in 2013. The fact that the MCG shared a common list for the elections of the 2013 executive with the far-right UDC allows us to assume that it lies at the right end of the political spectrum, even though it claims to be "neither right nor left",[42] a dichotomy that it claims is "history" and is perpetuated by political parties that do not respond to the needs of Geneva's population.

So, regarding the cantonal parliament, we can speak about the end of an era of polarisation between left *(Alternative)* and centre-conservative parties *(Entente)*, in favour of the existence of three or even four groups and a situation in which there is no longer any clear majority, and where the "historical parties" have to compete with far-right and populist parties, the latter (MCG) alternating between right and left ideologies, depending on the issue.[43] Overall, the right is more powerful in parliament.[44]

The cantonal executive[45] is also dominated by representatives from the centre-conservative and right-wing parties. Except after the 2005 election, when four members of the Alternative[46] faced three members of the *Entente*, the executive has always been right wing. As mentioned before, what was new in the 2013 elections was the election of one member of the MCG, placing the two members of the Alternative (one Socialist and one Green) in a very marginalised position.

The cantonal governance of Geneva historically has always been consistently conservative, a stability that is currently being challenged by the presence of the self-styled "non-determined" populist party MCG. At city council, however, until 2011 the forces were exactly the opposite.

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[40] In 1997, the Alternative won a majority with 51 of the 100 seats (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2013a).

[41] The translation of the Union Démocratique du Centre as the Swiss People's Party follows the party's original name, which is Schweizerische Volkspartei.

[42] "Neither left nor right" (MCG—Mouvement Citoyen Genevois 2014b).

[43] Some argue that the MCG is on the left on social issues and on the right on security, European and immigration issue (Favre 2013).

[44] Composition of the Geneva cantonal parliament 2013: Entente 35, Alternative 34, UDC 11 and MCG 20 (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2013a).

[45] The cantonal executive is composed of seven state councillors who are elected directly by the population by majority vote. Since the 2012 change to the Geneva Constitution (entered into force in 2013), they are elected for 5 years. One member is designated president for the whole period and is the head of the newly constituted presidential department. The other six members are each in charge of a specific department (République et canton de Genève 2012b).

[46] Two Socialists and two Greens for one Radical, one Liberal and one representative of the Christian Democratic Party (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2013b).

6.4.2 The City of Geneva: From the Dominance of the Left to Complex Coalitions

From 1995 to 2011,[47] the Alternative held an absolute majority in Geneva's city council. It is interesting to note that in 1999, the Left Alliance, a coalition of far-left parties, was the most important party in city council, before the Socialists, which are the most important party today, followed directly by the Liberal-Radicals. As in the cantonal parliament, city council is no longer composed of its two opposite coalitions (*Entente* and *Alternative*); instead, since 2003, and especially since 2011, it has also included the two "newcomers": the Swiss People's Party[48] (UDC, far right) and the Geneva Citizens' Movement (MCG). So, since the 2011 election, with 39 of 80 seats, the Alternative has been just shy of an absolute majority and is obliged to seek some alliances outside of its long-term coalition, for instance with the MCG or the Christian Democratic Party (PDC), which can sometimes tilt the balance towards their political preferences. As in the canton, the minority parties have the power to tilt the balance between the two "traditional" coalitions, if we assume that the latter vote as a bloc in accordance with their parties' instructions. As we will see below, however, things are not always that simple: Internal conflicts (above all within the far-left coalition) and moving coalitions depending on the policy issue involved are affecting the stability of the established coalitions.

At the executive level, things are more stable. From 1991 to 2011, the left had a majority—three out of five seats between 1991 and 1999, and four out of five between 1999 and 2011.[49] So we have to keep in mind that the executive's majority is no longer the same as that of the city council on which it relies, which creates additional tensions and sometimes causes political debates to take a long time when the issues are conflictual. One current example is the finally accepted renovation of *Les Minoteries*, a complex of 329 subsidised apartments owned by the city whose maintenance has been neglected for the past 40 years. The executive proposed a renovation of 90 million CHF (about 72 million €). The proposal was rejected twice

[47] Composition of the city-council coalitions from 1991 to 2011. 1991 Entente 40, Alternative 40; 1995: Entente 36, Alternative 44; 1999 Entente 36, Alternative 44; 2003 Entente 27, Alternative 44, UDC (far right) 9; 2007 Entente 29, Alternative 42, UDC 9; 2011 Entente 22, Alternative 39, UDC 8, MCG (populist) 11 (République et canton de Genève 2014).

[48] In fact, the Swiss People's Party (UDC) may be new in Geneva, but it is well established in the Swiss-German part of the country, being the predominant party in several regions. For an analysis of this party, see Mazzoleni (2008).

[49] Executive, City of Geneva: 1991 Liberals 1, Radicals 1, Socialists 1, Greens 1, Labour Party 1; 1995 same as in1991, but instead of Labour Party, Left Alliance; 1999 Liberals 1, Socialists 1, Labour Party 1, Left Alliance 1; 2003 same as 1999. 2007 Radicals 1, Socialists 2, Greens 1, À Gauche Toute 1 (new name for the Left Alliance); 2011 same as 2003, but À Gauche Toute became Ensemble à Gauche (Together on the Left). In 2012 a by-election replaced the radical magistrate with a member of the Christian Democratic Party (PDC). Note that the composition of the Left Alliance/Labour Party and its name changed for every election, so we can assume that the Left Alliance's coalition is not stable at all. Source: (Office cantonal de la statistique—OCSTAT/Chancellerie d'Etat 2012).

by city council, and debates have been heated between the Alternative, which favoured the renovation and the rest of the council (*Entente*, UDC and MCG), which was opposed, principally because of the cost, demanding for a third time that the project be scaled down. Finally, a narrow majority accepted the renovation.[50]

6.5 Core Values and Strategies in the Political Arena

During these lively debates, the different parties' core values become clear, as they do in the different party programmes[51] and in our interviews and focus groups. We will focus on the core values regarding the local welfare state and specify the coalitions that have emerged for specific policy issues. Unemployment[52] and childcare will serve to illustrate concrete policy orientations.

6.5.1 More or Less State Intervention?

In Geneva, core oppositions between political parties regarding the local welfare state are transforming the *importance of the state*, the fields of its interventions and how far its contributions are expected to go. It is not surprising that the more the parties can be categorised as being "on the left", the more the state's intervention is legitimated. For the Socialists, the state has a crucial role to play in the construction of society, which is based on *solidarity*, a *society of opportunities and equalities*, not of privileges. Other notions such as *redistribution, access to public services, gender equality* and *jobs for all* are the core values (deep core) indicated in their 40-page programme for the 2013–2018 cantonal legislature.[53] The Left Alliance's policies are similar, but it emphasises class struggle and advocates policies that

[50] The third and final debate took place on 25 March 2014 at City Hall. These debates are always broadcast by Léman Bleu, the local television channel. The renovation project was finally accepted by a vote of 38 (the Alternative and two Independents) to 36 (Entente, UDC, MCG, the conservative, far-right and populist parties). There was one abstention (a member of the Greens), see Dethurens (2014).

[51] Cantonal and city party programmes being identical, no distinction between the two levels has to be made.

[52] In Switzerland, the economic crisis at the end of the 1980s marked a turning point regarding unemployment policies. In 1995, following the recommendation of the OECD Making Work Pay (Giraud 2007, p. 96), the Federal Unemployment Law was revised in the direction of workfare, activation, reciprocity and increased control over the unemployed. But this logic has been implemented in different ways in different cantons. In Geneva, for instance, the focus has been on reintegration or even inclusion rather than control (Giraud 2007, p. 100). Since 1995, the cantons have had to fill the gap left by the reduction of federal assistance and implement social-assistance measures for the long-term unemployed who have exhausted their unemployment benefits, a new phenomenon in the country.

[53] Party Programme of the Socialist Party of Geneva, 2013–2018 (Parti socialiste genevois 2013).

are more radical and require maximal state intervention, for instance in matters of housing, childcare, unemployment and redistribution.[54] For the Greens, the third traditional partner of these two parties, state intervention has to integrate the notion of sustainability.[55] So all three parties propose greater redistribution and take on the wealthy in the canton, which, they claim, do not contribute as much as they should to public expenses. A shared value of this coalition is that the state should be the main regulator and provider of social services.

For the conservative and far-right parties, in contrast, state intervention should be kept to a minimum and bureaucracy and state expenses must be reduced (Radical-Liberals and Swiss People's Party), or their increase has to be controlled (Christian Democratic Party), overlapping public services at the cantonal and federal levels have to be eliminated and public administration and civil servants have to be re-evaluated. Notions like *liberty, responsibility, solidarity, equality in rights and duties* and *prosperity* are deep core values for the Liberal-Radical Party,[56] while the Christian Democratic Party prefers a *welfare mix*, where non-profit organisations are seen as more able to solve social problems than the state[57] but for-profit organisations are also understood to be essential for the well-being of society. All the three parties propose tax reductions. The MCG proposes that social welfare be maintained, but at the same time underlines the necessity to combat social fraud[58] (this last point is crucial for the UDC too). It has also adopted the slogan "Geneva first", which is common among far-right and populist parties.[59]

From these party programmes, the differences between the political parties appear insurmountable, and we wonder how it is possible for Geneva to continue to have a "strong" welfare state with more social benefits than other cantons, as was

[54] In their programme, we can find phrases such as "social resistance", "block the antisocial and antipopular politics of the right and far right" and "stop employers' abuses" (Solidarités Genève 2013).

[55] See Les Verts Genevois (2013).

[56] "The Liberal-Radical Party rejects the principle of assistance, rampant statism and all attempts at levelling on the basis that they kill personal initiative, the satisfaction derived from effort and work, entrepreneurship and exploration, all of which it promotes" (Les Libéraux-Radicaux de Genève—PLR 2013, p. 6). Original quotation: "Le PLR rejette le principe d'assistanat, l'étatisme rampant et toutes les tentatives de nivèlement par le bas qui tuent l'initiative personnelle, le goût de l'effort et du travail, la volonté d'entreprendre et d'explorer, qu'il promeut."

[57] "Indeed, the PDC believes that associations are the most effective way of promoting the politics of solidarity." Original quotation: "En effet, le PDC considère que les associations sont les plus à même de mener des politiques de solidarité" (Parti démocrate chrétien Genève 2013).

[58] Point 3 of the political charter of the party (MCG - Mouvement Citoyen Genevois 2014a).

[59] For analyses of extreme-right movements in Switzerland, see Skenderovic and D'Amato (2008) and Skenderovic (2009).

emphasised in the field of unemployment by the head of the Solidarity jobs[60] at the Cantonal Office for Employment, during his interview.[61]

In my sense, this is rather unique in Switzerland: we are the only canton that has so many important additional cantonal welfare measures, at the cost of about 60 million CHF,[62] that are not covered by the LIASI.[63] This is real, the human part of Geneva. And there is the real will of a canton-city to have a politics that reintegrates people (iIII, p. 8).

But if we look more attentively at the core values that are mentioned in the party programmes and also by our interviewed stakeholders, we can also see shared deep core values, characterised by notions like *solidarity, humanism, individual responsibility, respect for people* and *equal access to social opportunities*. But with respect to the *policy core*, meaning the strategies used to attain the identified deep core, and even more the secondary aspects, we notice significant differences that correspond to classical right- and left-wing dichotomies regarding the role of the state, its legitimate fields of intervention and, consequently, the amount of public taxes that have or do not have to be spent in these fields.

This agreement about deep core values, sometimes accompanied by a massive divergence in the policy core, is particularly pronounced in the fields of childcare and unemployment.

6.5.2 *Childcare and Unemployment: State Versus Mixed Solutions*

In the field of childcare, all parties except the Swiss People's Party agree that there are insufficient numbers of childcare places available in the city and the canton.

[60] Solidarity jobs are jobs in the secondary labour market that are subsidised by the canton and target the long-term unemployed, are implemented by the Cantonal Office for Employment and were legitimised by popular vote in December 2007 (68.5 % in favour), see (République et canton de Genève 2007). While the Socialists and Greens agreed with the law, the far left, including trade unions, fought against it with the argument that it would result in downward pressure on wages and the use of cheap labour for public-administration jobs. Seven years after its introduction, debates on the issue remain heated, and there is increasing opposition to Solidarity jobs, including from the current socialist mayor of the city. See Syndicat interprofessionnel de travailleuses et travailleurs (Sit) (2013) and Salerno (2013).

[61] As indicated above, 12 semi-directed interviews were conducted in Geneva with local stakeholders during the WILCO research (see footnote 7) with a view to understanding their positions and core values regarding unemployment, childcare and housing, but also the local welfare system. The following topics were discussed in the interviews: the main problems and solutions in these areas; the reasons for a need to act, coalitions and the main differences between the stakeholders and between the parties in their positions and reasons for the importance or unimportance of the local welfare system. The analysis of the interviews is based on the actor-centred-institutionalism approach (Mayntz and Scharpf 1995; Scharpf 1997).

[62] About 49 million €.

[63] The cantonal law regarding social assistance and social inclusion.

There is a fundamental agreement about the need to increase the number of childcare places, the legitimacy of childcare outside the family and the idea of the *social investment state*.[64] But the strategies the parties advocate to attain this aim differ, the left advocating public childcare places, funded by public taxes and standardised by public regulations and norms, including qualification criteria for its personnel, the far-right and conservative parties demanding more of a welfare mix with public–private partnerships, enterprise nurseries, nannies, etc., and less state regulation.

Regarding unemployment, coalitions are moving regarding *secondary aspects*. Traditionally, right-wing parties advocate individual responsibility and claim that it is up to the individual to adapt to structural changes in the labour market and make the main effort to (re)integrate. By contrast, left-wing parties stress structural problems, the inadequacy of the jobs on offer, and the need to reform the labour market itself, for instance by adapting it to help resolve long-term unemployment by creating a subsidised labour market for some employment areas, as was the case with the Solidarity jobs. So while the *core* legitimacy of the Solidarity jobs was not really questioned, the concrete application caused lively debates and disagreements inside the leftist coalition itself, mostly regarding the type of contracts and the pay. Finally the far left (including the trade unions) was and continues to be opposed to the Solidarity jobs, criticising their tendency to reduce wages and their poor working conditions. Surprisingly, the conservative and far-right parties (and the employers' association) accepted the idea, not without difficulty, of creating this secondary labour market for long-term unemployment, but only under certain circumstances (salary below the market prices, no competition with the private sector).

These two examples show us that political parties agree on the fundamental *deep core* of the existence of a local welfare state, which guarantees protection and help in case of need. Conflicts therefore revolve around the *amount* of financial assistance, for instance, or who the *provider* of the services should be. But we may assume that the shared deep core values are relatively stable[65] and that discussions and consensus or compromise occur with respect to the policy core and especially secondary aspects.

As stated above, debates take often place in pre-parliamentary arenas, as a result of which coalitions also include non-state actors. According to the previously quoted head of the Solidarity jobs, the creation of these jobs was a real partnership. Before the law was passed, we had people around the table who were in favour or against. We reflected together on what the legislation should look like. It was a first in terms of partnership (iIII/p. 8).

This partnership between different stakeholders seems to indicate that political parties and civil servants in the public administration have to take associations (for

[64] For a constructive critique of the social investment state, see Vandenbroucke and Vleminckx (2011).

[65] Even the Swiss People's Party speaks about the "need to guarantee social security for future generations" (UDC 2013, p. 27) but argues that the best way to do so is through "more market, less bureaucracy, less state regulation" (UDC 2013, p. 29). Regarding childcare, it claims that a child will never feel better than at home with its family (UDC 2013, p. 25).

instance, non-profits) into account in debates or even look to their expertise. Other interviewees stated that non-profit-sector lobbies carry a certain weight in political debates, which would seem to contradict our claim that social policies are above all shaped by state actors and political parties. Indeed, it is clear that the canton and the city often work with non-profit organisations in the field of social policies. But what about the for-profit sector? How *mixed* is Geneva's welfare system, and what does it indicate about its governance and the distribution of power and type of interaction? And lastly, what about *social innovation?* Are the local welfare *governance arrangements* favourable to social innovation?

6.6 Geneva's Welfare Governance Arrangements: State and Non-Profit Without For-Profit? What About Social Innovation?

Debates about social innovation have given rise to a large body of literature in the social sciences. The concept itself is ambiguous and has become a confusing "buzzword", as underlined by Moulaert et al. (2013, p. 13):

> In our opinion, the lack of clarity about the term "social innovation" can be attributed not only to its evolving analytical status but also to its over-simplistic use as a buzzword in a multiplicity of policy practices associated, for example, with the rationalization of the welfare state and the commodification of sociocultural wellbeing. The appropriation of the term by "caring liberalism", in one of its new incarnations, has added to a Babel-like terminological confusion. (Moulaert et al. 2013, p. 13)

Following the definition of Oosterlynck et al., social innovations are "locally embedded practices, actions and policies that help socially excluded and impoverished individuals and social groups to satisfy basic needs for which they find no adequate solution in the private market or institutionalized welfare policies through processes of social learning, collective action and awareness raising" (2013, p. 4).

So while one important aspect of *social innovation* is that it occurs on the local level, it must also be understood over a larger scale and be spread by collective action. According to Evers and Ewert, social innovation also involves the novelty of an idea in the given context. Social innovations are ideas, turned into practical approaches; which are new in the context where they appear; attracting hopes for better coping strategies and solutions; marked by a high degree of risk and uncertainty due inter alia to the specific context wherein they appear. […] Social innovations are, in a significant way, new and disruptive toward the routines and structures prevailing in a given (welfare) system or local setting (Evers and Ewert 2014, p. 11).

It is obvious that what is new in a certain context is not necessarily so in another. As a result, *social innovation* can be overlooked by researchers if the practice is already well known in other countries or localities.

In Geneva, the policies analysed by the WILCO project[66] and the social innovations pursued[67] reveal a welfare system in which the state (either the canton or the city), and particularly the stakeholders in the public administration, has the predominant role in establishing social policies and concrete programmes, backed (more or less) by the political parties. However, in the matter of the *delivery* of social services, the state relies on non-profit organisations where possible. These organisations are heavily subsidised, and their rules and programmes are built on those of the public service. Indeed, the Solidarity jobs are subsidised by the canton and located *only* in non-profit organisations, creating a secondary labour market. Subsidies are therefore given directly to the relevant associations, which *execute* the decided measure (to give work to long-term unemployed individuals far from the primary labour market). Other programmes and measures, such as the social innovations examined here, reveal the same tendency, where for-profit actors are either absent or marginal.[68]

In contrast, regarding for instance the integration of (young) unemployed individuals, the City of Bern has chosen to build coalitions with economic partners and creates job opportunities in the primary labour market. These public-private partnerships are initiated and coordinated by the state and are a type of "quasi-market solution"[69] (Felder 2013, p. 25) to unemployment.

In Geneva, the welfare *governance arrangements*, which favour the interplay between the state and non-profit organisations, and in which economic actors are absent, raise different issues. Battaglini et al. (2001, p. 18) demonstrate the relatively high degree of autonomy of non-profit organisations to realise public policies in the Swiss context. But they also emphasise their weak formal recognition by the state,

[66] The policy fields examined by the WILCO project (running time 2010–2013) were childcare, subsidised housing and unemployment.

[67] The three social innovations that were examined during the WILCO project were as follows. (1) The UAC, which is part of the city's Social Service, and which has four offices, located in different areas of the city. Its principal aim is to connect relevant associations with interested participants in civil society and, therefore, to reinforce collective action through better coordination and networking. (2) The ORIF project, an NGO that works to reintegrate young marginalised adults who experience multiple difficulties (health, disabilities, learning problems, etc.) that hinder them from entering the labour market. Support is long term (3 years) and multi-dimensional. The project is funded by the Office for Disability Insurance and is therefore a public programme. (3) The Unit for Temporary Housing (ULT) offers subsidised, temporary housing to vulnerable populations, taking into account various dimensions of social marginalisation by offering support from a team employed by the city. More information about these three innovations can be found in the relevant chapter of the e-book of the project (Kakpo and Cattacin 2014, pp. 367–380).

[68] This is the case for the ORIF project (see previous footnote). Its Geneva office, located in Vernier, focuses primarily on education and training rather than on professional integration but with the aim of building partnerships with private enterprises. However, the ORIF project is not specific to Geneva but was instead created by a medical doctor in the Canton of Vaud in 1948 and implemented in nine locations in the French speaking cantons. The office in Vernier opened in 2007 (ORIF 2014).

[69] In fact, the subsidies are part of the wage; for instance, if an individual working in a private company can only work part-time because of a disability, the state provides the other half of the salary. That is why it is only a "quasi-market solution".

not least because of a certain mistrust of these collective actors (2001, pp. 55, 58). Furthermore, non-profit organisations run the risk of being instrumentalised by the state, of being asked to *act* in neglected fields. Indeed, it is sometimes difficult to clearly define the border separating the state from non-profit organisations, whose intertwined nature contributes to the blurring of that border. For Evers (2000, 2005), the borders between the different providers of social services have to be questioned and newly defined, because

> changes in the development of welfare states (such as trends towards more autonomy of single service organizations and an increasing intertwining between state and market spheres), linked with a stronger impact of new forms of participation in civil society, have led to a hybridization process in many organizations that provide social services. […] It is often hard to say where the third sector ends and the public sector begins. Drawing a line between the state-public and the third sector is thus an essentially political task (Evers 2005, p. 745).

In Geneva, it is not so much that the public sector is influenced by non-profit organisations, as it is that non-profit organisations have to adapt to the regulations and logic of the public sector.

So, in a context characterised by a strong state actor, dependent non-profit organisations that tend to be instrumentalised and the clear separation of social policy and private economic activity, what about social innovation?

In the social policies we analysed,[70] we witness innovation in governance (consultation between the public administration, political parties and non-profit organisations), for instance, for the Solidarity jobs. Regarding the Union for Community Action,[71] the innovation involves the ways in which users are addressed, regulations and rights, modes of working and financing. But our observations did not reveal innovations in the *nature* of the local welfare system—for example, outreach to all sectors of the local welfare system, decreased standardisation and increased diversification of welfare arrangements, increased reliance on community components such as families and support networks in mixed welfare systems, the integration of economic and social logics or the integration of welfare and urban politics (Evers and Ewert 2014, pp. 22–24). Furthermore, the instrumentalisation of non-profit organisations by the state is not indicative of a major social innovation because "this instrumentalisation of organisations issued out of civil society runs the risk of destroying their potential for innovation and the renewal of grassroots democracy" (Battaglini et al. 2001, p. 58).[72]

This does not mean that non-profit organisations in Geneva cannot propose any innovative ideas but rather that the canton or city puts its *pattern* on them. Furthermore, what could be identified as bottom-up initiatives at first glance actually

[70] For the innovations investigated by the WILCO project, see footnote 68.

[71] See footnote 68.

[72] Original quotation: "[…] cette instrumentalisation des organisations issues de la société civile risque de mener à la destruction de leur potentiel d'innovation et de renouvellement de la démocratie de proximité".

correspond to city policy: Citizens are "encouraged" by the city to organise[73] and express themselves. Since 2008, the City of Geneva has for example set up some "district" or "neighbourhood contracts" that enable people from the area to express themselves in working groups or neighbourhood assemblies.[74] Or social innovation is linked to citizens' everyday lives, to their active involvement, which is part of the design of the local welfare state and has to be included in the analysis of the governance (Evers 2005). It is not surprising that Geneva has the lowest rate of formal and informal volunteering in Switzerland (Gundelach et al. 2010; Kettenacker and Cattacin 2008; Office fédéral de la statistique (OFS) 2011, pp. 7–10).[75] Or active citizen involvement is also part of bottom-up initiatives, which are a key component of innovative social policies (Oosterlynck et al. 2013, p. 4).

An interesting hypothesis for this low degree of citizen engagement is the lack of an established city identity, or in other words, "the identity of not having one" (Cattacin and Kettenacker 2011). This could explain why the city tries so hard to provide a link between the citizens and the "international" city.

These considerations lead us to conclude that Geneva's social innovations tend to be incremental and happen above all within state services, and that, because of attempts to control spending, new services are rarely created. Therefore, social innovations tend to be initiated from the top or are quickly regulated and standardised by the state. This state orientation is in line with the key *core values* of the welfare state as outlined in this chapter. Indeed, we think that the strong state orientation in Geneva, preoccupied by rising inequality over the past two decades (Beer 2013, pp. 35–44), results from its desire to safeguard *equality* and *solidarity* among citizens, values that are shared by the stakeholders and political parties. But we also witness state control over social and urban policies and the wish to remain the legitimate source of them.

6.7 Conclusion

According to a former state councillor, Geneva's governance is like a machine built by the famous artist Tinguely: "his nuts and bolts are very complex".[76] In this chapter, we have demonstrated that Geneva's welfare governance follows a more traditional social-welfare policy approach in which the state endorse social responsibility for its citizens and adopts the leading role in the production and distribution of services. Furthermore, political parties and state administration prevail in deciding which social policies are adopted. In this dynamic, economic considerations are

[73] An example is the annual Neighbours Day (La fête des voisins). Invitations can be downloaded from the city's website. Neighbours Day began in Paris in 2000 and is now celebrated in 1400 cities in 36 countries). Geneva participated for the first time in 2004 (Ville de Genève 2014b).

[74] For further information, see Ville de Genève (2013).

[75] In general, engagement in informal and formal volunteering is much more important in the Swiss-German parts of the country than in the French-speaking parts.

[76] Public conference, 07.04.2014, University of Geneva.

not related to social policies but handled separately. Furthermore, in its approach to social policies, Geneva focuses on *social problems* and aims to integrate or *include* those who suffer from social exclusion, or, even better, to avoid having socially *vulnerable* individuals become socially excluded.[77] Key values are equality and solidarity. To fulfil social policies, the state relies essentially on non-profit organisations whose mandates are in accord with the public sector. As a result, non-profits run the risk of being instrumentalised by the state.

In Geneva, it is difficult to implement anything other than incremental social innovation for several reasons. First, conflicts between the two state levels involved in Geneva's governance (overlooking the governance of the *Grand Genève*) coupled, second, with the constitutional possibility of vetoes (by the two levels of government and also by popular referendum) are a clear obstacle to social innovation. While Czada (2003, p. 175) argued that these veto-structures are compensated for by a strong, stable, legislative majority, such is no longer the case in Geneva, whose politics are challenged by two "newcomer" parties. Third, moving coalitions in the political arena in recent years and the fact that there is no clear majority often leads to long and heated debates, and we can hypothesise that the consequence is that possible innovations are not adopted in a timely manner. Fourth, a strong state orientation, which excludes partners from the private for-profit sector and whose structures and routines are difficult to change, decreases the likelihood that any social innovations other than incremental ones are adopted and favours "top-down" innovations over "bottom-up" ones. We also witness "weak active citizenship" in Geneva. The question of whether the observed state orientation is responsible for this lack of civil participation or if it is vice versa remains open.

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[77] The distinction between social exclusion and social vulnerability has emerged together with the emergence of the concept of new social risks, which are the most difficult challenge facing welfare systems today. According to Ranci, social vulnerability does not mean permanent poverty but instead "is characterized by instability in a context of harsh constraints. Social vulnerability can be considered as a situation concerning individuals who are at the intersection of risk of poverty, severe material deprivation, and unemployment or inactivity" (Ranci et al. 2014, p. 17).

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Chapter 7
Milan: A City Lost in the Transition from the Growth Machine Paradigm Towards a Social Innovation Approach

Giuliana Costa, Roberta Cucca and Rossana Torri

7.1 Introduction: Milan and Its Pragmatism in Local Welfare

Milan is considered to be the economic and financial capital of Italy. The apex of the former industrial triangle with Genoa and Turin in the Fordist era, it was one of the main destinations of internal migration from southern regions during the 1950s–1970s period. Employment demand was very high, and it was a key factor in the social inclusion and upward mobility of newcomers. Employment opportunities also fostered the city's capacity to pragmatically develop and consolidate social

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G. Costa (✉) · R. Torri
DASTU-Department of Architecture and Urban Studies,
Politecnico di Milano, Via Bonardi 3, 20133 Milan, Italy
e-mail: giuliana.costa@polimi.it

R. Cucca
Department of Sociology, University of Vienna, Roosveltplatz 2, 1140 Vienna, Austria
e-mail: roberta.cucca@univie.ac.at

R. Torri
e-mail: rtorri@polimi.it

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solidarity networks and supports. A deep-rooted tradition stemming from a mediaeval religious principle defined "Milanese citizenship" as a status that anybody coming to the city could obtain by contributing to its welfare through work (Sabatinelli and Costa 2014; Costa and Sabatinelli 2013).

Until the 1980s (and since the end of WWII), Milan was also a highly dynamic context in terms of welfare provision, given that the municipal government was a very important actor in designing and providing social services, especially through huge investment in social and educational policies, sometimes also in some sort of competition with the national government (Agnoletto, 2006). This favourable situation started to change and deteriorate at the beginning of the 1990s, when the city was profoundly shaken by a far-reaching corruption scandal known as *Tangentopoli* (Bribesville). The "moral" capital of the country (so called also in opposition to Rome, the city of "opaque powers" and bureaucracy) thus in some way lost its image as the place where business and ethics went hand in hand.

After the political collapse of the early 1990s and the introduction of the direct election of mayors in 1993,[1] 20 years of centre-right local governments followed, first with a Northern League majority (1993–1997) and then for 14 years with mayors from Berlusconi's party (Costa and Sabatinelli 2013). In that period, the political coalition governing the city changed the approach to welfare. Social services started to be considered more as charitable actions for the most disadvantaged individuals than tools of social integration helpful for the economic growth of the city as a whole. Public expenditure devoted to sustaining the huge network of public services inherited from the previous administrations was increasingly considered to be more a cost for the local administration than a public investment for the social and economic development of the territory. In terms of local development, the city started to adopt "entrepreneurial" policies aimed at the maximization of property values, which closely mirrored the ideal type of pro-growth urban regimes (Harvey 1989). This was done especially through strategies of urban planning that favoured the use of land more for private investment than for public purposes (Molotch and Vicari 2009). Consistently with this approach, housing policies aimed at fostering affordability were almost abandoned for more than two decades, and this can be considered one of the most important institutional factors worsening the conditions of social and spatial inequalities in Milan, which is regarded as the most unequal city in Italy (D'Ovidio 2009) and one of the most unequal urban contexts in Europe (Cucca 2010).

Analysis of this transformation has been the focus of a large body of literature over the past decade, both in terms of social and economic trends (Ranci and Torri 2007; Bonomi 2009; Lodigiani 2010) and as regards the city's style of governance (Bricocoli and Savoldi 2010). In particular, as far as social policies are concerned, the literature has described how government coalitions boosted the use of some New Public Management instruments at municipal level, especially the contracting out or privatization of the provision of public and welfare services (Gori 2010). This fitted coherently with the frame being developed in the same years by the Lombardy region, which was characterized by the same continuity of centre-right coalitions (more specifically of Catholic inspiration; Gori 2005) emphasizing the

[1] For municipalities with more than 15,000 inhabitants, based on a two-ballot system.

creation of quasi-markets, users' freedom of choice, the centrality of families as the main actors in the fight against social exclusion, and the use of cash-for-care tools such as vouchers (Pesenti and Merlo 2012). Also important in this period was the political emphasis on security issues, which went along with countering migration flows and tightening illegal migrants' rights in terms of access to services either regulated at the local level (childcare services, school canteens, municipal housing) or delivered through national/regional programmes (health care; Sabatinelli and Costa 2014). As regards housing policies, scholars have highlighted the progressive reduction of initiatives in favour of the most marginal groups (Agustoni et al. 2012) also through stigmatization of the municipal housing stock as a place for migrants' segregation, which was replaced by a new interest in the housing needs of the new "vulnerable middle class" (Cognetti 2011; Bricocoli and Cucca 2014; Costa and Sabatinelli 2013). To sum up, this approach led to disinvestment in welfare services directly provided by the municipality in favour of a more residual welfare system based on the involvement of non-profit and private organizations and investment in market-oriented tools. The city's economic development through the promotion of international events (especially Expo 2015, see Costa 2014) and large real estate investments (Memo 2007; Anselmi 2013) moved to the forefront.

After scandals involving political actors, entrepreneurs, and also some non-profit organizations, as well as a huge and progressive increase of social inequalities in the city's social structure, the municipal elections brought a new coalition to power. In the spring of 2011, a major change took place in the local administration. A candidate from a small leftist party (Sinistra Ecologia e Libertà, SEL), Giuliano Pisapia, who conducted a campaign widely supported by grassroots movements, won the primary elections of the centre-left coalition against the official candidate of the main centre-left party (Partito Democratico, PD). As a mayoral candidate, supported by a coalition of eight centre-left political parties and civic lists, Pisapia later won the municipal elections against the outgoing centre-right mayor by calling for a new style of urban government more oriented to social justice and the wider participation of citizens in the decision-making process. "Participation" then became one of the watchwords of the new municipal administration, particularly in the field of social policies, as reported in the Development Plan for the Welfare of the City of Milan (2012).[2]

[2] Where one reads: "The City of Milan has decided to share the methods, resources, and risks of construction and implementation of what should be considered a real 'Strategic Welfare Plan'… [whose goal is] to move beyond the traditional logic of the Area Plan. This makes it possible to create a system of relationships and networks able to express, in a completely original way, social demands and the responses to them. One of the guiding principles for the construction and management of this local welfare plan is greater participation and the real involvement of all the protagonists of local society. In the area of personal services, it is necessary to enhance the wealth of knowledge, skills, and experiences that the city has accumulated over time. According to the original Ambrosiano spirit, we have to combine solidarity with creativity and the capacity to innovate. This comes with the idea of reallocating the resources available in order to fight fragmentation and promote 'social integration'" (p. 11, authors' translation).

Against this background, the aim of this chapter is to fill a gap in the existing literature by describing some developments of the governance system in the field of social policies between 2011–2014. It focuses on the housing sector because of the importance of the problems related to housing affordability in Milan and to the shortage of public housing provision. In the next section, we describe the transition period that the welfare governance system is now undergoing, especially as far as values and policy discourse are concerned. We will concentrate on the previous social policies governance system in the city, the values and objectives characterizing the political coalition's welfare programme, and the governance system between 2011–2014. We will argue that the current situation represents a compromise between new values and plans for municipal welfare and the legacy of the past (especially in terms of financial budget constraints), and we will highlight continuities and discontinuities with previous administrations.

In the third section, we will focus on trends in Milan's housing policies in terms of governance and problematic issues, the purpose being to show why and how Milan is, according to the title given to this chapter, a city "lost in transition". In the concluding section, we will discuss how the current municipal government is dealing with the heavy financial legacy of the past and the barriers to promoting social innovation in housing and social policies according to the values that characterized the electoral campaign and its underlying political programme.

7.2 The Changing Governance of Social Policies in Milan

In this section, we analyse how the governance approach to local welfare has changed in Milan in recent years. Our focus is on the main transformations and on the obstacles to innovation that the current municipality is facing in governing and changing the city.

The last municipal elections represented an important turning point in terms of the rhetoric, values, networks of actors, and tools that have characterized the welfare system governance in Milan. However, as the chapter highlights, a range of interrelated factors are hampering social innovation processes and outcomes in the city.

One issue concerns the role that public regulation assigns to local welfare. At the national level, the legal framework in the field of social policy is defined by Law 328/2000, which is based on the logic of vertical and horizontal subsidiarity.[3] This law introduced a cascade regulation pattern in which the state is responsible for the definition of general objectives and minimum assistance levels; regions are responsible for the planning and designing of social policies; provinces coordinate and support local levels; municipalities, also in associated form (social districts or ambits), are in charge of the implementation and delivery of services and supports

[3] This approach was confirmed by the 2001 constitutional reform, which strengthened this setting by introducing the concept of subsidiarity into the constitution (Constitutional Law 3/2001).

(Barberis and Kazepov 2013).[4] The principle of horizontal subsidiarity is instead interpreted as the engagement of the various social actors in the community through their involvement in both policy design and the provision of services.

The centrality of the regional level is particularly important in the case of Lombardy, where the regional government has over the years designed a welfare model with its own strong identity (Pesenti and Merlo 2012; Gori 2005). In general, the municipality of Milan in all its main pillars adopted this governance model until 2011. It is centred on the principle of horizontal subsidiarity (Pesenti 2007), and also on the leading role of the family as both supplier and consumer of services, which is recognized as comprising important social resources to be empowered and exploited (Gori 2005). Another pillar of this system is the freedom of choice for citizens as regards social services, which only need to be "accredited" by municipalities so that they can be implemented by the local social assistance system. Since the introduction of the regional law no. 3/2008 ("Government of the Network of Social and Socio-Medical Services"), the practical application of these principles has been founded on the implementation of services that are granted annually after winning a public tender. The new municipal coalition has in part challenged the regional approach to welfare, in particular with new keywords leading its action in the field of social policies: "a universalistic approach, not residual social policies" and "welfare as a tool to develop social capital". Within this framework, welfare is also described as "a tool for local economic development that cannot be removed merely by following the rhetoric of the financial crisis, because welfare enables people to be creative, business-oriented and productive…" (Milan Municipality 2012, p. 5).

Another important change concerns policy targets. Roughly, we can state that centre-right parties claimed that families should be the beneficiaries of policies, defining "family" as the one based on marriage; they systematically opposed any proposed reform to regulate de facto couples, and even more so gay marriages. Rejected by the former administration, a municipal register for equal rights and duties for all forms of family arrangements was promised and then introduced by Giuliano Pisapia in September 2012. Enrolment on this register permits whatever kind of couple to be recognized by the city council (in terms of housing, assistance, school, culture, and sports), also in order to combat all forms of discrimination (particularly those related to sexual orientation).[5] The first practical effects are already apparent. For example, the municipal anti-crisis fund[6] has been opened up to unmarried couples enrolled on the municipal register regardless of their sexual orientation (also, the requirement of 5 years of residence in the city has been removed).

[4] A recent national law (no. 56/2014) has introduced another level of government, the "Metropolitan City", which will require changes in terms of welfare policy planning. However, it is too early to state anything about this innovation.

[5] A delegate of the senator for equal opportunities was also appointed to deal with anti-discrimination issues.

[6] See Chap. 16 in this volume by Sabatinelli and Costa, "Fondazione Welfare Ambrosiano, Milan: 'We help you to help yourselves'".

Table 7.1 Social participation process architecture for design of the welfare plan. (Source: Milan Municipality 2012)

	Conference	Actors
Intra-institutional level	Local social insurance agency/municipality	Representatives of the municipality and the local welfare agency
	Intra-departments	Municipal deputy mayors
Municipality	"Local Welfare Tomorrow"	Young people under 30
	Citizens and associations	Citizens and associations
	"Cultures of Welfare"	Representatives of social services and professionals
	Neighbourhoods	Representatives of neighbourhood councils
	Negotiation	Unions and employers' associations
Metropolitan region and Italy	Large Italian municipalities	Deputy mayors on social policies at national level
	Metropolitan municipalities	Deputy mayors on social policies at metropolitan level

However, it is mostly in terms of governance architecture that it is possible to recognize the greatest break with the past. Three years after the last municipal elections, the promotion of participation can be regarded as the main innovation in the local welfare system, while actions for more universalistic social policies have been blocked especially by the scarcity of funding. In terms of participation, close attention has been paid to the involvement of citizens and third-sector actors, mainly associations. Firstly, two editions of the municipal "Social Policies Forum" have taken place in preparation for the local 3-year social plan (Piano di Zona, foreseen by the national law 328/00 entitled by the present administration "Welfare Development Plan of the City of Milan 2012–2014"). Two editions of a participatory process linked to the "Milan Children" project on childcare and family policies have also taken place,[7] as well as the recent first edition of the "Forum of Youth Policies" (named "MI Generation Camp"), as shown in Table 7.1. The feature shared by these events is the participative method, which is used with the declared aim of including organized groups and individual citizens in public agenda setting and decision-making. In some cases, these processes have explicitly included steps and events localized in the municipality's various districts.

This "participation turn" is a major difference with respect to the previous administration's approach, which predominantly consisted of hierarchical relations. It applied top-down decisions and transmitted information about changes already decided with little room for discussion and very few occasions for feedback and voice from the peripheral levels, such as the service-level workers, the beneficiaries/users/citizens, or the neighbourhood-level representative bodies. However, to 2014, the promotion of this large-scale process of participation has been the most important innovation. The local administration has made great efforts in implementing

[7] See Sabatinelli and Costa 2014.

this process. However, at the same time, actions to create a more universalistic welfare system (with the exception of the institution of the municipal registers for common-law marriages, as mentioned above) have been more limited. This has been due to various factors.

The first concerns severe budget constraints due to the concurrence of several phenomena, in particular the financial crisis and the increase in social demands. Since 2008, the economic downturn has led to an increase in unemployment, in the use of short-time work schedules and in atypical and fixed-term contracts instead of open-ended ones (Costa and Sabatinelli 2012). Another reason relates to austerity measures as well as to the related cuts to transfers from the national level to local bodies. It has been estimated that, over the past 5 years, the total amount of funding from the national to regional level has decreased from 1231 billion € in 2008 to 575 million € in 2013, i.e. a reduction of 53.3 % (Polizzi et al. 2013). The third factor concerns the negative consequences of risky financial investments made by the previous administration that have further worsened the situation.

Moreover, it should also be stressed that the current local government has not always promoted welfare interventions as real priorities for the city, despite the efforts of the Social Policy Department to keep a decent budget. This attitude can be observed, for example, on analysing the municipality's approach to the Stability and Growth Pact. Contrary to other municipalities in Italy, Milan has made great efforts to respect the pact.[8] These efforts have significantly affected the ability to cope with the negative social effects of the crisis. Given the insufficiency of public resources with which to respond to greater economic needs, especially third-sector and private actors have created solidarity funds and distributed forms of support, monetary and in-kind, to individuals and families hit by the recession. These funds are managed independently from the municipal administration.

It is, however, interesting to note that the municipal government instead pressed for a less restrictive pact in order to afford the development of infrastructural projects needed for the international Expo 2015. Expo 2015, indeed, can be considered the main significant project to promote the local economy in recent years.

Despite the great efforts of the local administration to open up the decision-making process through participation, the most important plans for the city's future (i.e. Expo 2015) and, to 2014, the priorities of the urban agenda have not been significantly changed.

Within this general framework, in the next section we focus on housing policies as a case study to illustrate the dynamics described above. We have selected housing because this policy area is extremely important for understanding the ambiguities that characterize the governance mechanisms of economic and social policies in Milan. However, housing policies have also been the area in which some of the most interesting cases of social innovation have occurred. In the next section, we

[8] In 2012, the mayor of Turin, for example, decided to depart from the Stability Pact in order to preserve more funding for local welfare, especially in this period of economic crisis and particular social vulnerability for citizens.

describe the specific governance of the housing sector in Milan and analyse social trends and the main policies related to housing. We present a significant case of social innovation in this field and discuss its strengths and weaknesses.

7.3 Affordable Housing Policies in Milan: Conflicting Narratives, Social Effects, and Governance Styles

Milan is classified as a "high tension municipality concerning housing". Like other cities, it is subject to specific national and regional policy interventions, such as tax benefits for landlords that agree to rent out at prices lower than market ones or to postpone/suspend the eviction of tenants. For more than two decades, affordability problems in the housing sector have been disregarded by the local administration. This is because the housing market has been viewed as the main driver of the local economy's expansion, according to the neo-liberal notion of a "growth machine" where the public and private sectors merge in a shared consensus that the central function of a city is to grow (Logan and Molotch 1987). The Milan private housing market is considered one of the most effervescent in the country (Costa and Sabatinelli 2013). Since the early 2000s, it has been positively affected by the reconversion of many areas to residential use, after a broad and rapid process of deindustrialization in strategic semi-central neighbourhoods. A large number of urban transformation projects have been launched, many of them via the so-called Integrated Action Plans (Piani Integrati di Intervento, PII), which aim to accelerate the administration's approval of projects by providing exceptions to existing urban planning regulations. These large renewal programmes have been mainly based on property-led urban regeneration enabling the production of high-value housing in terms of the technology, size, and quality of the dwellings (Cognetti 2011; Mugnano and Palvarini 2011). Because of these characteristics, such dwellings are generally intended for medium-upper-class households and have very limited impact on a growing demand for affordable rental housing. The outcome of these processes has been the launch of approximately 150 urban transformation projects. In the coming years, this real estate development is likely to continue by using areas obtained from the sale of public properties and the conversion of land occupied by marshalling yards (Mugnano and Palvarini 2011).

The effect of introducing a high number of prestige housing units is an increase in total sales and the growth in sale and rental prices at the city level, not only in the areas developed. Also because of the presence of this prestigious and central segment of the housing market, the economic crisis (2007–2010) did not significantly affect house prices in Milan. In the past 10 years, prices have continued to increase (especially in the historic centre) with a pause only in 2008–2009, which was very limited compared with other cities and trends in international housing markets (OECD 2010; Costa et al. 2014).

Nevertheless, housing issues have entered the public agenda because of the severe tensions in the market. While the centre-right local governments (1997/2011) intervened in the development to attract the affluent to the inner city, broader areas of the already-settled population—low- and medium-income households—have been made more vulnerable by the lack of affordable housing. As a consequence, growing amounts of young people, especially low-income ones leaving the parental households, have been expelled from the city. In the meantime, Milan has not yet been able to attract new residents. The inhabitants of the municipality increased by 0.6% between 2005 and 2010, while over the same period the provincial population grew by 3.2% and the regional population by 4.6% (Costa and Sabatinelli 2012). Moreover, the number of households with severe housing needs—such as extremely low-income households—has been increasing. In the period 2006–2009, the waiting list of households eligible for a public dwelling grew from approximately 13,000 to 20,500 (Costa and Sabatinelli 2012).

The recent global financial crisis and the ensuing long economic recession have exacerbated the problems by expanding the groups at risk of housing deprivation (Mugnano and Palvarini 2011). The number of families in difficulties with rent and loan repayments have increased. Eviction procedures—especially for arrears—started to grow again after 2006 with a huge acceleration in 2010, and they almost tripled between 2009 and 2010. In 2013, eviction proceedings numbered 11,700, of which 7600 were for rent arrears (Ministry of Interior, various years). In public dwellings, the arrears on total due revenues rose from 5.5% in 2001 to 10.2% in 2006 (Censis-Federcasa 2008)—an important indicator of the hardship suffered by the families resident in those dwellings.

In response to these pressures, the public housing stock—intended for households with severe housing needs—has progressively decreased owing to the lack of maintenance and the sale of significant amounts of units to tenants. The revenues raised from these sales have been mainly used to cover budget deficits, and they have only minimally been reinvested in the rehabilitation of social housing units or the construction of new ones. The overall public stock in Milan consists of 70,000 public housing units, 30,000 of which are intended for the lowest income groups *(canone sociale)*, while approximately 18,000 eligible families are still on the waiting list. During 2010, only 700 public dwellings were assigned (Costa and Sabatinelli 2012). Moreover, housing benefits like rental subsidies for low-income families in private dwellings (Fondo Sostegno Affitto) have been reduced owing to the current phase of fiscal retrenchment. In this context, the public response to the affordability issue in Milan has mostly consisted in a new generation of policies and programmes called *housing sociale*. This new concept has had great influence on the public debate in the past decade (Plebani 2011), catalysing change and "innovation" in the housing policy field. *Housing sociale* is the way in which the Lombardy region reflects the new intent and concept of housing policy: Social housing is no longer conceived as permanent support for disadvantaged people in economic difficulties, rather, it is starting to be viewed as a service to help tenants emerge from

a situation of uncertainty (Plebani and Marotta 2011). In this frame, social housing action is not directed to the weakest social groups, but is the instrument with which to respond to temporary critical housing situations of the middle classes.

This new approach has been mainly implemented in the Milanese context through exploitation of different urban planning regulations and tools, such as equalization in the "Transfer of Development Rights" (TDR), planning gains, and negotiations, which have recently been introduced in several municipal schemes. In this context, "social housing" mainly consists in a public–private partnership where the public actor provides building areas free of charge for private developers to build housing, which is partly to be rented or sold below the market prices. The public–private integration concerns both the actors and the resources although public participation is a small part of the total investment, which creates a "flywheel effect" for private initiatives. A large number of public areas have been made available to private investors in order to produce houses both for sale at fixed prices and as accommodation at moderate or social rents. In order to involve private operators, the State Property Office puts these areas, which were planned to provide public services and facilities, out to tender, but no rules have been introduced so that the private schemes provide for a quota of rented social housing (Pogliani 2011). For example, two of the main projects ongoing in the city centre do not comprise any public provision of social housing, which is provided by private operators, entirely to their advantage. In 2005, the municipality launched the programme entitled "20,000 housing units for social aims" to be developed on 46 publicly owned areas according to a scheme whereby land is given for free to developers under public bid procedures. In 2009, 3380 housing units (Abitare 1, 2, 3) were under project in 15 mixed neighbourhoods, where private developers, cooperatives, and third-sector organizations were involved. As we shall see below, a further 580 housing units in three neighbourhoods have been delivered by a bank foundation (Fondazione Cariplo). A total of 3960 housing units (instead of the 20,000 promised) have been constructed, but only one third of them (1200) for rent (Pogliani 2011).

As a matter of fact, the overall outcomes of this measure have been rather scant. On the one hand, the new stock provided a certain number of rental units affordable only by a small proportion of vulnerable households, the rent rate being not much less than the comparable market rate (called in Italian *canone moderato*). On the other hand, the number of social housing units affordable by low- and very-low-income families has been even smaller, if compared to the former, because developers have preferred to invest in more profitable high-quality housing. As a consequence, also the idea of "social mix" extensively used in the argumentative register of public action (Bricocoli and Savoldi 2014) has been very weakly promoted, given that the bulk of the new stock consisting of high-profile housing is to be sold on the private market. At present, and to sum up, one observes a sort of "polarized scenario" in the Milanese housing system, which is characterized, on the one hand, by the presence of housing exclusion or housing deprivation and, on the other, by a large proportion of well-housed people (Mugnano and Palvarini 2011).

The most important innovative experience in this new field of *housing sociale* concerns the Fondazione Housing Sociale (FHS), a pioneering actor that created the first ethical fund for social housing in Italy, anticipating ad hoc legislation and policymaking (Costa and Sabatinelli 2013). The Fondazione Cariplo, the largest "foundation with a bank origin" in Italy, founded the FHS in 2004. Since 1999, it has tackled the issue of disadvantaged housing conditions by contributing to the realization of housing projects dedicated to the weakest segments of the population mainly through grants to third-sector organizations (Barbetta and Urbani 2007; Urbani 2009). Aware of the limited amount of resources available in the form of grants, the foundation decided to experiment with innovative financing instruments based on sustainability and ethical investments (and no longer on grants) in order to extend the range of social housing projects involving other public and private institutions and actors. The initiative thus took concrete form in the Social Housing Programme and the creation of the FHS, instituted to implement the former.

Supported by the Lombardy region and Anci Lombardia (the association of Lombardy municipalities), FHS plays an active role in the Italian real estate sector by taking an innovative approach to social housing as a way to handle diverse housing needs. It promotes access to housing by persons in the "grey area" (those who are not eligible for public housing but at the same time are not financially able to enter the private market), and it seeks to ensure the empowerment and social integration of residents. The work of FHS has been developed along three main axes: promoting ethical financing initiatives (and in particular real estate funds dedicated to social housing), testing innovative non-profit management models, and developing project design tools to be shared by trans-sectorial operators. The initial endowment by Fondazione Cariplo enabled the FHS to enter the real estate sector and create an ethical fund, the Fondo Abitare Sociale 1, in 2005. The fund was restricted to institutional investors such as public institutions, large firms, and bank foundations. Its purpose was to finance housing initiatives (new stock and services) aimed at supplying affordable rental dwellings by supporting the efforts of the public administration and the third-sector agencies, and with particular regard to students, elderly people, one-income families, migrants, young people, and, more generally, those unable to afford market prices to cope with their housing needs. The fund, now transformed and called the Fondo Immobiliare Lombardia (FIL) was open to "non-speculative investors" and assured yearly returns in the range of 2–4 % plus inflation. The fund's investors have been described in the literature as "patient investors" (Giaimo 2011). The FHS's task is therefore a complex one: to encourage different actors to pursue common goals, attract investments in social housing projects, monitor their results, and develop sustainable management models that can be replicated in contexts other than Milan or Lombardy. In Italy, seeking sustainability mainly means finding economic and financial conditions that make social housing projects attractive not only to dedicated actors (like the FHS) or public ones but also to private actors. Accordingly, the FHS must and wants to be fully embedded in the local welfare system, in the awareness that its projects need to be supported by local

authorities and partners that have (by mission or convenience) the same long-term horizon for investments.

Since the FIL was established, four projects have been developed in the municipality of Milan, namely Cenni di Cambiamento, Figino Borgo Sostenibile, Maison du Monde 36, and Abit@giovani. All these projects have been developed with the Milan municipality and are based on various public–private partnerships, as well as trying to respond to middle-class housing needs.[9] At present, only one of these projects—Cenni di Cambiamento—has given rise to lived spaces. The project's final costs amount to around 21.7 million €, and 123 dwellings have been constructed, of which 40 % are devoted to sustainable rent, 10 % to social rent, 40 % to rent-to-buy, while the rest have been granted to third-sector associations to be assigned or put out to tender by the Cariplo Foundation. The average monthly rent of a 70 m^2 apartment is around 450 €. Eligible applications (by persons with an annual income of less than 40,000 €, but 2.5–3 times higher than the annual rent) are almost three times greater than the supply. A protest by housing activists was staged on the occasion of the inauguration of the new buildings. Its purpose was to fight evictions and propose self-building and self-renovation practices instead of expensive social housing projects (national newspaper *La Repubblica*, local pages, November 2013).

The most positive aspects of this scheme (that need to be developed further for definitive conclusions to be drawn in terms of sustainability) have been the alignment of the FHS's policies with public ones, the enactment of public–private partnerships and resource pooling, the development of new models of social housing oriented to high building standards and focused social mix criteria (which is possible because of the derogation of allocation criteria for public dwellings), and, above all, the scaling up of the first ethical fund, which now is much wider and richer, and the inspiration for other contexts and groups of actors around Italy. But the case of the FHS should be read considering that it is backed by a very large and rich institution. Fondazione Cariplo is one of the biggest foundations in the world. In all its key initiatives, the FHS has been able to rely on Cariplo's resources, both financial and more intangible. Moreover, the FHS has been able to use some of the last empty plots to develop its projects thanks to conventions with the municipality of Milan. Social housing initiatives generally require complex management and the participation of different actors if they are to be attractive and compatible with private and public aims at the same time.

Some observers maintain that the FHS and the FIL are using their resources very slowly and that they are not risking enough to produce affordable dwellings. Moreover, they are using (like other operators) public resources (mostly public land) to produce too small amounts of housing to rent. Some criticisms are stronger, in the sense that they accuse subjects like the FHS of draining extremely scarce public resources from the most needy and deprived in the housing market (Sabatinelli and

[9] All of them aim to develop communities of residents that organize themselves to manage their spaces and common life.

Costa 2013). Whatever the case, it can be stated that this experience has numerous shortcomings. Firstly, on the public land granted by the municipality (land that is extremely scarce in the city) very few affordable dwellings have been provided, especially if one considers the housing emergency in Milan. Secondly, this innovation is especially oriented to test social, functional, and tenure mix, while the housing emergency especially affects very-low-income citizens, who crowd the long waiting list to access the municipal housing stock.

After 3 years of the new municipal government, however, it is not possible to find other significant social innovation schemes in this strategic policy area. Numerous rhetorical discourses on the capacity of *housing sociale* to deal with housing needs have presented private actors and mixed ones (like the ethical funds) as a panacea for the city's housing problems. In fact, local difficulties are also represented by the resignation of the deputy mayor for housing policy in 2013 (who now represents the centre-left alliance in the regional council, governed by the centre-right), who tried, while in the municipality, to work on some important issues: among them, a new governance system for the municipal housing sector (with more responsibility for management of the stock given to the municipal government); the correct allocation of many vacant public dwellings; and experimental regulation of the private rental market. Instead, the main expectations for the future are now placed in the new Piano di Governo del Territorio (the urban planning instrument adopted in Lombardy cities), which imposes a very modest share of affordable housing units for new housing projects. However, it is quite probable that, owing to the critical situation of the construction sector in the city, few social housing units will be provided in the coming years.

To sum up, while a social innovation approach in housing policies is widely recognized in the case of the FHS by both the social innovators and the policy community at the local and the national level, we would highlight some general conditions that make policy innovation especially difficult to implement and spread in Milan.

According to Moulaert et al. (2005), social innovation is driven by history and the social context. This is partly structural, partly institutional determination. In regard to the institutional dimension, Milan has a legacy of social pluralism and multiple power centres, which has always engaged the municipality in constant confrontation with an array of economic interests and social issues. This fragmentation has hampered the capacity of the local administration to affirm an integrative and inclusive vision connecting the multifaceted networks of actors in Milan. Some argue that this lack of strategic governance capacity and the traditional weakness of formal government are offset by innovative capacities in the economy and civil society (Bolocan Goldstein 2009).

On the other hand, the lack of strategic governance and a poorly developed "public realm" within which the opportunities and challenges created by all these inventive actions can be retained generates the continuing neglect of many social issues and the ignoring of major future problems. Furthermore, multiple innovation and bottom-up initiatives tend to compete and clash with each other (Healey 2007).

7.4 Concluding Remarks: Local Development, Social Innovation, and Governance Alternatives

In this chapter, we have described the transition of the ongoing welfare policies governance system in Milan over recent decades. Milan as a case study yields understanding of the barriers that local governments, especially in the countries most affected by the recession, face in promoting a system of governance oriented to social innovation, and in which social policies (even if weak) are supposed to play an important role in promoting local development. After many years of profound changes, Milan has currently reached deadlock in terms of policy innovation. From the 1950s to the 1980s, the city was highly dynamic in terms of welfare provision, given that the municipal government was a central actor in designing and providing social services as tools for economic and social development. From the 1990s to 2011, the municipal government instead played a weak role as director of a system of governance in which welfare was residual and was based on the involvement of non-profit and private organizations, but only as providers. During those two decades, the right-wing coalition governing Milan adopted a basically market-oriented style of governance (Molotch and Vicari 2009). The period was dominated by the rhetoric that creation of a "good business climate" was an effective way to foster growth and innovation but also to eradicate poverty and to deliver, in the long run, higher standards of living to the mass of the population (Harvey 1989). However, those years were marked by a huge increase in the social inequalities characterizing the social structure of the city (D'Ovidio 2009).

In 2011, municipal elections rewarded a new coalition proposing a style of governance more oriented to a "social innovation approach". However, the difficult financial situation inherited by the municipality from the past, and austerity measures imposed by the national government, have reduced the ambitions of the current municipal government in regard to social policies. In this chapter, we have highlighted that values expressed in the welfare plan have not yet been translated into effective actions. According to this document, for example, welfare measures are important investments for local development "that the rhetoric of the economic crisis is not supposed to limit" (Municipality of Milan 2012, p. 5). However, the efforts to respect the Stability Pact have greatly restricted welfare investments. Moreover, the municipal government has been pressurizing the national government to redesign the Stability Pact so that it was able to afford the public costs of the forthcoming International Expo 2015, while pressures to support welfare services have been weaker. Indeed, also the new municipal government regards this event as the main chance for the city's future economic and social development. Within the dimensions proposed by Cattacin and Zimmer in Chap. 2 of this volume, we can argue that Milan has been following a pattern of local development based on a concurrence of public investment in economic or social initiatives, while the rhetoric and values of the electoral campaign and the coalition programme have been more oriented to governance of social innovation.

In fact, social innovation has to date been promoted mainly in some procedural aspects of governance (the large-scale participation in the definition of the welfare plan) and as regards certain social rights (the register to regulate de facto couples). Conversely, welfare provisions and services have not been innovated to a significant extent.

The analysis of housing policies as a case study highlights this situation very well. This is a policy field crucial for Milan because affordability problems are among the most important factors affecting social inequality and social exclusion in the city. However, this issue has long been neglected, while the real estate market has functioned as *the* driver of the city's economic growth. At the same time, this is also a sector where some interesting innovations involving private and nonprofit actors, such as the FHS, were proposed by the previous administration. This is an interesting case of "process innovation" because it emphasises a different way to provide affordable housing through new financing instruments and more collaborative and participative management models. On the other hand, some argue (Moulaert et al. 2005) that, in the current phase of welfare state retrenchment, the "product" dimension (provision of public services and redistributive measures) is re-emerging as a major issue. The lack of a clear, comprehensive strategy by the public administration to solve the urgent problem of providing affordable housing for low-income groups tends to undermine the innovative capacity of such projects, which are not fully recognized by people and are often criticized for creating a mismatch between the new supply (targeted on middle-income families and partly oriented towards home ownership) and a growing social demand for affordable housing (largely unsatisfied for low-income groups). Moreover, the strategy's potential for replicability and transfer is rather limited because of the unique conditions under which the projects described have been developed (above all, the financial role of the Cariplo Foundation, which guarantees against all potential risks and critical events). Furthermore, from the recent enforcement of laws and regulations at the central level (Legislative Decree 112/2008), a clear definition of what housing for the most vulnerable groups should be remains highly undetermined (social housing, subsidized housing or the Italian expressions "housing sociale" and *Edilizia Residenziale Sociale* designate with different emphases a way to provide affordable housing solutions to low-income households). Nor has the municipality of Milan spelled out a clear strategy to remedy this vacuum: a strategy to tackle inequalities and promote social inclusion at the local level risks being missed.

To sum up, Milan's situation describes a case of urban governance where no clear priorities are stated in terms of the city's social and economic development. Social innovation in Milan can be viewed as an array of largely disconnected and fragmented activities and projects. As far as housing policy is concerned, emerging innovative approaches (such as those described above) suffer from a lack of integration within common frames of reference, values, and orientations, which would make priority setting more objective, systematic, and transparent and impacts more clearly measurable. The city, pressured by the crisis and the austerity measures until the beginning of Expo 2015, has had little room for manoeuvre in defining a new municipal agenda that can significantly make the difference in comparison with the

previous administration. In fact, the local government and other important actors in the city's governance system (such as third-sector agencies involved in social policies and entrepreneurs) have been heavily concentrated on the very difficult preparations for this international event (Costa 2014). Within this context, the desired transition to a style of government more open to social innovation and social justice has been "postponed", being affected by strong path dependency. Only after the end of Expo 2015, it will be possible to assess if the city will be able to recover the beneficial effects of a season of local mobilization in favour of a more inclusive approach to social innovation. Some recent programs launched by the Social Policy Department and the Department for Innovation and Labour Market Policies seem to be oriented towards this direction.

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Chapter 8
Poor but Sexy? Berlin as a Context for Social Innovation

Benjamin Ewert

8.1 Introduction

Since Germany's reunification, Berlin has benefitted much from the myth of being "poor but sexy" (Mayor Wowereit in Frey 2003). The popular slogan, referring to the coexistence of deprivation and creativity in the city, was a good expression of the Berlin zeitgeist. Representing a kind of social compromise, Berlin promised "a good life for little money" for everyone, not at least because of low rents.

Hence, for many years, Berlin provided a favourable context for social innovation. From the 1960s onwards, the former "front city" had been an eldorado for agents of change—bohemians, alternative and creative people—who came to West Berlin to pursue unconventional solutions to everyday problems. For instance, new forms of parent-run childcare stem from that time, as do participatory schemes for housing and urban renewal. However, those attempts at "making a difference" took place against a backdrop of huge state subsidies and redistributive welfare policies that provided leeway for "social experimentalism". Today's social innovations in Berlin are still shaped by this "cultural heritage", which has contributed much to the city's self-promotion as "poor but sexy". However, as it is the main argument of this chapter, Berlin's innovative capital may dry up in the near future due to the re-emergence of social challenges that tend to eclipse the rewards and improvements emanating from social innovation. Because Berlin is no longer an "island" but a part of international relations under the rising pressure of global investment and capitalist dynamics, traditional social problems are back: a sharper divide between rich and poor people, insecurity and gentrification. As a result, the space for many citizens that could afford to live in Berlin on a low income is increasingly being squeezed. For them, the "new" Berlin entails no promises in terms of wages, personal development and social security.

B. Ewert (✉)
Heidelberg School of Education, Voßstraße 2, 69115 Heidelberg, Germany
e-mail: ewert@heiedu.uni-heidelberg.de

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This chapter deals with Berlin's changing context factors to foster social innovation. In this respect, two major developments are crucial: On the one hand, state welfare policies have become much "leaner", i.e. efficiency oriented and risk averse, conceiving every investment as something that has to "pay off" in the future. On the other hand, the scope of markets has colonized many life worlds and settings (making Berlin to a "catwalk" for flashy lifestyles and tastes) that once provided the "creative class" (Florida 2009) with shelter and inspiration. Welfare innovations for social cohesion eke out a niche existence, struggling continuously for resources and public attention. In short, it remains to be seen whether welfare politics and social innovators will find new interplays for remaking social policies innovative and powerful, or whether social innovations and their support will become limited to subsidizing rescue and emergency programmes.

This chapter is divided into four parts. Part one (Sect. 8.2) focuses on theoretical strands that have to be addressed in order to make a context-centred perspective valuable in the analysis of social innovation. Part two (Sect. 8.3) deals with Berlin and city policies as a specific context for social innovation. Part three (Sect. 8.4) of the chapter sheds light on the general shift in Berlin from a traditional social policy to a policy of modernization that allows limited space and resources for social innovation. Part four (Sect. 8.5) relates the theoretical insights concerning context factors to the empirical findings.

8.2 What Makes a Context-Centred Perspective Valuable?

Setting aside all their differences, major theoretical concepts in policy analysis (Majone 1997; Sabatier 1998) share one basic assumption: Ideas, orientations and values in politics and policies matter a great deal. They make a decisive difference when it comes to a context-centred perspective (see for an overview Pollitt 2013) that sheds light on the ways in which local welfare systems and political administrative systems (PAS) cope with cultural, social and economic challenges that co-shape the urban context. For instance, most of the innovative approaches, studied in Berlin, are kind of knot-points, where needs, ideas and aspirations assume concrete organisational forms that differ from the local mainstream of policies in place. Yet at the same time, they are interrelated with them, be it due to the fact that an innovation can also be part of a reform approach in the PAS, co-funded by it or simply linked to it through the criticism, suggestions and messages that come from the innovators.

In order to outline the orientations and values that are shaping the Berlin context and discussing these orientations in relation to innovative approaches in housing, childcare and family care and employment policies, three particular concerns guide the analysis:

- *Plurality of discourses*: To understand the interplay of politics and social innovations, it is important to view them within the tension field formed by the juxtaposition and rivalry of different discourses (see Schmidt 2010)—as, for example, one that is very much about classical welfare issues, another that is much more

managerial and still another where concerns of autonomy, participation and pluralism prevail (Evers 2010). Berlin has always been characterized by competing concepts of "a better city" that were not exclusive but coexisted and stimulated each other. In other words, they all left their mark on the urban landscape. For instance, in the field of housing and urban revitalization a plurality of discourses has long meant that large-scale programmes, such as those to promote "careful urban renewal", pursued by the city government were challenged (or even subverted) by various citizen initiatives such as the squatter movement (Holm and Kuhn 2011). Similarly, alternative concepts for childcare (e.g. so-called *Kinderladen* pursuing an anti-authoritarian upbringing of children in West Berlin) and concerning working life (e.g. rejecting the use of "state dosh" for alternative projects in the field of social work) emerged from Berlin's counterculture.

- *The impact of history*: Practices and values that guide action and politics have been very much affected by the historical developments and experiences that make up the "multi-layered historicity of the present" (Haggrén et al. 2013). A tableau of coexisting values and policy orientations and reasoning about its possible changes can only be created when one takes account of these historical underpinnings. Thus Berlin, and in particular its local welfare policies, can only be understood against the backdrop of the changing history of the city. For instance, average rents in Berlin are still relatively low compared to other major German cities (e.g. Hamburg and Munich) because the housing supply was heavily subsidized by the federal state until the 2000s. Nevertheless, the steady rise of rents and its effect on the social mixture within inner-city districts has today become Berlin's most controversial issue. Likewise, developments in the field of employment may be misinterpreted without a healthy dose of historical evidence: While some regions in southern Germany (e.g. in some regions in Bavaria and Baden-Wuerttemberg) are heading towards full employment, unemployment in Berlin is still in the double-digit range. One reason for this is the inherited structural weakness of the local economy that is service based but lacks jobs in traditional industries (Allon 2013, p. 289). With regard to childcare and family care, Berlin remains a divided city (despite a process of gradual convergence) due to different policy legacies: In East Berlin (where childcare policies were characterized by a "work-centred approach" during German Democratic Republic (GDR) times), childcare coverage (and supply) for children aged 0–3 is significantly higher than in West Berlin, where traditionally there was part-time care for children aged 3–6 in kindergartens.
- *Differences between policy fields*: It is not only the difference between old and new, and left and right orientations that can be observed but also the specificity of discursive constellations in policy fields constituted by "'horizontal' and 'vertical' components" (Kendall 2003, p. 7), i.e. local and federal competences to change politics. While there may often be a kind of overarching narrative, shaped by national politics and dominating local coalitions, due to a number of factors, situations in policy fields may vary quite considerably. Moreover, innovative ideas, while backed by the community of experts in a policy field, may often be restricted by the locally prevailing general discourse or vice versa.

> For instance, the impact of a pronounced productivist discourse in the field of childcare emanating from the federal level implies fewer limits for innovative concepts at the local level compared to labour market politics where federal guidelines are much more rigid. Hence, local innovations in child and family policies such as family centres are promoted and supported by authorities because there is an overall agreement that "their time has come". On the other hand, Berlin's few innovative projects in the field of employment—in terms of style, approaches pursued and the addressing of users—have to be seen in sharp contrast to official, employability-guided policies.

The line of argument in this chapter takes place against the backdrop of this theoretical framework. If appropriate, references to single concerns will be made. Moreover, due to significant differences within policy fields, the empirical section of the chapter is structured by them (see Sect. 8.3).

8.3 Context Factors in Berlin

To analyse the interplay between welfare politics and social innovation in Berlin, a profound understanding of the local context is needed. Three factors, briefly introduced below, are crucial in this respect: the city's creative and innovation-friendly citizenry, the socio-spatial concept of the "Berlin mixture" and legacies of social policy. Despite significant differences within policy fields (e.g. due to federal legislation), these factors make up the sociocultural framework, including dominating attitudes and mentalities through which social innovation has appeared in Berlin.

Creative Citizens

Historically, Berlin's sociocultural attraction has been boosted by its special position during the era of division between East and West, its role in the times of the new social and cultural movements of the sixties and seventies and the dynamic that was set free in the aftermath of Germany's reunification (Häußermann and Kapphan 2009). All three phases swept large numbers of people, literally speaking "change agents", into the city who sustainably co-designed Berlin as a place for unconventional lifestyles and creative solutions for everyday challenges. The former West Berlin, in particular the district of Kreuzberg (Kil and Silver 2006), played host to the students' revolution and the new ecological, feminist and anti-authoritarian movements and their counterculture, becoming the ultimate vanishing point for dropouts, nonconformists and "artists of life" who built up a collective alternative model to West German mainstream culture by pursuing innovative social practices such as living in autonomous communities, working in cooperatives or establishing anti-authoritarian forms of childcare. At each turn and under changing conditions, the aspirations behind social and cultural innovations changed in colour and composition. Since the 2000s, city marketers have promoted Berlin actively as a "metropolis of creativity" (Schmidt 2014) that seeks to give *culturepreneurs* "a stage set for their activities" (Colomb and Kalandides 2010, p. 185).

"Berlin Mixture"

It is an open secret that "Berlin has always hosted poverty better than other European capitals" (Slobodian and Sterling 2013, p. 2). But what is this judgement based on? Against the backdrop of lower industrial development, a distinctive territorial and social mix characterizes Berlin where rich and poor people live loosely together. On the one hand, this mix refers to the sound balance of inhabitants in Berlin's numerous *Kieze*, a local synonym for integrated urban neighbourhoods. On the other hand, the term refers to a specific local settlement structure, supported by authorities, that allows the juxtaposition of housing facilities and local businesses. A combination of both aspects, a mixed structure of residents and settlements in the neighbourhoods, became known by the term "Berlin mixture" during the years of rapid industrial expansion in Germany in the middle of the nineteenth century and remains to this day.

Social Policy Legacies

Local authority policies had a huge impact on Berlin's urban and social development. Largely in the hands of social democrats (who have taken part in every administration since 1945 bar one), public servants have worked under the banner of "equality" and "social protection". However, Berlin's special status also has had to take account of the fact that, although until the 1960s Berlin was an example for classical, post-war welfare policies, West Berlin became "the front of the Cold War" after the building of the Berlin Wall in 1961 and was, therefore, heavily subsidized by the federal government in order to compensate for the city's weak economic situation and to remain competitive with East Berlin and the GDR. Traditionally, public authorities have been inclined to pursue large-scale development programmes known as "careful urban renewal" (1979–1987), "urban renewal areas" (since 1994) or "urban redevelopment scheme East and West" (since 2002).

In a nutshell, the lesson emanating from these contextual factors, especially in terms of their impact on innovations, can be summed up like this: Berlin had over the years been home to a juxtaposition of traditional local welfare politics and values with a strong sense of innovation and innovators focusing on values that were more to do with personalising welfare systems and opening them up to new lifestyles and aspirations. During the long period before reunification, the city was subject to limited growth pressure and served as "a window of the West", supported by considerable welfare subsidies, all of which made Berlin an affordable and rather secure place for both the large array of lower-income groups—"the scenic poor and the clever unemployed who make the city so attractive" (Slobodian and Sterling 2013, p. 2)—and those groups that formed part of new social and cultural movements and searched for new forms of quality of life with different ideas about risks and chances. Now, under the rising pressure of international investment, capitalist dynamics are back and along with them greater inequalities, insecurity and gentrification. Classical social problems are now setting in. In times of financial crisis, the city government cannot mitigate these problems using the traditional means of social and urban policies. This represents a clear danger to the space and support enjoyed by innovators who sought to create a better quality of life and refine social support systems bottom-up.

8.4 Insights from Three Local Contexts of Social Policy

What do these context factors mean for social policy in practice? What impact do historical developments and legacies have on today's structuring and design of different policy fields? Empirically, with a particular eye on social innovation and social cohesion, three areas were crucial for our research: housing and urban development, labour market policies and childcare and family care. With respect to the overall orientations and values that guide local politics in Berlin, the debates around issues of housing and urban development currently have the strongest link with the dominant political and public controversy around Berlin's development and the blend and balance of values that guide it. This section has therefore been placed first. After that, the sections that follow describe the situation in policy fields such as childcare and family care and labour market policies. Each section includes a separate subsection on "Spaces for Innovations", making references to routine-breaking initiatives and projects within the respective policy field.

In methodological terms, this chapter is based on 18 interviews with civil servants, policy makers and representatives from third-sector organizations and innovative projects in the district of Friedrichshain-Kreuzberg, which represents a kind of showcase for developments in Berlin as a whole. Additionally, a document analysis of local newspaper articles, party programs and city council minutes was carried out. Moreover, we draw on a transcript of a grassroots meeting organized in February 2013, documenting a lively debate between the experts mentioned above.

8.4.1 The Context of Housing and Urban Planning

Berlin is constantly growing. According to estimates, the city's population (3.53 million in 2013) will increase by about 7.2% (250,000 people) by 2030. The rising population leads directly to the question of where newcomers should live in the future. Today, there is a shortfall of about 428,000 affordable homes for Berlin's recipients of social assistance. While currently rents are rising everywhere in Germany, the situation in Berlin, where average rents of 7 €/m^2 are still much lower than in Munich (9.99 €/m^2), Stuttgart (7.42 €/m^2) or Cologne (7.36 €/m^2), is critical because the city has been traditionally a "paradise for tenants". No other major city in Germany has had such a generous amount of "cheap space" at its disposal—not only as a place for everyone to live but also as a place to realize new ideas of urban living through innovative projects. On the one hand, this kind of decadent charm and aura of decay made Berlin a "Mecca for the creative class" (Slobodian and Sterling 2013, p. 2). On the other hand, bohemians and hipsters—the harbingers of gentrification—were followed by "investors and real-estate interests" (Allon 2013, p. 299). Consequently, housing, ignored as a policy field for a decade, has moved to the top of the political agenda and with it a range of unresolved conflicts. The complexity of the issue concerns its interconnected dimensions of equality (housing

as a social right), social cohesion (which depends on mixed neighbourhoods) and general priorities of urban planning (based on citizens' involvement or the prospect of profits).

Old and New Challenges in Urban Planning

In 2001, the Berlin Senate decided to downsize their social housing programmes to zero and embarked on a rigid austerity policy. Practically, the follow-up funding for social housing from the federal state of Berlin, substituting West Germany's subsidies after 1989, was abolished and housing stocks were privatized en masse. From 1990 till 2010, the number of state-owned dwellings shrank dramatically from 480,000 to 270,000 and with it the Berlin Senate's impact on the local housing market (Holm 2011).

Officially, this critical juncture (the end of federal subsidies and privatization of dwellings) was legitimized by the view that "Berlin has no housing problem but a poverty problem", as one interviewee put it. In 1999 the Berlin Senate reacted to early signs of urban decay and two-tier neighbourhoods by implementing "neighbourhood management" (NM) areas, an approach to "soft urban renewal" and social cohesion belonging to the federal programme "social city". In a sense, NM, rebuked by critics as a helpless attempt to compensate the previous social housing policy, ought to have been a remedy for the presumed losers from neoliberal urban development processes: the long-term unemployed, poor and/or poorly educated people, the elderly and migrants. By concentrating more on qualitative (e.g. social and economic conditions of neighbourhoods) than on quantitative problems (e.g. more social housing), NM has marked a paradigm shift in urban development policies (OECD 2003).

Nonetheless, in terms of traditional housing policies, the 2000s were, retrospectively, almost "wasted years" during which cost containment outweighed any attempts to regulate rents or expand the capacity of social housing. This had explosive social consequences, for instance, the displacement of long-term residents from inner-city districts (a process that started in 2011), which have hit Berlin politics catching it quite unprepared. Suddenly, the official line of reasoning, downplaying the existence of any problems by referring to the (relatively low) average level of rents and housing vacancies in outskirts of the city, conflicted harshly with the public perception: The loss of neighbours and friends forced to move into cheaper flats. In the face of these displacement processes, Mayor Wowereit's motto "there is no right to live in the city centre" (quote from 2011) seemed rather cynical, and the need for a new, post-austerity housing policy was clear for all to see. But how was it possible to reinvent social housing in a city that was simply "broke" and that has only 270,000 flats (Holm 2011) at its disposal? This shifts the perspective to a more fundamental question: How should public space be handled?

Space for Innovations

While questions of city planning remain an issue for professionals, a more public and more general debate on a revised property policy for Berlin has recently started. Calls for a structural policy change, claiming a balanced set of criteria for the tendering of urban property, which has been solely based on profit maximization in

the past, came from actors outside the established political arena. Ad hoc groups of tenants who risked losing their homes and a citizen initiative called "Rethinking the City" have evoked fresh discussion on the old question "who owns the city". As a first success, Berlin's senator of finance announced a pilot project, providing for the sale of up to 14 state-owned properties for a fair market value to non-profit housing companies. However, many more far-reaching goals, such as more participation by citizens in the development of public property and a moratorium on all current property sales, are requested by the initiative. "It's impossible to change Berlin's property policy all at once; we therefore need a moratorium that allows public reasoning", says a speaker of the initiative.

The issue of ownerships concerns not only housing but also non-profit projects, promising "social dividends" instead of easy money, as in urban gardening. In this respect, *Prinzessinnengärten* in Kreuzberg are a glowing example of creative urban renewal. The project, which uses urban waste land on a temporary basis (meaning that the project may end abruptly if the city council decides to sell the area to an investor), has generated multidimensional returns for the district such as providing a green oasis, educating urbanites on the basics of gardening and bringing very different people together. "This is what it takes to maintain the *Kiez*", states Robert Shaw, co-founder of the *Prinzessinnengärten*, who claims planning security for the project. Franz Schulz, district mayor of Friedrichshain-Kreuzberg (from 2006 to 2013), supports the idea of changing public property policies. "Urban property has to be sold with regard to investors' concepts for neighbourhood development and requires dialogue with the citizens concerned in advance", says Schulz. The mayor refers to pioneering projects in his district such as the art and creative quarter *Südliche Friedrichstadt*. There tendering for vacant lots is based on the quality of the investors' concept of urban renewal in the first place and is linked to a structured consultation procedure involving residents, applicants and decision makers. The actual amount of the respective bid plays a role as well but only accounts for 40% of the final decision. Obviously, such innovative procedures of participatory tendering cannot stop large-scale gentrification processes; nevertheless, they have an immense symbolic value by setting a counterpoint to the ongoing reshaping of "previously marginal spaces like Friedrichshain-Kreuzberg" (Allon 2013, p. 299) into "centres of wealth generation, middle-class employment, and valuable real estate" (Allon 2013).

Another attempt at more sustainable urban development in Friedrichshain-Kreuzberg tries to bridge concerns of saving space and diversifying the local economy. For instance, a so-called owner salon has been invented—a regular occasion where small-business owners in distinctive neighbourhoods gather informally under the patronage of the unit for business promotion. The goal of such meetings is to sensitize owners, who normally have little "real" contact with the district and its residents, for social and economic concerns in the neighbourhood, in particular the loss of diversity in the local settlement structure (which characterized the "Berlin mixture" in the past) due to the process of gentrification. "Nowadays, letting a building to rich tenants and investment firms is much more lucrative than letting it to local businesses", states Martina Nowak, head of the district's unit for business promotion. Consequently, the district's colourful collection of residents, retail

shops and service providers risks disappearing, which in turn may affect homeowners' long-term returns on investment. "Nobody, moves to Friedrichshain-Kreuzberg because of its uniformity; it's the district's vivid mixture that inspires newcomers", adds Ms. Nowak whose unit is searching for empty plots and vacant premises that might be interesting for start-ups and creative businesses. Since the existing potential has been largely exhausted, local owners' commitment to co-design the future of the district is of the utmost importance. In this respect, *Planet Modular* is a local role model: The alliance of small- and medium-size companies from the hobby and crafts sector has revitalized the local economy by building a huge "creative store" at the *Moritzplatz* in Kreuzberg. Furthermore, *Planet Modulor* is part of a creative network that aims to integrate economic, social and cultural projects into the urban environment.

8.4.2 The Context of Child and Family Policy

Essentially, the local public discourse on child and family policy in Berlin conforms to federal policy guidelines. Accordingly, an expansion of crèches and day-care places combined with family-minded approaches such as family centres are almost the only alternatives. Hence, local policies have been evaluated solely to the extent to which they conform to "good practice" as defined by newspapers and the parliamentary public. Critique or genuine local debate—where contradictory statements are reciprocally related to one another—do not exist; instead, local particularities (or "obstacles" to achieving the policy goals mentioned) are reported from time to time. In this respect, three facts make Berlin distinctive: First, Berlin is the "city of babies" with the highest birth rate of any German metropolis. Among Berlin's districts, Friedrichshain-Kreuzberg's baby boom is the biggest (with 11.9 births per 1000 inhabitants). Second, one third of all families in Berlin are "one-parent families" which in almost all cases are socio-economically deprived. Third, about one fifth of families are considered as "less educated" and, as such, reliant on support measures. As a result, questions of sufficient provision and (equal) access to childcare facilities make up the local contribution to the general German debate on child and family policy. Key values and recurrent issues in this context, expressed by interviewees and in official statements by stakeholders, are "equal opportunities", "choice", "early childhood education" and "more flexible time schedules and regulations" at childcare facilities.

At first glance, the situation concerning childcare arrangements in Berlin seems much better than elsewhere in Germany. The city charges minimal fees for childcare places. Moreover, the percentage of children being cared for in a kindergarten or crèche in Berlin is very high: 94% among children aged 3–6, 77% among 2-year-olds and 49% among 1-year-olds. Thus Berlin is a national pioneer with regard to children aged 0–3 visiting a crèche. However, local problems concern the distribution of childcare places available, flexible caring arrangements and low-threshold support for families under stress. With a special view on Friedrichshain-Kreuzberg,

it is clear that district authorities pursue strong "family-oriented" policies. The diversity of local needs is regularly assessed through a very detailed analysis. For instance, the child and youth welfare office has built up a standing working group called "baby boom", after miscalculating the demand for kindergartens in the early 2000s, in order to react to the district's increasing birth rates. In addition, the district is a pioneer within Berlin because it pursues integrated concepts such as family centres conceptualized according to the "early excellence approach" and involving parents closely (see e.g. Lewis 2011). However, there is a lack of supply with regard to crèches, kindergartens and family centres equally. "Currently, we are unable to satisfy families' demand for services", admits Thomas Harkenthal, head of the local child and youth welfare office. The department projects a shortfall of about 1600 childcare places until 2015. In practice, this scarcity undermines the claim for equal opportunities among all children—a key value of the local authority. Some local childcare providers take advantage of the imbalance between demand and supply by charging parents just to put them on the waiting list for a place at their facility or demanding admission fees of up to 500 €. Others collect fees, up to 300 € per month, for "additional services" such as early language support, music or sport lessons. Although this de facto practice of social selection violates public law, anxious parents tend to be willing to pay extra charges.

Space for Innovations

Overall, there is strong local coalition between public servants and civil society actors in Friedrichshain-Kreuzberg to invent and pursue more complex and innovative approaches in childcare policies. Three examples of social innovation should be mentioned. First, family centres, recognized as very effective facilities for children and parents in the neighbourhood, are innovative institutions in the context of Friedrichshain-Kreuzberg. Nonetheless, family centres are still widely perceived by authorities as add-on arrangements rather than as regular service providers. In order to consolidate their position, family centres' services—for instance additional educational services for children or occasions for informal meetings for parents—require continuous financing (currently centres are run on 1-year-contracts) from the Berlin Senate. Second, the neighbourhood mothers project—migrants as mentors, bridging the gap between troubled (migrant) families and the requirements of public life—is a flagship project in the district, managed by the *Diakonie*, a welfare association. The work of the neighbourhood mothers project—despite being underfunded and time-limited—is especially welcomed as complementing support concerning the integration of migrant families. Furthermore, district authorities have committed themselves to take on some neighbourhood mothers, completing a vocational training as "social assistants", after the project runs out. A third innovation deals with women, especially lone mothers. They are supported by *Frieda*, a local women's centre. Like the neighbourhood mothers project, *Frieda* provides informal help based on the assumption that clients need more than a kindergarten place. *Frieda* not only advises lone mothers but provides several low-threshold services such as a café, regular breakfast meetings and excursions so that women who are often socially isolated can make new social contacts.

As the interviewees representing the three innovations reported almost unanimously, cooperation with district authorities and councillors and, vice versa, with childcare and family care providers is marked by mutual understanding and very much focused on issues and problem-solving. For instance, heads of family centres and project leaders praise the district authorities for their support and local pragmatism (e.g. when dealing with legal requirements) but accuse the senate (which decides the budget for Berlin's family-minded policies) for its lack of action. Actually, the political clout of the local coalition for child and family issues at the district level remains rather weak. Both, project operators and district authorities are equally "supplicants" of the Senate that cannot do much except put forward arguments for more financial support. On the other hand, their powerlessness in terms of budget planning reinforces the bonding effect among local actors, who perceive themselves equally as victims of the Senate's austerity policy, which is regarded as family unfriendly.

8.4.3 The Context of Employment

Generally, the discourse on employment is, even more than the field of child and family policy, dominated by federal policies and decisions. The reasons for that are, on the one hand, the fact that the employment field is centrally regulated by the Federal Employment Agency (FEA) and its local branches and job centres and, on the other hand, the enormous impact of the *Hartz* reforms, which came into force in 2003. Especially, *Hartz IV*, a federal law that merged unemployment and social assistance and forces job seekers to accept any job that they are offered, represents a paradigm shift in the German labour market. As a result, almost any discourse on employment in Germany centres on the consequences of the *Hartz* reforms such as the implementation of activation schemes, the punishment of those who refuse to cooperate, the quality of labour and the special needs of children and youngsters with unemployed parents. Moreover, *Hartz IV* recipients face strict housing regulations: For a single household, rent subsidies are capped to 415 € in Berlin. Given the overstretched housing market, this "frozen subsidy" banishes de facto the long-term unemployed from better neighbourhoods in the city centre.

Beyond these ongoing controversies, there is relatively little space for debate on the innovative features of the local labour market, and policy programmes that give employment issues a local flavour are few and far between. Browsing through Berlin newspapers, one easily gets the impression that the city combines many negative aspects of the contested labour market reforms of 2003. The city is dubbed "capital of the long-term unemployed" or "capital of the poor and uneducated", and this is (more or less) backed up by data: In 2011, 20.7% of Berlin's population received *Hartz IV* benefits. Particularly problematic was the situation for youngsters, who face a local unemployment rate of 13% (twice as high as the German average) and children, since every third child lives on social transfer money. In addition, in 2012, 126,000 employees depended on substituting social benefits despite having a job, indicating a massive extension of the low-pay sector during the last years.

Space for Innovations

Visions outlined for the whole city, attempting to reposition Germany's capital as one of Europe's truly global metropolitan areas, include for example a "new industrialization of Berlin", or the building of a "creative and sustainable city", where good labour is equally shared between all inhabitants. Berlin's creative economy also has its cultural roots in the new social movements that sprang up in the 1970s which promoted new forms of micro-solidarities and participatory concepts as an alternative to the much-criticized traditional forms of state-based solidarity (Evers 2010, p. 52). In contrast to the initiatives for employment mentioned above, such a perspective focuses on new concepts of growth and economic development and only indirectly on the creation of jobs. Instead, discourses such as the "creative economy" aim to change the dynamic of doing business and business promotion in a post-industrial age. However, there is a significant gap, which has not yet been filled by the political concepts of urban and social change, between the vague, cultural ideas of Berlin's future and the vast number of promising local projects (Schneekloth 2009). Boosting Berlin's creative class—e.g. music and fashion labels, clubs, ateliers but also IT start-ups and (social) media companies—has become a strategy within local economic policy since the 2000s. In the absence of strong traditional industrial sectors, local politics embrace "creativity" as a value and a vehicle for future economic growth. According to Senate authorities, Berlin's rising "creative cluster", which generates 16% of the city's overall economic output per year (25 billion €), employs about 200,000 people. In order to consolidate this positive trend, a steering group, initiated by the Senate, is developing integrated policy recommendations and providing an online portal where entrepreneurs and creative workers can network across sectors. In particular, entrepreneurs and creative start-ups require infrastructural support, such as affordable office buildings that allow exchange between creative workers. Due to the enormous dynamism of the creative economy, leaving Berlin for another, more favourable, business location is a permanent option for start-up companies. The problem of the Senate's current "cluster management" is its relative blindness to the local conditions for creative entrepreneurialism. A "creative urban wonderland", as one interviewee remarked mockingly, needs more than an "ultimate master plan"; above all, a flourishing of creative business ideas needs local spaces for entrepreneurial leeway.

In conclusion one might say that the example of Berlin demonstrates that unemployment as an issue can be tackled from a number of perspectives: as a side effect of low economic dynamism, as a structural problem with a long local history, as a challenge to create better transitions from schools and vocational trainings to the labour market and, finally, from the perspective of reintegrating people into the existing labour market (public and private). In Berlin, employment policy is very much focused on the employability-oriented job centre approach, while more complex approaches that involve new concepts for growth and sustainable jobs have, so far, been secondary.

What are the main differences between local innovations—such as "job explorer", a project in Friedrichshain-Kreuzberg that matches local companies and pupils at an early stage—and mainstream employment policies? First, projects for labour

market integration operate at the district level and focus on the particularities of the local context, while the job centre pursues large-scale, standardized programmes. Second, local approaches deal with unemployed people in groups, acknowledging that they are part of a local community, while mainstream policies address jobseekers as individuals whose social relationships are rather irrelevant. Third, complex approaches offer tailor-made and personalized support packages, while the portfolio of the job centre is limited to managerialist and impersonal devices. To sum up, the key difference concerns the overall perspective of the employment policy: Does it combine aspects of social and labour market integration or is it reduced to the principle of employability?

8.5 Summary and Conclusions

Mayor Wowereit's dictum of 2003 that Berlin is "poor but sexy" seems outdated and appears rather shallow today. Instead, one may conclude without cynicism that "Berlin has embraced an economic model that makes poverty pay" (Slobodian and Sterling 2013, p. 2) by attracting creative people and tourists in large numbers. At the same time, Berlin is well on its way to dry out the breeding grounds for its "sexiness", perceived as the city's constant capacity to invent alternative lifestyles and unconventional solutions to daily-life challenges. However, Berlin's unspoken promise to its citizens that a decent but also exciting life remains possible despite a lower income and a marginal social status was validated only for a finite period of history. In this respect, the impact of history cannot be overstated: The city's attractiveness rested much on its previous status as an "island of bliss" where real-world hardships were at least partly suspended and where people's self-realization was supported through low rents and generous social benefits. In the aftermath of Germany's reunification, Berlin's social appeal increased temporarily due to the doubling of space and, therewith, the emergence of additional niches for nonconformist ways of life and living. In addition, "constant change, experimentation, trend setting and creativity" (Colomb and Kalandides 2010, p. 184), which the city had produced before in abundance without making a fuss, became ennobled as "hallmarks of Berlin" (Colomb and Kalandides 2010). Retrospectively, it is difficult to identify at which point exactly Berlin's social beat got out of sync, though it must have been in the early 2000s when the city arrived on the brightly illuminated stage of the globalized world (Krätke 2001). From then on, the city's rare gift for embracing pluralism and innovation was no longer protected by historical particularities and privileges but contested by, above all, the same capitalist dynamics that have been observed in other metropolis many times before (see for an overview: Kazepov 2005).

However, this climate of comprehensive change has affected each area of social policy differently due to powerful discourses that shaped previous policies, historic crossroads and field-specific regulations. What conclusions can be drawn for Berlin from the empirical evidence compiled in this chapter? Once more, the answers vary significantly in each policy field.

Changes in the field of housing are the most severe and irreversible in the short term. The selling off of state-owned dwellings to private investors during the early 2000s has reduced the Berlin Senate's room for manoeuvre to reinvent a social housing policy drastically. What is more, city authorities have developed no new strategies for mitigating the problem of rising rents and scarce living space. Instead, they stick to rather "mechanical master plans" that are doomed to failure because of their inability to react to the diversity of the urban landscape. Innovative approaches do exist, such as the piecemeal restructuring of Berlin's inner-city districts in order to use space resources more efficiently, but the Berlin Senate does not support them. Meanwhile, the crowding out of tenants in inner-city districts like Friedrichshain-Kreuzberg is intensifying.

Despite also being affected by austerity policies and rising demand, the situation is different in the field of childcare and family care. Berlin benefitted much from the political and cultural shift in this field, as shown in the expansion of crèches decreed by federal legislation and the increased international attention to discourses such as those on "early childhood education" (Moss 2008) and "family-minded policies" (Clarke and Hughes 2010). Moreover, existing innovative offers, such as family centres or neighbourhood mothers, enrich the local provision of services. However, what is still missing is a clear commitment, in terms of long-term financing, from the Berlin Senate to integrate such innovations in the regular local welfare system. In the face of rising social inequality and the creeping disintegration of the "Berlin mixture", which guaranteed a certain level of social cohesion in the past, future investment in complementary and preventative childcare and family care services seems inevitable.

In Germany, the field of employment is regulated by the FEA in a highly top-down manner. Consequently, attempts to implement labour market integration in a "different way" are hardly possible without support by and cooperation with FEA branches or job centres. However, just a few small-scale projects (e.g. "Neighbourhood Mothers" or "Job Explorer") pursuing an innovative approach towards work integration have been devised by joint efforts. What is also missing is an integrated approach to deal with the growing urban underclass (e.g. uneducated migrants and youngsters, bohemians, single parents and long-term trainees). Current initiatives by the Berlin Senate are of little help for local jobseekers. Instead, ambitious attempts to re-establish the city as a hub for services and the creative economy are attracting mobile and better-educated people in the first place. Once more, local projects are the most promising, such as those that stimulate entrepreneurialism (see e.g. "Kreuzberg acts", Chap. 15 of this volume) and thereby help people to benefit from booming sectors such as the creative industry, healthcare or tourism.

Finally, the question remains whether Berlin remains to be a "daredevil social experiment" (Schmidt 2014) where social innovations of the future will be developed, tested and promoted. Much will depend on the city government's capacity to forge a new framework of innovation politics that goes beyond opportunistic support and short-term subsidies for projects that are useful on a temporary basis. Such politics requires a risk-taking culture, financial support and, above all, an understanding that innovators need free space for experimentation—both physically and mentally.

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