

**Paper draft: Daniel Fernández Serrano**

**European University Institute**

**The forgotten variable? The relationship between public administration traditions and large-scale social policy reforms. The case of childcare reform in Germany and Italy**

Current views of welfare state recalibration emphasize popular demand as the main explanatory factor for social policy reform. New constituencies of highly educated professionals demand new welfare policies: childcare, HE, parental leave, ALMP or new VET programs. However, why have only a subset of countries in central and northern Europe recalibrated their welfare states successfully towards new needs? While these approaches emphasize demand. They cannot explain how governments use the administrative apparatus and cooperation with other civil society actors (welfare governance) to deliver public services. Specifically, it is necessary to investigate where, how and when welfare state policies mutate into new programs. In the last decades most countries have initiated to encourage the use of childcare facilities. This is due to new social changes: new lifestyles, the fall in fertility and the integration of women into the labor market. What is most interesting is that these policies were implemented in totally different ways. While in Germany they have instituted a fully public system through NGOs. In Italy the system is hybrid private-public, implemented at the local level but with large differences between municipalities. While coverage in Germany is relatively high, Italy could not increase childcare coverage successfully. We argue that successful welfare reform is not only about the politics of welfare, but also about the governance of welfare<sup>1</sup>. In this paper we explore the administrative development of childcare policies in Germany and Italy in the last decades. We analyzed the causal mechanism through which political demands were translated differently by different administrative infrastructure and diverse civil society and implementing actors. Finally, the consequences of this administrative heritage are analyzed in relation to the implementation of the European recovery funds for childcare.

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<sup>1</sup> Scalise, G., & Hemerijck, A. (2022). Subnational social investment in three European cities: An exploratory comparison. *Journal of Social Policy*, 1-21.

## **Social investment and the administrative state**

How could we foster social investment? Why are some countries successfully reforming their male bread winner models while others are not. In recent contributions, two rival explanations compete in explaining transformative welfare reform. On the one hand, ‘electoral turn’ scholars explain reform by partisan competition representing social-consumption and social-investment electoral cleavages<sup>2</sup>. On the other hand, there is the institutional theory of latent but transformative change, developed by Streeck and Thelen (2005). For example, following this theory Palier and Thelen analyze processes of job market dualization in France and Germany, which they explain in terms of ‘policy drift’, e.g. the waning of existing policy legacies in response to economic change<sup>3</sup>.

All these arguments follow a distributive logic, that is all the changes come from shocks from external actors competing for porridge. However, welfare politics is not simply distributive politics<sup>4</sup>. Social investment welfare provision aims to enhance people’s opportunities and capabilities whilst fostering high levels of employment in the economy. Early childhood

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<sup>2</sup> Beramendi P, Häusermann S, Kitschelt H, et al. (eds) (2015) *The Politics of Advanced Capitalism*. New York: Cambridge University Press.

Gingrich J and Häusermann S (2015) ‘The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state’. *Journal of European Social Policy* 25(1): 50–75.

<sup>3</sup> Streeck, W., & Thelen, K. (2005). *Beyond continuity: Institutional change in advanced political economies*, Oxford: Oxford University Press.

Palier, B., & Thelen, K. (2010). Institutionalizing dualism: Complementarities and change in France and Germany. *Politics & Society*, 38(1), 119-148.

<sup>4</sup> Van Kersbergen, K., & Hemerijck, A. (2012). Two decades of change in Europe: the emergence of the social investment state. *Journal of Social Policy*, 41(3), 475-492.

education, vocational training, active labor market policies, work-life balance, effectively transcend the easy to grasp distributive logics of ‘electoral politics’ and ‘dualization drift’.<sup>5</sup>

Non-distributive explanations encourage a new understanding of the state as a problem-solver. However, to do so it would be necessary to understand what the existing capacities of each state are. Most interestingly, while in the 80s there was a thriving literature on the state and public policies<sup>6</sup>. Literature on state capacity and public administration has parted ways with political science literature<sup>7</sup>. I argue that it is important not only to understand the political consensus leading to new policies. But rather, how the public sector delivers on those expectations. Policy innovation depends on organizational capacities, to be able to provide with the expected outcomes.<sup>8</sup>

### **Research strategy**

The European Recovery fund launched the largest social policy intervention in the union’s history. The program incentivized countries to encourage social investment. Fostering labor force capacitation and the integration of women into the labor market: early childcare, vocation training, LLL and inclusive ALMP policies.

The overall milestones of the program were defined by the Europea Commission. Member states had to act under the boundaries already established by Brussels. Surprisingly, the national programs were extremely diverse: Some countries used the funds to build up new programs by deepening structural reforms in welfare recalibration and reformulating the welfare state towards

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<sup>5</sup> Hemerijck, A. and M. Matsaganis (2023), *Who’s Afraid of the Welfare State Now?*, Oxford: Oxford University Press.

<sup>6</sup> Rueschemeyer, D., Evans, P. B., & Skocpol, T. (Eds.). (1985). *Bringing the state back in* (p. 03). Cambridge: Cambridge University Press.

<sup>7</sup> Lippi, A., & Terlizzi, A. (2023). The marble cake of social services in Italy and Spain: Policy capacity, social investment, and the national recovery and resilience plans. *European Journal of Social Security*, 25(2), 178–195.

<sup>8</sup> Karo, E., & Kattel, R. (2018). Innovation and the state: towards an evolutionary theory of policy capacity. *Policy capacity and governance: Assessing governmental competences and capabilities in theory and practice*, 123-150.

capacitation. In others, reforms were fragmented, static, and not consistent. Once again, the large differences between countries prevailed. European countries come from different administrative and managerial traditions. Fueling complex interaction between Brussels programs and national implementing actors.<sup>9</sup> However, how do preexisting administrative infrastructures influence new policies and policy innovations?

The case of childcare is a case point, in Italy and Germany. As both countries come from the continental Bismarckian tradition. In Germany reforms have been limited but successful in expanding early childcare provision since 2005. Italy in turn has developed a fragmented system of childcare provision which is both expensive and low quality. And while the German system is steadily expanding and improving. The Italian system is not expanding and deepening its deficiencies.<sup>10</sup>

Administratively, Germany and Italy are most different cases. Italy comes from a Napoleonic administrative regime, which combines a strong central government and weak municipalities. Germany in turn, combines strongly organized and efficient regions and municipalities<sup>11</sup>. In Germany there is a dense network of local actors implementing early childcare policy.<sup>12</sup> In Italy except for Emilia Romagna is extremely difficult to increase the offer of childcare facilities. Because of the low implementing capacities of municipalities and the low availability of social actors able to implement policy. Germany ranks high in the quality of early childcare education

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<sup>9</sup> Huguenot et al, Activation strategies in the EU before and after the COVID-19 pandemic. FEPS Europe. P-47

<sup>10</sup> Corti, F., Morabito, C., Ruiz, T., & Luongo, P. (2022). The role of the Recovery and Resilience Facility in strengthening childcare policies, Foundation of European Progressive Studies. *Policy Report*. P 30-32

<sup>11</sup> Painter, M., & Peters, B. G. (2010). The analysis of administrative traditions. In *Tradition and public administration* (pp. 3-16). London: Palgrave Macmillan UK.

<sup>12</sup> Brüggemann, C., Hermstein, B., & Nikolai, R. Eine einleitende Systematisierung zur Reform kommunaler Bildungspolitik und-verwaltung. *Institutionenforschung im Bildungsbereich*, 7.

and the costs for families are low.<sup>13</sup> In Italy in turn, prices are higher, quality is lower, and the country only offers public spots to about 14% of children between 0 and 3 years old.<sup>14</sup>

## **Germany**

### **Administrative legacy**

Germany saw the rise of the first Kindergarten movement in Europe. The inventor of the institution was a German philanthropist and thinker Friedrich Fröbel. It was a movement initiated by the wealthy classes, but soon also available to the working classes through caritative initiatives. By 1914 almost 5% of German children were enrolled. The movement's origins were liberal and independent from the church. Nonetheless the success of the movement made both Lutheran and Catholic institutions in Germany run their own Kindergartens. Municipal grants, together with private charity were the first sources of income for kindergartens. The central government also initiated giving grants to the institutions in 1915 because of the war.<sup>15</sup>

In 1922, the Youth Welfare Act was passed. The law relied on the municipal-state cooperation with churches and civil society organizations. In 1928, 70 per cent of childcare services were provided by faith-based welfare associations, and 30 per cent by the municipalities. As most of the funding came from local grants and local private charities, the municipalities had the upper hand in the full development of the system, from the financial part to the managerial part.

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<sup>13</sup> Gromada, A., & Richardson, D. (2021). *Where do rich countries stand on childcare?*. UNICEF Office of Research–Innocenti.

<sup>14</sup> Corti, F., Morabito, C., Ruiz, T., & Luongo, P. (2022). The role of the Recovery and Resilience Facility in strengthening childcare policies, Foundation of European Progressive Studies. *Policy Report*. P 30-35

<sup>15</sup> Allen, A. T. (1982). Spiritual motherhood: German feminists and the kindergarten movement, 1848–1911. *History of Education Quarterly*, 22(3), 319-339.

The German system proved to be extremely path dependent. It was totally locally based and managed under the auspices of the 1922 law. Only in 1992 was a new law launched, as conservative politicians were afraid of the consequences of the legalization of abortion. The law only maintained the arrangements of the 1922 law and included more financing for early childcare institutions<sup>16</sup>. By 2005 the system had expanded moderately, reaching 10% of the spots in Western Germany. In Eastern Germany the early childcare supply was much larger as the socialist's regime had a large network of kindergartens.<sup>17</sup>

The Grand Coalition of 2009 between socialists and conservatives further encouraged childcare policies. They aimed at Expanding childcare facilities steadily to 750,000 places by 2013 with a grant of €4 billion, paying 30% of the costs. To accelerate the extension of childcare, the Bund decided to support the Länder based on a program to improve childcare infrastructure. Federal subsidies allowed the Länder and local municipalities to strengthen and rebuild existing state capacity.<sup>18</sup> In 2018 the availability childcare had increased in Western Germany to about 25%. Marking a historical increase in early childcare provision<sup>19</sup>.

The German system expanded due to the increasing grants of the central government. But most importantly, it never lost its main features: non-profit provision, low cost and good quality. The municipalities managed the system but also kept on controlling an important part of the funds.

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<sup>16</sup> Naumann, I. K. (2012). Childcare politics in the “new” welfare state. *The politics of the new welfare state*, 158-181.

<sup>17</sup> Scholz, A., Erhard, K., Hahn, S., & Haring, D. (2019). Inequalities in access to early childhood education and care in Germany. *International Centre Early Childhood Education and Care, Working Paper*, 2. P 16

<sup>18</sup> Heister, S. (2016), *Better Late Than Never. Dimensions of Welfare State Change and the Departure from the Male-breadwinner Model in Germany and the Netherlands*, Msc. Thesis. Dpt. Political Science, Vrije Universiteit Amsterdam.

<sup>19</sup> Scholz, A., Erhard, K., Hahn, S., & Haring, D. (2019). Inequalities in access to early childhood education and care in Germany. *International Centre Early Childhood Education and Care, Working Paper*, 2. P 16

Meaning, the private market share of the system remained minimal, and municipal outsourcing focused on non for-profit providers.<sup>20</sup>

### **The expansion of childcare under the recovery plan**

The German recovery plan included 500 million to increase early childcare education infrastructure. On top of 1.5 billion already earmarked under the standard national budget.

The expansion of childcare under the recovery plan has been a success in Germany. The number of children under 3 with free childcare has reached more than 30% of the age group. There is still a high demand for childcare, nonetheless the numbers are improving as the state is diverting more resources to the autonomous networks of local-charity welfare provision. The policy overall is old wine in new bottles, as the administrative system has not changed, it has only received more substantial grants through the recovery fund. However, the regions in Germany although not managing the system, have a responsibility to make the municipalities comply with the requirements of the central government. That is, there is a strong coordination between central and regional governments, and municipalities thereafter.<sup>21</sup>

The implementation of the recovery fund has also had its problems in Germany. First, the German government has followed new public management approach. The lander must apply to the funds, and then give it to municipalities as German law leaves coordination between municipalities and state programs to the Lander. Most importantly, Lander and municipalities were only consulted about the plan, after the first draft was made. To appease the complains of municipalities and

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<sup>20</sup> Grohs, S., Schneiders, K., & Heinze, R. G. (2015). Social entrepreneurship versus intrapreneurship in the German social welfare state: A study of old-age care and youth welfare services. *Nonprofit and voluntary sector quarterly*, 44(1), 163-180.

<sup>21</sup> Corti, F., Morabito, C., Ruiz, T., & Luongo, P. (2022). The role of the Recovery and Resilience Facility in strengthening childcare policies, Foundation of European Progressive Studies. *Policy Report*. P 25

Lander, the federal government increased funds to the German federal consultation agency. Which provides advice on Lander and Municipalities on how to implement the recovery fund.<sup>22</sup>

In Germany the system has maintained its non-profit strong features. Most of the provision is made by churches and local charities. The regulations in the recovery plan have not changed any of the traditional governance structures of the German system.

## **Italy**

### **The administrative legacy**

Up to 1925 childcare in Italy was carried out by civil society organizations. Mainly, monastic orders of the catholic church or liberal and aristocratic philanthropic movements. In 1925 the fascist regime in Italy makes the first law regulating early childcare at the national level<sup>23</sup>. The law established local councils made by the ruling elites of each municipality, coordinating the efforts to provide early childcare between the municipality and diverse civil society actors. A para state public agency was created to regulate the system, falling under the responsibility of grants from the ministry of interior. The system was extremely centralized and was almost exclusively financed through the central government.<sup>24</sup>

It was only on 6 December 1971 that Law No 1044, 'Five-year Plan for the Establishment of Municipal Kindergartens with the Concurrence of the State' 1 , was passed, finally recognizing the right of all girls and boys to have access to the kindergarten established as a public service. Article 1 states: 'Assistance in kindergartens for children up to the age of three, as part of a family policy,

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<sup>22</sup> Körner, A. S., & Scheller, H. (2021). The eu recovery and resilience facility: Federal conflicts in the development and implementation process in Germany. *Revista" Cuadernos Manuel Giménez Abad"*, (22), 13-20.

<sup>23</sup> A. Mortara, *Gli enti pubblici italiani. Anagrafe, legislazione e giurisprudenza dal 1861 al 1970*, Angeli, Milano, 1972, p.818

<sup>24</sup> Barbieri, N. (2015). *Asili nido e servizi educativi per la prima infanzia in Italia. Lineamenti storici, fondamenti pedagogici, modalità operative* (pp. 1-117). CLEUP. 15-20

constitutes a social service of public interest'. The new law abolished the fascist institution at the central level, however it left an administrative void, as the central state would delegate its responsibilities to the municipalities and regions.<sup>25</sup> Very soon there were completely different early childcare education systems, depending on the region. The law of 1971 being flexible enough for reinterpretation. The lack of funds coming from Rome halted the expansion of early childcare education. On paper the state would finance the kindergartens, and the municipalities would manage them. This system though failed as municipalities were overwhelmed by additional expenses and management problems. In fact, the law objective was to increase the provision of early childcare from 2 or 3% to 5% of the children under 5. This objective was only achieved in the mid 1990s.<sup>26</sup>

The transition from centralized management to municipal management was a failure. In fact, Italy had been centralized since its inception in the Rissorgimento, municipalities had low tax collection and program implementing capacity. The total delegation of responsibilities to local government depended greatly on grants from the central government. Turning the system into a hybrid and non-efficient national-municipal public service.<sup>27</sup> the decentralization process, came in the 1970s as a reaction to the protests of May 68. However, while politically advocated by new progressive forces and women movements it did not consider the implementing capacity of public actors.<sup>28</sup>

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<sup>25</sup> Filomia, M. (2021). Dalla legge n. 1044/71 al sistema integrato “zerosei”: evoluzione storico-legislativa e riflessioni pedagogiche. *IUL Research*, 2(4), 159-174.

<sup>26</sup> Barbieri, N. (2015). *Asili nido e servizi educativi per la prima infanzia in Italia. Lineamenti storici, fondamenti pedagogici, modalità operative* p 26

<sup>27</sup> Fargion Valeria Social assistance and the north–south cleavage in Italy South European Society and Politics 1997, vol. 13(pg. 135-55)

<sup>28</sup> Oliver, R. J., & Mätzke, M. (2014). Childcare expansion in conservative welfare states: Policy legacies and the politics of decentralized implementation in Germany and Italy. *Social Politics*, 21(2), 167-193.

During this period, the only region significantly increasing early childcare was Emilia Romagna. In this case the strength of civil society and their support for communal initiatives, made possible a larger expansion of early childcare education. This was not related to better mechanisms of coordination between the regions, the municipalities and the central government. The Emilia Romagna region cooperated and facilitated partnerships between municipalities and civil society actors. the Helios Cooperative (now Coopselios), from the secular lay area, and the SILA cooperative, of the Catholic area, began to offer a kindergarten service, within a regulatory framework established by the municipalities through public tenders<sup>29</sup>. In 2015 two thirds of early childcare providers were either religious organizations or secular cooperatives (oftentimes connected with the church as well) in Emilia Romagna. Meaning, the municipal state capacity is still low as they only manage one third of all the provision directly<sup>30</sup>. However, strong non-for-profit civil society movements filled this void.

In 1997 confronted still by the low implementation of the program, the government established a fund, giving the money directly to the municipalities. Moreover, it allowed the contracting out of municipalities of childcare facilities through private providers. However, by 2007 only 9% of the children were using 0-2 early childcare facilities. The major issue was that dealing with large demand, the spots would be given usually according to income in Italy. Nonetheless, municipalities can decide who to prioritize by changing the regulations. 50% of the municipalities did not use family income as the main criteria to distribute the spots<sup>31</sup>.

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<sup>29</sup> ib p 38

<sup>30</sup> Reverberi, M., & Trapani, A. (2016). I servizi per l'infanzia in Emilia-Romagna: uno sguardo all'anno 2014-2015. *CAPPAPERS*, p 18

<sup>31</sup> Brilli, Y., Del Boca, D., & Pronzato, C. D. (2016). Does child care availability play a role in maternal employment and children's development? Evidence from Italy. *Review of Economics of the Household*, 14, 27-51. P 30-35

The main feature of the Italian system is paradoxical, most of the funds come from the central government. At the same time, municipalities have the most implementing capacity, while having no managerial resources to do so. Therefore, most of the management is delegated by the municipalities to public and private actors<sup>32</sup>. The service remains public, and free of charge for low-income families. However, most families pay on average 300 euros per month per kid.<sup>33</sup> Consequently, the system is increasingly relying on for profit actors

### **The expansion of childcare under the Recovery Plan**

The Italian recovery plan earmarked 1.5 billion euros for fostering early childcare education. The implementation of the plan encountered important difficulties. The municipalities felt incapable of implementing most of the funding, lacking managerial staff and expertise to increase their existing infrastructure. In comparison to the German plan, municipalities had to apply directly to the funds, and the regions were not engaged in coordinating with the municipalities to implement the plan. This is not surprising as previous child-care laws in Italy channeled funds from the Ministry of health directly to the municipalities. The outcome was that Italy remained stuck with below 14% coverage rate; in the age group between 0-3 years old .<sup>34</sup>

In Italy municipalities and regions were not included in the drafting of the recovery plan. The implementation of the funds relied on their capacities and were expected to perform well without even being considered.<sup>35</sup> While in Germany potential stakeholders were considered afterwards,

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<sup>32</sup> Antonelli, M. A., & Grembiz, V. (2010, September). The more public the more private? The case of the Italian childcare. In *Terza Conferenza Annuale ESPAnet Italia, Naples*.

<sup>33</sup> <https://www.cittadinanzattiva.it/comunicati/12699-asili-nido-i-dati-del-nostro-osservatorio-prezzi-e-tariffe.html>

<sup>34</sup> Corti, F., Morabito, C., Ruiz, T., & Luongo, P. (2022). The role of the Recovery and Resilience Facility in strengthening childcare policies, Foundation of European Progressive Studies. *Policy Report*. P 30-32

<sup>35</sup> Huguenot et al, Activation strategies in the EU before and after the COVID-19 pandemic. FEPS Europe. P-47

In Italy the administrative legacy of top-down planning and financing from the Ministry was strong.

Finally, the only territory that has been able to increase its supply was Emilia –Romagna. This is the territory with less private-public provision <sup>36</sup> . Interestingly Emilia Romagna resembles the German system where exclusively civil society organizations carry on the task of expanding early childcare. On the contrary, most of the Italian regions rely on municipal-private cooperations to provide public services. This is a hybrid public-private system because it works mainly through public funds. While the non-profit sector in Romagna had the capacity to expand and use the recovery funds resources, the private sector seems to have been unable to manage the Recovery Plan funds elsewhere in Italy. The growth in the last decades of municipal-private cooperation showcases that the German and Italian system might be running in opposite directions except for the Emilia Romagna case.

## **Conclusion**

The Italian system encourages weak municipalities to hire private providers to offer public services. Germany in turn, has strong municipalities that coordinate early childcare through historical non-profit providers, mainly churches and philanthropies. These different administrative models have developed out of their original administrative traditions.

in Italy, the system was born centralized, and it developed into an inefficient decentralization model. In Germany in turn the system was always decentralized and less hierarchical. The Italian administrative system adapted badly to new demands. It might call for a reconsideration of

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<sup>36</sup> Corti, F., Morabito, C., Ruiz, T., & Luongo, P. (2022). The role of the Recovery and Resilience Facility in strengthening childcare policies, Foundation of European Progressive Studies. *Policy Report*. P 30-32

granting large levels of implementing responsibility to municipalities with little capacity to achieve greater goals. Specially, regarding European Union programs such as the recovery fund.

In Germany the administrative system allows for high levels of state-nonprofit cooperation. Especially, through the high competencies of municipalities with strong public local services and staff. Furthermore, the regional level in Germany effectively aids municipalities to coordinate public services. In Italy the regions seem not to have the same competences as they have in Germany. Leaving municipalities with little support to implement national policies.

Finally, the Italian system is increasingly relying on private municipal cooperation. The German model in turn remains stable since 1922, showing the strength of ancient governance arrangements. The Italian decentralization efforts in 1971 did not lead to a system of efficient public service delivery. On the contrary, they have set Italy in a low equilibrium governance model.