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# Models of Public Administration and the German Subsidiarity

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### The Research Project

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Models of Co-operation between Local Governments and Social Organizations in Germany and China—Migration: Challenges and Solutions (LoGoSO Germany China) is a comparative research project of the Freie Universität Berlin, the Westfälische Wilhelms-Universität Münster and the Chinese Academy of Governance, funded by Stiftung Mercator.

This comparative research project looks at the co-operation between state and social organizations (SOs) in China and Germany. It focusses on social service delivery in the area of integration of migrating populations with special attention to the fields of education, employment, vulnerable groups and social assistance (incl. legal aid) as a crosscutting issue to all of the fields. Within this subject area, the project wants to identify different models of state-SO co-operation and analyze which models are successful and why and where this co-operation is problematic. It aims to capture the different models of co-operation in Germany and China, to analyze and compare the underlying structures and to show potentialities for development.

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## 1 Introduction:

Germany is the home country of Max Weber, the author of a seminal work on modern bureaucracy. It is a federal state in which municipalities have always had a key administrative role, particularly with respect to social service provision. Finally, it is a country traditionally characterized as a neo-corporatist (Schmitter 1974), or “semi-sovereign state” (Katzenstein 1987) in which private actors have always been thoroughly integrated into governance arrangements. Taken together, Germany has very distinct traditions of a) public administration, b) local self-government, and c) public-private co-operation, conceptualized as “subsidiarity” in the domain of public social service provision (see Lovelady & Grabbe 2019).

With a focus on Germany, this article provides a concise overview of these different traditions and models of public administration. In the last decades, there have been profound changes to the modes of government and governance in the country. This had a significant impact on the role and function of nonprofit organizations that provide social services primarily at the local level of governance in Germany. This local level government and nonprofit co-operation was the key focus of the LoGoSo-project. After an overview of the different models of public administration, the article focuses explicitly on the local level by outlining the tradition of German self-government that significantly impacted the development of the German welfare state, in particular the development of the so-called “dual system” of social service provision. Against this background, it will examine the nexus between local self-government and subsidiary social service provision. The traditional position of the German Welfare Associations as the central providers of social services, will be highlighted and explained in reference to the fact that subsidiarity used to be a component of the German social laws. The article concludes with a discussion of the current state of service provision in Germany. Nonprofits are still key partners of German local governments. However, they enjoy a far less privileged role today than in former times. There is also a significant increase in the variety and complexity of both the supply-side of social service providers and the demand-side of local governments and how they co-operate with the providers and regulate the provision of services.

## 2 From Bureaucracy to New Public Governance

### 2.1 The Bureaucracy Model

“Everything must change, if everything is to stay as it is.” This famous quote from the novel *Il Gattopardo* might serve as a metaphor for the outcome of the different waves of reform and modernization of German public administration. In Germany, public administration was almost exclusively a sub-discipline of legal scholarship. Accordingly, public administration at each level of government was the prime domain of professionals with a background in jurisprudence. The set-up, or internal structures, of public administration followed the blueprint that Max Weber characterized as “modern bureaucracy”. This model of public administration stands out for the following features:

- “the dominance of the rule of law;
- a focus on administering set rules and guidelines;
- a central role for the bureaucracy in policy making and implementation;
- the ‘politics-administration’ split within public organizations;
- a commitment to incremental budgeting; and

- the hegemony of the professional in public service delivery” (Osborne 2013: 418).

From the late 19th century onwards, Germany was a prime example of a public administration that reflected the concept of a strong state/government with pronounced steering capacity. Hierarchy was perceived as the most efficient mode of co-ordination; and the departments of public administration were exclusively run by professionals, trained in jurisprudence and acting in accordance with the departmental records and files. Also, for decades, the hierarchical bureaucratic model of public administration was regarded as the most efficient and effective public administration approach (Bogumil/Jann 2009).

## 2.2 The New Public Management Model

Against this background, it came as a shock that the results of international comparative research revealed significant deficiencies in German public administration. Studies comparing local public administration in different countries indicated that, particularly at the local level of government, Germany’s classical bureaucratic administrative approach no longer corresponded to the needs of modern times (Bertelsmann-Stiftung 1993, 1994). The reaction to this revelation were at least twofold. First, the scientific community of public administration broadened its approach by opening up to concepts from economics, policy analysis, and business administration. At the shop-floor level, public administrators all over the country, advised by policy experts and professional associations, embraced techniques and instruments of New Public Management (NPM). In a short time, NPM developed into the new model of public administration in Germany in the 1990s (Holtkamp 2010, chapter 9; Kleinfeld 1996; Reichard 1994). To replace “hierarchy” by “the market” as the central mode of co-ordination is the central idea of NPM, whose prime features were summarized by Christopher Hood as follows:

- “Hands-on professional management in the public sector;
- explicit standards and measures of performance;
- greater emphasis on output controls;
- shift to a disaggregation of units in the public sector;
- shift to greater competition in public sector;
- stress on private-sector styles of management practice;
- stress on greater discipline and parsimony in resource use.” (Hood 1991: 4f).

Consequently, NPM introduced business administration instruments and management techniques to the public sector or, to put it differently, NPM lead to a partial managerialization of the public sector (Maier et al 2016). The reason for the popularity of NPM is related to the fact that worldwide management techniques of business administration are increasingly perceived as being superior to those of classical bureaucracy and therefore better suited to the improvement of quality, efficiency and effectiveness of public administration (Osborne 2006: 378; Bogumil/Jann 2009: 239). However, it is worth underling that NPM does not stand for a coherent theoretical or conceptual approach. Instead, it might be characterized as a tool-box of various instruments and techniques that can be utilized as appropriate (Drechsler/Radma-Liiv 2015: 33).

Accordingly, it is useful to distinguish between a) the application of NPM techniques within the core units of public administration, e.g. at the departmental level, and b) the use of NPM techniques for the management of external relations and/or public service production of the respective governmental unit. The latter led to a wave of privatization and a crowding-out of activities and services that used to be organized publicly. By the mid-1980s, the privatization of public industries – e.g. television, telephone, railroads, public utilities – began. While the U.K. took the lead, Germany wasn't far behind. This initial wave of privatization was then followed by a second one in the 1990s that aimed at a re-modeling of the welfare state. In a nutshell, public organizations operating in prime welfare domains, such health-care, education, and care for children or the elderly, were transformed into private entities through a change of their legal form, while government and/or social insurances continued to be responsible for financing the services.

As outlined elsewhere, the privatization of formerly “core” public administration activities in the domains of welfare and education translated into a significant growth of the nonprofit sector. This was due to the fact that in many countries, and particularly in the U.K., public social service providers were, by a change of their legal status, either transformed into nonprofit-organizations or the government outsourced social service activities to existing nonprofits (Kendal/Knapp 1996; Deakin 2001). However, in sharp contrast to other highly developed welfare states, this shift of social service provision from public to nonprofit providers wasn't a key issue in Germany because the German welfare state never replaced private nonprofit social service providers with state run services (Zimmer 2019). Nonprofit-organizations were already heavily involved in the provision of social services, so there was no need for privatization in favor of nonprofits. Nevertheless, as will be outlined in the next sections, the introduction of NPM significantly changed the relationships and modes of co-operation between public administration and nonprofit-organizations in Germany. However, with very few exceptions (Wollmann 2016; Henriksen et al 2016), this has not been a key-issue of public administration research and discourse.

Instead, the German scientific discourse focused on the transformation of the internal structures of public administration triggered by NPM. Particularly, NPM inspired reform of local public administration (Holtkamp 2012; Reichard 1994; Reichard/Wollmann 1996). However, it soon became clear that the NPM aspirations may have been too far-reaching, and therefore implementation proved to be too time consuming and costly. Also, critical voices pointed out that the reforms under the leitmotif of NPM were too inward-bound, and they neglected to consider the needs and demands of the citizens. To make a long story short, the units of public administration were not completely transformed into organizations that mimic commercial enterprises. Instead, with the rise of the new leitmotif of public administration – “governance” – the external relations of the departments of local public administration, became the center of attention, in particular the relationship with citizens who utilize public services (Bogumil et al. 2003; Oppen et al. 2005; Holtkamp 2005). Accordingly, reforms with a focus on the internal procedures of public administration were downsized in Germany. More and more, reform aspirations were guided by the idea that access to core public services, such as residence registration or passport application, should be easier for the local citizenry. Simultaneously, there was a re-acceptance of bureaucracy as a mode of steering public administrations, as such, internal administration continued to be managed hierarchically, guided by the rule of law, and organized in accordance with departmental records and files. Today, there is no doubt that the bureaucracy model is still firmly in place. The classical bureaucratic steering mechanisms

continue to be key-characteristics of public administration in this country that may, however, be partially modified by or supplemented with NPM-instruments.

### **2.3 The New Public Governance Model**

Currently, “new public governance” constitutes the third and most recent paradigm, or model, of public administration to come after the models of “bureaucracy” and “New Public Management”. In contrast to NPM, new public governance is less inward-focused, not centered on internal re-structuring of the administration. Instead, as a new leitmotif it is a shift towards a public administration that is more engaged in partnerships, networks and contractual relations with a variety of partners (Dossi 2017: 33) including public, nonprofit, and commercial entities (Polzer 2016: 47). The relationships and networks might be restricted to the production and provision of services; however, private actors might also participate in policy development processes including agenda setting at the local, regional and national levels of government (Haus/Kuhlmann 2013, see chapter 3).

The public administration research community perceives “governance” predominantly as a normative concept, referenced under various labels such as “citizen-centered governance, [...] networked governance” (Hartley 2005) or “public governance” (Pollitt/Bouckaert 2017), that highlights the participatory or network component of current public administration. For the purposes of this article Osborne’s (2006) designation of “new public governance” is preferred and encompasses both a policy-implementation and a policy-making component. Accordingly, he characterizes “new public governance” as a mode of governing that covers two distinct meanings “a plural state where multiple interdependent actors (that) contribute to the delivery of public services and a pluralist state, where multiple processes inform the public policy making system” (Osborne 2006: 384).

Due to the German tradition of local self-government, that served as an incubator for the development of “subsidiarity” as a special form of public-private partnership in this country, basically a variant of “new public governance”, the third paradigm of public administration is indeed not so new to the German context. This will be outlined in more detail in the next chapters with an overview of both the tradition of local self-government and “subsidiarity” that constitutes the normative underpinning of the traditional mode of close co-operation between local public administration and nonprofit-organization in the area of social service provision.

## **3 Local Self-Government and Subsidiarity**

### **3.1 Tradition and Reality of Local Self-Government**

Germany looks back upon a long tradition of local self-government. In contrast to the U.K. and France, where public policy design and administration was centralized and located in the capital, the Prussian government took a different developmental path at the beginning of the 19th century. Due to severe fiscal problems in the aftermath of the Napoleon Wars, the Prussian government tried to limit its spending by delegating the bulk of public tasks to the local level and hence to the municipalities. Ever since, at least from a legal point of view, German municipalities have been both self-governed and self-responsible entities. In theory, German communities are supposed to be able to finance their programs and policies independently since they are allowed to collect land, income and business taxes.

Depending on the overall economic situation of the region and respective community, German local governments are more or less in good financial shape. Furthermore, in contrast to the early years of local self-administration, today’s German municipalities constitute, first and

foremost, the lowest level of public administration in the country; they are primarily responsible for the implementation of policies and laws designed at the national and German Laender (state/regional) level of government. In international comparisons, current German public administration is characterized as a 'continental European fused system' (Kuhlmann and Wollmann 2014: 98), in which the different levels (European, national, regional and local) are working closely together. It is a system labeled "co-operative federalism" by the German political scientist Fritz Scharpf (1976), meaning that each level of government is closely bound together and forced to co-operate.

Although, German municipalities operate in a highly regulated administrative system, they still enjoy some leeway to design programs or interpret policy measures. This is particularly true for policy fields earmarked as "voluntary tasks" and regulated under the legislative competence of the Laender. The policy areas of arts and culture, leisure and education fall into this category. But, for the majority of welfare related policy fields, such as health or social services (e.g. care for the elderly or children), municipalities have to comply with the national policy. However, they still have flexibility in regards to the degree of financial engagement and options for implementation. Depending on the financial situation of the respective municipality, national policy programs might be put in place with generous funding or, on the contrary, only funded at the bare minimum allowed by law. Scholars of public administration therefore indicate that self-government of Germany's municipalities correspond to the 'local administration-centered integration model' (Wollmann 1999: 196), since they still enjoy the right to regulate all matters for the local community under their responsibility (Kuhlmann and Wollmann 2014: 75), although they are thoroughly integrated into a rigidly regulated system in which they primarily serve as policy implementers.

### **3.2 The Dual System of Local Social Service Provision**

There is a close nexus between the German tradition of local self-government and the country's current "welfare mix" (Evers 1995), in which nonprofit-organizations play a very prominent role (Bode 2004; Zimmer 2019: 41ff). Germany's welfare state, and in particular the provision of public social services, were not exclusively designed "from above". Instead the typical German arrangement, the so-called "dual system" of private-nonprofit and public social service provision, came into being at the local level and hence was an outcome of self-government.

Early in the 19th century, the Prussian government very successfully integrated and utilized the new social classes of wealthy citizens, entrepreneurs, industrialists and merchants. Under the framework of local self-government, those well-to-do male members of the community, who served as elected members of the city councils, became responsible for governing the municipal affairs. In other words, they had to run the city and also make sure that the community was in good financial shape. Against this background, beyond service as a member of the city council, many positions in local public administration were honorary. And even when local administrations became increasingly professionalized, alongside industrialization and the growth of the cities, quite a few tasks, particularly in the welfare domain, continued to be practices without any financial compensation.

The city of Wuppertal in the northwest of Germany is a textbook-example. Based on its textile industry, the city was one of the richest municipalities in the former German Empire. Wuppertal was also the hometown of Friedrich Engels, the most important supporter of Karl Marx. In Wuppertal, welfare, or more specifically pauper relief, was decentralized and organized locally in community quarters where volunteers took care of a limited number of very poor people and



their families (Hammerschmidt 2011: 25). The volunteers were members of the middle classes and it was their responsibility to help poor families to get along and find a job. This so-called “Elberfelder System”, privately organized social service provision, developed into a widely used and frequently copied model in German cities at that time. In the second half of the 19th century, like in other highly industrialized countries, members of the middle classes founded local initiatives with the aim of helping the poor and needy in fast growing industrial centers. These nonprofit welfare organizations, e.g. hospitals, orphanages or homes for vulnerable groups, were privately financed social enterprises, predominantly run by volunteers (Sachße 2011; Zimmer/Obuch 2017).

Simultaneously, in the booming industrial regions of Germany, municipalities began to establish facilities and programs with the dual goal of helping the poor and integrating newcomers, by and large migrant workers flooding into the metropolitan areas. Since general competence (Allzuständigkeit) of the municipalities was the legal rule, German municipalities were required by law to take care of everything within their regional domain. Against this background, problems and difficulties related to accelerated industrialization and urbanization, such as deficits in terms of the provision of local infrastructure, social services and welfare, or the so called “social question”, propelled the growth and professionalization of local administration and public utilities in Germany (Hammerschmidt 2011: 27).

However, in contrast to other industrialized countries, the developing German welfare state did not absorb the “private culture of welfare”. It did not take service provision out of the hands of the numerous, mostly local, volunteer run, nonprofit-organizations that were heavily engaged in social service and health care provision (Sachße 1996). Instead, from a very early stage onwards, “public welfare” coordinated its activities with “private welfare” resulting in a ‘dual system’ (Sachße 1995) of social service provision. A system where public organizations worked almost on par, and in close co-operation, with “private welfare”, i.e. local nonprofit-organizations and their umbrellas, the famous German Welfare Associations (Boeßenecker/Vilain 2013, see footnote2).

### **3.3 Subsidiarity as a Variant of Neo-Corporatism**

According to Philippe Schmitter’s classical definition, “neo-corporatism” characterizes a policy or “ideal-typical institutional arrangement” where societal organizations have a prominent voice in policy planning processes or within the “decisional structures of the state” (Schmitter 1974: 86). A second important feature of neo-corporatism highlighted by Schmitter, refers to the limited number of actors involved in neo-corporatist arrangements. Furthermore, these actors have to be “recognized and licensed (if not created) by the state” (Schmitter 1974: 94). As such neo-corporatism is in direct contrast to pluralist arrangements that are based on a plurality of actors where the state does not significantly interfere.

For decades, political scientists categorized Germany as a neo-corporatist country. The history of neo-corporatism dates back to the times of the German Empire (Kleinfeld 2007). By and large, research on neo-corporatism focused on the economy and therefore on the co-operation between the associations of “capital” and “labor”, trade unions and employers and / or business associations. However, starting in the 1980s, policy research identified further arenas where the mode of co-operative government had significant neo-corporatism features, characterized by a restricted number of private actors working closely with government and public administration in both processes of policy-planning and policy-implementation (Katzenstein 1987).

In a widely cited article, the German sociologists Rolf G. Heinze and Thomas Olk (1981) convincingly argued that the welfare domain, specifically public social service provision, is a policy arena that shows strong features of neo-corporatism. In particular, a limited number of associations, representing specific constituencies of the German society, are recognized and licensed by the government as umbrellas to co-operate with public institutions at every level of Germany's federal system in both policy-planning and policy-implementation. These societal organizations, that enjoy such a privileged position in Germany's welfare state, are the Welfare Associations (Boeßenecker/Vilain 2013). Again, their history dates back to the time of the German Empire; they were and still are the most important providers of social services in Germany. Their remarkable success at maintaining their position as partners of government in policy-planning and implementation, as well as key-providers of social services, is closely linked to both their embeddedness in the German society and the very specific interpretation of the principle subsidiarity that prioritized the incorporation of these organizations into the developing German welfare state (Schmid, 1996; Zimmer 2019).

According to the welfare state typology of Esping-Andersen (1990), there are two features of social service provision in Germany that formerly set the country apart from both the liberal, pluralistic and the social-democratic, centralized model of the welfare state: 1) the exclusive 'dual system' of public-nonprofit social service provision that, for a long time, excluded any commercial providers; and 2) the neo-corporatist approach to social policy planning and implementation that was legitimized by the incorporation of the principle of subsidiarity (Sachße 2003) into German social laws and gave the Welfare Associations a privileged position as partners in policy-making and implementation.

As early as the beginning of the last century, and alongside the growth of the German welfare state, the 'dual system' of public and private nonprofit welfare (Sachße 1995) operating primarily at the local level of the municipalities, was 'uploaded' to the national level of government. It was firmly established by the support of the developing German welfare bureaucracy and the umbrella associations of the local nonprofit social service providers, the Welfare Associations (Sachße 1995). From an economic point of view, the Welfare Associations are still the most important providers of social services in Germany (Zimmer/Paul 2018). They grew out of Germany's classic social milieus that structured German society up until the 1970s (Hammerschmidt 2005).

When societal modernization started in the late 19th century, Germany's society was very heterogeneous. There were strong societal cleavages, organized along specific social milieus of which the 'catholic', the 'protestant' and the 'social-democratic milieu' were the most prominent. Nonprofit-organizations constituted the organisational infrastructure of these milieus, which were vertically integrated by 'umbrella associations' organized along the aforementioned normative and religious cleavages and bound together by norms and values. This pattern of societal structuration, also characterized as "pillarization", was not restricted to the social domain; it was also very prevalent in sports or other leisure-oriented areas (Zimmer 1999). From the very beginning, the 'umbrellas' and the local nonprofits agreed upon a division of labour: 'Umbrellas' operating at the national and regional level of government were primarily active in policy planning, lobbying activities, and bargaining procedures; their membership organisations at the local level were primarily responsible for service provision, most of which was accomplished by volunteers, at least in the early years of the welfare state.

In the welfare domain, the extraordinary success story of the Welfare Associations was closely linked to the interpretation of the 'principle of subsidiarity' in Germany. Based in Catholic social

doctrine, the principle was originally designed to protect individual rights against any powerful intervention from the state. After World War II, the principle was incorporated into German social laws and redefined in favour of the Welfare Associations. Local governments were, by law, not allowed to establish a public social service facility as long as a nonprofit organization, affiliated with the Welfare Associations, was able to provide the service. The subsidiarity-based primacy of nonprofit service provision also prohibited commercial competition in the welfare domain. As a result, up until major policy changes in the 1990s, nonprofits providing social services were protected from for-profit competition, worked closely with public organizations in the areas of social service and health care provision, and, like their public counterparts, were protected from bankruptcy.

#### **4 Social Service Provision Today**

Since the 1990s, the distinct features of the German welfare state, particularly the dual system of social service production, have changed significantly. First, the national government established cost containment strategies for every area of social service provision. As part of this overall effort, the deficits of social service and health care providers are no longer leveled by public subsidies at the end of the fiscal year. Second, the national government modified the “principle of subsidiarity” by allowing organizations not affiliated with the traditional Welfare Associations to operate in the welfare domain including independent nonprofits and, more importantly, commercial providers. Just like the membership organizations of the Welfare Associations, these new actors became eligible for obtaining public grants and contracts (Backhaus-Maul/Olk 1994). Third, municipalities, faced with severe fiscal constraints, increasingly outsourced cost-intensive care facilities, this was particularly true for community hospitals that were sold to private companies (Zimmer 2009).

As a result of these measures, the welfare mix of social service provision has changed significantly and private for-profit providers gained an increasing share of the health care and social services markets in Germany (Zimmer/Smith 2014). Accordingly, the “dual system”, which was restricted to public and nonprofit service providers, developed into a pluralistic system of various actors including commercial firms, the Welfare Associations and their membership organizations operating locally, a small number of social enterprises, and nonprofits which are not affiliated with the Welfare Associations.

With respect to financing, the legal form of the service provider does not matter. Reimbursements (Leistungsentgelte) for service delivery constitute the most important revenue source for social service and health care organizations in Germany. Government does not regulate the amount of money allocated for a single service. Instead, the amount of money provided as reimbursement per capita, or per service, is the result of a bargaining process between representatives of regulating, financing and service providing entities. The participants of these bargaining processes are representatives of the insurance funds, the municipalities, and the service providers – nonprofit and for-profit. This translates into a situation in which “prizes” for social services vary depending on the financial prosperity of those covering the costs of the service (municipalities, social and health insurances).

Besides reimbursements, social service providers are eligible to receive government grants. Traditionally, these were allocated either as annual payments or on demand. However, eligibility was previously restricted to non-profit organizations affiliated with the Welfare Associations. Today, every legally acknowledged social service provider is eligible to apply for government grants or to receive subsidies. Not only is there a much larger pool of organizations

eligible to seek grants or public subsidies now that it isn't restricted to the Welfare Association, but there has also been a change in how public monies are granted and monitored. In accordance with the rise of New Public Management in the 1990s, local governments introduced competitive tendering and contract management to distribute and monitor public funds.

However, NPM did not thoroughly replace former modes of governance in the welfare domain. Compared to previous times, there is a far greater plurality of providers - public, nonprofit, commercial – that receive funds and grants for the supply of social services. But in contrast to the leitmotiv of NPM, local public administrations do not exclusively rely on mechanism of competition such as competitive tendering in Germany. Instead, modes of governance differ depending on the policy field, the local tradition, the availability of funds of the local community or the overall culture of the particular local government and public administration. Definitely, the legacy of a long tradition of co-operation with the membership organizations of the Welfare Associations continues to have an impact. Furthermore, German public administration is still highly departmentalized and organized in accordance with Max Weber's bureaucratic model. This is certainly a challenge in times of stress and work overload, when new problems or new clients and / or constituencies, such as refugees and migrants, ask for intensified attention and support. Indeed, empirical research and analysis are needed to understand how German public administration operates in the area of public service provision. More research is needed to determine if instruments of new public management are strongly in place or less favoured and whether, and to what extent, private actors, in particular non-profit organizations, are welcomed to participate in processes of policy creation. Or on the contrary, it might also be the case that non-profit organizations are solely perceived as providers of services that enlarge their field of operation by applying for government grants or by taking part in processes of bidding for contracts, issued and monitored by the local administration.

## 5 Summary

The purpose of this article was to provide an overview of the reform models of public administration in Germany and to analyse, with a special eye on nonprofit-organizations, their impact on the provision of social services. It was outlined that New Public Management, as a prominent reform model of public administration, did not replace the classical bureaucracy model. Germany's public authorities are still strongly departmentalized hierarchical organizations. However, instruments of NPM are widely utilized by German public authorities in the management of external relations. In the NPM model, government programs and grants are provided on a competitive basis and they are monitored and evaluated using techniques of business administration. However, the shift toward the most recent model of public administration – new public governance – is not the primary reason why the majority of social services in Germany, particularly at the local level in the municipalities, are provided by private organizations and not public ones.

As outlined, Germany's social policy activities that regulate local government, and private nonprofit engagement in communities on behalf of the needy and the poor, are the main factors that created the current social service provision structure. However, for decades local governments only co-operated with a very limited number of social service providers, the membership organizations of the Welfare Associations. As indicated, this exclusive partnership was backed by two distinct German traditions, namely local self-government translating into a general responsibility of the municipalities for all matters in their domain, and the so-called semi-sovereignty of the German state that constitutes a synonym for neo-corporatist policy

formation and implementation. While local self-government, albeit modified and embedded into a highly regulated system of “co-operative federalism”, is still in place in Germany, neo-corporatism, particularly its special variant of subsidiarity, no longer dominates the mode of governance in the domain of public social service provision. Today, there is a multitude of service providers with very different legal forms that are eligible to partner with local governments. This new situation has a significant impact on nonprofit organizations. Nonprofits have to face increased competition from for-profit providers. Moreover, there are multiple modes of how local governments and their public administrations co-operate with private – commercial or nonprofit - providers of social services. The LoGoSo project addressed the topic of how local governments co-operated with nonprofit-organizations in selected cities and policy fields with the aim of integrating new-comers, refugees and asylum seekers, into the local community with the help of social services (see Lovelady/Grabbe 2019).

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