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IN THE NEW EUROPE**

**Policies and Institutions for the Development of Cities and
Regions in the Single European Market**

edited by
Panayotis Getimis and Grigoris Kafkalas



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The role of urban social movement organisations in innovative urban policies and institutions¹

MARGIT MAYER

New policies and institutions are emerging on the local and regional level in response to competitive pressures as well as fiscal constraints making themselves felt particularly on the local level. The crisis of traditional forms of social regulation was exacerbated by the social movements of the seventies and eighties which articulated the limits of Fordist growth. On the other hand, these same social movements have contributed ideas and initiatives to new employment and social policies; some intermediary organisations developed in the recent process of stabilizing and professionalizing movement activities are now even systematically included in the formulation and implementation of various programs of urban regeneration, job creation, and social (self-help) provision.

Existing literatures on the development of recent German social movements and their increasing institutionalization offer quite contradictory assessments: on the one hand the proliferation of community-based and self-help oriented groups and their inclusion in various policy areas are celebrated as indication of the movement success; on the other hand, the transformation or abandonment of original movement goals which frequently occur in these processes are read as failure stories, indicating co-optation or sell-out. Without contextualizing this movement development in the larger restructuring processes affecting the economy and the welfare state, we will not be able to adequately assess the meaning and the role of social movement organisations in the 1990s. Careful analysis of both, the changes affecting movement politics in the process of their partial institutionalization, as well as of the broader shift in local politics observable since the eighties, will have to be combined.

This article seeks to explore the interplay between the dynamic of local state restructuring and social movement institutionalization, their interacting in certain policy fields, using the case of Germany for empirical reference. It seeks to clarify to what extent the (selective) inclusion of movement interests and the increasing reliance on intermediary organisations in the local political process are part of a new model of social

regulation (rather than merely part of a transitory phase of experimentation), and what its characteristic features and new lines of conflict would be.

1. Movement institutionalization and state restructuring

During the early eighties, German cities began to experiment with some unconventional programs especially in the areas of housing and social policy. Sometimes these programs were triggered and accelerated by movement demands, but more generally they were a response to the economic crisis which fell especially on local governments as they had to deal with growing unemployment and increasing welfare dependency rates, while the federal government's austerity policies severely restricted their scope for action.

The 1982 German recession, when stagnation reached the formerly expansive service sector (Leaman, 1988: p.234), introduced a period of intensifying distributive struggles and reductions of social benefits by the state. The simultaneous change in national government brought the conservative Christian-Democrats into power; its devolution rhetoric led to a revival of local and urban issues in the public sphere. Local governments had to deal with the fiscal restrictions imposed by the consequences of economic restructuring, unemployment, and with dramatically rising welfare costs. Also, municipal budgets began to feel the strain from years of environmental neglect, as polluted soils, traffic congestion, waste disposal and water provision are largely municipal responsibilities. On top of these economic and fiscal challenges came political challenges in the shape of alternative and green protest movements increasingly active in the local political terrain. Depending on the kind and intensity of this complex challenge, municipalities were forced to react and to devise solutions to the growing dilemmas. Social-democratic, neo-conservative, and green-alternative strategies were designed, struggled over, and sometimes combined. Interestingly, many cities seized this challenge not only as a way of reactive crisis management but also to explore innovative potentials in order to develop more client- and community-oriented policies (Bullmann and Gitschmann, 1987).

This initial phase of experimental municipal policies consisted primarily in the initiation, subsidization and regulation of self-help projects and employment initiatives in the areas of urban renewal, social policies and job creation. The programs were quantitatively limited pilot programs or "models" designed to test ways to go beyond traditional bureaucratic and centrally-organized welfare state policies. All of them had to deal with more or less intense resistance within the administration and opposition from the established welfare organisations. The political parties still differed in the focus and emphasis of the strategies developed:

While the Christian Democrats were more interested in establishing voluntarism and subsidiarity in social policies, the Social Democrats sought to devise alternative labour market and job creation strategies or rediscovered their own cooperative heritage.

Though quantitatively limited, these early programs served to reorient and, in fact, restructure urban politics in important ways. Emphasizing self-organized and community-based forms of social service provision and relying on funds from diverse state and other sources, they all required novel types of cooperation of different municipal actors as well as between municipal and private agencies. While serving to erode the traditional monopoly of the local state's responsibility for these tasks, they also forced city councils and administrations to institutionalize new channels of coordination and cooperation between the public and private sectors and between various levels and departments of government. Rigidities and barriers within the administration and in the routinized relationships between municipalities and the traditional welfare (and other) associations were gradually (often against vehement resistance) broken down, smoothing the way for a more systematic flexibilization of the institutional arrangements of local politics.

The other significant novelty introduced during this initial phase was the involvement of parts of social movement organisations in the policy making and implementation of those programs. Delegating the implementation of tasks which used to be the municipality's not just to the traditional voluntary sector agents, but to grassroots self-help groups, women's and youth centres as well as alternative groups which came out of the urban protest movements marked a significant new step within post-war German political culture. The reason it did occur was because of growing insight that traditional instruments of social policy are not effective in dealing with long-term unemployment and concomitant problems of marginalization.² Community organisations, alternative groups, and organisations active around social issues concerning health, women, immigrants, or drug abuse have the required creativity and skills, are rooted in the locality and client-based to begin with, and have often presented themselves as alternative social and labour market policies. Examples from three different policy areas will illustrate this development.

A. Urban renewal

The squatting movement of the early 80s, soon known as the "rehab squatting movement", was strongest in Berlin, where it started in 1979 as the last desperate step of a ten-year-long defensive community and tenant organizing endeavour to stop the deterioration, forced vacancies and speculation carried out by private landlords. When a powerful youth and alternative movement emerged and coalesced with local community groups, squatting became a form of self-help in which the squatters not

only occupied vacant buildings, but also attempted to restore the properties into livable condition after years of physical deterioration (Katz and Mayer, 1985). They managed to attract the support of broad sectors of the population alienated by the rotten building policies of the Berlin government and the disruptive effects of (and huge profits made by) massive housing development, real estate and tax shelter syndicating firms. During the movement's peak, about 160 buildings were "rehab-squatted" in West Berlin, involving directly about 5000 people.³

The joint actions of the squatter movements brought together citizens' and tenants' initiatives, marginalized youth, and alternative political groups. While the former were interested in careful urban renewal and self-help in housing rehabilitation, the latter sought niches for themselves in a relatively protected milieu, used the actions as a stage for their struggle against the state, or were simply interested in suitable space for political projects. What they had in common, at least initially, was a radical critique of the state housing policy and a desire for unfettered self-realization, for private spheres without state control.

As the fruits of their self-help labour were repeatedly destroyed by evictions and demolitions, more squatters sought agents to mediate their interests with the local state. While evictions, arrests, trials, police investigations and street fighting were still going on (one demonstrator was killed in the protest against the eviction of eight squatted buildings in September 1981), some squatters and support groups worked up a variety of proposals for the transfer of squatted houses into public ownership, "legalized" self-management and long-term leaseholds, as well as an institutionalized third-party mediator and manager between the houses and the state. After years of struggle and many setbacks which gradually fragmented the movement, the first alternative renewal agent "Stattbau" began to administer the buildings on behalf of the Berlin Senat, which would in turn purchase the buildings from their current owners and give squatters long-term leases with extensive self-management rights (Clarke and Mayer, 1986: p.412). Following this example, similar alternative renewal agents were established in Hamburg in 1984 (Schubert, 1991: p.37; Boll et al., 1991: p.225) and over the next few years in other West German cities. Finally, in response to the housing problems which the rehab-squatters publicized, the Berlin Housing Senat institutionalized a self-help rehabilitation program featuring the inclusion of various intermediary organisations and both technical assistance and socially-oriented renewal agents in the planning, formulation and implementation of housing and renewal policies (Mayer, 1987: p.354).

B. Social services

A similar process of "approximation" took place with the alternative collectives and citizens initiatives and the state. In Berlin these groups had formed an umbrella organisation "Arbeitskreis Staatsknete" to secure

public funding for their projects. While the founding activists among them framed this demand as a political offensive on the "new voluntarism" propagated by the Christian-Democratic government, more and more projects joined the Arbeitskreis, which were new, had little political experience, but high hopes for individual funding - that is to say, they were less interested in a political critique. This changing composition among the activists reflects the fact that deteriorating economic conditions and increasing marginalization (especially youth unemployment) were beginning to undermine the position of alternative projects all over Germany (Beywl, 1983: p.97; 1989). A consequence was that the projects sought to professionalize and were increasingly willing to participate in the political bargaining process wherever it would open up to them.

Again the West Berlin administration spearheaded such "opening-up" processes⁴ and was soon followed by other (at first especially Christian-Democratic run) local governments. In 1983, a social services program was established in response to demands for state funding of alternative social, cultural and political projects, but also as a solution to the problems of the local welfare state (compare Fink's writings, who was then the Berlin Senator for Social Affairs). While the umbrella organisation "Arbeitskreis Staatsknete" had demanded funding for a self-administered fund from various departments, the CDU offer was restricted to social services and health-related activities, but geared towards projects based on client self-help and voluntary co-production of health services. Over the first few years of the program a number of groups found the state's control over their work and the redefinition of their goals too intrusive and dropped out, but the program has endured (through changing governments) and has funded hundreds of self-help groups in social projects working with women, immigrants, youth, drug addicts etc. (SEKIS Newsletter).⁵

In Munich, a similar process of differentiation within the alternative movement, and of coordination among those active around social and health issues ("AK Kommunale Gesundheitspolitik") resulted in the establishment of a funding program when a Social Democratic majority was elected to the city government in 1984.⁶ Like the Berlin program; it sought to complement the existing system of social service provision (i.e. target its gaps) by forms emphasizing self-organisation and voluntarism. Contrary to the Christian-Democratic initiated funding programs, this scheme spent a larger proportion on staff payroll (than on other expenses, rents etc.), thus exploring and highlighting the job-creation possibilities in this sector.

The pivotal intermediary organisation which developed in this sector was the so-called "self-help centre" or "self-help contact place" which coordinates information and consultation, and stimulates the formation of new self-help groups. Generously funded through the program⁷, it

mediates between grassroots self-help groups and the state and welfare bureaucracies. In 1988, similar self-help contact centres have been established in 20 West German cities through a national model program⁸, another model program was started in 1992 to establish 17 new centres in the new (formerly East German) states. The sudden growth in self-help groups has challenged the monopoly of the traditional welfare associations: "Reluctantly the neocorporatist arrangement between the state and the traditional welfare organisations had to accommodate and incorporate the claims of the new social movements" (Anheier and Seibel, 1990: p.11).

C. Job creation initiatives

During the early, experimental stage, even the employment programs cities engaged in, though they were directly related to labour market problems, were more properly social programs. They targeted so-called "problem groups" of the labour market, subsidizing their unemployment or welfare benefits so as to make some kind of employment possible, often in an irregular (so-called second) labour market. Here the city of Hamburg spearheaded the development with its 1982 established "Second Labour Market Program" (Fiedler and Schrödter, 1983), Munich, Berlin and other cities were soon to follow, complemented by some states which established funding programs for job creation, centres for the unemployed, and technical assistance for project management etc⁹. While cities varied in the combination of different measures (labour market schemes, social security schemes, EC funding etc.), the extent to which the jobs were with the municipality or with voluntary associations and community-based non-profits¹⁰, these programs everywhere represented a novel use of applying and combining different public (and private) resources.

For example, Munich city's program, passed in 1984, employed 364 persons by 1985 and about 600 by 1987. The funds allocated by the city rose from 5.5 mio DM in 1984 to 16 mio in 1987 (Dittrich et al., 1989: pp.45-6). While these numbers appear insignificant in face of the unemployment number of 55,000 (in 1984), the important effect of these programs consisted in testing qualitatively different approaches to labour market problems, and in laying the groundwork for new administrative structures to coordinate such approaches. Since none of the existing departments felt equipped to handle a program with such diverse funding sources and involving so many different agencies, new staff offices would be installed either near the peak of the administration or with the city planning department. Further, these experiments served to create and test cooperative arrangements between different offices in the municipality and relevant "outside" institutions such as the unemployment office, chambers, unions, welfare associations, and other non-profit organisations necessary to implement the program. These processes were characterized by plenty of conflict and trial and error, and there was remarkable variation in how much decision-making input was actually

granted to the "outside" representatives on the respective advisory boards. The only thing that may be generalized from this phase of innovative employment policies is that their strong dependence on the (temporary) public sector job creation schemes of the Federal Labour Institute (so-called ABM-measures, which restrict funding per position to one year) effectively made them more into social programs than into policies encouraging market success. ABM-positions played their most important functions in the expansion of social services, the improvement of housing and community and in environmental protection (Wollmann, 1986: p.91), where the jobs created, however, were mostly for (unemployed) academics (Dittrich et al., 1989: p.55).

Activists and various experts from the experiments that grew out of the squatting movement in Berlin were also instrumental in setting up intermediary organisations in this policy field. On the basis of some experience in training projects, which combined youth programs with urban renewal strategies, a technical assistance and consulting agency was founded (Beratungseinrichtung zur Förderung und Unterstützung von Ausbildungs - und Beschäftigungsinitiativen im Jugend - und Sozialhilfereich - BBJ-Consult) in 1984 (Meyer auf der Heyde, 1989: p.52). This and other similar intermediary organisations combine funding and legal instruments available through the Federal Social Assistance, Youth Services, and Work Promotion Acts in an effort to (re)integrate so-called problem groups into the labour market.¹¹ The training and employment initiatives pursued by these consulting agencies thus mobilize and integrate the job-creating potentials from different policy areas thereby contributing to developing and testing innovative concepts to fight structural unemployment and marginalization on the local level.

D. Other forms of movement institutionalization

In part as a result of these municipal programs, but in part also due to independent movement dynamics (such as the desire to stabilize in a long-term perspective), various institutionalization and professionalization tendencies spread among the urban social movements during the decade of the 80s. But there was also another trend contributing to the institutionalization of the movements during this period: it occurred through the parliamentary representation of movement issues and demands. Since the Green Party's foundation in 1980, approximately 6000 people have been elected to local councils on Green or green-alternative lists. Today, the Greens participate in governmental coalitions in four states (Hessen, Lower-Saxony, Brandenburg, Bremen), and there are numerous red-green local governments. As an electoral alternative to the established parties, the Greens have forced the latter to acknowledge and deal with the movements and their issues, and they have managed to negotiate many concessions and benefits for the movements (Roth, 1991). The ambivalent consequences of "parliamentarization" on the

social movements are topic of many studies (Zeuner, 1985; Mayer and Ely, 1993) and also have particular local manifestations. The constraints of parliamentary compromise, the concentration on elections and budgets, and the pressure to jettison symbolic counter-politics have led local Greens to adopt a rather limited strategy, focusing on few issues such as funding for women's centres and shelters, establishing affirmative action agencies, reducing traffic etc., and giving up more comprehensive political challenges. Thus, the presence of the Green Party in local governments, while aiding the public recognition of movement issues and movement practice, has also served to shift the political weight from protest politics toward co-optation and lobbying (Dackweiler et al., 1990: p.147; Roth, 1991: p.85).

In summary, we might say that during this phase of "approximation" between social movement organisations seeking to put their practice on more stable footing, and municipalities seeking to find workable solutions to the costs and inefficiencies of welfare state services, many social movement organisations succeeded to integrate themselves into the network of relevant actors dominating the respective sector: tenant groups and "alternative" renewal agents in the housing sector, self-help groups and alternative service providers in the social policy sector, and a hybrid type of intermediary organisations in the field of labour market and employment policies. While making themselves essential partners within these networks, new and somewhat stable relationships have emerged (sometimes even via contracts) between the SMOs, state actors, established associations, and dominant private actors. As these relationships have become more routinized, their movement aspects have faded more into the background, and they are fitted into a larger process of restructuring of local politics.

2. Shifts in the local political system

Most of the literature distinguishes rather clearly between the public (state) and private (market) sector and their respective logics, with a "third" or "intermediary sector" discovered when politicians began to reconsider the division of labour between public and private sectors and to examine ways of reducing state responsibility (Anheier and Seibel, 1990: p.8). These views are, however, static and ignore important trends affecting all three sectors that have set in even before the new social movements were seen as entering the third sector. Rather than envisioning the relationship between these three sectors as a zero-sum game with shifting division of labour, we have to take account of intensification processes within each sector: parallel to the "hollowing out" of the nation state, a "shadow state" expands penetrating deeper and further into society than before (Geiger and Wolch, 1986); at the same time, privatization processes are intensifying, subjecting ever more activities to the economic logic of the market, replacing earlier non-

commercial, not-for-profit forms of provision (cf. for many Henig et al., 1988); finally, it is also the case that for certain activities third sector, voluntary forms of provision are on the rise.

Thus, in contextualizing the recent development of urban social movements, we have to take account of the shifting local political system observable since the eighties (Mayer, 1992). This shift entails, above all, two related processes: the mobilization of local politics for economic development, and the privatization of the local (welfare) state, i.e. the subordination of welfare policy to the demands of flexible labour markets and structural competitiveness. Both take place through increasingly involving other, non-state actors, including not just chambers and associations, but also community organisations, non-profits, and grass-roots initiatives. While this "opening" allows movement and intermediary organisations involved in the new housing, social and employment programs described above, an opportunity to stabilize their activities, it also places them in a context of pressure to become part of the increasingly flexible forms of provision of collective consumption and subordinated to the search for labour market flexibility. I'll briefly sketch the dynamics of this context.

The more or less spontaneous and unsystematic local efforts to respond to specific local restructuring problems (which also importantly included strategies to stimulate economic growth by establishing technology parks, innovation centres, business incubators etc.; these are not discussed here since the overlap with movement dynamics is less obvious) have been supported and spurred on by state-wide, national, and EC programs.

State-level programs have been launched to support regional economic development (e.g. regionalization of structural policies in Northrhine-Westphalia, Heinze and Voelzkow, 1991). While prior to such "decentralized" programs the role of municipalities and corporations had been restricted to that of recipients or implementors of higher-level programs¹², now strategies such as Northrhine-Westphalia's "Zukunftsinitiativen" which bundle subsidies from various state, EC, and federal programs, actively involve regional actors in the design as well as the implementation of the policies. Regional actors here include state agencies whose mission had not been viewed as having great economic consequences (state departments of education, transport; universities; existing quasi-public corporations) and newly created quasi-public organisations that perform specialized economic tasks such as providing seed and risk capital, assisting new business formation, promoting exports, or supporting science and technology; as well as agencies and forums which were installed to coordinate and integrate the various economically relevant entities (regional councils, round tables, staff offices). In order to routinize cooperation with the private sector, regular policy-shaping meetings with business associations and chambers have been installed.

EC programs, in tying public subsidies for economic development to the condition that the locality or region have reached a consensus about the forms of cooperation among all relevant actors, also encouraged new forms of cooperation in decentral endogenous development, thereby expanding the local political subject from the municipality and traditional politically responsible bodies to regional councils, intermediary organisations, and round tables such as labour market conferences.

These state, federal, and EC programs thus were all designed to transform the shape of urban governance into one of more active management and entrepreneurialism (Mayer, 1990), where the local state organizes political decisions through active steering and coordinates them with relevant private actors through partnerships and intermediary institutions.

While in economic development these new forms of negotiation and cooperation involve primarily the interest organisations of the regionally active firms and those of their employees, in urban renewal or in employment and social policies they also involve (besides the traditional established welfare associations and the churches) community organisations, alternative groups, and movement organisations active around health, women, immigrants, drugs etc. Municipal governments have been screening such groups for their usefulness in dealing with long-term unemployment and marginalization problems (i.e. policy fields where the traditional welfare state mechanisms no longer work), gradually incorporating them into the restructuring of the local welfare state. They are thus part of a larger change in local service provision in which the responsibility for the implementation of a variety of formerly municipal tasks is delegated to other (non-municipal) private and voluntary sector agents. While traditional welfare state benefits are reduced, new mediating structures are installed and new forms of (frequently state-initiated) self-steering are explored, into which former social movement organisations are tied.

On the one hand, these groups permit concrete local improvements that are in many respects superior to state- or capital-provided alternatives. At the same time, they often succeed in stimulating the participation of marginalized social groups who are not easily integrated by the traditional means of the welfare state. In this cooperation, some neighbourhood groups or assistance organisations that originated in earlier squatting movements have become employment agencies of a new type. While tackling social and ecological problems, they mediate cheap labour through municipal rehab and training programs and, in the course of managing the new organisation, professionalized themselves in the management of the new para-state organisations.

In this process, the boundaries between the different policy areas have become less clear as both, municipal programs and the SM/intermediary organisations, seek to combine strategies tackling social marginalization

processes, urban repair etc., with job creation measures.

In the field of urban renewal, we now have intermediary organisations, renewal agents, and community-based TA organisations, which are supposedly enabling and empowering residents as they combine social, environmental and renewal/revitalization work (Schnepf-Orth and Staubach, 1989; Froessler and Selle, 1991). However, while they seem most successful where they exhibit such "polyvalent" characteristics (i.e. they deliver goods while performing lobby and political functions), the funding of these groups remains precarious, in fact, since recently has been decreasing.

In the social policy field, the Berlin program for self-help groups has survived shifting political constellations and even intensifying fiscal constraints. While these city moneys have become essential funding sources for many of the movement organisations, most groups had to find more and additional ways to raise money (through the market, (Green) foundations, Netzwerk etc.). Traditional welfare agencies have not been replaced, in fact they are involved in important positions on the boards steering the self-help programs. The final decisions about which projects are to receive funding remain within the city administration. Thus, self-help groups are now a legitimate and upgraded element of social service provision, but still marginal in comparison with the established institutions of social politics and social provision.

Employment and training programs are also increasingly coupled with environmental and social policies and relying on community organisations' know-how and connections. A recent example is the Berlin Senat for Social Affairs program "Arbeit statt Sozialhilfe" (Work instead of Welfare)¹³. Intermediary organisations in this field, such as BBJ-Consult, have, over time, shifted their emphasis from youth work (focusing mostly on training opportunities) to more general schemes using the instruments of Social Security as well as of the Work Promotion Law (and of the European Social Fonds) to combine training and employment opportunities (Meyer auf der Heyde, 1989: p.57). They have also increasingly participated in developing state programs (such as the Berlin Program 501: Jobs for Unemployed Young Adults of their Own Choice¹⁴) and since 1988 in implementing state programs. The emphasis on workfare and job creation obvious in these programs is equally present in the design of the newer social, environmental, and urban renewal programs, all of which are hybrid programs burdening non-profit and social movement organisations with delivery and implementation and connecting them to labour market policies.

3. The "New Third Sector": post-Fordist scenarios

The restructuring processes triggered by the crisis of Fordism have resulted in a more pronounced, uneven regional development than post-

war Germany has ever known. Inter-urban competition has intensified and the hierarchical differentiation between and within cities has become exacerbated: new ways of urban development have revitalized and gentrified many inner cities, expanded polycentric agglomerations, and led to new forms of small-scale segregation. Current government programs subsidizing new housing construction and renovating existing housing privilege private developers over publicly-controlled production companies. While small-scale procedures have been introduced to renew deteriorated housing stock, rent laws have been liberalized, and the ensuing market-led restructuring has led to unplanned but massive displacements of low-income residents (Krätke and Schmoll, 1991: p.546). Furthermore, the deregulated, flexibilized forms of growth tend to create new forms of exclusion such as homelessness, precarious and casualized forms of employment, and long-term structural unemployment for certain population groups.

Winners of the new growth are not only the expanding numbers of well-paid, highly skilled professionals in the advanced services and high-tech sectors. Even though they are underfunded, the staff and founders of many of these newly subsidized projects and intermediary organisations may also count as winners of recent restructuring, as their work now enjoys social recognition and their position is now relatively secure. Thus, the process of inclusion of formerly excluded social groups has produced both winners and losers and thereby created new contradictions and cleavages between insiders and outsiders. (The "new insiders" are also found among Green city council people.)

To an extent, the institutionalization of alternative local politics, as it turned movement participation into interest group politics and co-production in service provision, has contributed to the marginalization of new protests and new movement actors. While community development organisations are busy developing low-income housing, those who do not qualify for the waiting lists or engage in wild squatting confront what appears to them as "established" development organisations. These tensions were expressed in violent actions by autonomous groups¹⁵ against e.g. *Stattbau*, the alternative renewal agent in Berlin noted above. Such actions indicate that the movement scene has split into antagonistic fragments, where one group attacks as "yuppification" what to another is an achievement of gentle, participatory urban renewal.

But there are more - and growing - social groups who cannot be reached even by the instruments of the last innovative phase of urban politics. In fact, some of the new political alienation is precisely an outcome of the recent incorporation processes.

Marginal groups are far worse off today than even during the early eighties: the competition on the labour market has become most fierce, the unemployment rate has now reached 7.4% in West, 14.7% in the East of Germany (3.45 million)¹⁶, and the number of welfare dependencies

reached 4.2 million¹⁷. The number of homeless people is now estimated at 150.000 and increasingly includes young people and women. The economic, social and ecological problems have all been exacerbated through the addition of former East Germany, which even served to encourage a political backlash.¹⁸ Social groups with limited skills and training, who feel powerless and politically alienated, now tend to exert pressure on those groups who had barely been integrated, as for example undocumented migrants and refugees. German working class kids, who never participated in the alternative scene and never had a chance to be clients of the progressive community work of the seventies and eighties (which more often focused on immigrants as clients), now join gangs and act out their frustration against foreigners (Farin and Seidel-Pielen, 1991: p.49). The Christian-Democratic party's campaign against refugees has lent public recognition to a racist discourse, which is supposed to deflect attention from and offer an illusory solution to the very real economic and social problems. Since the violent attacks against refugees in Hoyerswerda and Rostock, racist mobilization has seriously damaged the still fragile democratic political culture developed during the last 40 years.

While the boundaries of the social movement sector have become less clear, and while the movement field has lost energy to other intermediary sectors, cities do remain sites of social movements. But the issues are more and more defined by the harsher social realities and new marginalization processes, and by cleavages reflecting an increasing polarization into "dual cities". The actors are more heterogeneous and some of them turn against the former movement actors who are now "insiders".

Dwindling financial resources are now (since the price for unification is making itself felt so dramatically) also impacting on the various municipal funding programs, many projects are already suffering from cuts (Scheub, 1992). Though under pressure, these projects and intermediary organisations are now an integral part of the urban political landscape and the local modes of regulation. In fact, it was through them that the retrenching and restructuring of social welfare has taken place.

The inclusion of movement interests and the growing reliance on intermediary organisations in the local political process are thus part of a new model of social regulation, where welfare policy is subordinated to the demands of structural competitiveness and flexible labour markets. The programs which seek to organize this inclusion have, over the last few years, become increasingly subordinated to the overriding goal of employment and growth. The intermediary organisations funded through these programs cushion the labour market and manpower policies which are to flexibilize the labour force, while they are themselves part of a more flexible and innovative provision of collective consumption. A characteristic feature of this "Schumpeterian Workfare State" (Jessop, 1992) is that city governments give priority to economic development policies (especially via the entrepreneurial mobilization of endogenous potential),

thereby pushing one of the formerly central functions of local state politics, the provision of collective consumption goods and welfare services, into the background. This devolution/privatization of the local (welfare) state and its increased engagement for economic development occur via new forms of negotiation and implementation privileging non-governmental/intermediary organisations. But there are more and less inclusionary versions of such decentral neo-corporatism, as there are more and less acceptable versions of work in the "third sector".

Under the heading "Solving the crisis of the welfare state" Lipietz (1992) writes that "(t)he way forward involves the creation of a new sector, limited in size, whose workers ... would receive from the welfare state the normal unemployment pay. (...) The activities of the new sector should be dedicated to socially useful tasks of the kind which are provided expensively by the welfare state, by unpaid female work, or not at all (environmental improvement in poor neighbourhoods, etc.)." This "new sector" already exists in the third sector and the so-called "welfare mix" efforts here under way. It is already a widespread practice in many of the municipal programs that are tying movement and intermediary groups and their social service work to state employment policies as described above. But while the establishment of this sector may "eliminate many of the problems of the Fordist welfare state" (Lipietz, 1992: p.325), its concrete shape may vary widely and is very much a matter of struggle. Some version of it is on the agendas of all post-Fordist scenarios, liberal, progressive, and conservative.¹⁹ But whether "this new alternative sector could be a school for self-management, gender equality and democracy" (as Lipietz [1992: p.326] seems to take as a given) will depend on the struggle of those active in the new terrain, pushing the limits of the new structures and institutions.

Notes

1. An earlier version of this article was presented at the Spetses European Workshop "Policies and Institutions for the Development of Cities and Regions in the Single European Market", September 1992.
2. Self-help groups emerged especially in those areas which were insufficiently covered by the traditional welfare associations such as drug abuse or work with immigrants (Offe and Heinze, 1990: p.243. Cf. Boll and Olk, 1987).
3. There were also widespread squatting movements in Zurich, Amsterdam, Freiburg and other German cities related to the "new housing needs", a term coined for what appeared to be a new problem at the beginning of the 80s.
4. Berlin has often been used as a testing ground for innovative social policies. This is due to its unique political and economic situation during the Cold War period and to the fact that it attracted such large numbers of marginalized groups.
5. In 1983, its first year, 7.5 mio DM were allocated (the AK Staatsknete, representing about 95 projects, had demanded 50 mio DM). More than half of these funds went to projects from the alternative movement. Over the years, the funding amounts have increased slightly (cf.

SenGesSoz, 1991: p.2), concentrating however no longer, as originally intended, merely on starting up new groups, but also funding their ongoing expenses including those for payroll. Thus, between 1983 and 1986 about 80 permanent positions were created and about 160 temporary (one- or two-year) positions funded through the national unemployment office (ABM).

6. The program was called "Die Münchner Konzeption zur Förderung von Selbsthilfegruppen und selbstorganisierten Projekten im Gesundheits- und Sozialbereich". It allocated 1.75 mio DM in 1985, 2.9 in 1986, 2.6 in 1987, 2.4 in 1988, funding around 130 projects each year.

7. In fact, it absorbs the lion's share of the funds (in Berlin 1 mio DM go to SEKIS and NAKOS, the local and national self-help contact centres).

8. The federal ministry for youth, family, women and health appropriated 5.6 mio DM to this 4 - year program, triggering an increase in self-help groups in the respective localities (between 1988 and 1991) by 36% (Frankfurter Rundschau, 10/23/1992: "Selbsthilfe ist gefragt. Bundes-Modellversuch förderte Bildung neuer Initiativen").

9. Most advanced is the program of the state of Northrhine-Westphalia (for details of the program cf. Matzdorf, 1989).

10. For example, while in Hamburg most of the newly created positions were inside city agencies (81%) and only 11% with non-municipal organisations, Munich emphasized jobs with outside organisations (1985: 45%; 1986: 58%) (Dittrich et al., 1989. p.44).

11. The services of BBJ-Consult were initially free of charge, as it was supported at first by the foundation "Stiftung Deutsche Jugendmarke", since 1986 by the Federal Minister for Labour and Social Order, and since 1988 additionally by the Federal Minister for Youth, Family and Health as well as the Berlin Senat for Economy and Labour and the Senat for Health and Social Affairs.

12. Municipalities and corporations would receive subsidies or tax breaks (only) if they acted in the manner prescribed by the higher level. This had all kinds of disadvantages (see Heinze and Voelzkow, 1991: p. 469).

13. Of the 103,000 welfare recipients in West Berlin and 30,000 in East Berlin, only about 1,500 to 1,700 are connected to positions in different projects. Funds allocated in 1992: ca. 60 mio DM, enough to employ 1 out of 10 applicants. (Projects: solar technology with DGB-Berufsbildungswerk [18]; qualification in housing renewal [Combo-Bau] with Stättbau [30][affirmative action for women and immigrants]; large kitchen/social restaurant with 'Jugendwohnen im Kiez'[15] (Scheub, 1992: p.20).

14. In this program, the Senat for Social Affairs subsidizes employers' wage costs with up to 27,000 DM per year for 30 hour work-weeks. 500 (additional, qualifying) jobs were created, individual participants received the state support up to three years, while they would also be advised by BBJ-Consult (Meyer auf der Heyde, 1989: p.66).

15. In response to the harsh state repression, which constructed squatters as a criminal conspiracy (to repress them with anti-terrorist measures), a so-called "autonomous scene" formed in most large cities, with a radical, anti-state orientation and with militant praxis forms - forming the most radical segment of the social movements.

16. See *tageszeitung* February 6, 1993: "In Arbeitslosigkeit Vereint: 3.5 Mio."

17. See *tageszeitung* January 3, 1992: "In Deutschland wächst die Armut."

18. Because of the authoritarian structures the GDR society brought with it, social movements have lost some of the status and clout gained during the last couple decades. This is perceived by many in Germany as a political backlash to the fifties

19. It appeals to the right because it involves voluntarism and workfare (allowing state

shrinkage), it appeals to the left because it is "enabling" people to exercise power for themselves, and it appeals to the liberals because it emphasizes local community action

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